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Inquiry Website: mops.twse.com.tw



AMPOC FAR-EAST CO.,LTD

2022

Annual Report

Published on May 10, 2023

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Acting spokesperson: Zheng, Fei-Wen/Manager of the Finance Department

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100

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IV. Name of CPAs, for the financial statements of the most recent year, name, address, website, and tel. of CPA's firm

Name of CPAs: Chou, Hsiao-Tzu and Chih, Ping-Chiun

CPA's firm: PricewaterhouseCoopers, Taiwan (PwC Taiwan)

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V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: None

VI. Company's website: www.ampoc.com.tw

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One. Letter to Shareholders

Dear shareholders,

In 2022, the world started to learn to co-exist with COVID-19. With the progress of the global vaccination plans and financial and monetary policies and measures implemented by different countries, the global economy is slowly recovering; however, trading between countries remained retrenched. Despite certain uncertainties that occurred in 2020 and 2021, the economic growth rate recorded a mild growth of 3.4% in 2022. The continuing inflation and supply chain bottlenecks may have certain negative effects on the recovery of the global economy, and there will be greater risks of stagflation and recession in 2023 with more stringent conditions than in 2022. Fortunately, Ampoc continued to focus on the electronics industry and maintained the growth in its operating income and profits with years of experience in the electronics industry and the joint efforts of all employees.

I. The 2022 business report

(I) Implementation achievements of the business plan

The 2022 net consolidated operating income was NT\$3,448,384 thousand, a 17% increase over the 2021 net consolidated operating income of NT\$2,938,974 thousand. The 2022 consolidated net profit after tax was NT\$592,400, the profit margin is 17%, and the earnings per share after tax is NT\$5.18.

As AMPOC steps into 2023, it will steadfastly hold to how it carried out business in the past, commit to the production and development of high-end products, reinforce the R&D capacity, increase profits, create greater profits, and develop energy-saving and waste-reduction equipment to align itself with global requirements of environment protection and duly carry out its corporate social responsibilities.

(II) Budget execution

The Company did not disclose its financial forecast for 2022.

(III) Financial income and expenses and analysis of profitability

1. Financial income and expenses

The net profit of the Company in 2022 increased by 73% from 2021; the debt ratio in 2022 increased by approximately 4% from 2021 primarily due to the increase in contract liabilities- current arising from operations by 62%. However, cash and cash equivalents also increased by 53%. According to the abovementioned figures, the Company has abundant capital.

2. Profitability analysis

Item		2021	2022
Return on assets (%)		9.17	13.99
Return on equity (%)		14.32	22.76
Ratio to paid-in capital (%)	Operating profit	39.64	66.09
	Income before tax	37.06	66.01
Profit margin (%)		11.68	17.18
Earnings per share (NT\$)		3.00	5.18

(IV) Status of R&D

In response to global competition and to continue maintaining our leading position in the industry, the Company is committed to the research and development of PCB, 5G, MINI LED-related products, HDI, BGA, FPC, IC Mfg, IC Pkg, EVs, solar power, touch panel, high luminance LED and other process chain equipment with the objective to improve manufacturing yield and global marketing. AMPOC has been actively developing high-efficiency and high-quality process equipment and pursues a TQM-free zero deficiency spirit to create common value with its customers. AMPOC is also the only multi-faceted enterprise in Taiwan that possesses concurrent distribution, R&D, and technological integration functions.

In welcoming the 5G era in the area of professional technologies, AMPOC invests in multiple relevant R&D equipment to respond to new procedure requirements and provide the best solutions to customers, improve procedure yield and AI automated equipment detection systems, and reduce the labor required for procedures and contact of machines and tools with product parts to produce dust-free and contact-free process equipment, improve the yield of high-end products, reduce checking and repairing time, and accurately calculate the timing to change consumables and parts for the benefit of the production scheduling of production lines, production capacity improvement, and reduction of unnecessary suspension. For wet PCB process equipment, in response to global trends of reducing energy consumption and carbon dioxide emissions, we released the AMPOC ECO heat recovery system which significantly reduces the power consumption of user equipment, allowing energy to be effectively utilized. In terms of process improvements, we adopt the automated AMPOC Intelligent Arm (AI ARM) to effectively assist users in precisely measuring and automatically adjusting etching and compensation to improve the full manual processing in the past, avoid human-made

mistakes, and make more effective use of labor. As for our production lines, we exclusively launched the AMPOC PURE system which effectively blocks minuscule dissolved films in developers, hence eliminating re-adhesion and improving yield. AMPOC has also made joint progress with customers and efforts for dust-free high-end products. The contactless magnet pulley system adopted actively reduce dust generation and improves yield. The AMPOC SARA SARA system which processes waste from production lines makes use of exclusive patents to effectively dry the film residue after stripping to reduce customers' waste processing costs.

II. Summary of the 2023 business plan

(I) Business policy

1. Quality first
2. Innovation and advancement
3. Professionalism-oriented
4. Employee engagement
5. Global production and sales
6. Premium service
7. Sustainable operation

(II) Estimated sales volume and basis

As the Company did not voluntarily disclose its financial forecast in 2023, relevant forecasts and data are not provided.

(III) Material production and sales policy

1. Adopt professional technology marketing as the development orientation and determine the development of electronic industries based on customers' requirements. Leverage relationships with suppliers, product marketing and customer channels to expand our business scope and increase product items so as to effectively minimize our operating risks, actively create operating income, and improve profitability.
2. Reinforce the integration capacity of relevant series of products and include premium products locally produced to provide comprehensive product portfolios and overall solutions to customers and improve the added value of products.
3. The Company is committed to developing ultra-high precision horizontal wet procedure equipment for PCB, HDI, and BGA and horizontal wet procedure production equipment for FPC (flexible) to fully satisfy market demands and actively develop energy-saving and waste-reduction equipment to reduce environmental pollution in the hope of contributing to the environment.

As we uphold a customer-first service calling, not only do we go the extra mile to assist our customers in reducing production costs, but we also actively provide procedure management recommendations to our customers to improve both production yield and product quality.

III. Future development strategy of the Company

The future development strategy of the Company is, primarily, to actively develop and introduce new procedure technologies and continue to make advancements to respond to the requirements of the hi-tech industry and environmental protection issues through collaborated development with customers. At the current stage, to respond to the environmental protection policies, political changes, increases in labor costs, and other factors in Mainland China, major domestic and foreign companies have transferred their production bases to Southeast Asia. To meet the requirements of our customers, Ampoc has been committed to expanding its service branches. Our long-term sales strategy is to spread the market proportion averagely to Japan, Mainland China, countries in Southeast Asia, and Taiwan to spread the risk of poor economic development in different regions.

IV. Impact from external competition, legal environment, and overall business environment

Since its establishment, Ampoc has been adhering to the cautious attitude of seeking development at a stable pace. We keep abreast of the changes and trends of economic development at all times and duly implement the following countermeasures. Over four decades, despite multiple economic downturns and unfavorable environments, we made it through safe and sound, and maintained stable growth.

Ampoc aims to provide services to the electronic industry and has been actively serving as the bridge to the information and electronic industries. With explicit industrial counterparties and directions for operations that we engage in, we have been growing concurrently with the major electronic industries in Taiwan to minimize the unfavorable effects caused by economic changes based on industry trends. Adopting professional technology marketing as our development orientation, we started by providing services to the PCB industry, and invested in IC wafer manufacturing, assembly and testing, and TFT-LCD industries; in recent years, we invested in product development of the solar power industry, and became the only equipment and material suppliers that set foot in major electronic industries. We engage in different industries through professional technology marketing, successive expansion in the scope of business and increases in product items, which minimize the adverse effects caused by economic changes on a single industry.

Shareholders' meeting of Ampoc Far-East Co., Ltd.

Chairman: Su, Sheng-Yi

Two. Company Profile

I. Establishment date: November 1, 1980

II. Company history

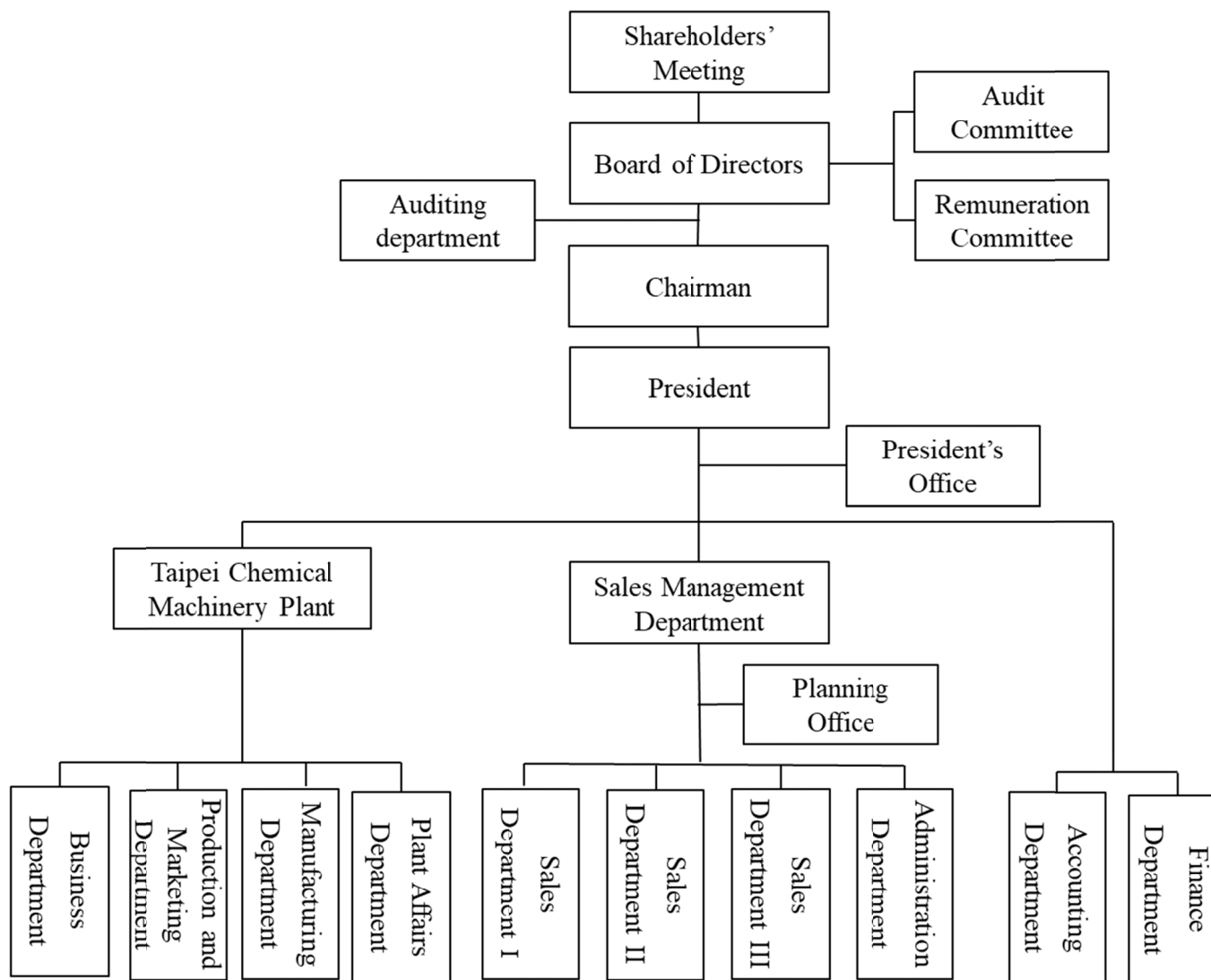
Year	Milestone
November 1980	Established with a capital of NT\$1 million and an address at Ningbo West Street, Taipei City.
August 1995	Performed a capital increase in cash of NT\$40 million, and the capital became NT\$120 million after the capital increase.
October 1996	Performed a capital increase in cash of NT\$78 million, and the capital became NT\$198 million after the capital increase.
March 1997	Purchased and moved into the office on 17F, No.171, Songde Road, Taipei City.
August	1. Invested in Taipei Chemical Machinery Limited and commenced the strategic alliance with PCB procedure equipment manufacturers for sales. 2. Actively invested in the business promotion and technical services of the LCD industry.
March 1998	Set up a precision instrument service laboratory to reinforce the service content and quality for customers.
December	The SFI approved the qualification of the Company as a public company. Performed a capital increase in cash of NT\$102 million, and the capital became NT\$300 million after the capital increase.
July 1999	Performed a capital increase in cash of NT\$60 million, and the capital became NT\$360 million after the capital increase.
December	The SFI approved the merger with Taipei Chemical Machinery Limited and the capital increase through the issuance of new shares in the amount of NT\$211.07 million, and the capital became NT\$571.07 million after the capital increase.
January 2000	Increase in scope of business after the merger: (1) Mechanical Equipment Manufacturing (2) Wholesale of Machinery (3) Retail Sale of Machinery and Tools
October	Performed a capital increase in cash of NT\$48 million, a capital increase from earnings of NT\$39.97 million, a capital increase from the consolidated capital reserve of NT\$74.24 million, and a capital increase from employees' bonuses of NT\$4.01 million, and the capital became NT\$737.29 after the capital increase.
June 2001	1. Applied for the alteration of the Company's name to "Ampoc Far-East Co., Ltd." 2. Performed a capital increase in cash of NT\$167.71 million, and the capital became NT\$905 million after the capital increase.
December	Passed the ISO 9001 certification.
January 2002	TWSE approved the listing of our shares for trading on TWSE.
August	Performed a capital increase in cash of NT\$90.5 million and a capital increase from employees' bonuses of NT\$16.5 million, and the capital became NT\$1,012 million after the capital increase.
September 2003	Performed a capital increase from capital reserve of NT\$50.6 million and a capital increase from employees' bonuses of NT\$2.75 million, and the capital became NT\$1,065.35 million after the capital increase.

Year	Milestone
March 2004	Canceled treasury shares in the amount of NT\$50 million, and the paid-in capital became NT\$1,015.35 million after the capital decrease.
September	Canceled treasury shares in the amount of NT\$34.68 million, and the paid-in capital became NT\$980.67 million after the capital decrease.
September 2005	Performed a capital increase from earnings of NT\$49.03 million and a capital increase from employees' bonuses of NT\$7.06 million, and the capital became NT\$1,036.76 million after the capital increase.
November	Converted ECB to NT\$77.57 million, and the capital became NT\$1,114.33 million after the capital increase.
February 2006	Converted ECB to NT\$14.1 million, and the capital became NT\$1,128.43 million after the capital increase.
September	Performed a capital increase in cash of NT\$33.86 million and a capital increase from employees' bonuses of NT\$10.15 million, and the capital became NT\$1,172.44 million after the capital increase.
December	Merged with the wholly-owned Yang Xin Co., Ltd., and the capital remained unchanged after the merger.
August 2007	Performed a capital increase from earnings of NT\$35.17 million and a capital increase from employees' bonuses of NT\$10.54 million, and the capital became NT\$1,218.15 million after the capital increase.
February 2008	Obtained a utility model pattern for a circuit board drying device in Taiwan.
August	Obtained a utility model pattern for a thin board transmission device in Taiwan.
November	Obtained a utility model pattern for a board drying device in Taiwan.
December	Canceled treasury shares twice throughout the year in the amount of NT\$94.32 in total, and performed a capital increase from earnings of NT\$35.04 million in July, a capital increase from employees' bonuses of NT\$10.5 million, and the paid-in capital at the end of the year was NT\$1,169.37 million.
April 2009	Canceled treasury shares in the amount of NT\$25 million, and the paid-in capital became NT\$1,144.37 million after the capital decrease.
February 2010	Developed Ampoc Wing vertical wet procedure equipment in response to the new PCB procedure requirements in the future.
June 2013	Formally delivered Ampoc Wing to customers and put into production.
August 2018	The Board approved establishing a subsidiary in Hong Kong.
January 2019	Invested in Ampoc Trading (Shanghai) Co., Ltd. via the subsidiary in Hong Kong.

Three. Corporate Governance Report

I. Organization

(I) Organizational structure



(II) Scope of business of the major department of the Company

Department	Scope of business
President's Office	<ol style="list-style-type: none"> 1. Responsible for the establishment, execution, and coordination of policies of the Company, and the acceptance, planning, and promotion of projects. 2. Responsible for the organizational structure and the human affairs management and instructions of the Company.
Auditing department	<ol style="list-style-type: none"> 1. Responsible for auditing the budgets, finance, business, and operating performance of the Company. 2. Review plans or policies implemented by all departments and the efficiency of their designated function, supervise their self-inspection, and perform the re-inspection. 3. Formulate the annual audit plan according to the results of risk assessments, carry out regular and non-scheduled audits of the internal control system and management systems in terms of comprehensiveness, rationale, and effectiveness, and propose improvement recommendations in due course.
Taipei Chemical Machinery Plant	<ol style="list-style-type: none"> 1. Manufacturing of products. 2. Improvement of procedure technologies. 3. Quality control of products.
Sales Management Department	<ol style="list-style-type: none"> 1. Responsible for the promotion and execution of policies and the achievement of objectives of the Company. 2. Organizational planning of departments and evaluation and improvement of operating performance. 3. Planning, review, promotion, and execution of the annual operating objectives. 4. Formulation, supervision, and execution of operating policies of the Company. 5. Responsible for product marketing plans and facilitating human resource development and external advertisements and promotion. 6. Formulation of the annual business plan based on the operating objectives and plans of the Company. 7. Formulation of staff cultivation plans and preparation of teaching materials required. 8. Reinforcement of public relations to improve the awareness of the Company. 9. Responsible for the research and promotion of the product market. 10. Planning the economic procurement of products and the control of inventory to achieve the effective utilization of products.
Finance Department	<ol style="list-style-type: none"> 1. Capital planning and allocation. 2. Matters of stock affairs. 3. Matters of investments. 4. Preparation of annual financial budgets.
Accounting Department	<ol style="list-style-type: none"> 1. Responsible for accounting treatment, cost analysis, and taxation. 2. Responsible for the preparation and control of annual budgets and the analysis and report of execution results. 3. Accounting management and inventory for fixed assets and inventory of the Company. 4. Announcement and declaration of information related to financial statements.

Department	Scope of business
Administration Department	<ol style="list-style-type: none"> 1. Responsible for affairs management matters of the Company. 2. Responsible for human affairs management matters of the Company, formulation, interpretation, and promotion of human affairs policies, plans, and human affairs management systems of the Company to facilitate a harmonious relationship between the Company and employees, and carry out human resource analysis and organize staff cultivation and training to improve the effective utilization of human resources of the Company. 3. Organization of domestic/foreign procurement and insurance planning, document processing, and decoration of offices. 4. Performing import/export customer declarations, import/export product follow-up, and contact. 5. Responsible for the purchases, shipping, delivery, storage, and other management works of products in the stock of the Company. 6. System planning. 7. Software/hardware maintenance, testing, and educational training. 8. System management, updates, and information backup.

II. Information on Directors, President, Vice Presidents, Assistant Vice Presidents, and directors of departments and branches

(I) Information on Directors and supervisors

April 16, 2023 Unit: Share

Position	Nationality or place of registration	Name	Gender and age	Date of Election (Take Office)	Term	Date first elected	Shareholding when elected		Current shareholding		Current shareholding of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent duties in the Company and other companies	Spouse or relatives of the second degree or closer acting as manager, director, or supervisor			Remarks
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Position	Name	Relationship	
Chairman	Republic of China	Su, Sheng-Yi	Male 76-85	2022.6.16	3 years	1983.4.1	11,325,114	9.90%	11,325,114	9.90%	4,579,272	4.00%	0	0.00%	Master's degree, Law Enforcement Dept., Michigan State University Chairman, Taipei Chemical Machinery Limited Managing director, TPCAL Inc.	President, Ampoc Far-East Co., Ltd. Chairman, Qualibond Technology Co., Ltd. Chairman, Yang Yi Investment Co., Ltd. Corporate representative and chairman of Yang Sheng Investment Co., Ltd. Director, Cerma Precision, Inc. Director, Somnics, Inc. Director, Ampoc Tech. Limited	Directors	Su, Wendell Ronald	Father and son	Note 1
Directors	Republic of China	Nova Technology Corp. Representative: Wu, Jian-Nan	- Male 56-65	2022.6.16	3 years	2022.6.16	3,969,000	3.47%	4,309,000	3.77%	0	0.00%	0	0.00%	- Master's degree in manufacturing engineering, University of South Australia Vice president, Nova Technology Corp. President, Ale Global Technology	- President/corporate representative and Director of Winmega Technology Corp. Corporate representative and director of Rayzher Industrial Co., Ltd.	None	None	None	None
Directors	Republic of China	Wu, Kun-Sing	Male 56-65	2022.6.16	3 years	2022.6.16	200,000	0.17%	200,000	0.17%	0	0.00%	0	0.00%	Master's degree in mechanical engineering, National Central University Assistant vice president of Taipei Chemical Machinery Limited	Vice President, Ampoc Far-East Co., Ltd.	None	None	None	None
Directors	The U.S.	Su, Wendell Ronald	Male 26-35	2022.6.16	3 years	2016.6.17	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master's degree in biological engineering, Boston University Cellanx Diagnostics Lead Product Engineer	Director, Yang Yi Investment Co., Ltd. Director, Yang Sheng Investment Co., Ltd. Director, Somnics, Inc. Special assistant to chairman, Yang Sheng Investment Co., Ltd. Special assistant to chairman, Qualibond Technology Co., Ltd.	Chairman	Su, Sheng-Yi	Father and son	None

Position	Nationality or place of registration	Name	Gender and age	Date of Election (Take Office)	Term	Date first elected	Shareholding when elected		Current shareholding		Current shareholding of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent duties in the Company and other companies	Spouse or relatives of the second degree or closer acting as manager, director, or supervisor			Remarks
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Position	Name	Relationship	
Independent director	Republic of China	Chen, Rong-Jie	Male 76-85	2022.6.16	3 years	2016.6.17	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Law, National Taiwan University M.A. and Ph.D. in laws of Southern Methodist University (SMU) Adjunct associate professor and professor, College of Law of Soochow University and Graduate School of Central University Director-General of the Ministry of Foreign Affairs, vice chairman of the Overseas Compatriot Affairs Council, and Secretary-General, Straits Exchange Foundation Deputy representative to the U.S. and deputy representative to Russia	Member of the Audit Committee and Remuneration Committee, Ampoc Far-East Co., Ltd.	None	None	None	None
Independent director	Republic of China	Lin, Ming-Qin	Female 56-65	2022.6.16	3 years	2022.6.16	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D. in business, National Chengchi University	Member of the Audit Committee and Remuneration Committee, Ampoc Far-East Co., Ltd. Associate professor, Department of Finance, Chaoyang University of Technology	None	None	None	None
Independent director	Republic of China	Chen, Zhi-Cheng	Male 66-75	2022.6.16	3 years	2022.6.16	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D., RWTH Aachen University Professor, Central University	Member of the Audit Committee and Remuneration Committee, Ampoc Far-East Co., Ltd. Honorary professor, Department of Information Management, Tatung University	None	None	None	None

Note 1: In the event that the Chairman and President or a position of the same level (top-level manager) of the Company are the same person, or a spouse or a relative within the first degree of kinship, the reasons, rationality, necessity, and countermeasures (i.e., adding the number of Independent Directors, having more than half of the Directors not concurrently being the employees or managers, and other methods), and relevant information shall be specified:

The Chairman of the Company, concurrently being the President, is to improve the economic efficiency and the implementation of decisions. The Chairman closely and comprehensively communicates with Directors in terms of the recent operating status and plans and policies daily to implement corporate governance. Also, there are over half of the Directors who are not concurrently employees or managers. However, to enhance the independence of the Board, the Company will perform a by-election to elect one Independent Director at the 2023 Regular Shareholders' Meeting to improve the functions of the Board and reinforce the monitoring function.

Note 2: Directors Chen, Ming-Dao and Shao, Chin-Fu were dismissed upon the expiry of their term of office on June 16, 2022.

Note 3: Supervisor Chen, Ping-Zhu was re-appointed as a Director on June 16, 2022, and resigned on June 24, 2022.

Note 4: Independent Director Hung, Wen-Chuan was dismissed as he passed away on October 9, 2022.

Note 5: Supervisor Liao, Shu-Hui was dismissed upon the expiry of their term of office on June 16, 2022.

1. Major shareholders of corporate shareholders:

March 26, 2023

Corporate shareholder	Major shareholders of corporate shareholders
Nova Technology Corp.	Acter Group Corporation Limited (63.65%); Liang, Chin-Li (0.85%); Xu, Zhong-Zheng (0.66%); ISUI Inc. (0.61%); Ma, Wei (0.56%); Yang, Wei-Chao (0.4%); Lin, Jun-Yao (0.39%); the account of Morgan Stanley in the custodianship of HSBC (0.38%); the investment account of J.P. Morgan Asset Management in the custodianship of JPMorgan Chase Bank (0.34%); Huang, Yi-Yun (0.3%)

2. Major shareholders of major corporate shareholders:

March 27, 2023

Corporation	Major shareholders of corporate shareholders
Acter Group Corporation Limited	Xiang Hui Development Co., Ltd. (4.42%); Jiu Chang Investment Co., Ltd. (4.00%); Liang, Chin-Li (3.78%); Sumitomo Chemical Co., Ltd. (2.26%); Hu, Tai-Zhen (2.14%); Yang, Jung-Tang (1.72%); Tsai, Chih-Cheng (1.31%); the investment account of Vanguard Emerging Markets Stock Index Fund in the custodianship of JPMorgan Chase Bank (1.12%) Vanguard Total International Stock Index Fund in the custodianship of JPMorgan Chase Bank (1.08%); Taipei Fubon Commercial Bank Co., Ltd. (1.06%)
ISUI Inc. (Note)	Lin, Jun-Yao (99.99%); Zheng, Ming-Yue (0.01%)

Note: The source is the Get information about companies or businesses in Taiwan of the Department of Commerce, Ministry of Economic Affairs.

(II) Information on Directors and supervisors

1. Disclosure of professional qualification of Directors and independence of supervisors:

Name	Criteria	Qualification and experience	Independence	Number of concurrent duties as an independent director at a public company
Su, Sheng-Yi Chairman		For the qualification and experience of Directors, please refer to p.10-p.11 of the annual report. None of the circumstances specified in subparagraphs of Article 30 of the Company Act occurred to the Directors.	Apart from Director Su, Sheng-Yi and Director Su, Wendell Ronald, who are relatives within the second degree of kinship, the Directors have complied with requirements under paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act. Three Independent Directors comply with the requirements under paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	None of the Director is an independent director of another public company.
Corporate Director Representative of Nova Technology Corp.: Wu, Jian-Nan				
Wu, Kun-Sing Directors				
Su, Wendell Ronald Directors				
Chen, Rong-Jie Independent director				
Lin, Ming-Qin Independent director				
Chen, Zhi-Cheng Independent director				

2. Board diversification and independence:

Regarding the Board structure of the Company, an appropriate number of five Directors or above shall be determined based on the scale of the Company's business development and the shareholding of major shareholders with reference to the actual operating requirements. Members of the Board possess different professional backgrounds, professional knowledge and skills, and industry experience, and the overall abilities they are equipped with are as follows:

- (1) Ability to make operational judgments.
- (2) Ability to perform accounting and financial analysis.
- (3) Ability to conduct management administration.
- (4) Ability to conduct crisis management.
- (5) Knowledge of the industry.
- (6) An international market perspective.
- (7) Ability to lead.
- (8) Ability to make policy decisions.

Currently, the Board has seven Directors, including three Independent Directors (accounting for 43%), one female Director (accounting for 14%), and two Directors are concurrently managers of the Company (accounting for 29%).

Name	Concurrently an employee	Term of office and seniority of Independent Director		Industry experience						Professional ability		
		0 to 3 years	6 to 9 years	Machinery	Chemical engineering	Biotech	Construction	Finance and investment	Law and governmental agency	Technology	Finance and accounting	Law
Su, Sheng-Yi Chairman	V			V	V			V		V	V	
Corporate Director Representative of Nova Technology Corp.: Wu, Jian-Nan				V			V			V	V	
Wu, Kun-Sing Directors				V						V		
Su, Wendell Ronald Directors						V		V		V		
Chen, Rong-Jie Independent director			V						V			V
Lin, Ming-Qin Independent director		V						V			V	
Chen, Zhi-Cheng Independent director		V								V		

3. Members of the Board and the succession plan of the management

The Company stated in its Articles of Incorporation that a candidate nomination system shall be adopted for the election of Directors. The “Corporate Governance Best-Practice Principles” stipulated that the composition of the Board shall consider diversification. The Company cultivates senior managers to join the Board to allow them to familiarize themselves with the operations of the Board and the operations of all departments of the Group and deepen their industry experience through work rotation. Among the current Directors, Mr. Wu, Kun-Sing joined the management team in 1991, and held positions of chief of the Production and Sales Section, assistant manager of the Sales Department, manager of the Sales Department, Assistant Vice President of the Sales Department, and Vice President, and joined the Board in 2022.

The Company has stipulated its “Regulations for Evaluations of Board Performance” to confirm whether the operation of the Board is effective and rate the performance of Directors by adopting the measuring items for performance evaluation, including alignment of the goals and missions of the Company, awareness of the duties, participation in the operation, management of internal relationship and communication, professionalism and continuing education, internal control, and substantial opinion presentation, to serve as a reference for the nomination of Directors for re-appointment.

The Company selects employees with potential and appoints them to different positions to train them within their fields of expertise, together with external continuing education (i.e., professional programs, seminars, and lectures), in order to nurture their abilities to become material management. Mr. Li, Zhi-Sheng, the current Vice President, possesses extensive past experience in semiconductor assembly and testing and front section with comprehensive academic background and work experience. He joined Ampoc in 2006 and led the Equipment Sales Team and the Material Sales Team; he was appointed as the Assistance Vice President of the Sales Management Department in 2019, and made material contributions in terms of setting advanced assembly procedures, semiconductor front section, AI/5G-related industries as operating objectives, which further strengthened Ampoc’s business layout in the semiconductor industry; he was promoted to Vice President in 2022.

(III) President, Vice Presidents, Assistant Vice Presidents, and directors of departments and branches

April 16, 2023 Unit: Share

Position	Nationality	Name	Gender	Date of Election (Take Office)	Shareholding		Shareholding of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent positions in other companies	Spouse or relatives of the second degree or closer acting as managers			Remarks
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Position	Name	Relationship	
President	Republic of China	Su, Sheng-Yi	Male	2021.11.5	11,325,114	9.90%	4,579,272	4.00%	0	0.00%	Master degree, Law Enforcement Dept., Michigan State University Chairman, Taipei Chemical Machinery Limited Managing director, TPCA	Chairman, Qualibond Technology Co., Ltd. Chairman, Yang Yi Investment Co., Ltd. Corporate representative and chairman of Yang Sheng Investment Co., Ltd. Director, Cerma Precision, Inc. Director, Somnics, Inc. Director, Ampoc Tech. Limited	None	None	None	Note 1
Vice President	Republic of China	Wu, Kun-Sing	Male	2021.11.22	200,000	0.17%	0	0.00%	0	0.00%	Master's degree in mechanical engineering, National Central University Assistant vice president of Taipei Chemical Machinery Limited	None	None	None	None	None
Vice President	Republic of China	Li, Zhi-Sheng	Male	2021.11.22	100,000	0.09%	0	0.00%	0	0.00%	MBA, University of Warwick Assistant manager, United Microelectronics Corp.	None	None	None	None	None
Manager, Finance Department	Republic of China	Zheng, Fei-Wen	Female	2023.01.01	34,253	0.03%	0	0.00%	0	0.00%	Department of Accounting, National Taiwan University MBA, Kyushu University	None	None	None	None	None
Manager, Accounting Department	Republic of China	Huang, Yu-Hua	Female	2023.01.01	59,165	0.05%	0	0.00%	0	0.00%	Department of Accounting, Fu Jen Catholic University EMBA, National Chengchi University	None	None	None	None	None

Note 1: In the event that the President or a position of the same level (top-level manager) and the Chairman of the Company are the same person, or a spouse or a relative within the first degree of kinship, the reasons, rationality, necessity, and countermeasures (i.e., adding the number of Independent Directors, having more than half of the Directors not concurrently being the employees or managers, and other methods), and relevant information shall be disclosed:

The Chairman of the Company, concurrently being the President, is to improve the economic efficiency and the implementation of decisions. The Chairman closely and comprehensively communicates with Directors in terms of the recent operating status and plans and policies daily to implement corporate governance. Also, there are over half of the Directors who are not concurrently employees or managers. However, to enhance the independence of the Board, the Company will perform a by-election to elect one Independent Director at the 2023 Regular Shareholders' Meeting to improve the functions of the Board and reinforce the monitoring function.

III. Remuneration paid to Directors, supervisors, President, and Vice Presidents in the most recent year:

(I) Remuneration of Directors (including Independent Directors)

December 31, 2022 Unit: NT\$ thousand

Position	Name	Directors' compensation								Sum of A, B, C, and D and as a % of the net profit after tax		Compensation received as an employee								Sum of A, B, C, D, E, F, and G and as a % of the net profit after tax		Compensation from the parent company or business investments other than subsidiaries
		Compensation (A)		Retirement pay and pensions (B)		Remuneration of Directors (C)		Expenses for business execution (D)				Salary, bonus, and special allowance (E)		Retirement pay and pensions (F)		Remuneration of employees (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
																Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Chairman	Su, Sheng-Yi	2,413	2,413	0	0	7,136	7,136	0	0	9,549 1.61%	9,549 1.61%	11,521	11,521	0	0	2,841	0	2,841	0	23,911 4.04%	23,911 4.04%	0
Directors	Nova Technology Corp. Representative: Wu, Jian-Nan																					
Directors	Wu, Kun-Sing																					
Directors	Su, Wendell Ronald																					
Directors	Chen, Ming-Dao																					
Directors	Shao, Chin-Fu																					
Directors	Chen, Ping-Zhu	1,715	1,715	0	0	4,582	4,582	0	0	6,297 1.06%	6,297 1.06%	0	0	0	0	0	0	0	0	6,297 1.06%	6,297 1.06%	0
Independent director	Chen, Rong-Jie																					
Independent director	Hung, Wen-Chuan																					
Independent director	Lin, Ming-Qin																					
Independent director	Chen, Zhi-Cheng																					

1. Please describe the policy, system, standards, and structure of the remuneration of Independent Directors and describe the linkage of duties and risks assumed, time invested, and other factors to the amount of remuneration: The Company adopts the "Regulations for Evaluations of Board Performance" as the basis for evaluation, and determine the remuneration based on their participation in the Company's operations and the value of contributions with reference to the general standard within the industry; the remuneration paid is positively correlated to the contributions to the Company and operating performance of individuals.

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 the parent company/all companies in the financial statements/investees in a non-employee capacity) in the most recent year: Nil.

Note 1: (C) refers to the remuneration of Directors approved by the Board on March 22, 2023.

Note 2: (G) is the amount of remuneration of employees to be distributed for the year calculated based on the actual distribution amount and ratio last year that was approved by the Board on March 22, 2023.

Note 3: Directors Chen, Ming-Dao and Shao, Chin-Fu were dismissed upon the expiry of their term of office on June 16, 2022. Director Chen, Ping-Zhu was elected as a Director on June 16, 2022, and resigned on June 24, 2022.

Note 4: Independent Director Hung, Wen-Chuan was dismissed as he passed away on October 9, 2022.

Remuneration Range Table

Range of remuneration paid to the Company's Directors	Name of director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	All companies included in the financial statements H	The Company	All companies included in the financial statements I
Below NT\$ 1,000,000	Chen, Ping-Zhu; Lin, Ming-Qin; Chen, Zhi-Cheng	Chen, Ping-Zhu; Lin, Ming-Qin; Chen, Zhi-Cheng	Chen, Ping-Zhu; Lin, Ming-Qin; Chen, Zhi-Cheng	Chen, Ping-Zhu; Lin, Ming-Qin; Chen, Zhi-Cheng
NT\$ 1,000,000 (inclusive) - NT\$ 2,000,000 (non-inclusive)	Nova Technology Corp.; Wu, Kun-Sing; Chen, Ming-Dao; Shao, Chin-Fu	Nova Technology Corp.; Wu, Kun-Sing; Chen, Ming-Dao; Shao, Chin-Fu	Nova Technology Corp.; Chen, Ming-Dao; Shao, Chin-Fu	Nova Technology Corp.; Chen, Ming-Dao; Shao, Chin-Fu
NT\$ 2,000,000 (inclusive) - NT\$ 3,500,000 (non-inclusive)	Su, Sheng-Yi; Su, Wendell Ronald; Chen, Rong-Jie; Hung, Wen-Chuan	Su, Sheng-Yi; Su, Wendell Ronald; Chen, Rong-Jie; Hung, Wen-Chuan	Su, Wendell Ronald; Chen, Rong-Jie, Hung, Wen-Chuan	Su, Wendell Ronald; Chen, Rong-Jie, Hung, Wen-Chuan
NT\$ 3,500,000 (inclusive) - NT\$ 5,000,000 (non-inclusive)	—	—	—	—
NT\$ 5,000,000 (inclusive) - NT\$ 10,000,000 (non-inclusive)	—	—	Su, Sheng-Yi	Su, Sheng-Yi
NT\$ 10,000,000 (inclusive) - NT\$ 15,000,000 (non-inclusive)	—	—	Wu, Kun-Sing	Wu, Kun-Sing
NT\$ 15,000,000 (inclusive) - NT\$ 30,000,000 (non-inclusive)	—	—	—	—
NT\$ 30,000,000 (inclusive) - NT\$ 50,000,000 (non-inclusive)	—	—	—	—
NT\$ 50,000,000 (inclusive) - NT\$ 100,000,000 (non-inclusive)	—	—	—	—
NT\$ 100,000,000 and above	—	—	—	—
Total	11	11	11	11

(II) Remuneration of supervisors

December 31, 2022 Unit: NT\$ thousand

Position	Name	Remuneration of supervisors						Sum of A, B, and C and as a % of the net profit after tax		Compensation from the parent company or business investments other than subsidiaries
		Compensation (A)		Compensation (B)		Expenses for business execution (C)				
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	
Supervisor	Chen, Ping-Zhu	550	550	1,282	1,282	0	0	1,832 0.31%	1,832 0.31%	0
Supervisor	Liao, Shu-Hui									

Note 1: Supervisor Chen, Ping-Zhu and Liao, Shu-Hui were dismissed upon the expiry of their term of office on June 16, 2022.

Note 2: (B) refers to the remuneration of supervisors approved by the Board on March 22, 2023.

Remuneration Range Table

Range of remuneration paid to the Company's supervisors	Supervisor Name	
	Sum of A+B+C	
	The Company	All companies included in the financial statements D
Below NT\$ 1,000,000	Chen, Ping-Zhu; Liao, Shu-Hui	Chen, Ping-Zhu; Liao, Shu-Hui
NT\$ 1,000,000 (inclusive) - NT\$ 2,000,000 (non-inclusive)	—	—
NT\$ 2,000,000 (inclusive) - NT\$ 3,500,000 (non-inclusive)	—	—
NT\$ 3,500,000 (inclusive) - NT\$ 5,000,000 (non-inclusive)	—	—
NT\$ 5,000,000 (inclusive) - NT\$ 10,000,000 (non-inclusive)	—	—
NT\$ 10,000,000 (inclusive) - NT\$ 15,000,000 (non-inclusive)	—	—
NT\$ 15,000,000 (inclusive) - NT\$ 30,000,000 (non-inclusive)	—	—
NT\$ 30,000,000 (inclusive) - NT\$ 50,000,000 (non-inclusive)	—	—
NT\$ 50,000,000 (inclusive) - NT\$ 100,000,000 (non-inclusive)	—	—
NT\$ 100,000,000 and above	—	—
Total	2	2

(III) Remuneration of President and Vice Presidents

December 31, 2022 Unit: NT\$ thousand

Position	Name	Salary (A)		Retirement pay and pensions (B)		Bonus and special allowance (C)		Employee profit-sharing compensation (D)				Sum of A, B, C, and D and as a % of the net profit after tax (%)		Compensation from the parent company or business investments other than subsidiaries
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
President	Su, Sheng-Yi	9,430	9,430	108	108	6,475	6,475	4,775	0	4,775	0	20,788 3.51%	20,788 3.51%	0
Vice President	Wu, Kun-Sing													
Vice President	Li, Zhi-Sheng													

Note: (D) is the amount of remuneration of employees to be distributed for the year calculated based on the actual distribution amount and ratio last year that was approved by the Board on March 22, 2023.

Remuneration Range Table

Range of remuneration paid to the President and Vice Presidents	Names of President and Vice Presidents	
	The Company	All companies included in the financial statements
Below NT\$ 1,000,000	—	—
NT\$ 1,000,000 (inclusive) - NT\$ 2,000,000 (non-inclusive)	—	—
NT\$ 2,000,000 (inclusive) - NT\$ 3,500,000 (non-inclusive)	—	—
NT\$ 3,500,000 (inclusive) - NT\$ 5,000,000 (non-inclusive)	—	—
NT\$ 5,000,000 (inclusive) - NT\$ 10,000,000 (non-inclusive)	Su, Sheng-Yi; Wu, Kun-Sing; Li, Zhi-Sheng	Su, Sheng-Yi; Wu, Kun-Sing; Li, Zhi-Sheng
NT\$ 10,000,000 (inclusive) - NT\$ 15,000,000 (non-inclusive)	—	—
NT\$ 15,000,000 (inclusive) - NT\$ 30,000,000 (non-inclusive)	—	—
NT\$ 30,000,000 (inclusive) - NT\$ 50,000,000 (non-inclusive)	—	—
NT\$ 50,000,000 (inclusive) - NT\$ 100,000,000 (non-inclusive)	—	—
NT\$ 100,000,000 and above	—	—
Total	3	3

(IV) Names of managers who distribute employee remuneration and the distribution status

December 31, 2022 Unit: NT\$ thousand

Position		Name	Amount paid in shares	Amount in cash	Total	Total as a percentage of net profit after tax (%)
Manager	President	Su, Sheng-Yi	0	6,174	6,174	1.04%
	Vice President	Wu, Kun-Sing				
	Vice President	Li, Zhi-Sheng				
	Assistant manager, Finance Department	Zheng, Fei-Wen				
	Assistant manager, Accounting Department	Huang, Yu-Hua				

Note: Refer to the amount of remuneration of employees to be distributed for the year calculated based on the actual distribution amount and ratio last year that was approved by the Board on March 22, 2023.

(V) Compare and describe the analysis of the ratio of total remuneration to net profit after tax in the parent company only or separate financial statements, as paid by the Company and all companies in the consolidated statements during the most recent two years to the Directors, supervisors, President, and Vice Presidents of the Company, and describe the remuneration policies, standards, and packages, the procedures for determining remunerations, and its linkage to business performance and future risks:

1. Analysis of remuneration of Directors, President, and Vice Presidents

NT\$ thousand

Position \ Item	2021				2022			
	Total remuneration as a percentage of net profit after tax (%)				Total remuneration as a percentage of net profit after tax (%)			
	The Company		All companies included in the financial statements		The Company		All companies included in the financial statements	
Directors	11,884	3.46%	11,884	3.46%	15,846	2.67%	15,846	2.67%
Supervisor	2,960	0.86%	2,960	0.86%	1,832	0.31%	1,832	0.31%
President and Vice Presidents	38,756	11.29%	41,731	12.16%	20,788	3.51%	20,788	3.51%

2. Remuneration policies, standards and package, procedures for establishing remunerations, and their linkage to business performance and future risks:

- (1) The Company has established the Regulations for Compensation of Directors and Supervisors; also, according to the requirements of Incorporation of the Company, if there is still a balance from the profit before tax of the year and before the distribution of remunerations of employees and remunerations Directors and supervisors of the year after compensating for losses, the Company shall appropriate 5% to 8% as the remuneration of employees and no more than 3% as the remunerations Directors and supervisors. The amount of remuneration paid to Directors and supervisors is reviewed and discussed by the Remuneration Committee and submitted to the Board for resolution. The “Regulations for Evaluations of Board Performance” and the

“Regulations for Evaluations of Supervisor Performance” of the Company are adopted as the basis for evaluation, and the evaluation items include the alignment of the goals and missions of the Company, the participation in the operations of the Company, professionalism and continuing education of Directors, internal and external relationship management, and legal compliance.

- (2) The amount of remuneration paid to the President and Vice Presidents is reviewed and discussed by the Remuneration Committee based on the Regulations for Remuneration” and submitted to the Board for resolution. The considerations for the Board include the performance achievement rate, status of customer development, accounts receivable, and inventory management, and the determination is based on the participation in the operations of the Company and the value of contributions in the past year.
- (3) The remuneration paid is positively correlated to the contributions to the Company and the operating performance of individuals.

IV. Corporate governance

(I) Operation of the Board

Seven Board meetings (A) were held in 2022, and the attendance (presence) of Directors and supervisors is as follows:

Position	Name	Number of attendance (presence) in person (B)	Number of proxy attendance	Attendance (presence) rate (%) (B/A) (Note)	Remarks
Chairman	Su, Sheng-Yi	7	0	100	Re-appointed on June 16, 2022
Directors	Nova Technology Corp.	4	0	100	Newly elected on June 16, 2022
Directors	Wu, Kun-Sing	4	0	100	Newly elected on June 16, 2022
Directors	Su, Wendell Ronald	7	0	100	Re-appointed on June 16, 2022
Directors	Chen, Ping-Zhu	1	0	100	Dismissed on June 24, 2022
Directors	Chen, Ming-Dao	3	0	100	Dismissed on June 16, 2022
Directors	Shao, Chin-Fu	3	0	100	Dismissed on June 16, 2022
Independent director	Chen, Rong-Jie	7	0	100	Re-appointed on June 16, 2022
Independent director	Lin, Ming-Qin	4	0	100	Newly elected on June 16, 2022
Independent director	Chen, Zhi-Cheng	4	0	100	Newly elected on June 16, 2022
Independent director	Hung, Wen-Chuan	6	0	100	Re-appointed on June 16, 2022 and passed away on October 9, 2022
Supervisor	Chen, Ping-Zhu	0	0	0	Dismissed on June 16, 2022
Supervisor	Liao, Shu-Hui	3	0	100	Dismissed on June 16, 2022

Note: The attendance (presence) rate (%) shall be calculated based on the number of Board meetings and the number of attendance (presence) during its term of office.

Other mandatory disclosures:

- I. In 2022, Independent Directors approved the matters set out in Article 14-3 of the Securities and Exchange Act as proposed with no dissenting opinion and had no opposing or qualified opinions for matters not set out in Article 14-3 of the Securities and Exchange Act. For proposals related to matters set out in Article 14-3 of the Securities and Exchange Act, please refer to pages 44 to 46.
- II. The execution status regarding the recusal of Directors for proposals of conflict of interests:
On January 19, 2022, the Board discussed and voted for the proposal for the year-end bonus of managers in 2021 and the salary adjustment in 2022; Chairman, concurrently the President, Su, Sheng-Yi recused from the discussion and voting for its personal year-end bonus and its salary

adjustment; Su, Wendell Ronald is the son of Chairman Su, Sheng-Yi; therefore, he also recused from the discussion and voting for the year-end bonus and salary adjustment of Chairman Su, Sheng-Yi.

On June 20, 2022, the Board appointed the members of the Remuneration Committee, Independent Directors Hung, Wen-Chuan, Chen, Rong-Jie, Lin, Ming-Qin, and Chen, Zhi-Cheng recused from the discussion and voting.

On June 28, 2022, the Board discussed and voted for the proposal for the distribution of remuneration of Directors and supervisors; directors and supervisors recused from the discussion and voting for their individual remuneration. For the proposal for the distribution of remuneration and salary adjustment of managers, Chairman Su, Sheng-Yi and Director Wu, Kun-Sing recused from the discussion and voting for their individual remuneration and salary adjustment, and Director Su, Wendell Ronald also recused from the discussion and voting for their individual remuneration and salary adjustment of Chairman Su, Sheng-Yi. Director Lin, Ming-Qin recused from the discussion and voting, and was authorized to sign the audit report for approval and manage the auditors.

III. Information related to the self-evaluation of the Board and functional committees is as follows:

Evaluation cycle	Evaluation period	Evaluation scope	Method of evaluation	Content of evaluation
Once a year	2021/1/1~2021/12/31	Board of directors	Internal self-evaluation of the Board	There are a total of five major aspects, including participation in the operation of the Company, improvement of the quality of the Board's decision-making, composition and structure of the Board, election and continuing education of the Directors, and internal control.
Once a year	2021/1/1~2021/12/31	Individual Board member	Self-evaluation of Board members	Alignment of the goals and missions of the Company, awareness of the duties of Directors, participation in the operation of the Company, management of internal relationships and communication, and professionalism and continuing education of Directors.
Once a year	2021/1/1~2021/12/31	Remuneration Committee	Self-evaluation of members	Participation in the operation of the Company, awareness of the duties of the member, improvement of quality of decisions made by the functional committee, the makeup of the functional committee and election of its members, and internal control.

Evaluation results showed that the operations of the Board and functional committees were favorable.

IV. Objectives to reinforce the functions of Directors and implementation evaluation of the year and in the most recent year:

1. The Remuneration Committee of the Company evaluates the Board performance in 2021 according to the Regulations for Evaluations of Board Performance.
2. Material resolutions made by the Board of the Company are immediately and entirely disclosed on MOPS according to the law to improve our information transparency.

(II) Operation of the Audit Committee or participation of supervisors in the Board's operation

1. Operation of the Audit Committee: Four Independent Directors were elected at the Regular Shareholders' Meeting on June 16, 2022, and the Company established its Audit Committee.

Two Audit Committee meetings (A) were held in 2022, and the attendance of Independent Director is as follows:

Position	Name	Number of attendance in person (B)	Presence rate (%) (B/A)	Remarks
Independent director	Chen, Rong-Jie	2	100	
Independent director	Lin, Ming-Qin	2	100	
Independent director	Chen, Zhi-Cheng	2	100	
Independent director	Hung, Wen-Chuan	1	100	Passed away on October 9, 2022

Other mandatory disclosures:

I. In 2022, members of the Audit Committee approved the matters set out in Article 14-5 (as set out in the following table) of the Securities and Exchange Act as proposed with no dissenting opinion.

Date of the meeting of the Audit Committee	Session	Motion
July 28, 2022	1 st meeting of the 1 st session	1. Proposal for the conversion of the shareholding in Somnics, Inc.
November 8, 2022	2 nd meeting of the 1 st session	1. Amendment to the written internal control system of the Company

Any other proposals not approved by the Audit Committee that were approved by two-thirds of all Directors other than the abovementioned matters: None.

II. In 2022, no Independent Director was required to be recused due to the conflict of interest for any proposal at the meetings of the Audit Committee.

III. Communication between the Independent Directors and chief auditor and CPAs: Independent Directors review the audit report on a monthly basis and supervise the execution of audit operations of the Company via video conferences, e-mails, and phone calls. CPAs communicate with Independent Directors in writing in terms of material matters found during the audit or review of the Company's financial statements and internal control each quarter.

2. Participation of supervisors in the Board's operation

Seven Board meetings (A) were held in 2022, and the presence of supervisors is as follows:

Position	Name	Number of presence in person (B)	Presence rate (%) (B/A) (Note)	Remarks
Supervisor	Chen, Ping-Zhu	0	0	Dismissed after the establishment of the Audit Committee on June 16, 2022
Supervisor	Liao, Shu-Hui	3	100	

Other mandatory disclosures:

I. Composition and duties of supervisors:

The two supervisors of the Company were elected by the shareholders' meeting to supervise the execution of the Company's operations, and they may investigate the Company's operating and financial status, audit, transcribe, or duplicate the books, statements, and documents at all times, and may require the Board or managers to submit reports.

(I) Communication between supervisors and the Company's employees and shareholders: Supervisors of the Company exercise their powers according to relevant requirements; when necessary, they may contact relevant personnel via phone calls and e-mails. Supervisors exchange their opinions with the senior management when visiting the Company to participate in Board meetings and make use of shareholders' meetings to have face-to-face communications with shareholders.

(II) Communication between supervisors and chief auditor and CPAs: Supervisors review the audit report on a monthly basis and supervise the execution of audit operations of the Company via meetings in person, phone calls, and e-mails. CPAs communicate with supervisors in writing in terms of material matters found during the audit or review of the Company's financial statements and internal control each quarter.

II. Opinions expressed by supervisors who present at Board meetings and the Company's response to supervisors' opinions: None.

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

Assess criteria	Implementation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Has the Company established and disclosed its corporate governance principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established its Corporate Governance Best Practice Principles and disclosed them on the Company’s website and MOPS.	No deviation
II. Shareholding structure and shareholders’ equity				
(I) Has the Company created a set of internal procedures to handle shareholders’ suggestions, queries, disputes, and litigations and enforced them accordingly?	✓		(I) The Company has established its internal control system for “stock affairs operations” and has a spokesperson and an acting spokesperson in place to handle relevant matters.	No deviation
(II) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	✓		(II) The Company keeps abreast of relevant information via the list provided by its stock affairs agency and declares the shareholding of Directors, supervisors, and major shareholders each month according to the requirements of the Securities and Exchange Act.	No deviation
(III) Has the Company established and implemented risk management practices and firewalls for its affiliated companies?	✓		(III) The Company has established relevant control in its internal control system.	No deviation
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	✓		(IV) The Company has established the “Procedures for Handling Material Inside Information” and “Code of Ethical Conduct” to regulate Directors, supervisors, managers, and employees.	No deviation
III. Composition and responsibilities of the board of directors				
(I) Has the board of directors formulated diversification policies, and specific management objectives and implemented them?		✓	(I) For the composition of the Board, even though there is no written policy, there is one female Director among all seven Directors, and the academic background and working experience of Directors include fields of industry, laws, business management, and finance; the Company has implemented diversification. (Please refer to pages 9 to 10)	No material deviation
(II) In addition to the Remuneration Committee and the Audit Committee established in accordance with the law, has the Company voluntarily set up other functional committees?		✓	(II) Except for the Remuneration Committee and the Audit Committee, the Company has not established other functional committees, which will be established based on the actual conditions and requirements.	No material deviation

Assess criteria	Implementation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies																											
	Yes	No	Summary																												
(III) Has the Company established its Regulations for Performance Evaluation of the Board and the evaluation methods and conducted regular performance evaluations each year?	✓		(III) The Company has been evaluation the performance of the Board each year starting from 2014 according to the Regulations for Evaluations of Board Performance.	No deviation																											
(IV) Are external auditors’ independence assessed regularly?	✓		(IV) The Board of the Company evaluates the independence of CPAs at the Board meeting in the first half of each year and requires the provision of an “Independence and Audit Statement” each year.	No deviation																											
<table><tr><th>Assess criteria</th><th>Yes</th><th>No</th></tr><tr><td>1. Whether CPAs have a direct financial interest or material indirect financial interest with the Company?</td><td></td><td>V</td></tr><tr><td>2. Whether CPAs have loans or guarantees between the Company or its Directors or supervisors?</td><td></td><td>V</td></tr><tr><td>3. Whether CPAs have a close business relationship or potential employment negotiation with the Company?</td><td></td><td>V</td></tr><tr><td>4. Whether CPAs or any member of the audit team have been a Director, manager, or an employee of the Company who is in a position to exert significant influence over the audit engagement within the most recent two years?</td><td></td><td>V</td></tr><tr><td>5. Whether CPAs provide non-audit service items to the Company that may directly affect the audit work?</td><td></td><td>V</td></tr><tr><td>6. Whether CPAs are promoters or agents of stocks and other securities issued by the Company?</td><td></td><td>V</td></tr><tr><td>7. Whether CPAs are appointed to act as an advocate in support of the Company’s position or opinions or represent the Company to coordinate the conflict with a third party?</td><td></td><td>V</td></tr><tr><td>8. Whether CPAs have any relative relationship with Directors, managers, or employees of the Company who are in positions to exert significant influence over the audit engagement?</td><td></td><td>V</td></tr></table>					Assess criteria	Yes	No	1. Whether CPAs have a direct financial interest or material indirect financial interest with the Company?		V	2. Whether CPAs have loans or guarantees between the Company or its Directors or supervisors?		V	3. Whether CPAs have a close business relationship or potential employment negotiation with the Company?		V	4. Whether CPAs or any member of the audit team have been a Director, manager, or an employee of the Company who is in a position to exert significant influence over the audit engagement within the most recent two years?		V	5. Whether CPAs provide non-audit service items to the Company that may directly affect the audit work?		V	6. Whether CPAs are promoters or agents of stocks and other securities issued by the Company?		V	7. Whether CPAs are appointed to act as an advocate in support of the Company’s position or opinions or represent the Company to coordinate the conflict with a third party?		V	8. Whether CPAs have any relative relationship with Directors, managers, or employees of the Company who are in positions to exert significant influence over the audit engagement?		V
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Assess criteria	Implementation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies		
	Yes	No	Summary			
IV. Has the Company allocated an appropriate number of qualified persons and appointed a chief of corporate governance in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by Directors and supervisors, assisting Directors and supervisors to comply with laws, handling matters relating to Board meetings and shareholders' meetings according to laws, and preparing minutes of Board meetings and shareholders' meetings)?		✓	The Finance Department of the Company is the contact with the competent authority for affairs related to corporate governance; the Chairman's Office integrates the resources of departments and promotes corporate governance in response to the competent authority.	No material deviation		
V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholder's section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✓		<div>The Company publishes its monthly operating income on MOPS, publishes quarterly financial statements on MOPS and its website, and has set up a stakeholder section on its website and a spokesperson system, and discloses relevant information according to the requirements to allow shareholders, transacting banks, suppliers, and stakeholders to fully understand the Company's finance and operating status; when necessary, stakeholders may contact us for communication via phone calls or e-mails at any time.</div> <table><tr><td>Customers</td><td>Issue concerned Product quality and information, delivery terms, payment conditions, and services Contact Vice President Li, Zhi-Sheng Tel.: 886-3-4617200 E-mail : sam@ampoc.com.tw Vice President Wu, Kun-Sing Tel.: 886-3-4516410 E-mail : ttcms@ms14.hinet.net Communication channel Corporate website, tel., e-mail, and visit Communication status The Company updates the information on its website at least once every quarter; customers may call the Company or send e-mails to</td></tr></table>	Customers	Issue concerned Product quality and information, delivery terms, payment conditions, and services Contact Vice President Li, Zhi-Sheng Tel.: 886-3-4617200 E-mail : sam@ampoc.com.tw Vice President Wu, Kun-Sing Tel.: 886-3-4516410 E-mail : ttcms@ms14.hinet.net Communication channel Corporate website, tel., e-mail, and visit Communication status The Company updates the information on its website at least once every quarter; customers may call the Company or send e-mails to	No deviation
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Assess criteria	Implementation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
				the Company at all times; there is a dedicated sales representative in place for each customer to handle the requirements.
			Suppliers	<p>Issue concerned</p> <p>Delivery terms, quality warranty, and collection conditions</p> <p>Communication channel</p> <p>Corporate website, tel., and e-mail</p> <p>Contact</p> <p>Vice President Li, Zhi-Sheng Tel.: 886-3-4617200 E-mail : sam@ampoc.com.tw</p> <p>Vice President Wu, Kun-Sing Tel.: 886-3-4516410 E-mail : tcm@ms14.hinet.net</p> <p>Communication status</p> <p>The Company updates the information on its website at least once every quarter; suppliers may call the Company or send e-mails to the Company at all times; there is a dedicated person in place for each supplier to be responsible for arrangements.</p>
			Shareholders Investors	<p>Issue concerned</p> <p>Operating performance, operating status, and future prospects</p> <p>Communication channel</p> <p>Corporate website, tel., and e-mail</p> <p>Contact</p> <p>Spokesperson Su, Sheng-Yi Tel.: 886-2-27262220 E-mail : invest@ampoc.com.tw</p> <p>Communication status</p> <p>The Company updates the information on its website at least once every quarter; shareholders may call the Company or send e-mails to the Company at all times.</p>

Assess criteria	Implementation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>and the spokesperson, acting spokesperson, chief accountant, and chief of finance will respond to the inquiries of shareholders or investors on a timely basis.</p> <p>Employees Issue concerned Functional development, benefits, and training Communication channel Tel., e-mail, employee's opinion box, intranet of the Company, and internal announcement of the Company Contact Vice President Li, Zhi-Sheng E-mail : 1service@ampoc.com.tw Communication status Employees may express their opinions via various communication channels and propose recommendations at all times. The Company announces matters of employees' benefits (i.e., company trips, quarterly birthday celebrations, and festive bonuses) from time to time; in 2022, two new employee educational training were held.</p>	
VI. Does the Company engage a share transfer agency to handle shareholder meeting affairs?	✓		The Company engages the Transfer Agency Department, CTBC Bank Co., Ltd., for handling matters related to stock affairs.	No deviation
VII. Information disclosure				
(I) Has the Company established a website that discloses financial, business, and corporate governance-related information?	✓		(I) The Company has its website in place (website: www.ampoc.com.tw) to disclose relevant information and has dedicated personnel to maintain and update the information.	No deviation
(II) Has the Company adopted other means to disclose information (e.g., English website, assignment of dedicated personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor	✓		(II) The Company also has an English website; dedicated personnel is responsible for collecting and disclosing the information and regularly declaring and announcing our finance and operating information on MOPS; it also implements a	No deviation

Assess criteria	Implementation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>conferences via the company website)?</p> <p>(III) Has the Company published and declared its annual financial statements within two months from the end of the fiscal year and published and declared its Q1, Q2 and Q3 financial statements along with the monthly business performance statements before the prescribed deadline?</p>	✓		<p>spokes person system. The video recordings of investor conferences are also uploaded to the Company's website.</p> <p>(III) In 2022, the Company announced and declared the Q1, Q2, and Q3 financial statements in advance before the prescribed deadline.</p>	No material deviation
VIII.Does the Company have other important information to facilitate a better understanding of the Company's implementation of corporate governance (including but not limited to employees' interest, employee care, investor relations, supplier relations, stakeholder rights, continuing education of Directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for Directors and supervisors)?	✓		<p>(I) The Company has formulated relevant regulations and systems to protect employees' legal interests in accordance with the Labor Standards Act, Gender Equality Act, and Sexual Harassment Prevention Act and cares for employees via various benefits measures (i.e., the Employee Benefits Committee, employees' group insurance, the retirement pension system, subsidies for marriages, funerals, and celebrations, and company trips).</p> <p>(II) The Company discloses information on MOPS and its website to allow investors to understand the operating status of the Company; it also has a spokesperson and an acting spokesperson to communicate with investors.</p> <p>(III) The Company trade with suppliers based on the procedures stated under the internal control and maintains mutually beneficial business relationships with suppliers.</p> <p>(IV) The Company has set up a stakeholder section on its website, and stakeholders may also communicate with the Company via phone calls and e-mails to maintain their interest.</p> <p>(V) The Company discloses the attendance and presence of Directors and supervisors at Board meetings and the continuing education of Directors and supervisors on MOPS; the majority of the Directors are able to attend Board meetings.</p>	No deviation

Assess criteria	Implementation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>(VI) For risk management, the Company has established its “Procedures for the Acquisition or Disposal of Assets,” “Procedures for Loans to Others,” and “Procedures for Endorsements and Guarantees” to regulate investments, loans to others, endorsements and guarantees, derivative, and other transactions, and auditors carry out audits of the Company’s internal control system regularly and from time to time and submits reports.</p> <p>(VII) The Company has established collection conditions and limits with customers, strives to consider for customers to provide services they require, strictly complies with contracts entered into with customers, and maintains stable and favorable relationships. In addition, we also established the “Specifications for the Guarantee of Environmental Quality of Products” to comply with customers’ requirements and have dedicated personnel in place to handle customer complaints.</p> <p>(VIII) The Company has been purchasing liability insurance for Directors and supervisors each year starting from September 3, 2010.</p>	
<p>IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified.</p> <p>The Board of the Company approved the Corporate Governance Best Practice Principles on January 19, 2021. We will continue to cooperate with the amendments to the Corporate Governance Evaluation to improve our information disclosure in our annual reports and on the Company’s website and require Directors to increase the hours of continuing education.</p>				

(IV) Composition, duties, and operations of the Remuneration Committee

The Board of the Company approved the establishment of the Remuneration Committee on December 16, 2011; the committee composes of three members, and currently, it is currently the 5th session.

The duties of the Remuneration Committee are, primarily, to establish and examine the performance evaluation of Directors, supervisors, and managers and policies, systems, standards, and structures of remuneration, and regularly evaluate and set the remuneration of Directors, supervisors, and managers.

1. Members of the Remuneration Committee

Criteria Identity \ Name		Qualification and experience	Independence	Number of positions as Remuneration Committee member in other public companies
Independent director (former convener)	Hung, Wen-Chuan (Note)	Please refer to page 10-11 of the annual report	<p>All members fulfill the following conditions two years prior to the election and during the term of office:</p> <p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a Director or supervisor of the Company or any of its affiliates (however, this shall not include the concurrent positions of Independent Directors of the Company held in its parent company, subsidiaries, or subsidiaries of the same parent company according to the Act or local laws and regulations of the country).</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of managers in (1) or any person set out in (2) or (3).</p> <p>(5) Not a Director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, who is appointed according to paragraph 1 or paragraph 2 under Article 27 of the Company Act (however, this shall not include the concurrent positions of Independent Directors of the Company held in its parent company, subsidiaries, or subsidiaries of the same parent company according to the Act or local laws and regulations of the country).</p> <p>(6) Not a director, supervisor, manager, or shareholder of a company with over half of the directors or shares with voting rights being controlled by the same person</p>	None of the four members is a member of the remuneration committee of another public company.
Independent director	Chen, Rong-Jie			
Independent director (convener)	Lin, Ming-Qin			
Independent director	Chen, Zhi-Cheng			

Criteria		Qualification and experience	Independence	Number of positions as Remuneration Committee member in other public companies
Identity	Name			
			<p>(however, this shall not include the concurrent positions of Independent Directors of the Company held in its parent company, subsidiaries, or subsidiaries of the same parent company according to the Act or local laws and regulations of the country).</p> <p>(7)Not a director, supervisor, or employee of a company or institution with a person concurrently is the chairman and president or a position of the same level or its spouse (however, this shall not include the concurrent positions of Independent Directors of the Company held in its parent company, subsidiaries, or subsidiaries of the same parent company according to the Act or local laws and regulations of the country).</p> <p>(8)Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company (however, this shall not include the concurrent positions of Independent Directors of a particular company or institution that holds over 20% (but less than 50%) of the Company's total issued shares and is the Company's parent company, subsidiary, or a subsidiary of the same parent company according to the Act or local laws and regulations of the country).</p> <p>(9) Not a business owner, partner, director, supervisor, manager, or its spouse of a professional, sole proprietorship, joint venture, company, or institution providing audit services to the Company or its affiliates obtain a cumulative amount of less than NT\$0.5 million for business, legal, financial, accounting, and other relevant services in the most recent two years. However, this shall not apply to members of the Remuneration Committee, Public Offer Review Committee, or Special Merger Committee who exercise their powers according to the Securities and Exchange Act, Business Mergers and Acquisitions Act, and relevant laws and regulations.</p>	

Note: Independent Director Hung, Wen-Chuan passed away on October 9, 2022.

2. Operation of the Remuneration Committee

(1) Term of office of the 4th session of the members: From June 19, 2019 to June 10, 2022.

Term of office of the 5th session of the members: From June 20, 2022 to June 15, 2025.

(2) Three Remuneration Committee meetings (A) were held in the most recent year (2022), and the attendance is as follows:

Position	Name	No. of meetings attended in person (B)	Number of proxy attendance	Attendance Rate (%) (B/A) (Note)	Remarks
Former convener	Hung, Wen-Chuan	3	0	100	Re-appointed, and passed away on October 9, 2022
Member	Chen, Rong-Jie	3	0	100	Re-appointed
Convener	Lin, Ming-Qin	3	0	100	Re-appointed
Member	Chen, Zhi-Cheng	1	0	100	Newly elected

Other mandatory disclosures:

- I. If the Board declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board, and the Company's response to the remuneration committee's opinion: The Board has adopted the recommendations of the Remuneration Committee.
- II. For any objections or qualified opinions raised by a member of the Remuneration Committee against a resolution with records or written statements, the date of the Remuneration Committee meeting, session, the content of the proposals, opinions of all members, and the Company's response to the opinions of members shall be described: None.

(3) Remuneration Committee meetings

Date	Motion	Resolution results	The Company's response to the opinions of the Remuneration Committee members
January 19, 2022 10 th meeting of the 4 th session	<ol style="list-style-type: none"> 1. Proposal for the year-end bonus of the President in 2021 and the salary adjustment in 2022 2. Proposal for the year-end bonus of managers in 2021 and the salary adjustment in 2022 3. Proposal for the performance evaluation of Directors, supervisors, and Remuneration Committee in 2021 	Approved by attending members with no dissenting opinion	Approved by all attending Directors and Independent Directors after being submitted to and discussed by the Board
March 24, 2022 11 th meeting of the 4 th session	<ol style="list-style-type: none"> 1. Proposal for the total remuneration of Directors and supervisors and remuneration of employees in 2021 	Approved by attending members with no dissenting opinion	Approved by all attending Directors and Independent Directors after being submitted to and discussed by the Board
June 28, 2022 1 st meeting of the 5 th session	<ol style="list-style-type: none"> 1. Proposal for the remuneration of Directors and supervisors in 2021 2. Proposal for the remuneration of employees of the President in 2021 and the salary adjustment of the President in 2022 3. Proposal for the remuneration of employees of managers in 2021 and the salary adjustment of managers in 2022 4. Proposal for the amendment to the Regulations for Remuneration of Directors and Supervisors 	Approved by attending members with no dissenting opinion	Approved by all attending Directors and Independent Directors after being submitted to and discussed by the Board

(V) Implementation of promoting sustainable development and the differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor:

Assess criteria	Implementation status		Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies	
	Yes	No		
I. Has the Company established a governance framework for promoting sustainable development and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board authorized the senior management to handle related matters under the supervision of the Board?	√		The Company has established a GHG inventory project team in July 2022, and its members cover the majority of the responsible directors of different departments; the progress is reported to the Board on a quarterly basis.	No material deviation
II. Has the Company conducted a risk assessment on environmental, social, and corporate governance issues that are relevant to its operations and implemented risk management policies or strategies based on principles of materiality?		√	Departments of the Company closely cooperate to identify and evaluate risks of environmental, social, and corporate governance issues that affect our operations and adopt countermeasures based on the level of risks and the level of possible impacts in the hope of minimizing risks.	No material deviation
III. Environmental issues				
(I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	√		(I) The Company has established its Specifications for the Guarantee of Environmental Quality of Products” and “Operating Environment Monitoring Plan” to minimize the impacts the Company’s products on the environment, and has maintained work environments according to the Occupational Safety and Health Act and Waste Disposal Act.	No material deviation
(II) Is the Company committed to improving the use efficiency of resources and to the use of renewable materials with low environmental impact?	√		(II) The Company promotes garbage classification and recycling and gathers usable scraps for sale in the hope of improving the reuse of resources.	No material deviation
(III) Has the Company evaluated the potential risks and opportunities of climate change to the Company at present and in the future and taken countermeasures for climate-related issues?	√		(III) The Company is committed to improving the level of paperless and the reduction in the use of disposable tableware in our offices to minimize the effects of resource consumption on climate change.	No material deviation

Assess criteria	Implementation status		Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
(IV) Has the Company made statistics on GHG emissions, water consumption, and the total weight of waste for the most recent two years and formulated policies for energy-saving and carbon dioxide reduction, GHG emissions reduction, water consumption reduction, or other waste management?	√		<p>(IV) The course of procedures of the Company has no waste gas, energy-saving lighting is adopted, and the temperature of A/C is controlled to save the power consumption of plants and offices. We reduce unnecessary water consumption, enter into a contract with a professional waste processing company, and have dedicated personnel monitoring the processing status of waste.</p> <p>A GHG inventory project team is established, and the GHG emission inventory will be completed step by step.</p> <p>No material deviation</p>
IV. Social issues			
(I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	√		<p>(I) The Company formulated operating regulations, attendance regulations, and employee reward and punishment regulations according to relevant labor regulations.</p> <p>No deviation</p>
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	√		<p>(II) The Company implements various employee benefits measures, including the Employee Benefits Committee, employees' group insurance, paid annual leaves, retirement pension system, subsidies for marriages, funerals, and celebrations, regular health inspections, and company trips. The Articles of Incorporation also protect employees' rights to share the Company's operating performance, and stated that "the Company, after compensating losses, if there is still a balance from the profit before tax of the year and before the distribution of remunerations of employees and Directors and supervisors of the year, the Company shall appropriate 5% to 8% as the remuneration of employees."</p> <p>No deviation</p>

Assess criteria	Implementation status		Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
(III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	√		(III) Our plants and offices comply with safety regulations stipulated by the government, and we regularly sterilize our plants and offices and perform fire control safety inspections and fire control exercises. There are first aid personnel in place for the implementation of personal safety management, and employee's health inspections are held every two years.
(IV) Has the Company established effective career development training programs for employees?	√		(IV) The Company encourages the continuing education of employees. Apart from educational training organized by the Company, employees may choose programs organized by the government or private parties, and the Company will provide subsidies. We have also established the Regulations for Overseas Training of Outstanding Employees.
(V) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	√		(V) The Company has established the SOP for handling customer complaints to establish customer-oriented services. Machinery and equipment, chemical drugs, and other products we sell are in compliance with relevant national regulations.
(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	√		(VI) The Company requires raw material suppliers to promise that their products are in compliance with the specifications stated in relevant environmental protection regulations.
V. Does the Company prepare a sustainability report or any report of non-financial information based on international reporting standards or guidelines? Are the abovementioned reports supported by the assurance or opinion of a third-party certifier?	√		At present, the Company has not prepared its corporate social responsibility report.
			At present, the preparation of the corporate social responsibility report is not mandatory.

Assess criteria	Implementation status		Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
VI. If the Company has established its own Sustainable Development Best Practice Principles based on the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please describe any differences from the Principles in the Company’s operations: The Company has not established its “Sustainable Development Best Practice Principles.”			
VII. Other information useful to the understanding of the implementation of sustainable development: The Company carries out quality management according to internal procedures and continues to improve product quality.			

(VI) Implementation of ethical corporate management and differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Assess criteria	Implementation status		Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
I. Establishment of integrity policies and solutions (I) Does the Company have an ethical corporate management policy approved by its Board, and rules and publicly available documents addressing its policy and measures of ethical corporate management, and commitment regarding active implementation of such policy from the Board and the senior management?	✓		No material deviation
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which at least cover the prevention measures against the conducts listed in paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?	✓		No material deviation

Assess criteria	Implementation status			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(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?	✓		(III) The Company has relevant specifications in place for its operating activities (i.e., sales and procurement) to prevent unethical conduct within relevant procedures. The prevention of unethical conduct is also included in the internal control system. The Company regularly examines the implementation and execution of relevant specifications and makes amendments according to the amendments to laws and regulations, and operating practices.	No material deviation
II. Enforcement of business integrity	✓		(I) The Company evaluates the risks of transacting with any customer or supplier. If any unethical conduct is found in business dealings, the Company will no longer deal with the counterparty.	No material deviation
(I) Does the Company assess the ethics records of whom it has business relationships and include business conduct and ethics-related clauses in the business contracts?				
(II) Has the Company set up a dedicated department that is subordinated to the Board to promote ethical corporate management, and does it regularly (at least once a year) report to the Board on its ethical corporate management policy and unethical conduct prevention program and monitor their implementation?		✓	(II) If any unethical conduct is found by the management departments and the Audit Department, the Company reports it for handling based on the authority. The chief of audit presents at Board meetings to report the results of the internal audit.	No material deviation
(III) Has the Company established policies to prevent conflict of interests, provide appropriate communication and complaint channels, and implement such policies properly?	✓		(III) The Company has established its Code of Ethical Conduct that require personnel of the Company to avoid involving in conflicts of interest with the Company's overall interest due to their personal interest. The Company has set up an employee opinion box as the channel to express relevant opinions.	No material deviation
(IV) Has the Company established effective accounting and internal control systems in	✓		(IV) The accounting system and internal control of the Company are established	No material deviation

Assess criteria	Implementation status			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>place for the implementation of ethical corporate management? Has the internal audit department formulated relevant audit plans based on the assessment results of unethical conduct risk to perform audits on compliance with the unethical conduct prevention program or engage CPAs to perform such audits?</p> <p>(V) Does the company provide internal and external ethical corporate management training programs on a regular basis?</p>	✓		<p>based on the implementation of ethical corporate management; internal auditors regularly perform audits for the effectiveness of the audit system's operations and report to the Board, and CPAs also execute the audit of the internal control system.</p> <p>(V) The management of the Company periodically promotes the Company's business philosophies at meetings to execute ethical operating activities.</p>	No material deviation
<p>III. Whistleblowing system</p> <p>(I) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?</p> <p>(II) Has the company established standard operation procedures for investigating the complaints received, and has relevant confidentiality systems?</p> <p>(III) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?</p>		<p>✓</p> <p>✓</p> <p>✓</p>	<p>The Company has established a reporting system for material matters to report to relevant directors or departments based on the nature of events. The identity of the reporting personnel and relevant personnel shall be kept confidential. The Company has set up an employee's opinion box, which can be used for whistleblowing.</p>	In the future, the Company will stipulate relevant systems based on the requirements of actual circumstances.
<p>IV. Enhanced information disclosure</p> <p>(I) Has the Company disclosed its Corporate Management Best Practice Principles and the results of their implementation on its website and MOPS?</p>		✓	The Company has not established its Corporate Management Best Practice Principles.	The Company will establish such principles based on the requirements of the actual circumstances and disclose them on MOPS in the future.
<p>V. If the Company has adopted its own Ethical Corporate Management Best Practice Principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe any differences from the principles in the Company's operations: The Company has not established its Ethical Corporate Management Best Practice Principles.</p>				

Assess criteria	Implementation status		Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
VI. Other important information to facilitate a better understanding of the Company's implementation of ethical corporate management: Even though the Company has not established its Ethical Corporate Management Best Practice Principles, it has its Code of Ethical Conduct, management regulations, rules, systems, and the internal control system in place, and the implementation has no material differences from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."			
The Company's material business policies, financing facilities with financial institutions, investments, acquisitions and disposals of assets, loans to others, endorsements and guarantees, and other matters are evaluated by relevant departments of authority and resolved by the Board. During procedures, Directors strictly adhere to the principles of recusal for conflicts of interest and recuse themselves from discussion and voting when they or the corporations that they represent have any interest in proposals that may harm the Company's interest.			

(VII) If the Company has formulated its Corporate Governance Best Practice Principles and related rules, it shall disclose the inquiry methods: The Company's Articles of Incorporation, Rules of Procedure for Board Meetings, Rules of Procedure for Shareholders' Meetings, Charter of Remuneration Committee, Procedures for Handling Material Inside Information, Regulations for Evaluations of Board Performance, Code of Ethical Conduct, and Corporate Governance Best Practice Principles are disclosed in "Corporate Governance" under Investor Services on the Company's website (www.ampoc.com.tw).

(VIII) Other important information to facilitate a better understanding of the Company's implementation of corporate governance: To establish a healthy system for handling and disclosing material inside information, avoid inappropriate leakage of information, and ensure the consistency and accuracy of the Company's information disclosed to external parties, the Company has established the Procedures for Handling Material Inside Information, which were approved by the Board on March 27, 2009, and announced to all employees.

(IX) Implementation of the internal control system

1. Internal control statement

Ampoc Far-East Co., Ltd.
Declaration of Internal Control System

Date: March 22, 2023

Based on the results of a self-assessment, the Company states the following with regard to its internal control system during the year 2022:

- I. The Company acknowledges and understands that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and management, and such a system has been established. Internal control is a process designed to provide reasonable assurance that the following objectives are achieved: the effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets); reliability, timeliness, transparency, and regulatory compliance of reporting; and compliance with applicable laws, regulations, and bylaws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes in the environment or circumstances. However, the internal control system of the Company features a self-monitoring mechanism that enables immediate rectification of deficiencies upon discovery.
- III. The Company assesses the design and operating effectiveness of its internal control system based on the criteria set forth in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the “Regulations”). The criteria adopted by the Regulations identify five key components of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each element further encompasses several sub-elements. Please refer to “The Governing Principles” for details.
- IV. The Company has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- V. Based on the results of the assessment, the Company believes that, as of December 31, 2022, its internal control system (including the supervision and management of its subsidiaries) was effective in providing reasonable assurance that the control objectives were achieved, including the effectiveness and efficiency of operations; reliability, timeliness, transparency, and regulatory compliance of reporting; and compliance with applicable laws, regulations, and bylaws.
- VI. This Statement is an integral part of the annual report and prospectus of the Company and will be released to the public. Any illegal misrepresentation or omission in the public statement above is subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. The Statement was passed in the Board meeting held on March 22, 2023, with none of the seven attending Directors expressing dissenting opinions and the remainder all affirming the content of the Statement.

Ampoc Far-East Co., Ltd.

Chairman: Su, Sheng-Yi signature and
seal

President: Su, Sheng-Yi signature and
seal

2. For those who appointed CPAs to review the internal control system, the CPAs’ review report shall be disclosed: None.

(X) Legal penalty imposed against the Company or its internal personnel, or any disciplinary penalty imposed by the Company against its internal personnel for violation of the requirements under its internal control system, during the most recent year and up to the publication date of the annual report, specify the penalty, the main shortcomings, and condition of improvement: None.

(XI) Material resolutions of shareholders' meetings or Board meetings during the most recent year and up to the publication date of the annual report:

1. Shareholder meetings

Date of meeting	Summary of material proposal	Execution
June 16, 2022 Regular Shareholders' Meeting	1. Ratified the Company's 2021 business report and financial statements	Approved as proposed by shareholders through a ballot
	2. Ratified the Company's 2021 earning distribution.	The ex-dividend date was set on July 18, 2022, and the distribution was made on August 5, 2022.
	3. Proposal for the amendment to the Company's Articles of Incorporation, Procedures for the Acquisition or Disposal of Assets, Procedures for Loans to Others, Procedures for Endorsements and Guarantees, Rules of Procedure for Shareholders' Meetings, and Regulations for Elections of Directors and Supervisors.	Arrangements were made according to the amended rules.
	4. Re-election of Directors (including Independent Directors)	Shareholders have voted and elected nine Directors (including four Independent Directors), and the Ministry of Economic Affairs approved the alteration registration on July 6, 2022.
	5. Lifted the non-competition restriction on newly elected Directors (including Independent Directors)	Approved as proposed by shareholders through a ballot

2. Board of directors

Date of meeting	Summary of material proposal
January 19, 2022 18 th meeting of the current Board	1. Amendment to the written internal control system of the Company. 2. Approved the proposal for the year-end bonus of the President in 2021 and the salary adjustment in 2022. 3. Approved the proposal for the year-end bonus of managers in 2021 and the salary adjustment in 2022. 4. Approved the proposal for the performance evaluation of Directors, supervisors, and Remuneration Committee in 2021. 5. Approved the establishment of the Audit Committee and the formulation of the Charter of Audit Committee. 6. Amended the Code of Ethical Conduct of the Company. 7. Amended the Rules of Procedure of Shareholders' Meetings of the Company. 8. Amended the Regulations for Elections of Directors and Supervisors of the Company.
March 24, 2022 19 th meeting of the current Board	1. Issued the 2021 Declaration of Internal Control System of the Company. 2. Amended the 2022 audit plan of the Company. 3. Amended the written internal control system of the Company. 4. Approved the proposal for the independence evaluation of CPAs for financial statements. 5. Approved the proposal for the 2021 distribution of remuneration of employees and remuneration of Directors and supervisors. 6. Ratified the 2021 financial statements.

Date of meeting	Summary of material proposal
	<ul style="list-style-type: none"> 7. Approved the 2021 business report and the 2022 business plan highlight. 8. Approved the proposal for the Company's 2021 earning distribution. 9. Approved the 2021 cash dividend distribution, and the ex-dividend date for the cash dividends and the distribution date was July 18, 2022 and August 5, 2022. 10. Amended the Articles of Incorporation. 11. Amended the "Procedures for Acquisition or Disposal of Assets" of the Company and subsidiaries. 12. Amended the "Procedures for Loans to Others." 13. Amended the "Procedures for Endorsements and Guarantees." 14. Approved the election of Directors (including Independent Directors). 15. Approved the period for accepting the nomination of Directors (Independent Directors) candidates, number of Directors to be elected and venue for acceptance of the nomination. 16. Approved the list of Director (including Independent Director) candidates nominated by the Board. 17. Approved lifting the non-competition restriction on newly elected Directors (including Independent Directors). 18. Convened the 2022 Regular Shareholders' Meeting of the Company.
May 5, 2022 20 th meeting of the current Board	<ul style="list-style-type: none"> 1. Reported the 2022 Q1 consolidated financial statements. 2. Amended the "Rules of Procedure of Shareholders' Meetings." 3. Approved the alteration to the venue and time of the 2022 Regular Shareholders' Meeting.
June 20, 2022 1 st meeting of the current Board	<ul style="list-style-type: none"> 1. Elected the Chairman. 2. Appointed the members of the 5th session of the Remuneration Committee.
June 28, 2022 2 nd meeting of the current Board	<ul style="list-style-type: none"> 1. Authorized Independent Director Lin, Ming-Qin to approve the audit reports and manage the daily administration and audit operations of auditors. 2. Approved the proposal for the 2021 distribution of remuneration of Directors and supervisors. 3. Approved the proposal for the remuneration of employees of the President in 2021 and the salary adjustment in 2022. 4. Approved the proposal for the remuneration of employees of managers in 2021 and the salary adjustment in 2022. 5. Amended the Regulations for Remuneration of Directors and Supervisors. 6. Approved the renewal of comprehensive loan limits for working capital with a financial institution. 7. Approved the GHG inventory and verification schedule.
July 28, 2022 3 rd meeting of the current Board	<ul style="list-style-type: none"> 1. Reported the 2022 Q2 consolidated financial statements. 2. Amended the Rules of Procedure of Board Meetings. 3. Amended the Procedures for Handling Material Inside Information. 4. Amended the Corporate Governance Best Practice Principles. 5. Amended the Charter of Remuneration Committee 6. Approved the proposal for the conversion of the shareholding in Somnics, Inc.
November 8, 2022 4 th meeting of the current Board	<ul style="list-style-type: none"> 1. Reported the 2022 Q3 consolidated financial statements. 2. Amended the 2023 audit plan. 3. Amended the written internal control system of the Company. 4. Approved the changes in the chief auditor. 5. Amended the Rules of Procedure of Board Meetings. 6. Amended the Procedures for Handling Material Inside Information.

Date of meeting	Summary of material proposal
January 12, 2023 5 th meeting of the current Board	1.Approved the proposal for the year-end bonus of the President in 2022 and the salary adjustment in 2023. 2.Approved the proposal for the year-end bonus of managers in 2022 and the salary adjustment in 2023. 3.Approved the proposal for the performance evaluation of the Board and functional committees in 2022.
March 22, 2023 6 th meeting of the current Board	1.Issued the 2022 Declaration of Internal Control System. 2.Approved the proposal for the alteration of CPAs and independence evaluation. 3.Formulated the general principles for non-assurance service policies of CPA's firm approved by the Company in advance. 4.Approved the proposal for the 2022 distribution of remuneration of employees and remuneration of Directors and supervisors. 5.Ratified the 2022 financial statements. 6.Approved the 2022 business report and the 2023 business plan highlight. 7.Approved the proposal for the Company's 2022 earning distribution. 8.Approved the 2022 cash dividend distribution, and the ex-dividend date for the cash dividends and the distribution date was July 17, 2023 and August 4, 2023. 9.Amended the Articles of Incorporation. 10.Approved the proposal for the capital increase in cash through the private placement of ordinary shares. 11.Re-elected an Independent Director of the Company. 12.Approved the period for accepting the nomination of Independent Director candidates, number of Independent Directors to be elected and venue for acceptance of the nomination. 13.Approved the list of Independent Director candidates nominated by the Board. 14.Approved lifting the non-competition restriction on the newly elected Independent Director. 15.Convened the 2023 Regular Shareholders' Meeting of the Company.

(XII) During the most recent year and up to the publication date of the annual report, where a Director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board, and the said dissenting opinion with records or written statements, disclose the principal content thereof: None.

(XIII) A summary of resignations and dismissals of the persons related to financial statements (including the Chairman, President, chief accountant, and chief auditor)during the most recent year and up to the publication date of the annual report: None.

Position	Name	Date appointed	Date dismissed	Reason for resignation or dismissal
Chief auditor	Rao, Jia-Hui	July 11, 2002	September 30, 2022	Retirement

V. Information on CPA fees

(I) The amount of audit fees and non-audit fees paid to CPAs and CPA's firm and its affiliates, as well as the content of non-audit services, shall be disclosed.

Unit: NT\$ thousand

Name of accounting firm	Name of CPA	Audit period	Audit fees	Non-audit fees					Remarks
				System design	Business registration	Human resources	Others	Subtotal	
PricewaterhouseCoopers, Taiwan (PwC Taiwan)	Chou, Hsiao-Tzu	2022.1.1~2022.12.31	3,640	-	31	-	1,968	1,999	Non-audit fees - others: Fees for transfer pricing, taxation certification, translation, review of remuneration of non-directors, printing and binding, and business trips.
	Chih, Ping-Chiun	2022.1.1~2022.12.31							

(II) When the Company changes its CPA's firm and the audit fees paid for the year in which such change took place are lower than those for the preceding year, the amount of the audit fees before and after the change and the reasons shall be disclosed: None.

(III) When the audit fees paid for the current year are lower than those for the preceding year by 10% or more, the reduction in the amount of audit fees, reduction percentage, and reasons shall be disclosed: None.

VI. Information on replacement of CPAs

(I) Former CPAs

Date of replacement	January 1, 2023		
Reason for the replacement and description	In response to the internal adjustments of PwC Taiwan, CPAs for financial statements changed from CPAs Chou, Hsiao-Tzu and Chih, Ping-Chiun to CPAs Lin, Se-Kai and Chih, Ping-Chiun from 2023 Q1.		
The description is about whether the appointer or the CPA terminates or rejects the appointment.	Counterparty	CPA	Appointer
	Circumstances		
	Proposed the termination of the appointment	N/A	N/A
	Refuse to accept (continue) the appointment	N/A	N/A
Opinions for audit reports other than unqualified opinions in the most recent two years and the reason	None		
Whether there is any different opinion from the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or steps
			Others
	None		V
	Explanation		None
Other disclosures (those to be disclosed under items 1-4 to items 1-7, subparagraph 6, Article 10 of the Regulations)	None		

(II) Succession CPAs

CPA's firm	PricewaterhouseCoopers, Taiwan (PwC Taiwan)
Name of CPA	CPAs Lin, Se-Kai and Chih, Ping-Chiun
Date of appointment	January 1, 2023
Opinions that may be issued, consultation matters, and results for the particular accounting methods or accounting principles, and financial statements before the appointment	None
Written opinion of the succession CPAs on matters different from the former CPAs	None

(III) Response letter of the former CPAs regarding matters stated in item 1 and item 2-3, subparagraph 6, Article 10 of the Regulations: None.

VII. Where the Company's Chairman, President, or any manager in charge of finance or accounting matters has held a position at the CPA's firm of its CPAs or at an affiliate of the CPA's firm in the most recent year: None.

VIII. Transfer of equity and changes in equity pledges of Directors, supervisors, managers, and shareholders with a shareholding of 10% and above in the most recent year and up to the date of publication of the annual report:

(I) Changes in shareholding of Directors, managers, and major shareholders

Unit: shares

Position	Name	2022		As of the current year	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Concurrently the Chairman and President and a shareholder with a shareholding of 10% or above	Su, Sheng-Yi	0	0	0	0
Directors	Nova Technology Corp.	280,000	0	0	0
Concurrently the Director and Vice President	Wu, Kun-Sing	195,000	0	0	0
Directors	Su, Wendell Ronald	0	0	0	0
Directors	Shao, Chin-Fu	0	0	0	0
Directors	Chen, Ming-Dao	0	0	0	0
Directors	Chen, Ping-Zhu	0	0	0	0
Independent director	Chen, Rong-Jie	0	0	0	0
Independent director	Lin, Ming-Qin	0	0	0	0
Independent director	Chen, Zhi-Cheng	0	0	0	0
Independent director	Hung, Wen-Chuan	0	0	0	0
Supervisor	Liao, Shu-Hui	0	0	0	0
Vice President	Li, Zhi-Sheng	50,000	0	50,000	0
Manager, Finance Department	Zheng, Fei-Wen	0	0	0	0
Manager, Accounting Department	Huang, Yu-Hua	0	0	0	0

Note 1: Director Nova Technology Corp. and Wu, Kun-Sing were appointed on June 16, 2022, and Directors Chen, Ming-Dao and Shao, Chin-Fu were dismissed upon the expiry of their term of office on June 16, 2022.

Note 2: Independent Directors in, Ming-Qin and Chen, Zhi-Cheng were appointed on June 16, 2022. Independent Director Hung, Wen-Chuan was dismissed as he passed away on October 9, 2022.

Note 3: Supervisor Chen, Ping-Zhu was re-appointed as a Director on June 16, 2022, and resigned on June 24, 2022. Supervisor Liao, Shu-Hui was dismissed upon the expiry of their term of office on June 16, 2022.

(II) Equity transfer: None of the counterparties of an equity transfer is a related party.

(III) Equity pledge: None of the counterparties of an equity pledge is a related party.

IX. Information on shareholders with top ten shareholdings who are related parties, spouses, or relatives within the second degree of kinship

April 16, 2023

Name	Shares held in own name		Shareholding of spouse and underage children		Shareholding under the title of a third party		Name and relationship of the top ten shareholders who are related parties, spouses, or relatives within the second degree of kinship.		Remarks
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Name	Relationship	
Su, Sheng-Yi	11,325,114	9.90%	4,579,272	4.00%	-	-	Peng, Yu-Feng	Spouse	-
							Yang Sheng Investment Co., Ltd.	Corporate representative Chairman	
							Qualibond Technology Co., Ltd.	Chairman	
C SUN MFG LTD. Representative: Liang, Mao-Seng	5,466,000	4.78%	-	-	-	-	Gallant Precision Machining Co., Ltd.	The director is Corporate Director of the company	-
Representative of Gallant Precision Machining Co., Ltd.: Chen, Zheng-Xing	5,000,000	4.37%	-	-	-	-	C SUN MFG LTD.	The Chairman is a director of the company	-
Peng, Yu-Feng	4,579,272	4.00%	11,325,114	9.90%	-	-	Su, Sheng-Yi	Spouse	-
							Yang Sheng Investment Co., Ltd.	Supervisor	
							Qualibond Technology Co., Ltd.	Supervisor	
Nova Technology Corp. Representative: Liang, Chin-Li	4,309,000	3.77%	-	-	-	-	Acter Group Corporation Limited	Chairman The same person	-
Yang Sheng Investment Co., Ltd. Representative: Su, Sheng-Yi	2,600,000	2.27%	-	-	-	-	Su, Sheng-Yi	The corporate representative of the company Chairman	-
	11,325,114	9.90%	4,579,272	4.00%	-	-	Peng, Yu-Feng	The supervisor of the company	
							Qualibond Technology Co., Ltd.	Chairman The same person	
Representative of Acter Group Corporation Limited: Liang, Chin-Li	2,598,000	2.27%	-	-	-	-	Nova Technology Corp.	Chairman The same person	-
Chen Lin, Feng-Chin	2,037,899	1.78%	2,028,674	1.77%	-	-	Chen, Ping-Zhu	Spouse	-
Chen, Ping-Zhu	2,028,674	1.77%	2,037,899	1.78%	-	-	Chen Lin, Feng-Chin	Spouse	-
Qualibond Technology Co., Ltd. Representative: Su, Sheng-Yi	1,788,000	1.56%	-	-	-	-	Su, Sheng-Yi	The chairman of the company	-
	11,325,114	9.90%	4,579,272	4.00%	-	-	Peng, Yu-Feng	The supervisor of the company	
							Yang Sheng Investment Co., Ltd.	Chairman The same person	

X. The total number of shares and the consolidated shareholding held in any single investee by the Company, its Directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company

Total Shareholding Percentage

December 31, 2022 Unit: Share; %

Investee (Note)	Held by the Company		Investment of Directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company		Aggregate ownership	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
Ampoc Tech. Limited	9,500,000	100%	-	-	9,500,000	100%

Note: Long-term investments accounted for by adopting the equity method.

Four. Fund Raising Status

I. Capital and shares

(I) Sources of share capital

1. Sources of share capital

Year/Month	Issued price	Authorized capital		Paid-up capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of share capital	Paid in properties other than cash	Others
1996.11	10	19,800,000	198,000,000	19,800,000	198,000,000	Capital increase in cash78,000,000	None	Jing-(85)-Shang-Zi No.118914
1998.12	10	60,000,000	600,000,000	30,000,000	300,000,000	Capital increase in cash102,000,000	None	(87)-Tai-Cai-Zheng-(Yi) No.101089
1999.07	10	60,000,000	600,000,000	36,000,000	360,000,000	Capital increase from earnings60,000,000	None	(88)-Tai-Cai-Zheng-(Yi) No.65571
2000.03	10	60,000,000	600,000,000	57,106,769	571,067,690	Capital increase from merger211,067,690	None	(88)-Tai-Cai-Zheng-(Yi) No.107784
2000.10	10	92,000,000	920,000,000	73,729,085	737,290,850	Capital increase in cash48,000,000 Capital increase from earnings39,974,740 Capital surplus74,238,800 Capital increase from employees' bonuses4,009,620	None	(89)-Tai-Cai-Zheng-(Yi) No.58490
2001.06	10	92,000,000	920,000,000	90,500,000	905,000,000	Capital increase from earnings167,709,150	None	(90)-Tai-Cai-Zheng-(Yi) No.134286
2002.08	10	128,800,000	1,288,000,000	101,200,000	1,012,000,000	Capital increase from earnings90,500,000 Capital increase from employees' bonuses16,500,000	None	Tai-Cai-Zheng-Yi-Zi No.0910138268
2003.09	10	178,800,000	1,788,000,000	106,535,000	1,065,350,000	Capital increase from the capital reserve50,600,000 Capital increase from employees' bonuses2,750,000	None	Tai-Cai-Zheng-Yi-Zi No.0920131475
2004.03	10	178,800,000	1,788,000,000	101,535,000	1,015,350,000	Capital decrease from treasury shares50,000,000	None	Tai-Cai-Zheng-San-Zi No.0920158078
2004.09	10	178,800,000	1,788,000,000	98,067,000	980,670,000	Capital decrease from treasury shares34,680,000	None	Tai-Cai-Zheng-San-Zi No.0930126825

Year/Month	Issued price	Authorized capital		Paid-up capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of share capital	Paid in properties other than cash	Others
2005.09	10	178,800,000	1,788,000,000	103,676,350	1,036,763,500	Capital increase from earnings 49,033,500 Capital increase from employees' bonuses 7,060,000	None	Jin-Guan-Zheng-Yi-Zi No.0940129041
2005.11	10	178,800,000	1,788,000,000	111,433,028	1,114,330,280	ECB conversion 77,566,780	None	Tai-Zheng-Shang-Zi No.0940033604
2006.02	10	178,800,000	1,788,000,000	112,843,332	1,128,433,320	ECB conversion 14,103,040	None	Tai-Zheng-Shang-Zi No.0950003724
2006.09	10	178,800,000	1,788,000,000	117,243,632	1,172,436,320	Capital increase from earnings 33,853,000 Capital increase from employees' bonuses 10,150,000	None	Jin-Guan-Zheng-Yi-Zi No.0950131501
2007.08	10	178,800,000	1,788,000,000	121,814,941	1,218,149,410	Capital increase from earnings 35,173,090 Capital increase from employees' bonuses 10,540,000	None	Jin-Guan-Zheng-Yi-Zi No.0960032565
2008.05	10	178,800,000	1,788,000,000	116,814,941	1,168,149,410	Capital decrease from treasury shares 50,000,000	None	Jin-Guan-Zheng-San-Zi No.0970014558
2008.07	10	178,800,000	1,788,000,000	121,369,390	1,213,693,900	Capital increase from earnings 35,044,490 Capital increase from employees' bonuses 10,500,000	None	Jin-Guan-Zheng-Yi-Zi No.0970034144
2008.12	10	178,800,000	1,788,000,000	116,937,390	1,169,373,900	Capital decrease from treasury shares 44,320,000	None	Jin-Guan-Zheng-San-Zi No.0970054822
2009.04	10	178,800,000	1,788,000,000	114,437,390	1,144,373,900	Capital decrease from treasury shares 25,000,000	None	Jin-Guan-Zheng-San-Zi No.0980003641

2. Share category

Share category	Authorized capital			Remarks
	Outstanding shares (listed)	Unissued shares	Total	
Common Stock	114,437,390	64,362,610	178,800,000	

(II) Shareholder structure:

April 16, 2023

Shareholder structure Count	Government agency	Financial institution	Other institutional entities	Individual	Foreign institutions and foreigners	Total
Number	0	0	194	29,424	78	29,696
No. of shares held	0	0	27,539,902	80,114,729	6,782,759	114,437,390
Shareholding percentage	0.00%	0.00%	24.07%	70.00%	5.93%	100.00%

(III) Equity dispersion :

A par value of NT\$10 per share

April 16, 2023

Shareholding range	Shareholder count	No. of shares held	Shareholding percentage
1 to 999	20,123	422,923	0.37%
1,000 to 5,000	7,228	15,304,479	13.36%
5,001 to 10,000	1,258	10,046,449	8.78%
10,001 to 15,000	334	4,336,568	3.79%
15,001 to 20,000	222	4,114,607	3.60%
20,001 to 30,000	186	4,779,520	4.18%
30,001 to 40,000	90	3,258,378	2.85%
40,001 to 50,000	63	2,947,574	2.58%
50,001 to 100,000	108	7,719,101	6.75%
100,001 to 200,000	39	5,521,312	4.82%
200,001 to 400,000	26	6,938,223	6.06%
400,001 to 600,000	3	1,380,297	1.21%
600,001 to 800,000	3	2,128,000	1.86%
800,001 to 1,000,000	1	968,000	0.85%
More than 1,000,001	12	44,571,959	38.94%
Total	29,696	114,437,390	100.00%

Note: The Company did not issue preferred shares.

(IV) List of major shareholders

April 16, 2023

Shareholder structure Name of major shareholder	Shares No. of shares held	Shareholding percentage
Su, Sheng-Yi	11,325,114	9.90%
C SUN MFG LTD.	5,466,000	4.78%
Gallant Precision Machining Co., Ltd.	5,000,000	4.37%
Peng, Yu-Feng	4,579,272	4.00%
Nova Technology Corp.	4,309,000	3.77%
Yang Sheng Investment Co., Ltd.	2,600,000	2.27%
Acter Group Corporation Limited	2,598,000	2.27%
Chen Lin, Feng-Chin	2,037,899	1.78%
Chen, Ping-Zhu	2,028,674	1.77%
Qualibond Technology Co., Ltd.	1,788,000	1.56%

(V)Market price, net value, earnings, and dividends per share and the relevant information for the most recent two years

Item \ Year		2021	2022	As of April 30, 2023 (Note 8)
Market price per share (Note 1)	High	42.70	45.50	55.40
	Low	33.25	37.55	43.00
	Average	37.91	41.23	50.64
Net worth per share (Note 2)	Before dividend	21.32	24.16	21.70
	After dividend	18.57	20.16	N/A
Earnings per share	Weighted average number of shares	114,437	114,437	114,437
	Earnings per share (Note 3)	3.00	5.18	1.57
Dividends per share	Cash dividends	2.75	4.00	N/A
	Stock grants	Share dividends from earnings	0	N/A
		Share dividends from capital reserve	0	N/A
	Cumulative undistributed dividends (Note 4)		0	N/A
Analysis of investment returns	P/E ratio (Note 5)		12.64	7.96
	Price-to-dividends ratio (Note 6)		13.79	10.30
	Cash dividend yield (Note 7)		7.25	9.70

Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: Calculate the net value per share based on the number of outstanding shares at the end of the year and set out the amount of distribution based on the resolution made by the Board or at the shareholders' meeting in the following year.

The Board approved a cash dividend of NT\$4.00 per share for 2022 on March 22, 2023.

Note 3: If retrospective adjustments are required because of the issuance of stock grants, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profits, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5: Price-to-earnings ratio = average closing price per share for the year/earnings per share.

Note 6: Price-to-dividend ratio = average closing price per share for the year/cash dividends per share.

Note 7: Cash dividend yield = cash dividend per share/average closing price per share for the year.

Note 8: Net value per share and earnings per share are based on the data audited (reviewed) by CPAs from the publication date of the annual report up to the latest quarter. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

(VI) The Company's dividend policy and implementation

1. Dividend policy

If the Company has earnings from the final account of the year, it shall pay profit-seeking business income tax, compensate prior losses, and, if there are remaining balance, provide 10% as the legal reserve; however, if the legal reserve has reached the paid-in capital of the Company, the provision is exempted. After providing or reversing the special reserve when necessary according to the law and requirements of the competent authority, the remaining balance, plus the cumulative undistributed earnings from prior years, shall be the cumulative distributable earnings. The Board formulates the proposal for earning distribution above based on earnings available for distribution and submits it to the shareholders for the resolution of distribution. In response to the business expansion requirements and industrial growth, the Company may plan for the capital required based on the overall capital budgets of the Company. Based on the principle of retaining capital through the distribution of share dividends, the remaining part may be distributed in cash dividends; however, the cash dividend shall be no less than 10% of the total dividends distributed to the shareholders of the year; nonetheless, the Company may distribute share dividends if the cash dividends are less than NT\$0.5 per share. In the most recent decade, our cash dividend per share has never been lower than 75% of earnings per share.

2. Dividend distributions proposed at the shareholders' meeting:

According to the amended Articles of Incorporation approved by the shareholders' meeting on June 11, 2019, the Board of the Company shall distribute the entire or partial dividends and bonuses, or capital reserve or statutory reserve in cash based on a resolution made by over half of the attending Directors at a meeting attended by over two-thirds of the Directors and report it to the shareholders' meeting.

The Board has approved to distribute a cash dividend of NT\$4.00 per share for 2022 as a resolution on March 22, 2023.

(VII) Effects of the intended stock grants proposed at the shareholders' meeting on the operating performance and earnings per share of the Company for the year: Not applicable.

(VIII) Remuneration of employees, Directors, and supervisors

1. Ratio or scope of remuneration of employees, Directors, and supervisors stated in the Articles of Incorporation:

The Company, after compensating losses, if there is still a balance from the profit before tax of the year and before the distribution of remunerations of employees and Directors and supervisors of the year, the Company shall appropriate 5% to 8% as the remuneration of employees and no more than 3% as the remuneration of Directors and supervisors.

2. Basis for estimation of the remuneration of employees, Directors, and supervisors during the period, the basis for the calculation basis of the number of shares for remuneration distributed in shares, and the accounting treatment if the distribution amount is different from the estimated amount:

The Company estimates the remuneration of employees and remuneration of Directors and supervisors at 6% and 2% of net profits before tax, respectively, during the period. Differences between the actual amount of distribution and the amount estimated will be treated as changes in accounting estimated and presented as profit or loss of the distribution year.

3. Remuneration distribution approved by the Board:

(1) On March 22, 2023, the Board resolved to distribute a remuneration of employees of NT\$47,623,494 and remuneration of Directors and supervisors of NT\$13,000,000 in cash. The remuneration of employees has no difference from the estimation in 2022, and the remuneration of Directors and supervisors was NT\$2,874,499 less than the estimation in 2022, being the differences from the estimation.

(2) The amount of intended remuneration of employees in shares to be distributed and the ratio to net profit after tax and total remuneration of employees of the period: Not applicable.

4. Distribution of remuneration of employees, Directors and supervisors in the preceding year (including the number of shares, amount, and stock price of the distribution); if there is any difference with the remuneration of employees, Directors and supervisors recognized, the difference, reason, and measures adopted:

	2021			
	Actual distribution	Amount recognized	Differences	Reason for differences
I. Distribution:				
1. Remuneration of employees in cash	NT\$26,756 thousand	NT\$26,756 thousand	NT\$0 thousand	
2. Remuneration of employees in shares	NT\$0 thousand	NT\$0 thousand	0	
(1) Number of shares	0 thousand shares	0 thousand shares	0	
(2) Amount	NT\$0 thousand	NT\$0 thousand		
(3) Ratio to the number of outstanding shares at the end of the year	0.00%	0.00%	0	
3. Remuneration of Directors and supervisors	NT\$8,928 thousand	NT\$8,928 thousand	NT\$0 thousand	

(IX) Share repurchases by the Company:

In 2022 and up to the publication date of the annual report, the Company had not repurchased any shares.

II. Corporate bonds: None.

III. Preferred shares: None.

IV. Global depository receipts: None.

V. Employee stock options: None.

VI. Restricted stock awards: None.

VII. Mergers or receipt of new shares issued by other companies: None.

VIII. Implementation of capital utilization plans:

(I) Content of plan

As of the quarter preceding the publication date of the annual report, if any prior issuance or private offering has not been completed or has been completed, but the effects of the plan are not fully exerted: None.

(II) Implementation

Analysis of the implementation and comparison with effects initially expected for the use of plans in the preceding paragraph: None.

Five. Operational Highlights

I. Business activities

(I) Scope of business

1. Major scope of business

- CB01010 Mechanical Equipment Manufacturing
- C801010 Basic Chemical Industrial
- C801030 Precision Chemical Material Manufacturing
- C802060 Veterinary Drug Manufacturing
- C802080 Environmental Agents Manufacturing
- C802990 Other Chemical Products Manufacturing
- CF01011 Medical Devices Manufacturing
- E603050 Automatic Control Equipment Engineering
- E604010 Machinery Installation
- F107200 Wholesale of Chemical Feedstock
- F113010 Wholesale of Machinery
- F113030 Wholesale of Precision Instruments
- F113050 Wholesale of Computers and Clerical Machinery Equipment
- F113060 Wholesale of Measuring Instruments
- F115010 Wholesale of Jewelry and Precious Metals
- F213030 Retail Sale of Computers and Clerical Machinery Equipment
- F213040 Retail Sale of Precision Instruments
- F213050 Retail Sale of Measuring Instruments
- F213080 Retail Sale of Machinery and Tools
- F215010 Retail Sale of Jewelry and Precious Metals
- F401010 International Trade
- F107070 Wholesale of Veterinary Drugs
- F107080 Wholesale of Environmental Agents
- F108031 Wholesale of Medical Devices
- F207050 Retail Sale of Fertilizer
- F207070 Retail Sale of Veterinary Drugs
- F207080 Retail Sale of Environmental Agents
- F207200 Retail Sale of Chemical Feedstock
- F208031 Retail Sale of Medical Apparatus
- F601010 Intellectual Property Rights
- IG01010 Biotechnology Services
- G801010 Warehousing
- I301010 Information Software Services
- I501010 Product Designing
- ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Business proportion

Unit: NT\$ thousand

Operating revenue	2022	
	Amount	Percentage (%)
Machinery and equipment income	2,166,975	62.84
Consumable income	1,202,329	34.87
Maintenance income	79,080	2.29
Total	3,448,384	100.00

3. Major product (service) items of the Company at present

The Company is a professional equipment and material supplier for major electronic industries of LED, LCD, IC wafer manufacturing, assembly, and PCB in Taiwan, and the major items of supplies are as follows:

Industry	PCB	LCD	Semiconductor	LED	OLED
Item of supply	PCB and chemicals Various wet procedure equipment Electroplating equipment Electroplating liquid O/S Tester FPC wet procedure equipment BGA horizontal wet procedure equipment Vacuum etching machine Ampoc Jet (two-phase) etching system Vertical Ampoc Wing Wet procedure heat recycling and energy-saving system Vertical contactless wet procedure equipment High-performance development membrane system Contactless anti-dust transmission system High-performance energy-saving film residue treatment system AI ARM smart etching system Contactless production equipment Room temperature drying machine Development defoamer system Plasma desmear machine (Plasma Desmear)	Automated procedure equipment LCD examination instrument Backlight module inspection machine Aluminum etch end testing machines Ordinary pressure plasma cleaning equipment LED procedure equipment Contactless carrier treatment system	Semiconductor testing and procedure equipment and materials Fine chemicals for photolithography Equipment and materials for assembly procedures Electroplating chemicals Molds for nanoimprint lithography Wafer mask aligner Laser processing machine Various AOI machines Bump inspection equipment Wafer/Chip bonding equipment BGA equipment	LED Aligner series equipment Stepper	UV Sealing System

4. New products to be developed

1	Automated testing equipment for 12 inches wafers below 0.13um	20	Procedure equipment and materials for emerging display (OLED/PLED/PDP)
2	Procedure material related to CMP of semiconductor	21	Embedded substrate procedure/material
3	Equipment and materials for flip chip assembly procedures	22	Procedures and relevant testing equipment for fine-pitch elements
4	Procedures and testing equipment for wafer-level CSP	23	Contact free wet procedure equipment for PCB
5	Procedure equipment related to GaAs/MEMS	24	Air spray coater required for thick copper/HDI board of PCB
6	OLED UV Sealing System	25	Low-acid etching system for fine circuits of PCB
7	OLED UV bonding materials	26	Single-spot etching and compensating system for fine circuits of PCB

8	Procedure materials related to TAB/COF	27	Touch panel UV hydrogel
9	Lead-free procedures and materials	28	Procedure materials for wafer bumping
10	Procedures and equipment related to PCB build-up BGA (high-end mask aligners, stepper or LPI, procedures/materials for bump, and AOI/AVI)	29	3D-TSV chemical electroplating for wafers
11	Polymer materials for PCB (i.e., solder mask, carbon ink, and photoresist)	30	Wafer-level BGA equipment and materials
12	Touch panel OCA/UV glue lamination equipment	31	PCB metal finish procedure materials
13	FPC wet procedure equipment and loader/unloader system	32	AOI inspection equipment for IC assembly
14	R&D of equipment related to solar power panel procedures	33	Laser cutting equipment for semiconductor/LED
15	12 inches Cu/W CMP grinding equipment and materials	34	Bump inspection equipment for bump and TSV
16	12 inches wafer high film dielectric vapor deposition equipment	35	Electroplating liquid for PCB copper process
17	Optical device assembly procedure equipment and materials	36	Vertical transmission wet procedure equipment
18	Green materials and lead-free halogen materials	37	AiP testing equipment
19	Roll-to-roll process		

(II) Industry overview

1. Current status and development of the industry

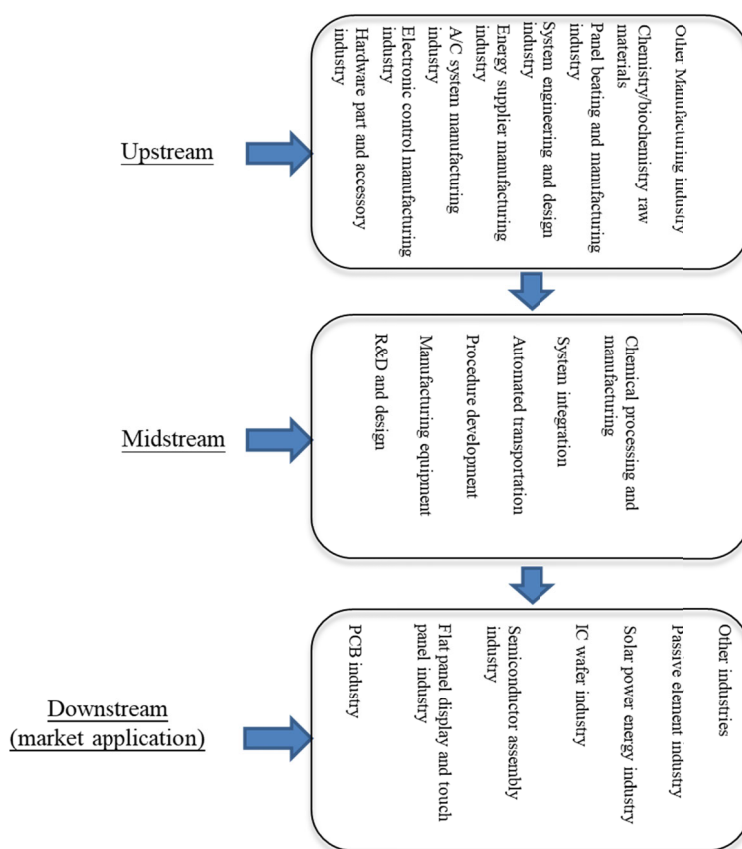
(1) PCB equipment manufacturing business

Benefiting from the trend of plant expansion of IC substrate companies, Taiwanese PCB equipment companies recorded a favorable business performance in 2022. Even though some customers delayed their orders due to the existing negative macroeconomic factors, they did not cancel their orders. There is a strong demand from customers for advanced procedures, and their demand for substrate equipment was the most significant, with a clear production plan and the highest requirements for equipment specifications. Regarding the supply/demand trend in the ABF substrate market, substrate companies worldwide have been increasing their capital expenditures since 2021, and it is estimated that the production capacity of ABF substrates will commence increasing significantly in 2023. The demand for HPC increased, and the assembly technologies upgraded, giving rise to the increase in demand; it is estimated that the demand for ABF substrates will be oversupplied before 2025.

(2) Electronic and fine chemical distribution business

In 2023, the demand for many end consumer electronics remained unclear. The effects of lifting lockdown measures in China, inflation, war, and multiple uncertainties resulted in the unstable demand for 3C and IT application chips; however, in the mid-to-long-term, vehicle, HPC, 5G and even 6G, and semiconductor industries will focus on the expansion in production capacity in the future.

2. Connectivity between the upstream, midstream, and downstream of the industry



PCB: The Company produces our own manufacturing machinery and equipment, distributes machinery and equipment, and materials of various leading brands, and provides support and services of high-added value to the PCB industry.

Self-produced machinery products for PCB procedures include vacuum etching machines, room temperature super drying machines, stripping heat recycling/renewal heating systems, flip chip substrate wet procedure equipment, PCB fine circuit etching and compensating systems.

Flat panel display and touch panel: Automated liquid analyzers and dispensers, and light boxes/light bulbs.

Semiconductor assembly: The Company primarily provides procedure chemicals and consumables, including automated analyzers and dispensers, Sn-Bi electroplating liquid, tin anti-browning agents, selective copper etchant, pure tin electroplating liquid, and other products.

IC wafer industry: Selective copper etchant, selective titanium etchant, high-speed copper electroplating liquid, nickel aminosulfonate, bumping Sn-Pb electroplating liquid, bumping Sn-Ag electroplating liquid, and other products.

Solar power industry: Guide wheels and consumables for HCT line cutting equipment, guide wheels exclusive for HCT line cutting equipment, low wear and high stability PU materials, and relevant consumables for solar power procedure equipment.

3. Development trends and competition of products

(1) PCB equipment manufacturing business

Ampoc focuses on high-end PCB wet procedure equipment, creates production equipment in line with the fine circuit trend of low pollution and zero contact in response to new 5G procedures, and has additionally installed AI automated equipment detection system to precisely calculate the timing for consumable replacement and increase the efficiency of the production schedule. 5G has driven the development of high-frequency, high-speed, and ultra-fine circuits, and investments of PCB customers in China and Taiwan picked up. Despite the potential short-term delay due to the interference of the pandemic, the demand for equipment investments remained strong without being directly impacted by the pandemic.

(2) Electronic and fine chemical distribution business

Our electronic and fine chemical distribution business primarily focuses on semiconductor assembly materials, including consumables for the semiconductor front section and solar power industries; therefore, we make active arrangements for the semiconductor front section, advanced assembly, and 5G communication/AI.

(III) Technology and R&D overview

1. R&D expenses in the most recent year and up to the publication date of the annual report

(1) In 2022, the expenses were NT\$30,950 thousand.

(2) In 2023, the Company estimates to invest NT\$20,636 thousand; as of 2023 Q1, it has invested NT\$8,231 thousand.

2. Technologies or products successfully developed

- (1) Contact-free flip chip substrate wet procedure equipment
- (2) Etching and compensating system for fine circuits of PCB
- (3) TFT-LCD large substrate automated optical inspection device
- (4) TFT-LCD large substrate cassette cleaning equipment
- (5) TFT-LCD large substrate etching equipment
- (6) Relevant consumables for solar power procedures
- (7) Fuel cell testing equipment
- (8) Touch panel ultrasonic cleaning machine
- (9) Bumping electroplating and etching procedure liquid

(IV) Long-term and short-term business development plan

1. Short-term plan

- (1) Adopt professional technology marketing as the development orientation and determine the development of electronic industries based on customers' requirements. Leverage relationships with suppliers, product marketing and customer channels to expand our business scope and increase product items so as to effectively minimize our operating risks, actively create operating income, and improve profitability.
- (2) The Company is committed to developing ultra-high precision horizontal wet procedure equipment for PCB, HDI, BGA and horizontal wet procedure production equipment for FPC and LCD wet procedure equipment to fully satisfy market demands and actively develop procedure equipment that reduces environmental pollution in the hope of contributing to the environment.
- (3) As we uphold a customer-first service calling, not only do we go the extra mile to assist our customers in reducing production costs, but we also actively provide procedure management recommendations to our customers to improve both production yield and product quality.
- (4) Reinforce the integration capacity of relevant series of products and include premium products locally produced to provide comprehensive product portfolios and overall solutions to customers and improve the added value of products.

2. Long-term plan

- (1) To achieve the strategic objective of market dispersion, spread the market proportion averagely to Japan, Mainland China, countries in Southeast Asia, and Taiwan to spread the risk of poor economic development in different regions.
- (2) Actively develop and introduce new procedure technologies and continue to make advancements to respond to the future requirements of the hi-tech industry through collaborated development with customers.

II. Overview of the market, production, and sales

(I) Market analysis

1. Sales region of major products

Unit: NT\$ thousand; %

Operating revenue		2021		2022	
		Amount	Percentage (%)	Amount	Percentage (%)
Domestic sales		1,361,721	46.33	1,712,267	49.66
Export sales	China	994,964	33.85	1,197,337	34.72
	Southeast Asia	445,995	15.18	400,498	11.61
	Americas	119,933	4.08	57,719	1.67
	Japan	16,361	0.56	80,563	2.34
	Subtotal	1,577,253	53.67	1,736,117	50.34
Total		2,938,974	100.00	3,448,384	100.00

2. Market share

The Company is a professional distributor of procedure equipment and consumables for IC and PCB industries and a professional manufacturer of procedure equipment for the PCB industry; as the procedures of the abovementioned industries are highly complicated, and additional designs and planning are required for partial equipment to satisfy customers' particular requirements, there is no certain product specification in general, and the Company produces in low volume with diversification; therefore, there is no comprehensive and objective statistics for market share.

3. Future market demand and supply and growth potential

Taiwan occupies the top global market share; however, the share of Mainland China has been increasing; the crucial key is the rapid increase in its market share and growth rate due to the rapid development of 5G, Big Data, cloud calculation, AI, IoT, and self-driving vehicle industries. In 2023, it is estimated that the PCB market will continue to expand its production capacity for substrates, HDI, and FPC, and the application market includes smartphones, automotive electronics, IoT, network communication, and other product markets. The prospect for future equipment R&D and requirements:

- (1) High-end procedure equipment requirements for ABF substrates.
- (2) High-end product competition between PCB companies, including the requirements for 5G-related substrates, SLP, HDI, and FPC equipment requirements.
- (3) Requirements for PCB equipment related to EV and safety.

4. Competitive advantage

Since its establishment, the Company has been adhering to the cautious attitude of seeking development at a stable pace. We keep abreast of the changes and trends of economic development at all times and duly implement the following countermeasures. Over four decades, despite multiple economic downturns and unfavorable environments, we made it through safe and sound, and maintained stable growth.

- A. The Company aims to provide services to the electronics industry and has been actively serving as the bridge to the information electronics industry. With explicit industrial counterparties and directions for operations that we engage in, we have been growing concurrently with the major electronic industries in Taiwan to minimize the unfavorable effects caused by economic changes based on industry trends.
- B. Adopting professional technology marketing as the development orientation, the Company possesses a strong ability to accurately determine the development trends of various electronic industries. Starting from providing services to the PCB industry four decades ago, the Company invested in IC wafer manufacturing, assembly and testing, and TFT-LCD industries and became an equipment and material supplier for major electronic industries in Taiwan. We engage in different industries through professional technology marketing, successive expansion in the scope of business and increases in product items, which minimize the adverse effects caused by economic changes on a single industry.
- C. With extensive experiences in professional technologies and marketing, the Company is highly competitive in terms of products and has outstanding product and technology upgrade ability, which is the strongest foundation for success when facing unfavorable economic changes, and solid profitability upon prosperous economic development.
- D. Apart from actively managing the distribution and sales businesses, the Company constantly selects competitive products and seeks to introduce the technologies into Taiwan for self-production. It also improves product functions, reduces costs, and creates the maximum room for profit through the efforts of its R&D team, allowing customers to acquire production equipment at a reasonable price.
- E. During the course of self-production and R&D, the Company carefully cultivate multiple satellite plants of standard for contracting foundry production for different scopes of machines to separate the risks of human resources and production capacity allocation during favorable and unfavorable economic development.
- F. The Company continues to reinforce the integration capacity of relevant series of products and include premium products locally produced to provide comprehensive product portfolios and overall solutions to customers and improve the added value of products. At present, we have achieved our objectives for the PCB industry and completed multiple successful cases with full confidence given by customers.
- G. The Company actively follows the development of the industry of moving to Mainland China, enhances the trend of industrial movement in Japan, and has grasped favorable business opportunities.

According to the above, the Company has always been adhering to the philosophy of professional orientation, innovation, and advances, actively performing various rooting and expansion works, and it has established outstanding development and response capacity, allowing the Company to stand firm and maintain its stable growth within the technology industry of intensive competition.

5. Favorable and unfavorable factors for the development prospects and countermeasures

*Favorable factors

A. Rely on foreign companies for crucial parts and components, and the role of distributors has become more significant

Crucial parts and components required in Taiwan mostly rely on foreign suppliers; therefore, distributors often enter into contracts with one or more foreign suppliers to satisfy the requirements of customers for one-stop shopping. With the precondition of global comparative advantage and limited resources, Taiwan has become the major production joint for hi-tech products, with a focus on the reduction of production costs and the increase in manufacturing yield, and the suitable partner for large-scale international companies for foundry, and large-scale international companies may commit to the development of new products. Under the industry structure of the vertical division of labor, part distributors introduce new foreign products into Taiwan and rapidly convey the market information to upstream suppliers to jointly create business opportunities based on the complementary nature between the original suppliers and distributors.

B. Solid capacity of the management team

The major management of the Company possesses extensive working experience in the industry and has abundant experience in research and marketing in the industry; also, the management has been providing services for the Company for years, representing the excellent quality of the Company's major management team which is beneficial for the business development of the Company.

C. Stable distribution rights

Stable distribution rights are the key to success for the distribution industry. The Company maintains a healthy relationship of trust, dependence, and support with original suppliers.

D. Diversified distribution lines and comprehensive product lines

Cerma, Ishihara, and other Japanese brands formed our strong and diverse supplier team. Currently, such suppliers provide various products that can satisfy the requirements for product development, design, and production, which provides the convenience of one-stop shopping for customers and reduces the risk of changes in a single product.

E. Professional image and professional services

Since our establishment in 1980, the Company has been adhering to the business philosophy of integrity, professionalism, and sustainability for stable operations, and its professional image is highly recognized within the industry. Meanwhile, the Company holds the spirit of dedication and professionalism to manage operations and relationships with suppliers and customers through comprehensive, professional services before and after sales. Apart from being a business partner of its suppliers and customers, the Company is also a loyal friend and professional consultant.

*Unfavorable factors and countermeasures

A. Short life cycle of products

There are constant replacements in the electronic industry due to the launches of new products, and changes in the sales of computer information, communication, and consumer products arise from the development of trends and the economy; therefore, the pressure on inventory volume increased.

Countermeasures

- a. Actively grasp product development, keep abreast of new trends of products and markets at all times, study relevant technologies to provide technical information for securing customers' trust, and proactively introduce new products for distribution and explore new customers.
- b. Stringently control the quality of inventory, obtain inventory aging analysis each month via the information system, and regularly examine the "purchase/sales/inventory" status of parts and components to handle inventory volume and adopt preventive measures in due course.
- c. Seek the completeness and diversification of product, expand the economic scale by way of small profits and quick returns, and separate economic risks through seeking the completeness and diversification of product application to ensure stable operations and profits.

B. Intense price competition

Transactions after intense competition result in low gross profit, giving rise to operational risks.

Countermeasures

- a. Reduce cost by way of mass procurement to provide competitive prices to customers and concurrently maintain a reasonable room for profit.
- b. Improve transaction quality, enhance transaction condition and credit limit management, and prevent crisis of the overall operations arising from abnormal transactions.
- c. Increase distributions of products with high gross profit to contribute to our profitability.

C. Risk of change in exchange rates

50% of the Company's operating income is from export sales, in which the majority is denominated in foreign currencies; therefore, any change in exchange rates will result in exchange gains or losses.

Countermeasures

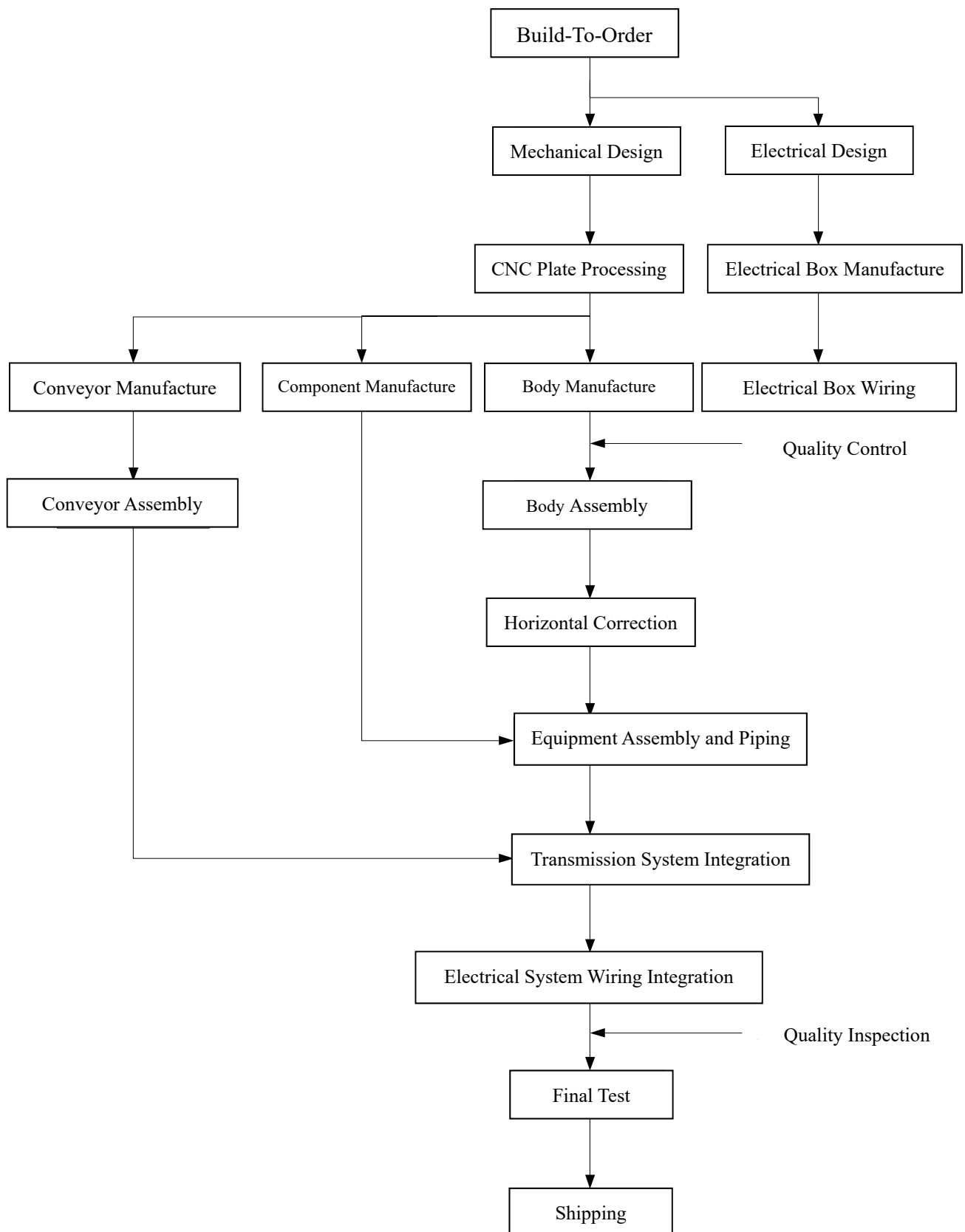
Regarding the exchange risk management method, apart from the natural hedging by offsetting assets and liabilities in foreign currencies, the Company also engages in forward currency operations based on the circumstances in the hope of reducing the effects caused by the volatility of exchange rates.

(II) Main usage and manufacturing processes of the Company's main products

1. Main usage of the Company's main products

Product	Usage
Inner layer Line	Etching and photoresist stripping for the photoresist development and copper layer of inner boards for multi-layer PCB
Outer layer Line	Photoresist stripping, copper layer etching, and Sn-Pb stripping of the external board of PCB
Developer	Photoresist development of PCB
Desmear Line	Desmear for holes on PCB
PTH Line	Chemical treatment of copper for PCB
Electrolytic & ElectrolessNi/Au Plating Line	Electroless nickel/gold plating of PCB
Photoresist	Photoresist is a major material for the development of semiconductor procedures and is related to the level of fineness and density.
PCB wet procedure equipment	Internal/external layer development, solder mask development, internal/external layer etching, internal/external layer stripping, Sn-Pb stripping, pre-treatment, and cleaning equipment in the PCB procedures
Coater Line	PR coating for PCB
single-wafer wet procedures	Cleaning, development, etching, and stripping
Vertical wet procedures	Cleaning, development, etching, and stripping
Full Automatic Cutting M/C	Automated cutting of glass panel
Full Automatic Beveling M/C	Chamfering and polishing
Sputter	α -Si、Metal、ITO deposition
EPD	For LCD wet etching end point detector
EPD	For wet or dry etching end point detector
IC EPL	Electroplating machines used in IC assembly procedure equipment
Stepper	Mask aligner for PCB and substrates
Equipment related to solar power panel procedures	Cleaning and etching before coating and glass cleaning
Light Source & Lamp	Light box and light bulb of automated optical inspection machines for LCD and PCB
Stamp	Semiconductor and MEMS fine circuit printing die
Ordinary pressure plasma equipment	SMT and LCM surface cleaning equipment
Vacuum plasma equipment	PKG cleaning and PCB desmear equipment
Batch Type Cleaner	Solar cell and touch panel ultrasonic cleaning equipment
Bump Inspection System, Model :BHT-1000G	WLI is used for the 3D measurement (height and depth) on fine surfaces to conclude the principles; the precision of measurement is able to achieve the Nano-level.
Metal finish	Chemical tin process equipment and liquid for PCB
Metal finish	IC assembly electroplating liquid (Sn, Sn/Bi, and Sn/Pb)
Metal finish	Solder bump electroplating liquid (eutectic, high lead, and Sn/A)
Metal finish	Bumping copper electroplating liquid
Metal Etching	Bumping procedures UMB etching liquid
Fuel cell testing equipment	Methanol concentration testing in DMFC fuel cells and collection and analysis of data on voltage, current, temperature, and flow
Relevant consumables for solar power procedures	Consumables used in the upstream solar wafer procedure equipment
Solder bump plating chemical	Sn-Pb and Sn-Ag electroplating liquid
Laser processing machine	Cutting engineering for LCD and semiconductor industries
Plasma desmear	Plasma desmear is able to effectively perform desmear via holes below 100um to improve the yield of BVH electroplating and hole plating.
Mask aligner equipment	LED mask aligner series equipment (i.e., MDA-400M, MDA-40FA, and other equipment)

2. Manufacturing processes of the Company's main products



(III) Supply of major raw materials

Regarding major raw materials self-produced by the Company (i.e., board materials, PVCs, axels, and pumps), the Company extensively cooperates with domestic and foreign excellent companies of competitiveness based on the requirements of equipment specifications, nature, and quality. With accurate backup systems and long-term and stable cooperation, the Company is able to secure the source of goods and quality effectively.

(IV) List of major purchase and sales customers in the most recent two years

1. Major suppliers in the most recent two years

Unit: NT\$ thousand

Item	2021				2022				As of 2023 Q1			
	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases up to the Q1 of the current year (%)	Relationship with the issuer
1	Supplier A	874,198	41.83	None	Supplier A	719,037	34.01	None	Supplier A	137,712	31.23	None
2	Others (less than 10%)	1,215,494	58.17		Others (less than 10%)	1,395,239	65.99		Others (less than 10%)	303,304	68.77	
	Net purchase	2,089,692	100.00		Net purchase	2,114,276	100.00		Net purchase	441,016	100.00	

Note 1: List the name of all suppliers accounting for 10% or more of the total procurement amount in the most recent two years and the purchase amounts and the ratio. If the Company is prohibited by contract from revealing the name of a supplier, or a trading counterparty is an individual who is not a related party, it may use a code in place of the actual name.

2. Major sales customers in the most recent two years

Unit: NT\$ thousand

Item	2021				2022				As of 2023 Q1			
	Name	Amount	As a percentage of the annual net sales (%)	Relationship with the issuer	Name	Amount	As a percentage of the annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of net sales up to the Q1 of the current year (%)	Relationship with the issuer
1	Company A	307,889	10.48	None	Company A	311,228	9.03	None	Company A	62,899	7.57	None
2	Company B	-	-		Company B	-	-		Company B	154,732	18.63	None
3	Company C	-	-		Company C	-	-		Company C	128,820	15.51	None
4	Company D	-	-		Company D	-	-		Company D	84,098	10.13	None
	Others (less than 10%)	2,631,085	89.52		Others (less than 10%)	3,137,156	90.97		Others (less than 10%)	399,868	48.16	
	Net sales	2,938,974	100.00		Net sales	3,448,384	100.00		Net sales	830,417	100.00	

Note 1: List the name of all customers accounting for 10% or more of the total sales amount in the most recent two years and the sales amounts and the ratio. If the Company is prohibited by contract from revealing the name of a customer, or a trading counterparty is an individual who is not a related party, it may use a code in place of the actual name.

(V) Table of production volume and value in the most recent two years

Unit: Machine/NT\$ thousand

Year	2021			2022		
	Production capacity (Note 1)	Production volume	Production value	Production capacity (Note 1)	Production volume	Production value
Main product						
PCB equipment	-	129	1,197,672	-	136	1,212,552
LCD equipment	-			-		
Total	-	129	1,197,672	-	136	1,212,552

Note 1: The Company adopts build-to-order production, and products may be designed and produced based on customers' requirements with different equipment specifications; therefore, there is no estimated production capacity.

(VI) Table of sales volume and value in the most recent two years

Unit: NT\$ thousand

Year	2021				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
Sales volume and value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Main product								
Machinery and equipment	30	326,844	96	1,326,827	57	753,570	81	1,413,405
Consumables	-	988,651	-	235,461	-	903,171	-	299,158
Others	-	46,226	-	14,965	-	55,526	-	23,554
Total	-	1,361,721	-	1,577,253	-	1,712,267	-	1,736,117

III. Employees

(I) Employees in the most recent two years and up to the publication date of the annual report
May 10, 2023

Year		2021	2022	As of May 10, 2023 of the current year
Employee count	Direct personnel	186	202	209
	Indirect personnel	130	135	135
	Total	316	337	344
Average age		45.40	41.37	41.36
Average years of service		19.05	12.84	12.73
Academic background	Ph.D.	-	-	-
	Masters Degree	3.48%	3.86%	3.49%
	Bachelors Degree	42.41%	43.32%	43.60%
	Senior high school	49.05%	48.37%	48.84%
	Below senior high school	5.06%	4.45%	4.07%

IV. Contribution to environmental protection

- (I) Losses incurred due to environmental pollution in the most recent year and up to the publication date of the annual report: None.
- (II) Future countermeasures and possible expenses: None.

V. Labor-management relations

For over four decades since its establishment, the Company has been known for its harmonious labor-management relations; the management and our employees are like family members, and there is rarely any dispute; all employees may have aligned targets and jointly grow with the Company.

The Company also considers employees its most precious assets. Since its establishment, it has been adhering to the corporate philosophy of “Quality First, Innovation and Advancement, Professionalism-Oriented, Employee Engagement, Global Production and Sales, and Premium Service”; it values employees’ benefits and interest, seeks employees’ well-being, and improves labor-management relations. Employees also treasure such achievements and take delight in contributing their wisdom and efforts to promote the development and progress of the Company in order to build a future filled with hopes and happiness.

(I) Material labor-management agreements at present and implementation:

1. Benefit measures of employees

To duly improve employees’ benefit measures and benefit employees’ work, life, safety, and health, allowing employees and their families to enjoy multiple subsidies and protections other than work, apart from collecting fixed work compensations, so as to improve the cohesiveness of employees to the Company.

Benefit measures implemented by the Company at present are as follows:

- (1) Domestic and foreign continuing education of employees
- (2) Implementation of the salary adjustment and bonus system for employees
- (3) Regular health inspection for employees
- (4) Group insurance for all employees

- (5)Subsidies for marriages, funerals, and celebrations for employees and additional bonuses for the three major Chinese festivals
- (6)Unscheduled employee gatherings and leisure activities each year

2. Continuing education and training of employees

To improve the overall personnel quality, work performance, and quality, the Company has established the “Regulations for In-service Degree Subsidies of Outstanding Employees” and “Regulations for Overseas Training of Outstanding Employees” to introduce new technologies, new knowledge, and align with the requirements of work and future development of the Company.

In response to the rapid changes in industrial technologies and to ensure the talent and career development of employees so as to achieve the Company’s operating objectives, the Company set employees’ learning and development as the focus for human resources management. The educational training of the Company in the most recent year is as follows:

Program	Total number of participants	Total number of hours	Total expenses (NT\$)
Professional training for management talents	22	125	135,100
New employee training	47	320	
General knowledge training	286	1,490	
Total	355	1,935	

3. Employees’ code of conduct or ethics

For employees’ code of conduct or ethics, the Company has established many regulations and requirements for employees to observe in terms of ethical concepts, rights, obligations, and conducts; relevant regulations are summarized as follows:

- (1) Table of approval authorization: Improve work efficiency and regulate the rights at work for different grades of employees to achieve the objective of decentralized management.
- (2) Job scope of different departments and job description: Explicitly specify the job scope and organizational functions of different departments.
- (3) Regulations for attendance: Optimize the attendance management system and establish favorable discipline for employees.
- (4) Employees’ reward and punishment regulations: Maintain the internal order of the Company and provide incentives to employees.

4. Retirement pension system and implementation

- (1) To care for the retirement life of employees, facilitate labor-management relations, and improve work efficiency, the Company has established its Supervisory Committee of Labor Retirement Reserve according to the Labor Standards Act in 1998 and has been appropriating labor pension reserve to the account with the Central Trust of China according to the law for the payment of employees’ retirement pension in the future.
- (2) The Company has established retirement regulations with defined appropriations according to the Labor Pension Act in July 2005; for employees who chose to apply the labor pension system under the Labor Pension Act, the Company appropriates 6% of their salaries as labor pension to their personal accounts with the Bureau of Labor Insurance on a monthly basis.

5. Labor-management agreement

The Company has always been handling labor-management issues by seeing the management and employees as a whole and adopting the business philosophy of co-existence and joint prosperity. Employees may reflect on issues they encountered in life or at work via formal or non-formal communication channels of the Company so as to gain mutual understanding and consideration, build consensus, and jointly create favorable performances.

- (II) List any losses suffered by the Company in the most recent two years and up to the publication date of the annual report due to labor disputes, and an estimate of possible expenses that could incur currently and in the future and countermeasures:

VI. Cybersecurity management

- (I) Describe the risk management structure of cybersecurity, cybersecurity policies, substantial management plans, and resources invested in cybersecurity management.

The Company enhances its information safety management and ensures the confidentiality, completeness, and availability of information assets to provide an information environment for the continual operation of the Company's businesses.

1. Fully examine network and system safety and carry out follow-ups and improvement for loopholes:
 - (1) Establish a regular inventory of information assets and data tabulation, carry out risk management based on information safety risks assessment, and implement various control measures.
 - (2) For the establishment status of the information system, appoint dedicated management personnel to regularly record and check based on the safety level.
 - (3) Outsource the maintenance services to a professional computer information supplier.
2. Set up mainframe safety levels and reinforce information safety audits.
 - (1) Include information safety and personal data protection, inspection, and control operations in the annual audit items.
 - (2) Carry out the annual internal control system self-inspection operation and report the implementation achievements to the Board, and issue the Declaration of Internal Control System.
3. The information department shall periodically perform vulnerability scanning and social engineering e-mail exercise and penetration test.
 - (1) A general vulnerability scanning and social engineering e-mail exercise and penetration test shall be performed at least every six months.
 - (2) Carry out screening for severe, particular vulnerabilities or viruses from time to time.
4. Promote the awareness of general personnel for information safety:
 - (1) Organize information safety and personal data protection educational training and promotions from time to time.
 - (2) New employees are required to execute the cybersecurity non-disclosure agreement and observe the Company's information of confidentiality safety specifications.

- (3) It is required that all PCs shall have anti-virus software installed and regularly updated; non-authorized software is forbidden.
5. Improve the information safety management ability of system management personnel.
 - (1) Establish system audit files for the mainframe to avoid implanting of backdoor or Trojan.
 - (2) Update operating systems and the patching programs of applications on a timely basis.
 - (3) Keep abreast of relevant safety issues online and adopt preventive measures in advance.
 - (4) Analyze systems' record files as scheduled.
 - (5) Improve the interpretation ability of the system managers in terms of logs of mainframe systems.
6. Reinforce network safety management
 - (1) Adopt firewall protection. Isolate external networks and intranet to prevent attackers from invading our intranet via indirect methods.
 - (2) Isolate material information systems or data from the Internet. Information systems available for connection by external parties may be provided and accessed via a proxy server.
7. Implement system access control.
 - (1) System access permission shall be strictly controlled.
 - (2) User accounts and passwords shall be regularly updated, and unsafe passwords shall be banned.
 - (3) For mainframes that require maintenance via remote login, the list of access shall be limited, and control shall be reinforced.
 - (4) Suppliers and contractors of the Company shall observe the safety specifications and agreements of the Company.
8. Material information system or equipment
 - (II) List losses incurred due to material cybersecurity events and possible effects in the most recent year and up to the publication date of the report, and countermeasures; if reasonable estimations cannot be made, the fact that reasonable estimations cannot be made shall be specified: **None**

VII. Major contracts

Nature of contract	Counterparty	Major content	Starting and end date of contract	Restrictive clauses
Credit loans	First Commercial Bank	Financing limit: NT\$80 million	2022/11/22~2023/11/22	-
Credit loans	Hua Nan Bank	Financing limit: NT\$80 million	2023/03/13~2024/03/13	-
Credit loans	Mega International Commercial Bank	Financing limit: US\$4 million	2022/09/11~2023/09/10	-
Borrowings on pledge	The Shanghai Commercial & Savings Bank	Financing limit: NT\$110 million	2022/12/20~2023/12/20	Pledge on land and office
Borrowings on pledge	Chang Hwa Bank	Financing limit: NT\$150 million	2022/07/31~2023/07/31	Pledge on land and plant

Six. Finance Overview

I. Condensed balance sheet and statement of comprehensive income for the most recent five years

(I) Consolidated condensed balance sheet - IFRS (consolidated)

Unit: NT\$ thousand

Item \ Year		Financial information for the past five years					Financial information as of March 31, 2023
		2018	2019	2020	2021	2022	
Current assets			2,660,223	2,951,161	3,145,641	3,992,366	3,960,160
Property, plant and equipment			486,488	482,020	489,562	484,335	483,991
Intangible assets			408	900	746	908	934
Other assets			221,397	214,963	205,261	148,338	146,099
Total assets			3,368,516	3,649,044	3,841,210	4,625,947	4,591,184
Current liabilities	Before dividend		892,531	1,141,638	1,282,260	1,762,805	2,008,565
	After dividend		1,178,624	1,427,731	1,596,963	1,762,805	2,008,565
Non-current liabilities			126,181	153,401	119,162	98,176	98,762
Total liabilities	Before dividend		1,018,712	1,295,039	1,401,422	1,860,981	2,107,327
	After dividend		1,304,805	1,581,132	1,716,125	1,860,981	2,107,327
Equity attributable to shareholders of parent company			2,349,804	2,354,005	2,439,788	2,764,966	2,483,857
Share capital			1,144,373	1,144,373	1,144,373	1,144,373	1,144,373
Capital surplus			322,023	322,023	322,023	322,023	322,023
Retained earnings	Before dividend		857,181	861,707	928,954	1,233,688	955,918
	After dividend		571,088	575,614	614,251	1,233,688	955,918
Other equities			26,227	25,902	44,438	64,882	61,543
Treasury shares			-	-	-	-	-
Non-controlling interests			-	-	-	-	-
Total equity	Before dividend		2,349,804	2,354,005	2,439,788	2,764,966	2,483,857
	After dividend		2,063,711	2,067,912	2,125,085	2,764,966	2,483,857

Note 1: The Company commenced preparing the consolidated statements since 2019, and the statements are audited and certified by CPAs.

Note 2: The 2023 Q1 financial information had been reviewed by CPAs.

(II) Consolidated condensed statement of comprehensive income - IFRS (consolidated)

Unit: NT\$ thousand

Item \ Year	Financial information for the past five years					Financial information as of March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue		2,482,446	2,600,664	2,938,974	3,448,384	830,417
Gross profit		653,556	687,947	778,114	1,098,413	320,949
Operating profit and loss		354,944	397,524	453,574	756,369	221,913
Non-operating income and expenses		(44,834)	(2,322)	(29,414)	(977)	(864)
Net income		310,110	395,202	424,160	755,392	221,049
Net profit of continuing operations of the period		228,519	308,769	343,298	592,400	179,980
Loss from discontinued operations		-	-	-	-	-
Net profit (loss) for the period		228,519	308,769	343,298	592,400	179,980
Other comprehensive income for the current period (net after tax)		(16,125)	(18,475)	28,578	47,481	(3,339)
Total comprehensive income in the current period		212,394	290,294	371,876	639,881	176,641
Net income attributable to parent company shareholders		228,519	308,769	343,298	592,400	179,980
Net income attributable to non-controlling interests		-	-	-	-	-
Total comprehensive income attributable to owners of parent		212,394	290,294	371,876	639,881	176,641
Total comprehensive income, attributable to non-controlling interests		-	-	-	-	-
Earnings per share		2.00	2.70	3.00	5.18	1.57

Note 1: The Company commenced preparing the consolidated statements since 2019, and the statements are audited and certified by CPAs.

Note 2: The 2023 Q1 financial information had been reviewed by CPAs.

(III) Condensed balance sheet - IFRS (parent company only)

Unit: NT\$ thousand

Item \ Year		Financial information for the past five years					Financial information as of March 31, 2023
		2018	2019	2020	2021	2022	
Current assets		2,713,049	2,560,156	2,792,720	2,971,387	3,749,964	
Property, plant and equipment		492,670	485,977	481,380	488,774	483,499	
Intangible assets		995	374	874	730	901	
Other assets		264,431	274,067	315,233	333,439	325,293	
Total assets		3,471,145	3,320,574	3,590,207	3,794,330	4,559,657	
Current liabilities	Before dividend	938,712	844,589	1,083,099	1,235,547	1,697,054	
	After dividend	1,224,805	1,130,682	1,369,192	1,550,250	1,697,054	
Non-current liabilities		108,930	126,181	153,103	118,995	97,637	
Total liabilities	Before dividend	1,047,642	970,770	1,236,202	1,354,542	1,794,691	
	After dividend	1,333,735	1,256,863	1,522,295	1,669,245	1,794,691	
Equity attributable to shareholders of parent company		2,423,503	2,349,804	2,354,005	2,439,788	2,764,966	
Share capital		1,144,373	1,144,373	1,144,373	1,144,373	1,144,373	
Capital surplus		322,023	322,023	322,023	322,023	322,023	
Retained earnings	Before dividend	928,529	857,181	861,707	928,954	1,233,688	
	After dividend	642,436	571,088	575,614	614,251	1,233,688	
Other equities		28,578	26,227	25,902	44,438	64,882	
Treasury shares		-	-	-	-	-	
Non-controlling interests		-	-	-	-	-	
Total equity	Before dividend	2,423,503	2,349,804	2,354,005	2,439,788	2,764,966	
	After dividend	2,137,410	2,063,711	2,067,912	2,125,085	2,764,966	

Note 1: The financial information for the years above was audited and certified by CPAs.

(IV) Condensed statement of comprehensive income - IFRS (parent company only)

Unit: NT\$ thousand

Item \ Year	Financial information for the past five years					Financial information as of March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	2,400,520	2,402,680	2,492,957	2,845,220	3,372,629	
Gross profit	765,833	612,230	613,592	713,037	1,048,779	
Operating profit and loss	423,229	326,833	335,772	422,145	704,821	
Non-operating income and expenses	5,115	(24,276)	44,819	3,247	45,031	
Net income	428,344	302,557	380,591	425,392	749,852	
Net profit of continuing operations of the period	342,985	228,519	308,769	343,298	592,400	
Loss from discontinued operations	-	-	-	-	-	
Net profit (loss) for the period	342,985	228,519	308,769	343,298	592,400	
Other comprehensive income for the current period (net after tax)	25,999	(16,125)	(18,475)	28,578	47,481	
Total comprehensive income in the current period	368,984	212,394	290,294	371,876	639,881	
Net income attributable to parent company shareholders	-	-	-	-	-	
Net income attributable to non-controlling interests	-	-	-	-	-	
Total comprehensive income attributable to owners of parent	-	-	-	-	-	
Total comprehensive income, attributable to non-controlling interests	-	-	-	-	-	
Earnings per share	3.00	2.00	2.70	3.00	5.18	

Note 1: The financial information for the years above was audited and certified by CPAs.

(V) Names and opinions of CPAs for the most recent five years

Year	Name of CPA	Audit Opinions
2018	PricewaterhouseCoopers, Taiwan (PwC Taiwan) CPAs Chou, Hsiao-Tzu and Li, Hsiu-Ling	Unqualified opinion
2019	PricewaterhouseCoopers, Taiwan (PwC Taiwan) CPAs Chou, Hsiao-Tzu and Li, Hsiu-Ling	Unqualified opinion
2020	PricewaterhouseCoopers, Taiwan (PwC Taiwan) CPAs Chou, Hsiao-Tzu and Li, Hsiu-Ling	Unqualified opinion
2021	PricewaterhouseCoopers, Taiwan (PwC Taiwan) CPAs Chou, Hsiao-Tzu and Chih, Ping-Chiun	Unqualified opinion
2022	PricewaterhouseCoopers, Taiwan (PwC Taiwan) CPAs Chou, Hsiao-Tzu and Chih, Ping-Chiun	Unqualified opinion

II. Financial analysis for the last 5 years

(I) Financial analysis - consolidated financial statements

Analysis item		Year	Financial analysis for the last 5 years					As of March 31, 2023 of the current fiscal year
			2018	2019	2020	2021	2022	
Financial structure (%)	Debt to assets ratio			30.24	35.49	36.48	40.23	45.90
	Ratio of long-term capital to property, plant and equipment			483.01	488.36	498.36	570.88	513.20
Solvency (%)	Current ratio			298.05	258.50	245.32	226.48	197.16
	Quick ratio			206.80	167.93	148.19	156.49	136.70
	Interest coverage ratio			2,232.01	3,953.02	6,238.65	17,568.26	13,816.56
Operating efficiency	Amounts receivable turnover (times)			2.69	2.88	3.54	4.09	3.56
	Average cash collection days			135.68	126.53	102.99	89.16	102.60
	Inventory turnover (times)			2.19	2.08	1.91	1.91	1.68
	Accounts payable turnover (times)			4.76	4.60	4.46	4.17	3.90
	Average inventory turnover days			166.88	175.22	191.33	190.88	217.00
	Property, plant and equipment turnover(times)			5.07	5.37	6.05	7.08	6.86
	Total asset turnover (times)			0.73	0.74	0.78	0.81	0.72
Profitability	Return on assets (%)			6.69	8.80	9.17	13.99	3.91
	Return on equity(%)			9.57	13.13	14.32	22.76	6.86
	Ratio of net profit before tax to paid-up capital (%)			27.10	34.53	37.06	66.01	19.32
	Profit margin (%)			9.21	11.87	11.68	17.18	21.67
	Earnings per share (NT\$)			2.00	2.70	3.00	5.18	1.57
Cash flow	Cash flow ratio (%)			42.45	26.98	36.52	38.44	(4.26)
	Cash flow adequacy ratio (%)			108.52	100.27	88.31	112.72	106.54
	Cash reinvestment ratio (%)			3.61	0.84	6.84	12.19	(3.17)
Degree of leverage	Operating leverage			2.38	2.27	2.26	1.77	1.70
	Financial leverage			1.00	1.00	1.00	1.00	1.00
<p>Please describe the reason for changes in financial ratios in the most recent two years. (exempted if the change is less than 20%)</p> <p>1. The interest coverage ratio increased from 2021 to 2022 primarily due to the increase in net profit before tax and before interest and the decrease in interest expenses in 2022. 2. The return on assets, return on equity, net profit margin, and earnings per share increased from 2021 to 2022, primarily due to the increase in net profit after tax. 3. The ratio of income before tax to paid-up capital (%) increased from 2021 to 2022, primarily due to the increase in net profit before tax in 2022. 4. The cash flow adequacy ratio increased from 2021 to 2022, primarily due to the net cash inflow from operating activities increased from 2021 to 2022 and the decrease in inventory. 5. The cash reinvestment ratio increased from 2021 to 2022, primarily due to the increase in net cash inflow from operating activities from 2021 to 2022 and the decrease in inventory.</p>								

Note 1: The Company commenced preparing the consolidated statements since 2019, and the financial information is audited and certified by CPAs.

Note 2: The 2023 Q1 financial information had been reviewed by CPAs.

(II) Financial analysis - parent company only financial statements

Analysis item		Year	Financial analysis for the last 5 years					As of March 31, 2023 of the current fiscal year
			2018	2019	2020	2021	2022	
Financial structure (%)	Debt to assets ratio		30.18	29.24	34.43	35.70	39.36	
	Ratio of long-term capital to property, plant and equipment		491.91	483.52	489.01	499.16	571.87	
Solvency (%)	Current ratio		289.02	303.12	257.85	240.49	220.97	
	Quick ratio		196.61	210.44	164.86	141.35	149.91	
	Interest coverage ratio		142,782.33	2,258.89	4,093.38	6,974.64	20,830.22	
Operating efficiency	Amounts receivable turnover (times)		2.46	2.61	2.77	3.41	3.96	
	Average cash collection days		148.62	139.93	131.97	106.91	92.12	
	Inventory turnover (times)		1.89	2.18	2.12	1.92	1.93	
	Accounts payable turnover (times)		3.84	4.67	4.53	4.82	4.15	
	Average inventory turnover days		192.69	167.79	172.55	189.83	189.16	
	Property, plant and equipment turnover (times)		4.90	4.91	5.15	5.87	6.94	
	Total asset turnover (times)		0.71	0.71	0.72	0.77	0.81	
Profitability	Return on assets (%)		10.21	6.73	8.94	9.30	14.18	
	Return on equity (%)		14.66	9.57	13.13	14.32	22.76	
	Ratio of net profit before tax to paid-up capital (%)		37.43	26.44	33.26	37.17	65.53	
	Profit margin (%)		14.29	9.51	12.39	12.07	17.56	
	Earnings per share (NT\$)		3.00	2.00	2.70	3.00	5.18	
Cash flow	Cash flow ratio (%)		27.33	41.04	22.30	34.34	37.29	
	Cash flow adequacy ratio (%)		91.54	104.00	92.70	79.43	100.25	
	Cash reinvestment ratio (%)		2.13	2.36	-1.71	5.19	10.70	
Degree of leverage	Operating leverage		2.10	2.49	2.65	2.44	1.88	
	Financial leverage		1.00	1.00	1.00	1.00	1.00	
Please describe the reason for changes in financial ratios in the most recent two years. (exempted if the change is less than 20%)								
<p>1. The interest coverage ratio increased from 2021 to 2022 primarily due to the increase in net profit before tax and before interest and the decrease in interest expenses in 2022.</p> <p>2. The return on assets, return on equity, net profit margin, and earnings per share increased from 2021 to 2022, primarily due to the increase in net profit after tax.</p> <p>3. The ratio of income before tax to paid-up capital (%) increased from 2021 to 2022, primarily due to the increase in net profit before tax in 2022.</p> <p>4. The cash flow adequacy ratio increased from 2021 to 2022, primarily due to the net cash inflow from operating activities increased from 2021 to 2022 and the decrease in inventory.</p> <p>5. The cash reinvestment ratio increased from 2021 to 2022, primarily due to the increase in net cash inflow from operating activities from 2021 to 2022 and the decrease in inventory.</p>								

Note 1: The financial information for the years above was audited and certified by CPAs.

The calculation formulas are set up 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 + long-term liabilities)/net property, plant and equipment.

2. Solvency

- (1) Current ratio = Current assets/current liabilities.
- (2) Quick ratio = (Current assets - inventory - prepayments)/current liabilities.
- (3) Interest coverage ratio = Net profit before tax and interest expenses/interest expenses for the period.

3. Operating performance

- (1) Amounts receivable (including accounts receivable and notes receivable arising from operations) turnover = Net sales/balance of average amounts receivable (including accounts receivable and notes receivable arising from operations of each period).
- (2) Average collection day = 365/receivables turnover.
- (3) Inventory turnover = sales cost/average inventory.
- (4) Amounts payable (including amounts payable and notes payable arising from operations) = Cost of sales/balance of average amounts payable of each period.
- (5) Average sales day = 365/inventory turnover.
- (6) Property, plant and equipment turnover = Net sales/average net property, plant and equipment.
- (7) Property, plant and equipment turnover = Net sales/average net property, plant and equipment.

4. Profitability

- (1) Return on 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 net equity.
- (3) Profit margin = Profit or loss after tax/net sales.
- (4) Earnings per share = (Profit or loss attributable to the owner of the parent company - preferred shares dividends)/weighted average number of issued shares.

5. Cash flow

- (1) Cash flow ratio = Net cash flows from operating activities/current liabilities.
- (2) Net cash flow adequacy ratio = Net cash flows 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 flows 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 income - variable operating costs and expenses)/operating gains.
- (2) Financial leverage = Operating gains/(operating gains - interest expenses).

III. The Audit Committee's Review Report of financial statements for the most recent year

Audit Committee's Review Report

The Board has prepared the 2022 financial statements, business report, and proposal for earning distribution. CPAs Chou, Hsiao Tzu and Chih, Ping Chiun from PwC Taiwan have audited the financial statements, and we have performed the review and considered them in compliance with the Company Act and relevant laws and regulations. We, therefore, issue the review report according to the requirements under Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

2023 Annual Shareholders' Meeting of the Company

Ampoc Far-East Co., Ltd

Chairman of the Audit Committee: Lin, Ming-Qin

March 22, 2023

IV. Financial statements of the most recent year

Representation Letter

In connection with the Consolidated Financial Statements of Affiliated Enterprises of AMPOC FAR-EAST CO., LTD. (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2022 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of AMPOC FAR-EAST CO., LTD. and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, AMPOC FAR-EAST CO., LTD. does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,

AMPOC FAR-EAST CO., LTD.

By

Su, Sheng Yih, Chairman

March 22, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000570

To the Board of Directors and Shareholders of AMPOC FAR-EAST CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of AMPOC FAR-EAST CO., LTD. AND SUBSIDIARIES (the “Group”) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the

context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Cut-off of machinery and equipment sales revenue

Description

Please refer to Note 4(26) for accounting policy on revenue recognition. The Group derives revenue from the manufacture and sales of machinery and equipment as well as the agency and sales of electronic and chemical related products. The machinery and equipment sales revenue amounted to NT\$2,182,696 thousand, constituting 63% of the total operating revenue for the year then ended December 31, 2022. The machinery and equipment sales revenue is recognised when the customer accepts the goods, the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or according to the transaction conditions and there is objective evidence showing that all acceptance provisions have been satisfied.

Given that the process of revenue recognition from machinery and equipment sales contains many manual procedures, which would potentially result in improper timing of revenue recognition from machinery and equipment sales and the transaction amounts are significant to the consolidated financial statements, we identify the cut-off of machinery and equipment sales revenue a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed and obtained an understanding on the internal control procedures of revenue recognition from machinery and equipment sales and ascertained the related internal controls were performed effectively.
2. Tested the accuracy and completeness of machinery and equipment revenue statement, including sampling and reviewing the transaction conditions and agreements of sales contracts and the reasonableness of date of acceptance confirmation from customer to ascertain the appropriateness of the timing of revenue recognition from machinery and equipment sales.
3. Performed cut-off tests for transactions from machinery and equipment sales during a certain period before and after balance sheet date and sampled whether the records of movements in inventory and

cost of goods sold have been accounted for in the appropriate period.

4. Observed physical inventory count for the inventories of the machinery and equipment, checked the records of inventories, inspected the reason for the difference between the observation and accounting records and processed the records appropriately.

Evaluation of allowance for inventory valuation loss

Description

Please refer to Note 4(14), Note 5(2) and Note 6(6) for accounting policy on inventory evaluation, critical accounting estimates and assumptions of inventory evaluation and details of allowance for inventory valuation loss, respectively. The Group's inventories and allowance for inventory valuation loss amounted to NT\$1, 219,056 thousand and NT\$ 44,236 thousand as at December 31, 2022, respectively. The Group is primarily engaged in the agency and sales of various production and testing mechanical equipment as well as electronic and speciality chemicals. Due to the diversification of such products and the competitive nature of the market, there is a higher risk of incurring inventory valuation loss or obsolescence. The Group's inventories are stated at the lower of cost and net realisable value. The obsolete or destroyed inventories are assessed individually. The evaluation of allowance for inventory valuation loss, including the determination of net realisable value and identification of obsolete inventories, involves management's subjective judgment and contains a high degree of estimation uncertainty. Considering that the allowance for valuation loss is significant to the consolidated financial statements, we identify the evaluation of allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in order to assess the adequacy of the measurement of net realisable value and provision on allowance for inventory valuation loss:

1. Assessed the reasonableness of policies and procedures related to the provision of allowance for inventory valuation loss based on our understanding on the Group's operations and the industrial characteristics.
2. Obtained an understanding of the Group's warehousing control procedures, reviewed the annual physical inventory count plan and participated in such count in order to assess the classification of obsolete inventory and effectiveness of internal control on obsolete inventory management.
3. Obtained and verified the accuracy of aging report, sampled the last movement of inventories before the balance sheet date in order to verify the accuracy of aging range and assessed the reasonableness

of the allowance for inventory valuation losses with a longer inventory age.

4. Verified the accuracy of the inventory aging report and net realisable value report that the Group used in evaluation to ascertain the logic and information of the reports are consistent with its policies.
5. Reviewed the appropriateness of the estimation basis adopted by the Group for the evaluation of net realisable value, verified the accuracy of the sales and purchases prices for products and recalculated and assessed the reasonableness of the allowance for inventory valuation loss.

Impairment assessment of accounts receivable

Description

Please refer to Note 4(10), Note 4(11), Note 5(2) and Note 6(5) for accounting policy on accounts receivable, accounting policy on impairment of financial assets, impairment assessment of accounts receivable and details of accounts receivable, respectively.

The Group reviewed the adequacy of the provision on loss allowance periodically based on the internal impairment assessment policy of the Group. The impairment assessment is based on the historical credit loss of accounts receivable, forecastability and objective evidence of impairment. The accounts receivable and allowance for doubtful accounts amounted to NT\$ 905,984 thousand and NT\$ 22,906 thousand, respectively. The management must apply judgements and estimates to determine the recoverability of accounts receivable and determine the amount of impairment loss. Due to the high degree of estimation uncertainty and considering that the amount is significant to the consolidated financial statements, we identify the impairment of accounts receivable a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of policies and procedures on impairment assessment determined by the management based on our understanding on the industrial characteristics and ascertained whether the policies on impairment assessment of accounts receivable have been consistently applied in all the periods.
2. Reviewed the accounts receivable ageing reports prepared by the management and checked the logic of preparing the reports and the classification of the ageing reports to ascertain the ageing reports are consistent with its policies.
3. Reviewed loss allowance for accounts receivable recognised by the customer based on lifetime expected credit losses and ascertained that the past default experience of the customer, current consolidated financial position and forecastability are considered to assess the reasonableness of the

expected credit loss rate of accounts receivable.

4. Reviewed the subsequent collection of significant accounts receivable.
5. Discussed the recoverability of overdue accounts with the management for the accounts receivable overdue for a long time, obtained additional supporting documents and assessed the adequacy of allowance for doubtful accounts at the end of the year.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of AMPOC FAR-EAST CO., LTD. as at and for the years ended December 31, 2022 and 2021.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the supervisors, are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Chou, Hsiao-Tzu

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 22, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

AMPOC FAR-EAST CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets		Notes	December 31, 2022 AMOUNT	December 31, 2021 AMOUNT
Current assets				
1100	Cash and cash equivalents	6(1)	\$ 1,028,451	\$ 672,631
1110	Financial assets at fair value through profit or loss - current	6(2)	785,974	466,625
1136	Current financial assets at amortised cost	6(4) and 8	97,670	55,570
1150	Notes receivable, net	6(5)	1,255	868
1170	Accounts receivable, net	6(5)	883,078	743,666
1200	Other receivables		1,113	902
1220	Current tax assets		8	1,348
130X	Inventory	6(6)	1,174,820	1,195,066
1470	Other current assets		19,997	8,965
11XX	Current Assets		<u>3,992,366</u>	<u>3,145,641</u>
Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current	6(2)	2,660	56,228
1517	Financial assets at fair value through other comprehensive income - non- current	6(3)	100,822	89,938
1600	Property, plant and equipment	6(7) and 8	484,335	489,562
1755	Right-of-use assets	6(8)	2,140	4,186
1780	Intangible assets		908	746
1840	Deferred income tax assets	6(22)	34,028	46,132
1900	Other non-current assets		8,688	8,777
15XX	Non-current assets		<u>633,581</u>	<u>695,569</u>
1XXX	Total assets		<u>\$ 4,625,947</u>	<u>\$ 3,841,210</u>

(Continued)

AMPOC FAR-EAST CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity		Notes	December 31, 2022 AMOUNT	December 31, 2021 AMOUNT
Current liabilities				
2130	Current contract liabilities	6(15)	\$ 799,862	\$ 493,742
2150	Notes payable		2,268	2,258
2170	Accounts payable		600,208	522,824
2200	Other payables	6(9)	222,235	191,247
2230	Current income tax liabilities		109,852	42,737
2250	Provisions for liabilities - current	6(10)	24,669	23,142
2280	Current lease liabilities	6(8)	1,601	3,568
2300	Other current liabilities		2,110	2,742
			<u>1,762,805</u>	<u>1,282,260</u>
Non-current liabilities				
2570	Deferred income tax liabilities	6(22)	38,415	24,865
2580	Non-current lease liabilities	6(8)	539	618
2600	Other non-current liabilities	6(11)	59,222	93,679
25XX	Non-current liabilities		<u>98,176</u>	<u>119,162</u>
2XXX	Total Liabilities		<u>1,860,981</u>	<u>1,401,422</u>
	Share capital	6(12)		
3110	Share capital - common stock		1,144,373	1,144,373
	Capital surplus	6(13)		
3200	Capital surplus		322,023	322,023
	Retained earnings	6(14)		
3310	Legal reserve		528,620	493,286
3350	Total unappropriated retained earnings		705,068	435,668
	Other equity interest			
3400	Other equity interest		64,882	44,438
3XXX	Total equity		<u>2,764,966</u>	<u>2,439,788</u>
3X2X	Total liabilities and equity		<u>\$ 4,625,947</u>	<u>\$ 3,841,210</u>

The accompanying notes are an integral part of these consolidated financial statements.

AMPOC FAR-EAST CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31	
			2022	2021
Items	Notes		AMOUNT	AMOUNT
4000	Sales revenue	6(15)	\$ 3,448,384	\$ 2,938,974
5000	Operating costs	6(6)(20)(21)	(2,349,971)	(2,160,860)
5900	Net operating margin		1,098,413	778,114
	Operating expenses	6(20)(21)		
6100	Selling expenses		(196,229)	(166,693)
6200	General & administrative expenses		(126,054)	(120,698)
6300	Research and development expenses		(30,950)	(24,922)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	6(5) and 12(2)	11,189	(12,227)
6000	Total operating expenses		(342,044)	(324,540)
6900	Operating profit		756,369	453,574
	Non-operating income and expenses			
7100	Interest income	6(4)(16)	2,408	916
7010	Other income	6(17)	9,257	8,655
7020	Other gains and losses	6(2)(18)	(12,599)	(38,917)
7050	Finance costs	6(8)(19)	(43)	(68)
7000	Total non-operating revenue and expenses		(977)	(29,414)
7900	Profit before income tax		755,392	424,160
7950	Income tax expense	6(22)	(162,992)	(80,862)
8000	Profit for the year from continuing operations		592,400	343,298
	Other comprehensive income			
	New Item			
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(11)	33,796	12,553
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	13,885	20,206
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	(6,759)	(2,511)
8310	Components of other comprehensive income that will not be reclassified to profit or loss		40,922	30,248
	Components of other comprehensive income that will be reclassified to profit or loss			
8361	Exchange differences on translation		8,199	(2,087)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(22)	(1,640)	417
8360	Components of other comprehensive income that will be reclassified to profit or loss		6,559	(1,670)
8300	Total other comprehensive income for the year		\$ 47,481	\$ 28,578
8500	Total comprehensive income for the year		\$ 639,881	\$ 371,876
	Profit attributable to:			
8610	Profit attributable to owners of parent		\$ 592,400	\$ 343,298
	Comprehensive income attributable to:			
8710	Comprehensive income, attributable to owners of parent		\$ 639,881	\$ 371,876
	Basic earnings per share	6(23)		
9750	Total basic earnings per share		\$ 5.18	\$ 3.00
9850	Total diluted earnings per share		\$ 5.12	\$ 2.98

The accompanying notes are an integral part of these consolidated financial statements.

AMPOC FAR-EAST CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent							
		Capital Reserves			Retained Earnings		Other equity interest		
			Total capital surplus, additional paid-in capital	Treasury stock transactions	Legal reserve	Total unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Notes		Share capital - common stock							
<u>Year 2021</u>									
		\$ 1,144,373	\$ 282,398	\$ 39,625	\$ 464,224	\$ 397,483	(\$ 2,676)	\$ 28,578	\$ 2,354,005
		-	-	-	-	343,298	-	-	343,298
	6(22)	-	-	-	-	10,042	(1,670)	20,206	28,578
		-	-	-	-	353,340	(1,670)	20,206	371,876
	6(14)								
		-	-	-	29,062	(29,062)	-	-	-
		-	-	-	-	(286,093)	-	-	(286,093)
		\$ 1,144,373	\$ 282,398	\$ 39,625	\$ 493,286	\$ 435,668	(\$ 4,346)	\$ 48,784	\$ 2,439,788
<u>Year 2022</u>									
		\$ 1,144,373	\$ 282,398	\$ 39,625	\$ 493,286	\$ 435,668	(\$ 4,346)	\$ 48,784	\$ 2,439,788
		-	-	-	-	592,400	-	-	592,400
	6(22)	-	-	-	-	27,037	6,559	13,885	47,481
		-	-	-	-	619,437	6,559	13,885	639,881
	6(14)								
		-	-	-	35,334	(35,334)	-	-	-
		-	-	-	-	(314,703)	-	-	(314,703)
		\$ 1,144,373	\$ 282,398	\$ 39,625	\$ 528,620	\$ 705,068	\$ 2,213	\$ 62,669	\$ 2,764,966

The accompanying notes are an integral part of these consolidated financial statements.

AMPOC FAR-EAST CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 755,392	\$ 424,160
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(7)(8)(20)	13,343	12,753
Amortization expense	6(20)	5,302	4,542
Expected credit (gain) loss	6(5)(20) and 12(2)	(11,189)	12,227
Net loss on financial assets at fair value through profit or loss	6(2)(18)	49,006	4,140
Interest income	6(16)	(2,408)	(916)
Dividend income	6(17)	(7,359)	(7,524)
Interest expense	6(19)	43	68
Loss on disposal of property and equipment	6(7)(18)	110	26
Unrealized foreign exchange gain		(43,219)	(5,506)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(314,787)	93,879
Notes receivable		(387)	7,882
Accounts receivable		(128,223)	72,698
Accounts receivable to related parties		-	22,811
Other receivables		(88)	162
Inventories		20,246	(226,532)
Other current assets		(4,327)	(3,414)
Changes in operating liabilities			
Current contract liabilities		306,120	22,397
Notes payable		10	(896)
Accounts payable		77,384	86,869
Other payables		30,384	25,399
Provisions for liabilities - current		1,527	5,116
Other current liabilities		(632)	506
Other non-current liabilities		(660)	(24,506)
Cash inflow generated from operations		745,588	526,341
Interest received		2,285	916
Dividends received		7,359	7,524
Interest paid		(43)	(68)
Income taxes paid		(78,872)	(66,438)
Income taxes refund		1,348	-
Net cash flows from operating activities		677,665	468,275
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at amortised cost		(42,100)	2,000
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	12(3)	3,000	9,000
Acquisition of property and equipment	6(7)	(4,185)	(5,143)
Proceeds from disposal of property, plant and equipment	6(7)	76	-
Acquisition of intangible assets		(901)	(430)
(Increase) decrease in guarantee deposits paid		(1,082)	371
Increase in prepayments for business facilities		(1,141)	(8,989)
Other non-current assets		(4,222)	(2,350)
Net cash flows used in investing activities		(50,555)	(5,541)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities	6(8)	(4,021)	(4,216)
Cash dividends paid	6(14)	(314,703)	(286,093)
Net cash flows used in financing activities		(318,724)	(290,309)
Effect of exchange rate changes on cash and cash equivalents		47,434	7,920
Net increase in cash and cash equivalents		355,820	180,345
Cash and cash equivalents at beginning of year		672,631	492,286
Cash and cash equivalents at end of year		\$ 1,028,451	\$ 672,631

The accompanying notes are an integral part of these consolidated financial statements.

AMPOC FAR-EAST CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

(1) Ampoc Far-East Co., Ltd. (the “Company”) was incorporated in November 1980 and merged with Taipei Chemical Machinery Co., Ltd. on December 30, 1999. The Company was the surviving company and Taipei Chemical Machinery Co., Ltd. was the dissolved company. In addition, the Company merged with the wholly-owned subsidiary, Yangxin Investment Co., Ltd., on December 18, 2006. The Company was the surviving company and Yangxin Investment Co., Ltd. was the dissolved company.

(2) After the merger, the Company and its subsidiaries (the “Group”) is primarily engaged in the agency and sales of various production and testing mechanical equipment as well as electronic and speciality chemicals which shall be provided for the use of domestic and foreign electronic industries such as PCB, IC and LCD and undertaking the design, manufacture and sales of the production mechanical equipment for PCB and LCD originally from Taipei Chemical Machinery Co., Ltd..

(3) The Company’s shares have been listed on the Taiwan Stock Exchange starting from January 23, 2002.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 22, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) 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 the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

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

(2) 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 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 Group's financial condition and financial performance based on the Group's assessment.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

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
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.

4. 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.

(1) 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 that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. 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.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) 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.
 - (b) 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.
 - (c) 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 non-controlling interests having a deficit balance.
- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2022	December 31, 2021	
AMPOC FAR-EAST CO., LTD.	Ampoc Tech. Limited (ATL)	Trade of machinery equipment and parts	100	100	Note1
Ampoc Tech. Limited (ATL)	Ampoc Trading (Shanghai) Co., Ltd. (ASC)	Trade of parts and specialty chemicals	100	100	Note1

Note 1: The company's financial statements as of and for the years December 31, 2022 and 2021 were audited by independent accountants.

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

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions

Cash and short-term deposits of \$ 134,964 deposited in mainland China are under local foreign exchange control which restricts the capital to be remitted outside the borders (except for normal dividend distribution).

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) 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.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into New Taiwan dollars using the exchange rates prevailing at the dates of the transactions. 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.
- (b) 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.
- (c) 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 recognised 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.

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

B. Translation of foreign operations

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:

- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- iii. All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) 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.

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

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) 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.

(6) 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 (including time deposits with contract period less than three months) are classified as cash equivalents.

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

- A. 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. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- B. 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.
- C. 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.

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

- A. 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 and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. 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.
- C. 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. 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.

(9) Financial assets at amortised cost

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.

(10) Accounts and notes receivable

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

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, 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 or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

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

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. 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.
- C. 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.

(13) 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.

(14) 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 costs of completion and applicable variable selling expenses.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. 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.
- C. 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.

- D. 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	10 ~ 55 years
Machinery and equipment	20 ~ 25 years
Other equipment	5 ~ 15 years

(16) Intangible assets

Intangible assets, mainly computer software and network construction expense, are stated at cost and amortised on a straight-line basis over their estimated useful lives of 2 ~ 3 years.

(17) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. 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.
- B. 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 following:

- (a) Fixed payments, less any lease incentives receivable;
- (b) Variable lease payments that depend on an index or a rate;
- (c) Amounts expected to be payable by the lessee under residual value guarantees;
- (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date;
 - (c) Any initial direct costs incurred by the lessee; and

- (d) 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.

(18) Impairment of non-financial assets

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. 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.

(19) Borrowings

A. 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.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(20) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Provisions

Provisions refer to warranties and are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. However, short-term provisions without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) 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.

(b) Defined benefit plans

- i. 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 government bonds of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. 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. 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 accrued amounts and the subsequently actual distributed amounts resolved by the Board of Directors is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Income tax

- A. 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.
- B. 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 Group operates and generates 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.

- C. 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 balance sheet. 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.
- D. 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.
- E. 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.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(24) Share capital

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.

(25) Dividends

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

(26) Revenue recognition

A. Sales revenue

- (a) The Group manufactures mechanical equipment and agents and sells related products of electronic and speciality chemicals. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer 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 customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for

acceptance have been satisfied.

(b) The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.

(c) 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.

B. Repairs and maintenance revenue

The Group provides related services for the repairs and maintenance of electronic product. Revenue from providing repairs and maintenance is recognised in the accounting period in which the services are rendered.

(27) 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, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation. As of December 31, 2022, the carrying amount of inventories was \$1,174,820.

B. Impairment assessment of accounts receivable

Impairment assessment of accounts receivable is based on IFRS 9 through the application of the simplified approach to estimate the expected credit loss. The management uses ageing of receivables as of the balance sheet date and the payment history of customer, financial and

economic condition of customer and many other factors that would affect the payment ability of customer as well as the forecastability to assess the default possibility of accounts receivable.

As of December 31, 2022, the Group's accounts receivable and allowance for bad debts amounted to \$905,984 and \$22,906, respectively.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 3,693	\$ 3,570
Checking accounts and demand deposits	585,889	564,155
Cash equivalents - bonds sold under repurchase agreement	438,869	104,906
	<u>\$ 1,028,451</u>	<u>\$ 672,631</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

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

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 776,696	\$ 456,401
Listed stocks	-	5,727
Valuation adjustment	9,278	4,497
	<u>\$ 785,974</u>	<u>\$ 466,625</u>
Non-current items:	-	-
Financial assets mandatorily measured at fair value through profit or loss		
Emerging stocks	\$ -	\$ 99,130
Valuation adjustment	-	(42,902)
	<u>-</u>	<u>56,228</u>
Unlisted stocks	105,832	103,172
Valuation adjustment	(103,172)	(103,172)
	<u>2,660</u>	<u>-</u>
	<u>\$ 2,660</u>	<u>\$ 56,228</u>

A. In August 2022, the Group cooperated with Somnics, Inc. to convert the ordinary shares of Somnics, Inc. at a price of USD \$0.0173 per share into 5,168,005 ordinary shares of Somnics Cayman Inc.

B. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Year ended December 31	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 53,245)	(\$ 5,569)
Beneficiary certificates	4,239	1,429
	<u>(\$ 49,006)</u>	<u>(\$ 4,140)</u>

C. The Group has fully recognised loss on valuation adjustment after assessing the possible value of the unlisted stocks held.

D. The Group has no financial assets at fair value through profit or loss pledged to others.

E. Information relating to price risk and fair value is provided in Notes 12(2) and (3).

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

Items	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 38,154	\$ 41,154
Valuation adjustment	62,668	48,784
	<u>\$ 100,822</u>	<u>\$ 89,938</u>

A. The Group has elected to classify unlisted stocks that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$100,822 and \$89,938 as at December 31, 2022 and 2021, respectively.

B. The Group recognised \$13,885 and \$20,206 in other comprehensive income for fair value change for the years ended December 31, 2022 and 2021, respectively.

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$100,822 and \$89,938, respectively.

D. The Group has no financial assets at fair value through other comprehensive income pledged to others.

E. Information relating to fair value is provided in Note 12(3).

(4) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items:		
Time deposits with maturity over three months	\$ 97,670	\$ 53,570
Pledged time deposits	-	2,000
	<u>\$ 97,670</u>	<u>\$ 55,570</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31	
	2022	2021
Interest income	\$ 637	\$ 438

B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 1,255	\$ 868
Accounts receivable	\$ 905,984	\$ 776,583
Less: Allowance for uncollectible accounts	(22,906)	(32,917)
	<u>\$ 883,078</u>	<u>\$ 743,666</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 708,060	\$ 1,255	\$ 632,030	\$ 868
Up to 90 days	91,296	-	69,691	-
91 to 180 days	43,725	-	26,755	-
181 to 365 days	45,164	-	17,180	-
Over 365 days	17,739	-	30,927	-
	<u>\$ 905,984</u>	<u>\$ 1,255</u>	<u>\$ 776,583</u>	<u>\$ 868</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$860,152.

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable was \$1,255 and \$868 and accounts receivable (including related parties) was \$883,078 and \$743,666, respectively.

D. The Group did not hold any collateral.

E. Information relating to credit risk is provided in Note 12(2).

(6) Inventories

December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Merchandise inventory	\$ 158,630	\$ (2,613)	\$ 156,017
Raw materials	170,663	(34,418)	136,245
Work in progress	80,612	(547)	80,065
Finished goods	55,415	(6,658)	48,757
Outsourced finished goods	753,736	-	753,736
	<u>\$ 1,219,056</u>	<u>(44,236)</u>	<u>\$ 1,174,820</u>
December 31, 2021			
	Cost	Allowance for valuation loss	Book value
Merchandise inventory	\$ 179,084	(\$ 2,700)	\$ 176,384
Raw materials	148,699	(33,722)	114,977
Work in progress	77,459	(605)	76,854
Finished goods	55,950	(6,772)	49,178
Outsourced finished goods	777,316	-	777,316
Inventory in transit	357	-	357
	<u>\$ 1,238,865</u>	<u>\$ (43,799)</u>	<u>\$ 1,195,066</u>

The cost of inventories recognised as expense for the year:

Year ended December 31		
	2022	2021
Cost of goods sold	\$ 2,313,994	\$ 2,143,330
Loss on inventory obsolescence and market price decline (Gain from price recovery)	437 (	14,263)
Maintenance costs	35,540	29,953
Inventory scrapped	-	1,840
	<u>\$ 2,349,971</u>	<u>\$ 2,160,860</u>

The Group reversed from a previous inventory write-down because the inventories were partially sold and disposed by the Group during the years ended December 31, 2021.

(7) Property, plant and equipment

2022					
	Land	Buildings and structures	Machinery and equipment	Others	Total
At January 1					
Cost	\$ 358,223	\$ 176,834	\$ 17,310	\$ 43,232	\$ 595,599
Accumulated depreciation	-	(86,103)	(1,921)	(18,013)	(106,037)
	<u>\$ 358,223</u>	<u>\$ 90,731</u>	<u>\$ 15,389</u>	<u>\$ 25,219</u>	<u>\$ 489,562</u>
Opening net book amount as at January 1	\$ 358,223	\$ 90,731	\$ 15,389	\$ 25,219	\$ 489,562
Additions	-	-	134	4,051	4,185
Reclassifications	-	-	-	76	76
Disposals	-	-	(19)	(167)	(186)
Depreciation charge	-	(4,889)	(696)	(3,733)	(9,318)
Net exchange differences	-	-	-	16	16
Closing net book amount as at December 31	<u>\$ 358,223</u>	<u>\$ 85,842</u>	<u>\$ 14,808</u>	<u>\$ 25,462</u>	<u>\$ 484,335</u>
At December 31					
Cost	\$ 358,223	\$ 176,834	\$ 17,323	\$ 46,330	\$ 598,710
Accumulated depreciation	-	(90,992)	(2,515)	(20,868)	(114,375)
	<u>\$ 358,223</u>	<u>\$ 85,842</u>	<u>\$ 14,808</u>	<u>\$ 25,462</u>	<u>\$ 484,335</u>
2021					
	Land	Buildings and structures	Machinery and equipment	Others	Total
At January 1					
Cost	\$ 358,223	\$ 173,611	\$ 12,957	\$ 36,717	\$ 581,508
Accumulated depreciation	-	(81,224)	(1,399)	(16,865)	(99,488)
	<u>\$ 358,223</u>	<u>\$ 92,387</u>	<u>\$ 11,558</u>	<u>\$ 19,852</u>	<u>\$ 482,020</u>
Opening net book amount as at January 1	\$ 358,223	\$ 92,387	\$ 11,558	\$ 19,852	\$ 482,020
Additions	-	300	562	4,281	5,143
Reclassifications	-	2,923	3,791	4,253	10,967
Disposals	-	-	-	(26)	(26)
Depreciation charge	-	(4,879)	(521)	(3,137)	(8,537)
Net exchange differences	-	-	(1)	(4)	(5)
Closing net book amount as at December 31	<u>\$ 358,223</u>	<u>\$ 90,731</u>	<u>\$ 15,389</u>	<u>\$ 25,219</u>	<u>\$ 489,562</u>
At December 31					
Cost	\$ 358,223	\$ 176,834	\$ 17,310	\$ 43,232	\$ 595,599
Accumulated depreciation	-	(86,103)	(1,921)	(18,013)	(106,037)
	<u>\$ 358,223</u>	<u>\$ 90,731</u>	<u>\$ 15,389</u>	<u>\$ 25,219</u>	<u>\$ 489,562</u>

A. The aforementioned property, plant and equipment were all for its own use.

B. The significant components of buildings and structures include main plants and decor improvements, which are depreciated over 55 and 20 years, respectively.

C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(8) Leasing arrangements — lessee

- A. The Group leases various assets including buildings (including land) and transportation equipment (business vehicles). Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise warehouses, transportation equipment and photocopiers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings (including land)	\$ 2,140	\$ 4,162
Transportation equipment (Business vehicles)	-	24
	<u>\$ 2,140</u>	<u>\$ 4,186</u>
	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings (including land)	\$ 4,001	\$ 3,933
Transportation equipment (Business vehicles)	24	283
	<u>\$ 4,025</u>	<u>\$ 4,216</u>

- D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$1,960 and \$1,294, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 28	\$ 61
Expense on short-term lease contracts	6,587	4,718

For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$10,636 and \$8,995, respectively.

(9) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Employees' compensation and directors' and supervisors' remuneration payable	\$ 63,498	\$ 35,684
Annual bonus payable	47,219	38,511
Wages and salaries payable	38,382	35,281
Others	73,136	81,771
	<u>\$ 222,235</u>	<u>\$ 191,247</u>

(10) Provisions

Warranty:

	Year ended December 31	
	2022	2021
At January 1	\$ 23,142	\$ 18,026
Additional provisions	21,576	23,061
Used during the year	(20,049)	(17,945)
At December 31	<u>\$ 24,669</u>	<u>\$ 23,142</u>

The Group provides warranties on mechanical equipment sold. Provision for warranty is estimated based on historical warranty data of mechanical equipment products. The Group expects that the liability will be used in the following year, so it is shown as current liabilities.

(11) Pensions

A. (a) The Group has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued 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 accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Group contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Group would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every 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 for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	(\$ 164,627)	(\$ 203,269)
Fair value of plan assets	<u>105,417</u>	<u>109,602</u>
Net defined benefit liability (shown as "Other non-current liabilities")	<u>(\$ 59,210)</u>	<u>(\$ 93,667)</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2022</u>			
At January 1	(\$ 203,269)	\$ 109,602	(\$ 93,667)
Current service cost	(613)	-	(613)
Interest (expense) income	(1,392)	744	(648)
	<u>(205,274)</u>	<u>110,346</u>	<u>(94,928)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	9,192	9,192
Change in demographic assumptions	(3)	-	(3)
Change in financial assumptions	7,446	-	7,446
Experience adjustments	<u>17,161</u>	<u>-</u>	<u>17,161</u>
	<u>24,604</u>	<u>9,192</u>	<u>33,796</u>
Pension fund contribution	-	1,900	1,900
Paid pension	<u>16,043</u>	<u>(16,021)</u>	<u>22</u>
At December 31	<u>(\$ 164,627)</u>	<u>\$ 105,417</u>	<u>(\$ 59,210)</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2021</u>			
At January 1	(\$ 248,406)	\$ 119,681	(\$ 128,725)
Current service cost	(719)	-	(719)
Interest (expense) income	(735)	353	(382)
	<u>(249,860)</u>	<u>120,034</u>	<u>(129,826)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,771	1,771
Change in demographic assumptions	(384)	-	(384)
Change in financial assumptions	7,109	-	7,109
Experience adjustments	<u>4,057</u>	<u>-</u>	<u>4,057</u>
	<u>10,782</u>	<u>1,771</u>	<u>12,553</u>
Pension fund contribution	-	2,049	2,049
Paid pension	<u>35,809</u>	<u>(14,252)</u>	<u>21,557</u>
At December 31	<u>(\$ 203,269)</u>	<u>\$ 109,602</u>	<u>(\$ 93,667)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on 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, government shall make payment for the deficit after being authorised by the Regulator.

The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

- (e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2022	2021
Discount rate	1.25%	0.70%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 3,218)	\$ 3,321	\$ 3,288	(\$ 3,203)
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 4,314)	\$ 4,460	\$ 4,392	(\$ 4,270)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing 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 did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 amount to \$2,067.
- (g) As of December 31, 2022, the weighted average duration of the retirement plan is 7 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	7,298
2~3 years		25,099
4~5 years		34,832
Over 5 years		114,517
	\$	<u>181,746</u>

- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Group’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the years ended December 31, 2022 , was 14%~16%. Other than the monthly contributions, the Group has no further obligations.
- (c) The Group’s Hong Kong subsidiary has a defined contribution plan. Monthly contributions to the local pension accounts in accordance with the local regulations in Hong Kong are based on 5% of employees’ monthly salaries and wages.
- (d) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021, were \$16,950 and \$15,635, respectively.

(12) Share capital

As of December 31, 2022, the Company’s authorised capital was \$1,788,000, consisting of 178,800 thousand shares of ordinary stock, and the paid-in capital was \$1,144,373 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(13) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that

the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(14) Retained earnings / Events after the balance sheet date

A. The Company has amended the Company's Articles of Incorporation as resolved by the shareholders on June 11, 2019. Under the Company's amended Articles of Incorporation, if the Company has any profit for the current year, shall be used to pay income tax and offset prior years' operating losses. The remaining amount, if any, then 10% shall be set aside as legal reserve. When necessary, the special reserve shall be set aside or reversed in accordance with related laws or the regulations of the regulatory authority, after that, adding the accumulated undistributed surplus of the previous year is the accumulated undistributed earnings. The aforesaid distributable earnings shall be proposed by the Board of Directors and resolved by the shareholders.

The additions after the amendment of the Company's Articles of Incorporation are as follow, the Board of Directors may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends and bonus, capital surplus or legal reserve, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting. The above distribution is not subject to approval by the shareholders.

B. To meet the needs of business expansion and industrial growth, the Company can distribute stock dividends for reserving sufficient capital based on the Company's overall capital budget, and remaining dividends can be distributed in the form of cash. 10% of the total dividend distribution to shareholders. However, cash dividends shall not be less than 10% of the total dividends distributed to shareholders for the year unless the cash dividend per share is less than 5 dimes, it may be paid in the form of stock dividend instead.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. 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 could be included in the distributable earnings.

E. Distributions of dividends to the shareholders from the appropriation of earnings for the years ended December 31, 2021 and 2020 approved by the shareholders on June 16, 2022 and August 18, 2021, respectively, are as follows:

	Year ended December 31			
	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 35,334		\$ 29,062	
Cash dividends	314,703	\$ 2.75	286,093	\$ 2.50

The abovementioned distribution of earnings for the years 2021 and 2020 was in agreement with those amounts proposed by the Board of Directors on March 24, 2022 and March 17, 2021. On March 22, 2023, the Board of Directors resolved to distribute cash dividends from the 2022 earnings in the amount of \$457,750 at \$4 (in dollars) per share. As of March 22, 2023, the aforementioned appropriations of 2022 earnings had not yet been reported to the shareholders' meeting.

(15) Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contracts with customers	\$ 3,448,384	\$ 2,938,974

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

Year ended December 31, 2022	Mechanical equipment	Expendable Merchandise	Maintenance	Total
Total segment revenue	\$ 2,432,298	\$ 1,380,732	\$ 175,475	\$ 3,988,505
Inter-segment revenue	(249,329)	(194,397)	(96,395)	(540,121)
Revenue from external customer contracts	<u>\$ 2,182,969</u>	<u>\$ 1,186,335</u>	<u>\$ 79,080</u>	<u>\$ 3,448,384</u>
Year ended December 31, 2021	Mechanical equipment	Expendable Merchandise	Maintenance	Total
Total segment revenue	\$ 2,018,573	\$ 1,370,456	\$ 183,488	\$ 3,572,517
Inter-segment revenue	(364,902)	(146,344)	(122,297)	(633,543)
Revenue from external customer contracts	<u>\$ 1,653,671</u>	<u>\$ 1,224,112</u>	<u>\$ 61,191</u>	<u>\$ 2,938,974</u>

B. Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2022	December 31, 2021	January 1, 2022
Contract liabilities:			
Contract liabilities-advance sales receipts	<u>\$ 799,862</u>	<u>\$ 493,742</u>	<u>\$ 471,345</u>

(a) Significant changes in contract assets and liabilities

None.

- (b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	Year ended December 31	
	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the year	\$ 490,978	\$ 361,464

(16) Interest income

	Year ended December 31	
	2022	2021
Interest income from bank deposits	\$ 1,771	\$ 478
Interest income from financial assets measured at amortised cost	637	438
	\$ 2,408	\$ 916

(17) Other income

	Year ended December 31	
	2022	2021
Rent income	\$ 157	\$ 157
Dividend income	7,359	7,524
Other income, others	1,741	974
	\$ 9,257	\$ 8,655

(18) Other gains and losses

	Year ended December 31	
	2022	2021
Losses on disposals of property, plant and equipment	(\$ 110)	(\$ 26)
Net currency exchange gains (losses)	36,876	(34,228)
Losses on financial assets at fair value through profit or loss	(49,006)	(4,140)
Other losses	(359)	(523)
	(\$ 12,599)	(\$ 38,917)

(19) Finance costs

	Year ended December 31	
	2022	2021
Interest expense:		
Bank borrowings	\$ 15	\$ 7
Leases	28	61
	\$ 43	\$ 68

(20) Expenses by nature

	Year ended December 31	
	2022	2021
Change in inventories of merchandise, finished goods and work in progress	\$ 41,859	(\$ 213,125)
Net purchase for the year	908,305	978,438
Raw materials and supplies used	1,094,643	1,102,423
Employee benefit expense	432,809	388,150
Outsourcing processing fee	30,125	37,900
Depreciation charges on property, plant and equipment and right-of-use assets	13,343	12,753
Amortisation charge	5,302	4,542
Expected credit impairment (gain) loss	(11,189)	12,227
Other expenses	176,818	162,092
Operating costs and operating expenses	<u>\$ 2,692,015</u>	<u>\$ 2,485,400</u>

(21) Employee benefit expense

	Year ended December 31	
	2022	2021
Wages and salaries	\$ 356,808	\$ 321,692
Labour and health insurance fees	25,423	24,650
Pension costs	18,211	16,736
Directors' remuneration	18,437	11,877
Other personnel expenses	13,930	13,195
	<u>\$ 432,809</u>	<u>\$ 388,150</u>

A. In accordance with the Articles of Incorporation of the Group, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 5%~8% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$47,623 and \$26,756, respectively; while directors' and supervisors' remuneration was accrued at \$15,875 and \$8,928, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on the percentage of distributable profit of current year as of the end of the reporting period as prescribed by the Group's Articles of Incorporation.

Employees' compensation and directors' and supervisors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts that employees' compensation of \$26,756 and directors' and supervisors' remuneration of \$8,928 recognised in the 2021 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the

Group as resolved by the Board of Directors and reported in the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 145,957	\$ 74,555
Tax on undistributed surplus earnings	165	-
Prior year income tax over estimation	(385)	(7,657)
Total current tax	<u>145,737</u>	<u>66,898</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>17,255</u>	<u>13,964</u>
Total deferred tax	<u>17,255</u>	<u>13,964</u>
Income tax expense	<u>\$ 162,992</u>	<u>\$ 80,862</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2022	2021
Remeasurement of defined benefit obligations	\$ 6,759	\$ 2,511
Currency translation differences	<u>1,640</u>	<u>(417)</u>
	<u>\$ 8,399</u>	<u>\$ 2,094</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 161,088	\$ 92,227
Effects from items disallowed by tax regulation	2,124	(3,708)
Tax on undistributed earnings	165	-
Prior year income tax over estimation	(385)	(7,657)
Income tax expense	<u>\$ 162,992</u>	<u>\$ 80,862</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
— Deferred tax assets:				
Unrealised exchange loss	\$ 3,061	(\$ 3,061)	\$ -	\$ -
Allowance for bad debts	9,565	(708)	-	8,857
Unrealised loss on valuation loss and slow-moving inventories	6,543	(725)	-	5,818
Provision for after sale services	4,628	306	-	4,934
Pensions	18,733	(132)	(6,759)	11,842
Unrealised gross profit	663	543	-	1,206
Currency translation differences	1,086	-	(1,640)	(554)
Others	1,853	72	-	1,925
	<u>\$ 46,132</u>	<u>(\$ 3,705)</u>	<u>(\$ 8,399)</u>	<u>\$ 34,028</u>
— Deferred tax liabilities:				
Provision for land increment tax	(\$ 4,727)	\$ -	\$ -	(\$ 4,727)
Unrealised exchange gain	-	(4,624)	-	(4,624)
Gain on investments accounted for under equity method	(20,138)	(8,926)	-	(29,064)
	<u>(\$ 24,865)</u>	<u>(\$ 13,550)</u>	<u>\$ -</u>	<u>(\$ 38,415)</u>
	<u>\$ 21,267</u>	<u>(\$ 17,255)</u>	<u>(\$ 8,399)</u>	<u>(\$ 4,387)</u>
2021				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
— Deferred tax assets:				
Unrealised exchange loss	\$ 4,369	(\$ 1,308)	\$ -	\$ 3,061
Allowance for bad debts	9,934	(369)	-	9,565
Unrealised loss on valuation loss and slow-moving inventories	9,416	(2,873)	-	6,543
Provision for after sale services	3,605	1,023	-	4,628
Pensions	25,745	(4,501)	(2,511)	18,733
Unrealised gross profit	984	(321)	-	663
Currency translation differences	669	-	417	1,086
Others	1,885	(32)	-	1,853
	<u>\$ 56,607</u>	<u>(\$ 8,381)</u>	<u>(\$ 2,094)</u>	<u>\$ 46,132</u>
— Deferred tax liabilities:				
Provision for land increment tax	(\$ 4,727)	\$ -	\$ -	(\$ 4,727)
Gain on investments accounted for under equity method	(14,555)	(5,583)	-	(20,138)
	<u>(\$ 19,282)</u>	<u>(\$ 5,583)</u>	<u>\$ -</u>	<u>(\$ 24,865)</u>
	<u>\$ 37,325</u>	<u>(\$ 13,964)</u>	<u>(\$ 2,094)</u>	<u>\$ 21,267</u>

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deductible temporary differences	<u>\$ 117,180</u>	<u>\$ 117,180</u>

E. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(23) Earnings per share

	<u>Year ended December 31, 2022</u>		
	<u>Amount after tax</u>	<u>Ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 592,400</u>	<u>\$ 114,437</u>	<u>\$ 5.18</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	592,400	114,437	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>1,262</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 592,400</u>	<u>\$ 115,699</u>	<u>\$ 5.12</u>
	<u>Year ended December 31, 2021</u>		
	<u>Amount after tax</u>	<u>Ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 343,298</u>	<u>\$ 114,437</u>	<u>\$ 3.00</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	343,298	114,437	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>863</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 343,298</u>	<u>\$ 115,300</u>	<u>\$ 2.98</u>

(24) Supplemental cash flow information

Investing activities with no cash flow effects:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Prepayments for business facilities transferred into property, plant and equipment	<u>\$ 76</u>	<u>\$ 10,967</u>

7. Related Party Transactions

(1) Names of related parties and relationship

None.

(2) Significant related party transactions

None.

(3) Key management compensation

	Year ended December 31	
	2022	2021
Short-term employee benefits	\$ 31,474	\$ 20,150
Post-employment benefits	-	21,557
Other long-term benefits	509	349
	<u>\$ 31,983</u>	<u>\$ 42,056</u>

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
Financial assets at amortised cost-current			
- Restricted time deposits	\$ -	\$ 2,000	Performance guarantee
Property, plant and equipment			
Land (including revaluation increment)	358,223	358,223	Issuance of letter of credit and credit line for long and short-term borrowings
- Buildings and structures	85,842	90,731	"
	<u>\$ 444,065</u>	<u>\$ 450,954</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(4) Contingencies

None.

(5) Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Information on the distribution of earnings for the year ended December 31, 2022, please refer to Note 6(14).

12. Others

(1) Capital management

The Group plans for working capital, research and development expenses and dividend distribution based on the Group's current operating characteristics and future development, taking into account changes in the external environment, so as to safeguard the Group's ability to continue as a going concern, grant returns to the shareholders and maintain an optimal capital structure in order to enhance shareholders' value in the long-term. In order to maintain or adjust the capital structure, the

Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), time deposits with maturity over three months, other receivables, other non-current assets, short-term borrowings, notes payable, accounts payable, other payables, other current liabilities and long-term borrowings, current portion) are approximate to their fair values. Information on the fair value of financial instruments measured at fair value, please refer to Note 12(3).

B. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 788,634	\$ 522,853
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	100,822	89,938
Financial assets at amortised cost		
Cash and cash equivalents	1,028,451	672,631
Financial assets at amortised cost	97,670	55,570
Notes receivable	1,255	868
Accounts receivable	883,078	743,666
Other receivables	1,113	902
Guarantee deposits paid	2,080	998
	<u>\$ 2,903,103</u>	<u>\$ 2,087,426</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ 2,268	\$ 2,258
Accounts payable	600,208	522,824
Other accounts payable	222,235	191,247
Guarantee deposits paid	13	13
	<u>\$ 824,724</u>	<u>\$ 716,342</u>
Lease liability	<u>\$ 2,140</u>	<u>\$ 4,186</u>

C. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by the relevant department of the Group under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

D. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency		Book value (NTD)
	amount	Exchange rate	
	(in thousands)		
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 21,015	\$ 30.71	\$ 645,371
USD:HKD	6,870	3.9380	210,603
JPY:NTD	1,070,187	0.2324	248,711
JPY:RMB	444,538	4.408	102,597
<u>Non-monetary items</u>			
USD:NTD	\$ 35	\$ 29.60	\$ 1,036
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 374	\$ 30.71	\$ 11,486
USD:HKD	3,452	3.9380	105,823
JPY:NTD	345,258	0.2324	80,238
JPY:RMB	213,933	4.408	49,374

	December 31, 2021		
	Foreign currency amount <u>(in thousands)</u>	<u>Exchange rate</u>	Book value <u>(NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 20,374	\$ 27.68	\$ 563,952
USD:HKD	6,671	3.5490	184,661
JPY:NTD	1,188,683	0.2405	285,878
JPY:RMB	279,624	4.344	70,366
<u>Non-monetary items</u>			
USD:NTD	\$ 35	\$ 29.60	\$ 1,036
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 337	\$ 27.68	\$ 9,328
USD:HKD	4,062	3.5490	112,458
JPY:NTD	274,427	0.2405	66,000
JPY:RMB	144,406	4.344	36,339

- ii. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to \$36,876 and (\$34,228), respectively.
- iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2022				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss before tax	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	6,454	\$ -
USD:HKD	1%		2,106	-
JPY:NTD	1%		2,487	-
JPY:RMB	1%		1,026	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	115	\$ -
USD:HKD	1%		1,058	-
JPY:NTD	1%		802	-
JPY:RMB	1%		494	-

Year ended December 31, 2021				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss before tax	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	5,640	\$ -
JPY:NTD	1%		2,859	-
JPY:RMB	1%		704	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	93	\$ -
JPY:NTD	1%		660	-
JPY:RMB	1%		363	-

Price risk

The Group's financial assets, which are exposed to price risk, are classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income at the balance sheet. To manage its price risk arising from investments in financial assets, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's investments in financial securities comprise listed stocks, emerging stocks and open-end funds issued by the domestic and foreign companies. The prices of financial securities would change due to the change of the future value of investee companies. If the prices of these financial securities had increased/decreased by 1% with all other variables held constant, the profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$7,886 and \$5,229, respectively, as a result of gains/losses on financial securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

None.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through other comprehensive income, at fair value through profit or loss and at amortised cost.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a rating above investment grade are accepted. According to the Group's credit policy, each local unit in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. According to the Group's management on credit risk, the default occurs when the contract payments are past due over 365 days.
- iv. The Group assesses whether there has been a significant increase in credit risk on that instrument since initial recognition is that when the contract payments were past due over 180 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause

a default.

- vi. The Group classifies customer's accounts receivable in accordance with credit risk on trade. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2022 and 2021, the Group's written-off financial assets that are still under recourse procedures both amounted to \$0.
- viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts and notes receivable (including related parties). On December 31, 2022 and 2021, the loss rate methodology is as follows:

	Not past due	Up to 90 days	91~ 180 days	181~ 365 days	Over 365 days	Total
<u>December 31, 2022</u>						
Expected loss rate	0%	1.00%~3.00%	3.01%~5.00%	5.01%~15.00	50.00%~100%	
Total book value	\$ 709,315	\$ 91,296	\$ 43,725	\$ 45,164	\$ 17,739	\$ 907,239
Loss allowance	\$ -	\$ 1,595	\$ 2,186	\$ 4,931	\$ 14,194	\$ 22,906
	Not past due	Up to 90 days	91~ 180 days	181~ 365 days	Over 365 days	Total
<u>December 31, 2021</u>						
Expected loss rate	0%	1.00%~3.00%	3.01%~5.00%	5.01%~15.00	50.00%~100%	
Total book value	\$ 632,898	\$ 69,691	\$ 26,755	\$ 17,180	\$ 30,927	\$ 777,451
Loss allowance	\$ -	\$ 883	\$ 1,337	\$ 1,942	\$ 28,755	\$ 32,917

- ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable and notes receivable are as follows:

	<u>2022</u>
	<u>Accounts and notes receivable</u>
At January 1	\$ 32,917
Provision for impairment loss	23,397
Reversal of impairment loss	(34,586)
Effect of exchange rate changes	1,178
At December 31	<u>\$ 22,906</u>
	<u>2021</u>
	<u>Accounts and notes receivable</u>
At January 1	\$ 20,942
Provision for impairment loss	27,884
Reversal of impairment loss	(15,657)
Effect of exchange rate changes	(252)
At December 31	<u>\$ 32,917</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed by the Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>Non-derivative financial liabilities:</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
December 31, 2022			
Notes payable	\$ 2,268	\$ -	\$ -
Accounts payable	600,208	-	-
Other payables	222,235	-	-
Lease liability	1,615	545	-
Guarantee deposits received	-	13	-
<u>Non-derivative financial liabilities:</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
December 31, 2021			
Notes payable	\$ 2,258	\$ -	\$ -
Accounts payable	522,824	-	-
Other payables	191,247	-	-
Lease liability	3,599	621	-
Guarantee deposits received	-	13	-

- iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow

amount will be significantly different.

(3) Fair value information

A. Fair value information of the Group's financial assets and liabilities not measured at fair value is provided in Note 12(2) A.

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where 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 value of the Group's investment in listed stocks and beneficiary certificates with active market transactions is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

C. The carrying amounts of financial instruments that are not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, time deposits with maturity over three months, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Equity securities	\$ 785,974	\$ -	\$ 2,660	\$ 788,634
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	100,822	100,822
	<u>\$ 785,974</u>	<u>\$ -</u>	<u>\$ 103,482</u>	<u>\$ 889,456</u>

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Equity securities	\$ 522,853	\$ -	\$ -	\$ 522,853
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	89,938	89,938
	<u>\$ 522,853</u>	<u>\$ -</u>	<u>\$ 89,938</u>	<u>\$ 612,791</u>

E. The methods and assumptions the Group used to measure fair value are as follows:

The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Emerging stocks</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Last transaction price	Net asset value

F. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

G. Movements on transfer into or out from Level 3 for the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
	<u>Equity instruments</u>	<u>Equity instruments</u>
At January 1	\$ 89,938	\$ 78,732
Gains and losses recognised in profit or loss		
Recorded as non-operating income and expenses	(53,568)	-
Transfers into level 3	56,227	-
Proceeds from capital reduction	(3,000)	(9,000)
Gains recognised in other comprehensive income	13,885	20,206
At December 31	<u>\$ 103,482</u>	<u>\$ 89,938</u>

H. Somnics, Inc. was delisted since January 26, 2022, therefore, the Company transferred the fair value from Level 1 to Level 3 at the end of the month when the event occurred.

I. In August 2022, the Group cooperated with Somnics, Inc. to convert the ordinary shares of Somnics, Inc. at a price of USD \$0.0173 per share into 5,168,005 ordinary shares of Somnics Cayman Inc.

J. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating

inputs used to the valuation model and making any other necessary adjustments to the fair value.

K. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks or emerging stocks	\$ 103,482	Market comparable companies	Discount for lack of marketability	21.5%	The higher the discount for lack of marketability, the lower the fair value.
		Income approach	Weighted average cost of capital rate	10.06%	The higher the weighted average cost of capital, the lower the fair value.
		Asset approach	N/A	-	N/A

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks or emerging stocks	\$ 89,938	Market comparable companies	Discount for lack of marketability	21.5%	The higher the discount for lack of marketability, the lower the fair value.
			Discount for lack of control	20.5%	The higher the discount for lack of control, the lower the fair value.
		Income approach	Weighted average cost of capital rate	9.76%	The higher the weighted average cost of capital, the lower the fair value.
		Asset approach	N/A	-	N/A

(4) Others

Due to the COVID-19 pandemic, the Group has implemented various preventive measures imposed by the government. The pandemic had no significant impact on the Group's operations and didn't cause the reduction on the operating revenue for the year ended December 31, 2022. There is no doubt about the Group's ability to continue as a going concern, and no impairment of assets and no increase in financing risk after the assessment. The Group has implemented preventive measures imposed by the Central Epidemic Command Center (CECC) and the epidemic prevention regulations stipulated in the Communicable Disease Control Act.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods (Individual transactions not exceeding \$10,000 are not disclosed; Additionally, the corresponding related parties transactions are not disclosed separately.): Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Operating Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Group considers the business from a geographic perspective.

(2) Measurement of segment information

The chief operating decision-maker of the Group evaluates the performance of the operating segments based on gross profit in order to allocate resources to segments and assess their performance.

(3) Information about segment

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

December 31, 2022						
	Taipei Factory			Zhongli Factory		
	Mechanical equipment	Expendable Merchandise	Maintenance	Mechanical equipment	Expendable expenses	Maintenance
Total segment revenue	\$ 68,670	\$ 1,040,591	\$ 5,553	\$ 2,098,266	\$ 86,022	\$ 73,527
Segment income (loss)	\$ 5,264	\$ 196,605	\$ 1,246	\$ 747,127	\$ 53,529	\$ 42,296
December 31, 2022						
	Others					
	Mechanical equipment	Expendable Merchandise	Maintenance	Adjustments and write-offs	Total	
Total segment revenue	\$ 265,362	\$ 254,119	\$ 96,395	(\$ 540,121)	\$ 3,448,384	
Segment income (loss)	\$ 18,576	(\$ 20,654)	\$ 54,424	\$ -	\$ 1,098,413	
December 31, 2021						
	Taipei Factory			Zhongli Factory		
	Mechanical equipment	Expendable Merchandise	Maintenance	Mechanical equipment	Expendable expenses	Maintenance
Total segment revenue	\$ 8,940	\$ 1,100,415	\$ 4,191	\$ 1,617,922	\$ 56,752	\$ 57,000
Segment income (loss)	\$ 1,886	\$ 216,773	\$ 878	\$ 428,067	\$ 36,680	\$ 30,361
December 31, 2021						
	Others					
	Mechanical equipment	Expendable Merchandise	Maintenance	Adjustments and write-offs	Total	
Total segment revenue	\$ 391,711	\$ 213,289	\$ 122,297	(\$ 633,543)	\$ 2,938,974	
Segment income (loss)	\$ 27,420	(\$ 16,554)	\$ 52,603	\$ -	\$ 778,114	

Identifiable Assets

	December 31, 2022	December 31, 2021
Taipei Factory	\$ 2,132,054	\$ 1,571,970
Zhongli Factory	2,086,842	1,938,411
Others	407,051	330,829
	<u>\$ 4,625,947</u>	<u>\$ 3,841,210</u>

The amounts provided to the chief operating decision maker with respect to total assets are measured in a manner consistent with that of the financial statements. Additionally, the related information was not disclosed as the measurement amount of liabilities was not provided to the chief operating decision maker.

(4) Reconciliation for segment income (loss)

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2022 and 2021 is provided as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Reportable segments income	\$ 1,098,413	\$ 778,114
Unappropriated amount:		
Operating expense	(342,044)	(324,540)
Non-operating income	(977)	(29,414)
Net income before tax from continuing operations	<u>\$ 755,392</u>	<u>\$ 424,160</u>

(5) Information on products and services

Revenue from external customers is mainly from sales of mechanical equipment and chemical business. Analysis of mechanical equipment and chemical business performance is as follows: Mechanical equipment arose from the Group's self-produced wet process equipment, such as PCB, LCD, etc., while chemicals were primarily pertained to the sale of specialty chemical liquid in relation to electronics industry.

	Year ended December 31, 2022	Year ended December 31, 2021
Mechanical equipment revenue	\$ 2,182,969	\$ 1,653,671
Expendable Merchandise revenue	1,186,335	1,224,112
Repairs and maintenance revenue	79,080	61,191
	<u>\$ 3,448,384</u>	<u>\$ 2,938,974</u>

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	<u>Year ended December 31, 2022</u>		<u>Year ended December 31, 2021</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 2,946,335	\$ 491,460	\$ 2,343,612	\$ 646,686
China(including Hongkong)	502,049	2,531	595,362	1,753
	<u>\$ 3,448,384</u>	<u>\$ 493,991</u>	<u>\$ 2,938,974</u>	<u>\$ 648,439</u>

Revenues are reported based on the countries in which the Group's companies are located.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	<u>Year ended December 31, 2022</u>		<u>Year ended December 31, 2021</u>	
	<u>Revenue</u>	<u>Ratio</u>	<u>Revenue</u>	<u>Ratio</u>
A	<u>\$ 311,228</u>	<u>9%</u>	<u>\$ 307,889</u>	<u>10%</u>

Ampoc Far-East Co., Ltd.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2022				Footnote (Note 4)
				Number of shares (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	
Ampoc Far-East Co., Ltd.	Stocks-QUALIBOND TECHNOLOGY CORP.	N/A	Financial assets at fair value through other comprehensive income - non-current	2,380	\$ 66,640	17.00%	\$ 66,640	
Ampoc Far-East Co., Ltd.	Stocks-MILAGEN INC.	N/A	Financial assets at fair value through other comprehensive income - non-current	109	1,036	0.50%	1,036	
Ampoc Far-East Co., Ltd.	CBID Capital Healthcare Ventures Co., Ltd.	N/A	Financial assets at fair value through other comprehensive income - non-current	1,800	33,146	1.71%	33,146	
Ampoc Far-East Co., Ltd.	Stocks-CERMA PRECISION, INC.	N/A	Financial assets at fair value through profit or loss - non-current	28	-	0.78%	-	
Ampoc Far-East Co., Ltd.	Stocks-FORMOSA GOLF AND COUNTRY CLUB CORP.	N/A	Financial assets at fair value through profit or loss - non-current	3	-	0.01%	-	
Ampoc Far-East Co., Ltd.	Stocks-TAIWAN LEADER ADVANCED TECHNOLOGY CORP.	N/A	Financial assets at fair value through profit or loss - non-current	3,416	-	3.32%	-	
Ampoc Far-East Co., Ltd.	Stocks-Somnics Cayman Inc.	N/A	Financial assets at fair value through profit or loss - non-current	5,168	2,660	17.03%	2,660	Note5
Ampoc Far-East Co., Ltd.	Capital RMB Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	1,459	15,450	-	15,450	
Ampoc Far-East Co., Ltd.	Capital Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	3,407	55,824	-	55,824	
Ampoc Far-East Co., Ltd.	TCB The RSIT Enhanced Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	4,676	56,713	-	56,713	
Ampoc Far-East Co., Ltd.	Franklin Templeton Sinoam Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	5,308	55,751	-	55,751	
Ampoc Far-East Co., Ltd.	FSITC Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	3,600	55,982	-	55,982	

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2022				Footnote (Note 4)
				Number of shares (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	
Ampoc Far-East Co., Ltd.	FSITC Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	223	\$ 40,461	-	\$ 40,461	
Ampoc Far-East Co., Ltd.	PGIM Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	3,146	50,541	-	50,541	
Ampoc Far-East Co., Ltd.	Allianz Global Investors Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	2,808	35,762	-	35,762	
Ampoc Far-East Co., Ltd.	Nomura Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	3,337	55,251	-	55,251	
Ampoc Far-East Co., Ltd.	CTBC Hua Win Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	4,526	50,592	-	50,592	
Ampoc Far-East Co., Ltd.	Cathay Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	4,385	55,336	-	55,336	
Ampoc Far-East Co., Ltd.	Union Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	4,121	55,281	-	55,281	
Ampoc Far-East Co., Ltd.	UPAMC James Bond Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	3,553	60,207	-	60,207	
Ampoc Far-East Co., Ltd.	Fubon Chi-Hsiang Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	950	15,111	-	15,111	
Ampoc Far-East Co., Ltd.	Fubon China Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	1,936	22,037	-	22,037	
Ampoc Far-East Co., Ltd.	Yuanta/P-shares Taiwan Dividend Plus ETF	N/A	Financial assets at fair value through profit or loss-current	20	508	-	508	
Ampoc Far-East Co., Ltd.	JKO Pion Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	4,277	50,106	-	50,106	
Ampoc Far-East Co., Ltd.	SinoPac TWD Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	3,898	55,061	-	55,061	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 5: In August 2022, the Company cooperated with Somnics, Inc. to convert the ordinary shares of Somnics, Inc. at a price of USD \$0.0173 per share into 5,168,005 ordinary shares of Somnics Cayman Inc.

Ampoc Far-East Co., Ltd.
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Ampoc Far-East Co., Ltd.	ATL	Subsidiary	Sales	(\$ 265,933)	(7.89%)	Based on sales contracts	Based on the general sales and purchase price and conditions	The transaction terms are approximately the same as those with third parties	\$ 105,840	11.82%	
Ampoc Far-East Co., Ltd.	ASC	Subsidiary	Sales	(160,360)	(4.75%)	Based on sales contracts	Based on the general sales and purchase price and conditions	The transaction terms are approximately the same as those with third parties	55,259	6.17%	

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

Ampoc Far-East Co., Ltd.
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Ampoc Far-East Co., Ltd.	ATL	Subsidiary	\$ 105,840	2.44	\$ 13,601	Being collecting	\$ 34,031	\$ -

Note 1: Please fill in separately according to accounts, notes and other receivables due from related parties...etc.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Ampoc Far-East Co., Ltd.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount		
0	Ampoc Far-East Co., Ltd.	ATL	1	Operating revenue	\$ 265,933	240 days after monthly billings	7.71%
0	Ampoc Far-East Co., Ltd.	ATL	1	Accounts receivable	105,840	240 days after monthly billings	2.29%
0	Ampoc Far-East Co., Ltd.	ASC	1	Operating revenue	160,360	150 days after monthly billings	4.65%
0	Ampoc Far-East Co., Ltd.	ASC	1	Accounts receivable	55,259	150 days after monthly billings	1.19%
0	Ampoc Far-East Co., Ltd.	ASC	1	Service expenditure	96,395	60 days after monthly billings	2.80%
1	ATL	ASC	3	Operating revenue	17,433	240 days after monthly billings	0.51%
1	ATL	ASC	3	Accounts receivable	14,472	240 days after monthly billings	0.31%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Ampoc Far-East Co., Ltd.
Information on investees (excluding information on investments in Mainland china)
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022 (Note 2(2))	Investment income(loss) recognised by the Company for the year ended December 31, 2022 (Note 2(3))	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Ampoc Far-East Co., Ltd.	ATL	Hong Kong	Trade of machinery equipment and parts	\$ 37,601	\$ 37,601	9,500	100%	\$ 179,656	\$ 44,636	\$ 44,636	Note 3

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2022' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for the year ended December 31, 2022' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognised by the Company for the year ended December 31, 2022' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: The capital was actually invested on March 6, 2019 (HKD \$9,500,000)

Ampoc Far-East Co., Ltd.
Information on investments in Mainland China
Year ended December 31, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 6

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 3)	Book value of investments in Mainland China 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
ASC	Trade of parts and specialty chemicals	\$ 7,382	2	\$ 33,692	\$ -	\$ -	\$ 33,692	\$ 11,984	100%	\$ 11,984	\$ 90,031	\$ -	Note 2

Company name	Accumulated amount of	Investment amount approved	Ceiling on investments in
ASC	\$ 33,692	\$ 39,580	\$ 1,658,979

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China..
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: It referred to reinvest in Mainland China companies by cash through a Hong Kong subsidiary, ATL (HKD\$8,643,000).

Note 3: Investment income (loss) recognised by the Company for the year ended December 31, 2022 was based on the financial statements of the investee that were reviewed by parent company's independent accountants.

Ampoc Far-East Co., Ltd.
Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
Year ended December 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at December 31, 2022	%	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022	Interest rate	Interest during the year ended December 31, 2022	Others (Note1)
ASC	\$ 160,360	4.65%	\$ -	-	\$ 55,259	1.19%	\$ -	-	\$ -	\$ -	-	\$ -	(\$ 96,395)

Note 1: It referred to the service expenditure granted to Mainland China investees for machinery installations.

Note 2: Only material transactions with an amount greater than \$10,000 are disclosed.

Ampoc Far-East Co., Ltd.
Major shareholders information
December 31, 2022

Table 8

Name of major shareholders	Shares (unit: share)	
	Number of shares held	Ownership (%)
Su, Sheng Yih	11,325,114	9.89%

V. Parent company only financial statements audited and certified by CPAs in the most recent year

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 22000190

To the Board of Directors and Shareholders of Ampoc Far-East Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Ampoc Far-East Co., Ltd. (the “Company”) as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Cut-off of machinery and equipment sales revenue

Description

Please refer to Note 4(26) for accounting policy on revenue recognition. The Company derives revenue from the manufacture and sales of machinery and equipment as well as the agency and sales of electronic and chemical related products. The machinery and equipment sales revenue amounted to NT\$2,166,936 thousand, constituting 64% of the total operating revenue for the year then ended December 31, 2022. The machinery and equipment sales revenue is recognised when the customer accepts the goods, the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or according to the transaction conditions and there is objective evidence showing that all acceptance provisions have been satisfied.

Given that the process of revenue recognition from machinery and equipment sales contains many manual procedures, which would potentially result in improper timing of revenue recognition from machinery and equipment sales and the transaction amounts are significant to the parent company only financial statements, we identify the cut-off of machinery and equipment sales revenue a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed and obtained an understanding on the internal control procedures of revenue recognition from machinery and equipment sales and ascertained the related internal controls were performed effectively.
2. Tested the accuracy and completeness of machinery and equipment revenue statement, including sampling and reviewing the transaction conditions and agreements of sales contracts and the reasonableness of date of acceptance confirmation from customer to ascertain the appropriateness of the timing of revenue recognition from machinery and equipment sales.
3. Performed cut-off tests for transactions from machinery and equipment sales during a certain period before and after balance sheet date and sampled whether the records of movements in inventory and cost of goods sold have been accounted for in the appropriate period.

4. Observed physical inventory count for the inventories of the machinery and equipment, checked the records of inventories, inspected the reason for the difference between the observation and accounting records and processed the records appropriately.

Evaluation of allowance for inventory valuation loss

Description

Please refer to Note 4(13), Note 5(2) and Note 6(6) for accounting policy on inventory evaluation, critical accounting estimates and assumptions of inventory evaluation and details of allowance for inventory valuation loss, respectively. The Company's inventories and allowance for inventory valuation loss amounted to NT\$1,190,597 thousand and NT\$29,088 thousand as at December 31, 2022, respectively.

The Company is primarily engaged in the agency and sales of various production and testing mechanical equipment as well as electronic and speciality chemicals. Due to the diversification of such products and the competitive nature of the market, there is a higher risk of incurring inventory valuation loss or obsolescence. The Company's inventories are stated at the lower of cost and net realisable value. The obsolete or destroyed inventories are assessed individually. The evaluation of allowance for inventory valuation loss, including the determination of net realisable value and identification of obsolete inventories, involves management's subjective judgment and contains a high degree of estimation uncertainty. Considering that the allowance for valuation loss is significant to the parent company only financial statements, we identify the evaluation of allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in order to assess the adequacy of the measurement of net realisable value and provision on allowance for inventory valuation loss:

1. Assessed the reasonableness of policies and procedures related to the provision of allowance for inventory valuation loss based on our understanding on the Company's operations and the industrial characteristics.
2. Obtained an understanding of the Company's warehousing control procedures, reviewed the annual physical inventory count plan and participated in such count in order to assess the classification of obsolete inventory and effectiveness of internal control on obsolete inventory management.
3. Obtained and verified the accuracy of aging report, sampled the last movement of inventories before the balance sheet date in order to verify the accuracy of aging range and assessed the reasonableness

of the allowance for inventory valuation losses with a longer inventory age.

4. Verified the accuracy of the inventory aging report and net realisable value report that the Company used in evaluation to ascertain the logic and information of the reports are consistent with its policies.
5. Reviewed the appropriateness of the estimation basis adopted by the Company for the evaluation of net realisable value, verified the accuracy of the sales and purchases prices for products and recalculated and assessed the reasonableness of the allowance for inventory valuation loss.

Impairment assessment of accounts receivable

Description

Please refer to Note 4(9), Note 4(10), Note 5(2) and Note 6(5) for accounting policy on accounts receivable, accounting policy on impairment of financial assets, impairment assessment of accounts receivable and details of accounts receivable, respectively.

The Company reviewed the adequacy of the provision on loss allowance periodically based on the internal impairment assessment policy of the Company. The impairment assessment is based on the historical credit loss of accounts receivable, forecastability and objective evidence of impairment. The accounts receivable and allowance for doubtful accounts amounted to NT\$915,651 thousand and NT\$21,822 thousand, respectively. The management must apply judgements and estimates to determine the recoverability of accounts receivable and determine the amount of impairment loss. Due to the high degree of estimation uncertainty and considering that the amount is significant to the parent company only financial statements, we identify the impairment of accounts receivable a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of policies and procedures on impairment assessment determined by the management based on our understanding on the industrial characteristics and ascertained whether the policies on impairment assessment of accounts receivable have been consistently applied in all the periods.
2. Reviewed the accounts receivable ageing reports prepared by the management and checked the logic of preparing the reports and the classification of the ageing reports to ascertain the ageing reports are consistent with its policies.
3. Reviewed loss allowance for accounts receivable recognised by the customer based on lifetime expected credit losses and ascertained that the past default experience of the customer, current parent company only financial position and forecastability are considered to assess the reasonableness of the

expected credit loss rate of accounts receivable.

4. Reviewed the subsequent collection of significant accounts receivable.
5. Discussed the recoverability of overdue accounts with the management for the accounts receivable overdue for a long time, obtained additional supporting documents and assessed the adequacy of allowance for doubtful accounts at the end of the year.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the supervisors, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

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

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the company audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Chou, Hsiao-Tzu

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 22, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

AMPOC FAR-EAST CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022 AMOUNT	December 31, 2021 AMOUNT
Current assets				
1100	Cash and cash equivalents	6(1)	\$ 791,778	\$ 487,859
1110	Financial assets at fair value through profit or loss - current	6(2)	785,974	466,625
1136	Current financial assets at amortised cost	6(4) and 8	97,670	55,570
1150	Notes receivable, net	6(5)	1,255	868
1170	Accounts receivable, net	6(5)	732,730	613,247
1180	Accounts receivable - related parties	6(5) and 7	161,099	154,405
1200	Other receivables	7	375	183
130X	Inventory	6(6)	1,161,509	1,185,377
1470	Other current assets		17,574	7,253
11XX	Current Assets		<u>3,749,964</u>	<u>2,971,387</u>
Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current	6(2)	2,660	56,228
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	100,822	89,938
1550	Investments accounted for using equity method	6(7)	179,656	129,538
1600	Property, plant and equipment	6(8) and 8	483,499	488,774
1755	Right-of-use assets	6(9)	451	3,237
1780	Intangible assets		901	730
1840	Deferred income tax assets	6(23)	34,028	46,132
1900	Other non-current assets		7,676	8,366
15XX	Non-current assets		<u>809,693</u>	<u>822,943</u>
1XXX	Total assets		<u>\$ 4,559,657</u>	<u>\$ 3,794,330</u>

(Continued)

AMPOC FAR-EAST CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022 AMOUNT	December 31, 2021 AMOUNT
Current liabilities				
2130	Current contract liabilities	6(16) and 7	\$ 784,546	\$ 490,747
2150	Notes payable		2,268	2,258
2170	Accounts payable		595,235	521,193
2180	Accounts payable to related parties	7	3,936	3,367
2200	Other payables	6(10) and 7	178,067	150,577
2230	Current income tax liabilities	6(23)	105,772	38,735
2250	Provisions for liabilities - current	6(11)	24,669	23,142
2280	Current lease liabilities		451	2,786
2300	Other current liabilities		2,110	2,742
			<u>1,697,054</u>	<u>1,235,547</u>
Non-current liabilities				
2570	Deferred income tax liabilities	6(23)	38,415	24,865
2580	Non-current lease liabilities		-	451
2600	Other non-current liabilities	6(12)	59,222	93,679
25XX	Non-current liabilities		<u>97,637</u>	<u>118,995</u>
2XXX	Total Liabilities		<u>1,794,691</u>	<u>1,354,542</u>
	Share capital	6(13)		
3110	Share capital - common stock		1,144,373	1,144,373
	Capital surplus	6(14)		
3200	Capital surplus		322,023	322,023
	Retained earnings	6(15)		
3310	Legal reserve		528,620	493,286
3350	Total unappropriated retained earnings		705,068	435,668
	Other equity interest	6(3)(7)		
3400	Other equity interest		64,882	44,438
3XXX	Total equity		<u>2,764,966</u>	<u>2,439,788</u>
	Significant contingent liabilities and unrecorded contract commitments	9		
3X2X	Total liabilities and equity		<u>\$ 4,559,657</u>	<u>\$ 3,794,330</u>

The accompanying notes are an integral part of these parent company only financial statements.

AMPOC FAR-EAST CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

				Year ended December 31	
				2022	2021
Items	Notes		AMOUNT	AMOUNT	
4000 Sales revenue	6(16) and 7	\$	3,372,629	\$	2,845,220
5000 Operating costs	6(6)(21)(22) and 7	(	2,323,850)	(	2,132,183)
5900 Net operating margin			1,048,779		713,037
5910 Unrealized loss from sales		(	6,031)	(	3,314)
5920 Realized profit on from sales			3,314		4,921
5950 Net operating margin			1,046,062		714,644
Operating expenses	6(21)(22)				
6100 Selling expenses		(	194,927)	(	166,694)
6200 General & administrative expenses		(	110,512)	(	103,685)
6300 Research and development expenses		(	30,950)	(	24,922)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	6(5)(21) and 12(2)	(	4,852)		2,802
6000 Total operating expenses		(	341,241)	(	292,499)
6900 Operating profit			704,821		422,145
Non-operating income and expenses					
7100 Interest income	6(4)(17)		2,042		788
7010 Other income	6(18)		8,081		8,275
7020 Other gains and losses	6(2)(19)	(	9,692)	(	33,667)
7050 Finance costs	6(20)	(	36)	(	61)
7070 Share of profit of associates and joint ventures accounted for using equity method	6(7)		44,636		27,912
7000 Total non-operating revenue and expenses			45,031		3,247
7900 Profit before income tax			749,852		425,392
7950 Income tax expense	6(23)	(	157,452)	(	82,094)
8000 Profit for the year from continuing operations			592,400		343,298
Other comprehensive income					
New Item					
8311 Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(12)		33,796		12,553
8316 Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)		13,885		20,206
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	(	6,759)	(	2,511)
8310 Components of other comprehensive income that will not be reclassified to profit or loss			40,922		30,248
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Exchange differences on translation	6(7)		8,199	(	2,087)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(23)	(	1,640)		417
8360 Components of other comprehensive income that will be reclassified to profit or loss			6,559	(	1,670)
8300 Total other comprehensive income for the year		\$	47,481	\$	28,578
8500 Total comprehensive income for the year		\$	639,881	\$	371,876
Basic earnings per share	6(24)				
9750 Total basic earnings per share		\$	5.18	\$	3.00
9850 Total diluted earnings per share		\$	5.12	\$	2.98

The accompanying notes are an integral part of these parent company only financial statements.

AMPOC FAR-EAST CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Capital Reserves		Retained Earnings		Other equity interest			
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Treasury stock transactions	Legal reserve	Total unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total Unrealised gains from financial assets measured at fair value through other comprehensive income	Total equity
Year 2021									
Balance at January 1, 2021		\$ 1,144,373	\$ 282,398	\$ 39,625	\$ 464,224	\$ 397,483	(\$ 2,676)	\$ 28,578	\$ 2,354,005
Profit for the year		-	-	-	-	343,298	-	-	343,298
Other comprehensive income	6(3)(7)(12)(23)	-	-	-	-	10,042	(1,670)	20,206	28,578
Total comprehensive income		-	-	-	-	353,340	(1,670)	20,206	371,876
Appropriation and distribution of 2020 retained earnings:	6(15)								
Legal reserve		-	-	-	29,062	(29,062)	-	-	-
Cash dividends to shareholders		-	-	-	-	(286,093)	-	-	(286,093)
Balance at December 31, 2021		\$ 1,144,373	\$ 282,398	\$ 39,625	\$ 493,286	\$ 435,668	(\$ 4,346)	\$ 48,784	\$ 2,439,788
Year 2022									
Balance at January 1, 2022		\$ 1,144,373	\$ 282,398	\$ 39,625	\$ 493,286	\$ 435,668	(\$ 4,346)	\$ 48,784	\$ 2,439,788
Profit for the year		-	-	-	-	592,400	-	-	592,400
Other comprehensive income	6(3)(7)(12)(23)	-	-	-	-	27,037	6,559	13,885	47,481
Total comprehensive income		-	-	-	-	619,437	6,559	13,885	639,881
Appropriation and distribution of 2021 retained earnings:	6(15)								
Legal reserve		-	-	-	35,334	(35,334)	-	-	-
Cash dividends to shareholders		-	-	-	-	(314,703)	-	-	(314,703)
Balance at December 31, 2022		\$ 1,144,373	\$ 282,398	\$ 39,625	\$ 528,620	\$ 705,068	\$ 2,213	\$ 62,669	\$ 2,764,966

The accompanying notes are an integral part of these parent company only financial statements.

AMPOC FAR-EAST CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 749,852	\$ 425,392
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(21)	11,967	11,432
Amortisation expense	6(21)	5,292	4,533
Expected credit (gain) loss	6(5)(21) and 12(2)	4,852	(2,802)
Net loss on financial assets at fair value through profit or loss	6(2)(19)	49,006	4,140
Interest income	6(17)	(2,042)	(788)
Dividend income	6(18)	(7,359)	(7,524)
Interest expense	6(20)	36	61
Loss on disposals of property, plant and equipment	6(8)(19)	99	-
Gain on investments accounted for using the equity method	6(7)	(44,636)	(27,912)
Unrealized foreign exchange gain	(	( 38,421)	(6,542)
Unrealised loss (profit) from sales	6(7)	2,717	(1,607)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss	(	( 314,787)	93,879
Notes receivable	(	( 387)	7,882
Accounts receivable	(	( 124,335)	(21,788)
Accounts receivable due from related parties, net	(	( 6,694)	109,698
Other receivables	(	( 69)	128
Inventory		23,868	(232,719)
Other current assets	(	( 8,428)	651
Changes in operating liabilities			
Current contract liabilities		293,799	28,723
Notes payable		10	(896)
Accounts payable		74,042	87,276
Accounts payable to related parties		569	(2,613)
Other payables		27,490	23,888
Provisions for liabilities - current		1,527	5,116
Other current liabilities	(	( 632)	505
Other non-current liabilities	(	( 660)	(24,506)
Cash inflow generated from operations		696,676	473,607
Interest income		1,919	788
Dividends received		7,359	7,524
Interest paid	(	( 36)	(61)
Interest paid	(	( 73,160)	(57,596)
Net cash flows from operating activities		632,758	424,262
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at amortised cost	(	( 42,100)	2,000
Acquisition of property, plant and equipment	6(8)	(4,005)	(4,859)
Proceeds from disposal of property, plant and equipment	6(8)	76	-
Acquisition of intangible assets	(	( 901)	(430)
Decrease in guarantee deposits paid		-	100
Increase in prepayments for business facilities	(	( 1,141)	(8,989)
Increase in other non-current assets	(	( 4,220)	(2,349)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		3,000	9,000
Increase in guarantee deposits paid	(	( 480)	-
Net cash flows used in investing activities	(	( 49,771)	(5,527)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payments of lease liabilities	6(9)	(2,786)	(3,001)
Cash dividends paid	6(15)	(314,703)	(286,093)
Net cash flows used in financing activities	(	( 317,489)	(289,094)
Effect of exchange rate changes on cash and cash equivalents		38,421	6,542
Net increase in cash and cash equivalents		303,919	136,183
Cash and cash equivalents at beginning of year		487,859	351,676
Cash and cash equivalents at end of year		\$ 791,778	\$ 487,859

The accompanying notes are an integral part of these parent company only financial statements.

AMPOC FAR-EAST CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

(1) Ampoc Far-East Co., Ltd. (the “Company”) was incorporated in November 1980 and merged with Taipei Chemical Machinery Co., Ltd. on December 30, 1999. The Company was the surviving company and Taipei Chemical Machinery Co., Ltd. was the dissolved company. In addition, the Company merged with the wholly-owned subsidiary, Yangxin Investment Co., Ltd., on December 18, 2006. The Company was the surviving company and Yangxin Investment Co., Ltd. was the dissolved company.

(2) After the merger, the Company is primarily engaged in the agency and sales of various production and testing mechanical equipment as well as electronic and speciality chemicals which shall be provided for the use of domestic and foreign electronic industries such as PCB, IC and LCD and undertaking the design, manufacture and sales of the production mechanical equipment for PCB and LCD originally from Taipei Chemical Machinery Co., Ltd..

(3) The Company’s shares have been listed on the Taiwan Stock Exchange starting from January 23, 2002.

2. 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.

3. Application of New Standards, Amendments and Interpretations

(1) 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 the 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
Annual improvements to IFRS Standards 2018-2020	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.

(2) 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.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

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
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 non-current'	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.

4. 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.

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of parent company only 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.

(3) 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 Company operates (the “functional currency”). The financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into New Taiwan dollars using the exchange rates prevailing at the dates of the transactions. 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.
- (b) 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.
- (c) 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 recognised 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.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

The operating results and financial position of all the company entities 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.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) 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.

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

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) 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.

(5) 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 (including time deposits with contract period less than three months) are classified as cash equivalents.

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

- A. 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. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- B. 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.
- C. 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.

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

- A. 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 and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. 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.
- C. 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. 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.

(8) 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.

(9) Accounts and notes receivable

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

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, 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 or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. 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.
- C. 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.

(12) 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.

(13) 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 costs of completion and applicable variable selling expenses.

(14) Investments accounted for using the equity method - subsidiaries

- A. 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.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

- C. The Company's share of its subsidiaries' 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 a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. 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 recognised directly in equity.
- E. When the Company loses control of a subsidiary, the Company 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 Company 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.
- F. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) and other comprehensive income of the current period in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. 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.

- C. 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.
- D. 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	10 ~ 55 years
Machinery and equipment	20 ~ 25 years
Other equipment	3 ~ 15 years

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

- A. 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.
- B. 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 following:
- (a) Fixed payments, less any lease incentives receivable;
 - (b) Variable lease payments that depend on an index or a rate;
 - (c) Amounts expected to be payable by the lessee under residual value guarantees;
 - (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
 - (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date;
 - (c) Any initial direct costs incurred by the lessee; and

- (d) 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.

(17) Intangible assets

Intangible assets, mainly computer software and network construction expense, are stated at cost and amortised on a straight-line basis over their estimated useful lives of 2 ~ 3 years.

(18) 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.

(19) Borrowings

A. 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.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(20) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Provisions

Provisions refer to warranties and are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. However, short-term provisions without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) 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.

(b) Defined benefit plans

- i. 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 Company 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 government bonds of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. 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. 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 accrued amounts and the subsequently actual distributed amounts resolved by the Board of Directors is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Income tax

- A. 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.
- B. 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 operates and generates 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.
- C. 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 balance sheet. 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.
- D. 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.
- E. 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.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(24) Share capital

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.

(25) Dividends

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

(26) Revenue recognition

A. Sales revenue

- (a) The Company manufactures mechanical equipment and agents and sells related products of electronic and speciality chemicals. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer 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 customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) The Company's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.
- (c) 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.

B. Repairs and maintenance revenue

The Company provides related services for the repairs and maintenance of electronic product. Revenue from providing repairs and maintenance is recognised in the accounting period in which the services are rendered.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation. As of December 31, 2022, the carrying amount of inventories was \$1,161,509.

B. Impairment assessment of accounts receivable

Impairment assessment of accounts receivable is based on IFRS 9 through the application of the simplified approach to estimate the expected credit loss. The management uses ageing of receivables as of the balance sheet date and the payment history of customer, financial and economic condition of customer and many other factors that would affect the payment ability of customer as well as the forecastability to assess the default possibility of accounts receivable.

As of December 31, 2022, the Company's accounts receivable and allowance for bad debts amounted to \$915,651 and \$21,822, respectively.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 2,010	\$ 2,008
Checking accounts and demand deposits	350,899	380,945
Cash equivalents - bonds sold under repurchase agreement	438,869	104,906
	<u>\$ 791,778</u>	<u>\$ 487,859</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

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

Items	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 776,696	\$ 456,401
Listed stocks	-	5,727
Valuation adjustment	9,278	4,497
	<u>\$ 785,974</u>	<u>\$ 466,625</u>
Non-current items:	-	-
Financial assets mandatorily measured at fair value through profit or loss		
Emerging stocks	\$ -	\$ 99,130
Valuation adjustment	-	(42,902)
	<u>-</u>	<u>56,228</u>
Unlisted stocks	105,832	103,172
Valuation adjustment	(103,172)	(103,172)
	<u>2,660</u>	<u>-</u>
	<u>\$ 2,660</u>	<u>\$ 56,228</u>

A. In August 2022, the Company cooperated with Somnics, Inc. to convert the ordinary shares of Somnics, Inc. at a price of USD \$0.0173 per share into 5,168,005 ordinary shares of Somnics Cayman Inc.

B. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Year ended December 31	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 53,245)	(\$ 5,569)
Beneficiary certificates	4,239	1,429
	<u>(\$ 49,006)</u>	<u>(\$ 4,140)</u>

C. The Company has fully recognised loss on valuation adjustment after assessing the possible value of the unlisted stocks held.

D. The Company has no financial assets at fair value through profit or loss pledged to others.

E. Information relating to price risk and fair value is provided in Notes 12(2) and (3).

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

Items	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 38,154	\$ 41,154
Valuation adjustment	62,668	48,784
	<u>\$ 100,822</u>	<u>\$ 89,938</u>

- A. The Company has elected to classify unlisted stocks that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$100,822 and \$89,938 as at December 31, 2022 and 2021, respectively.
- B. The Company recognised \$13,885 and \$20,206 in other comprehensive income for fair value change for the years ended December 31, 2022 and 2021, respectively.
- C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was \$100,822 and \$89,938, respectively.
- D. The Company has no financial assets at fair value through other comprehensive income pledged to others.
- E. Information relating to fair value is provided in Note 12(3).

(4) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items:		
Time deposits with maturity over three months	\$ 97,670	\$ 53,570
Pledged time deposits	-	2,000
	<u>\$ 97,670</u>	<u>\$ 55,570</u>

- A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31	
	2022	2021
Interest income	<u>\$ 637</u>	<u>\$ 438</u>

- B. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable

	December 31, 2022		December 31, 2021	
	Non-related parties	Related parties	Non-related parties	Related parties
Notes receivable	\$ 1,255	\$ -	\$ 868	\$ -
Accounts receivable	\$ 754,552	\$ 161,099	\$ 630,217	\$ 154,405
Less: Allowance for uncollectible accounts	(21,822)	-	(16,970)	-
	<u>\$ 732,730</u>	<u>\$ 161,099</u>	<u>\$ 613,247</u>	<u>\$ 154,405</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 750,859	\$ 1,255	\$ 648,374	\$ 868
Up to 90 days	64,798	-	66,606	-
91 to 180 days	34,337	-	33,126	-
181 to 365 days	47,919	-	14,333	-
Over 365 days	17,738	-	22,183	-
	<u>\$ 915,651</u>	<u>\$ 1,255</u>	<u>\$ 784,622</u>	<u>\$ 868</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$861,510.

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable was \$1,255 and \$868 and accounts receivable (including related parties) was \$893,829 and \$767,652, respectively.

D. The Company did not hold any collateral.

E. Information relating to credit risk is provided in Note 12(2).

(6) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Merchandise inventory	\$ 151,548	\$ (676)	\$ 150,872
Raw materials	149,286	(21,207)	128,079
Work in progress	80,612	(547)	80,065
Finished goods	55,415	(6,658)	48,757
Outsourced finished goods	753,736	-	753,736
	<u>\$ 1,190,597</u>	<u>(29,088)</u>	<u>\$ 1,161,509</u>

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Merchandise inventory	\$ 173,729	(\$ 267)	\$ 173,462
Raw materials	133,281	(25,071)	108,210
Work in progress	77,459	(605)	76,854
Finished goods	55,950	(6,772)	49,178
Outsourced finished goods	777,316	-	777,316
Inventory in transit	357	-	357
	<u>\$ 1,218,092</u>	<u>\$ (32,715)</u>	<u>\$ 1,185,377</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2022	2021
Cost of goods sold	\$ 2,291,937	\$ 2,114,754
Loss on inventory obsolescence and market price decline (Gain from price recovery)	(3,627)	(14,364)
Maintenance costs	35,540	29,953
Inventory scrapped	-	1,840
	<u>\$ 2,323,850</u>	<u>\$ 2,132,183</u>

The Company reversed from a previous inventory write-down because the inventories were partially sold and disposed by the Company during the years ended December 31, 2022 and 2021.

(7) Investments accounted for using the equity method

	December 31, 2022	December 31, 2021
Subsidiaries:		
Ampoc Tech Limited	<u>\$ 179,656</u>	<u>\$ 129,538</u>
	2022	2021
At January 1	\$ 129,538	\$ 102,106
Share of profit or loss of investments accounted for using the equity method	44,636	27,912
Unrealised profit from sales	(2,717)	1,607
Exchange differences on translation	8,199	(2,087)
At December 31	<u>\$ 179,656</u>	<u>\$ 129,538</u>

Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2022 for the information regarding the Company's subsidiaries.

(8) Property, plant and equipment

2022					
	Land	Buildings and structures	Machinery and equipment	Others	Total
At January 1					
Cost	\$ 358,223	\$ 176,834	\$ 17,214	\$ 38,943	\$ 591,214
Accumulated depreciation	-	(86,103)	(1,825)	(14,512)	(102,440)
	<u>\$ 358,223</u>	<u>\$ 90,731</u>	<u>\$ 15,389</u>	<u>\$ 24,431</u>	<u>\$ 488,774</u>
Opening net book amount as at					
January 1	\$ 358,223	\$ 90,731	\$ 15,389	\$ 24,431	\$ 488,774
Additions	-	-	134	3,871	4,005
Reclassifications	-	-	-	76	76
Disposals	-	-	(19)	(156)	(175)
Depreciation charge	-	(4,889)	(696)	(3,596)	(9,181)
Closing net book amount as at					
December 31	<u>\$ 358,223</u>	<u>\$ 85,842</u>	<u>\$ 14,808</u>	<u>\$ 24,626</u>	<u>\$ 483,499</u>
At December 31					
Cost	\$ 358,223	\$ 176,834	\$ 17,323	\$ 41,801	\$ 594,181
Accumulated depreciation	-	(90,992)	(2,515)	(17,175)	(110,682)
	<u>\$ 358,223</u>	<u>\$ 85,842</u>	<u>\$ 14,808</u>	<u>\$ 24,626</u>	<u>\$ 483,499</u>
2021					
	Land	Buildings and structures	Machinery and equipment	Others	Total
At January 1					
Cost	\$ 358,223	\$ 173,611	\$ 12,861	\$ 32,422	\$ 577,117
Accumulated depreciation	-	(81,224)	(1,304)	(13,209)	(95,737)
	<u>\$ 358,223</u>	<u>\$ 92,387</u>	<u>\$ 11,557</u>	<u>\$ 19,213</u>	<u>\$ 481,380</u>
Opening net book amount as at					
January 1	\$ 358,223	\$ 92,387	\$ 11,557	\$ 19,213	\$ 481,380
Additions	-	300	562	3,997	4,859
Reclassifications	-	2,923	3,791	4,253	10,967
Depreciation charge	-	(4,879)	(521)	(3,032)	(8,432)
Closing net book amount as at					
December 31	<u>\$ 358,223</u>	<u>\$ 90,731</u>	<u>\$ 15,389</u>	<u>\$ 24,431</u>	<u>\$ 488,774</u>
At December 31					
Cost	\$ 358,223	\$ 176,834	\$ 17,214	\$ 38,943	\$ 591,214
Accumulated depreciation	-	(86,103)	(1,825)	(14,512)	(102,440)
	<u>\$ 358,223</u>	<u>\$ 90,731</u>	<u>\$ 15,389</u>	<u>\$ 24,431</u>	<u>\$ 488,774</u>

- A. The aforementioned property, plant and equipment were all for its own use.
- B. The significant components of buildings and structures include main plants and decor improvements, which are depreciated over 55 and 20 years, respectively.
- C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(9) Leasing arrangements — lessee

- A. The Company leases various assets including buildings (including land) and transportation equipment (business vehicles). Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise warehouses, transportation equipment and photocopiers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings (including land)	\$ 451	\$ 3,213
Transportation equipment (Business vehicles)	-	24
	<u>\$ 451</u>	<u>\$ 3,237</u>
	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings (including land)	\$ 2,762	\$ 2,717
Transportation equipment (Business vehicles)	24	283
	<u>\$ 2,786</u>	<u>\$ 3,000</u>

- D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$0 and \$284, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 21	\$ 54
Expense on short-term lease contracts	6,121	3,995

- F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$8,928 and \$7,050, respectively.

(10) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Employees' compensation and directors' and supervisors' remuneration payable	\$ 63,498	\$ 35,684
Annual bonus payable	47,219	38,511
Wages and salaries payable	32,482	31,458
Others	34,868	44,783
	<u>\$ 178,067</u>	<u>\$ 150,436</u>

(11) Provisions

Warranty:

	Year ended December 31	
	2022	2021
At January 1	\$ 23,142	\$ 18,026
Additional provisions	21,576	23,061
Used during the year	(20,049)	(17,945)
At December 31	<u>\$ 24,669</u>	<u>\$ 23,142</u>

The Company provides warranties on mechanical equipment sold. Provision for warranty is estimated based on historical warranty data of mechanical equipment products. The Company expects that the liability will be used in the following year, so it is shown as current liabilities.

(12) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued 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 accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every 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 Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	(\$ 164,627)	(\$ 203,269)
Fair value of plan assets	<u>105,417</u>	<u>109,602</u>
Net defined benefit liability (shown as "Other non-current liabilities")	<u>(\$ 59,210)</u>	<u>(\$ 93,667)</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2022</u>			
At January 1	(\$ 203,269)	\$ 109,602	(\$ 93,667)
Current service cost	(613)	-	(613)
Interest (expense) income	(1,392)	744	(648)
	<u>(205,274)</u>	<u>110,346</u>	<u>(94,928)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	9,192	9,192
Change in demographic assumptions	(3)	-	(3)
Change in financial assumptions	7,446	-	7,446
Experience adjustments	<u>17,161</u>	<u>-</u>	<u>17,161</u>
	<u>24,604</u>	<u>9,192</u>	<u>33,796</u>
Pension fund contribution	-	1,900	1,900
Paid pension	<u>16,043</u>	<u>(16,021)</u>	<u>22</u>
At December 31	<u>(\$ 164,627)</u>	<u>\$ 105,417</u>	<u>(\$ 59,210)</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2021</u>			
At January 1	(\$ 248,406)	\$ 119,681	(\$ 128,725)
Current service cost	(719)	-	(719)
Interest (expense) income	(735)	353	(382)
	<u>(249,860)</u>	<u>120,034</u>	<u>(129,826)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,771	1,771
Change in demographic assumptions	(384)	-	(384)
Change in financial assumptions	7,109	-	7,109
Experience adjustments	<u>4,057</u>	<u>-</u>	<u>4,057</u>
	<u>10,782</u>	<u>1,771</u>	<u>12,553</u>
Pension fund contribution	-	2,049	2,049
Paid pension	<u>35,809</u>	<u>(14,252)</u>	<u>21,557</u>
At December 31	<u>(\$ 203,269)</u>	<u>\$ 109,602</u>	<u>(\$ 93,667)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on 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, government shall make payment for the deficit after being authorised by the Regulator.

The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

- (e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2022	2021
Discount rate	1.25%	0.70%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 3,218)	\$ 3,321	\$ 3,288	(\$ 3,203)
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 4,314)	\$ 4,460	\$ 4,392	(\$ 4,270)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing 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 did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 amount to \$2,067.
- (g) As of December 31, 2022, the weighted average duration of the retirement plan is 7 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	7,298
2~3 years		25,099
4~5 years		34,832
Over 5 years		114,517
	\$	<u>181,746</u>

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

- (b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021, were \$9,505 and \$9,363, respectively.

(13) Share capital

As of December 31, 2022, the Company’s authorised capital was \$1,788,000, consisting of 178,800 thousand shares of ordinary stock, and the paid-in capital was \$1,144,373 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(15) Retained earnings / Events after the balance sheet date

- A. The Company has amended the Company's Articles of Incorporation as resolved by the shareholders on June 11, 2019. Under the Company's amended Articles of Incorporation, if the Company has any profit for the current year, shall be used to pay income tax and offset prior years' operating losses. The remaining amount, if any, then 10% shall be set aside as legal reserve. When necessary, the special reserve shall be set aside or reversed in accordance with related laws or the regulations of the regulatory authority, after that, adding the accumulated undistributed surplus of the previous year is the accumulated undistributed earnings. The aforesaid distributable earnings shall be proposed by the Board of Directors and resolved by the shareholders.

The additions after the amendment of the Company's Articles of Incorporation are as follow, the Board of Directors may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends and bonus, capital surplus or legal reserve, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting. The above distribution is not subject to approval by the shareholders.

- B. To meet the needs of business expansion and industrial growth, the Company can distribute stock dividends for reserving sufficient capital based on the Company's overall capital budget, and remaining dividends can be distributed in the form of cash. 10% of the total dividend distribution to shareholders. However, cash dividends shall not be less than 10% of the total dividends distributed to shareholders for the year unless the cash dividend per share is less than 5 dimes, it may be paid in the form of stock dividend instead.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. 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 could be included in the distributable earnings.
- E. Distributions of dividends to the shareholders from the appropriation of earnings for the years ended December 31, 2021 and 2020 approved by the shareholders on June 16, 2022 and August 18, 2021, respectively, are as follows:

	Year ended December 31			
	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 35,334		\$ 29,062	
Cash dividends	314,703	\$ 2.75	286,093	\$ 2.50

The abovementioned distribution of earnings for the years 2021 and 2020 was in agreement with those amounts proposed by the Board of Directors on March 24, 2022 and March 17, 2021. On March 22, 2023, the Board of Directors resolved to distribute cash dividends from the 2022 earnings in the amount of \$457,750 at \$4 (in dollars) per share. As of March 22, 2023, the aforementioned appropriations of 2022 earnings had not yet been reported to the shareholders' meeting.

(16) Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contracts with customers	\$ 3,372,629	\$ 2,845,220

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

Year ended December 31, 2022	Mechanical equipment	Expendable Merchandise	Maintenance	Total
Revenue from contracts with customers	\$ 2,166,936	\$ 1,126,613	\$ 79,080	\$ 3,372,629
Year ended December 31, 2021	Mechanical equipment	Expendable Merchandise	Maintenance	Total
Revenue from contracts with customers	\$ 1,626,862	\$ 1,157,167	\$ 61,191	\$ 2,845,220

B. Contract assets and liabilities

The Company has recognised the following revenue-related contract assets and liabilities:

	December 31, 2022	December 31, 2021	January 1, 2022
Contract liabilities:			
Contract liabilities-advance sales receipts	\$ 784,546	\$ 490,747	\$ 462,024

(a) Significant changes in contract assets and liabilities

None.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	Year ended December 31	
	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the year	\$ 484,519	\$ 355,154

(17) Interest income

	Year ended December 31	
	2022	2021
Interest income from bank deposits	\$ 1,405	\$ 350
Other interest income	637	438
	<u>\$ 2,042</u>	<u>\$ 788</u>

(18) Other income

	Year ended December 31	
	2022	2021
Rent income	\$ 157	\$ 157
Dividend income	7,359	7,524
Other income, others	565	594
	<u>\$ 8,081</u>	<u>\$ 8,275</u>

(19) Other gains and losses

	Year ended December 31	
	2022	2021
Net currency exchange gains (losses)	\$ 39,413	(\$ 29,527)
Losses on financial assets at fair value through profit or loss	(49,006)	(4,140)
(Losses) gains on disposals of property, plant and equipment	(99)	-
	<u>(\$ 9,692)</u>	<u>(\$ 33,667)</u>

(20) Finance costs

	Year ended December 31	
	2022	2021
Interest expense:		
Bank borrowings	\$ 15	\$ 7
Leases	21	54
	<u>\$ 36</u>	<u>\$ 61</u>

(21) Expenses by nature

	Year ended December 31	
	2022	2021
Change in inventories of merchandise, finished goods and work in progress	\$ 43,500	(\$ 216,313)
Net purchase for the year	889,197	966,323
Raw materials and supplies used	1,048,224	1,032,398
Employee benefit expense	371,632	329,863
Outsourcing processing fee	126,520	160,198
Depreciation charges on property, plant and equipment and right-of-use assets	11,967	11,432
Amortisation charge	5,292	4,533
Expected credit impairment loss (gain)	4,852	(2,802)
Other expenses	163,907	139,050
Operating costs and operating expenses	<u>\$ 2,665,091</u>	<u>\$ 2,424,682</u>

(22) Employee benefit expense

	Year ended December 31	
	2022	2021
Wages and salaries	\$ 309,215	\$ 276,196
Labour and health insurance fees	22,222	20,863
Pension costs	10,766	10,464
Directors' remuneration	18,437	11,877
Other personnel expenses	10,992	10,463
	<u>\$ 371,632</u>	<u>\$ 329,863</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 5%~8% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$47,623 and \$26,756, respectively; while directors' and supervisors' remuneration was accrued at \$15,875 and \$8,928, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on the percentage of distributable profit of current year as of the end of the reporting period as prescribed by the Company's Articles of Incorporation.

Employees' compensation and directors' and supervisors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts that employees' compensation of \$26,756 and directors' and supervisors' remuneration of \$8,928 recognised in the 2021 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 141,330	\$ 70,025
Tax on undistributed surplus earnings	165	-
Prior year income tax under (over) estimation	(1,298)	(1,895)
Total current tax	<u>140,197</u>	<u>68,130</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>17,255</u>	<u>13,964</u>
Total deferred tax	<u>17,255</u>	<u>13,964</u>
Income tax expense	<u>\$ 157,452</u>	<u>\$ 82,094</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2022	2021
Remeasurement of defined benefit obligations	\$ 6,759	\$ 2,511
Currency translation differences	<u>1,640</u>	<u>(417)</u>
	<u>\$ 8,399</u>	<u>\$ 2,094</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 149,971	\$ 85,078
Effects from items disallowed by tax regulation	8,614	(1,089)
Tax on undistributed earnings	165	-
Prior year income tax under (over) estimation	(1,298)	(1,895)
Income tax expense	<u>\$ 157,452</u>	<u>\$ 82,094</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
—Deferred tax assets:				
Unrealised exchange loss	\$ 3,061	(\$ 3,061)	\$ -	\$ -
Allowance for bad debts	9,565	(708)	-	8,857
Unrealised loss on valuation loss and slow-moving inventories	6,543	(725)	-	5,818
Provision for after sale services	4,628	306	-	4,934
Pensions	18,733	(132)	(6,759)	11,842
Unrealised gross profit	663	543	-	1,206
Currency translation differences	1,086	-	(1,640)	(554)
Others	1,853	72	-	1,925
	<u>\$ 46,132</u>	<u>(\$ 3,705)</u>	<u>(\$ 8,399)</u>	<u>\$ 34,028</u>
—Deferred tax liabilities:				
Provision for land increment tax	(\$ 4,727)	\$ -	\$ -	(\$ 4,727)
Unrealised exchange gain	-	(4,624)	-	(4,624)
Gain on investments accounted for under equity method	(20,138)	(8,926)	-	(29,064)
	<u>(\$ 24,865)</u>	<u>(\$ 13,550)</u>	<u>\$ -</u>	<u>(\$ 38,415)</u>
	<u>\$ 21,267</u>	<u>(\$ 17,255)</u>	<u>(\$ 8,399)</u>	<u>(\$ 4,387)</u>
2021				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
—Deferred tax assets:				
Unrealised exchange loss	\$ 4,369	(\$ 1,308)	\$ -	\$ 3,061
Allowance for bad debts	9,934	(369)	-	9,565
Unrealised loss on valuation loss and slow-moving inventories	9,416	(2,873)	-	6,543
Provision for after sale services	3,605	1,023	-	4,628
Pensions	25,745	(4,501)	(2,511)	18,733
Unrealised gross profit	984	(321)	-	663
Currency translation differences	669	-	417	1,086
Others	1,885	(32)	-	1,853
	<u>\$ 56,607</u>	<u>(\$ 8,381)</u>	<u>(\$ 2,094)</u>	<u>\$ 46,132</u>
—Deferred tax liabilities:				
Provision for land increment tax	(\$ 4,727)	\$ -	\$ -	(\$ 4,727)
Gain on investments accounted for under equity method	(14,555)	(5,583)	-	(20,138)
	<u>(\$ 19,282)</u>	<u>(\$ 5,583)</u>	<u>\$ -</u>	<u>(\$ 24,865)</u>
	<u>\$ 37,325</u>	<u>(\$ 13,964)</u>	<u>(\$ 2,094)</u>	<u>\$ 21,267</u>

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deductible temporary differences	<u>\$ 117,180</u>	<u>\$ 117,180</u>

E. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(24) Earnings per share

	<u>Year ended December 31, 2022</u>		
	<u>Amount after tax</u>	<u>Ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 592,400</u>	<u>\$ 114,437</u>	<u>\$ 5.18</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	592,400	114,437	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,262	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 592,400</u>	<u>\$ 115,699</u>	<u>\$ 5.12</u>
	<u>Year ended December 31, 2021</u>		
	<u>Amount after tax</u>	<u>Ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 343,298</u>	<u>\$ 114,437</u>	<u>\$ 3.00</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	343,298	114,437	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	863	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 343,298</u>	<u>\$ 115,300</u>	<u>\$ 2.98</u>

(25) Supplemental cash flow information

Investing activities with no cash flow effects:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Prepayments for business facilities transferred into property, plant and equipment	<u>\$ 76</u>	<u>\$ 10,967</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Ampoc Tech Limited (ATL)	Subsidiary
Ampoc Trading (Shanghai) Co., Ltd. (ASC)	Sub-subsidiary

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2022	2021
Sales of goods:		
ATL	\$ 265,933	\$ 374,262
ASC	160,360	127,345
	<u>\$ 426,293</u>	<u>\$ 501,607</u>

For the above-mentioned products sold to ATL which belong to mechanical equipment, their various product specifications are due to different customer needs, so their sales prices cannot be compared with general customers; the prices of other sales items are calculated based on market prices and are the same as general customers. The collection period of the payment for the goods, the mechanical equipment sold to ATL is collected according to the contract, and the remaining payment is collected as 2 to 5 months after monthly billings.

B. Service expenditures

	Year ended December 31	
	2022	2021
ASC	\$ 96,395	\$ 122,297

The above-mentioned service expenditures was paid to ASC because ASC assists the Company to provide machinery and equipment maintenance services to Chinese customers, which was shown as ‘Manufacturing overhead-outsourcing processing fee’. The payment amount is calculated by ASC’s monthly manufacturing overhead and the actual payment on behalf of others for materials and is based on the contract-plus ratio, and the payment would be made in the following month.

C. Receivables from related parties

	December 31, 2022	December 31, 2021
Accounts receivable:		
ATL	\$ 105,840	\$ 112,240
ASC	55,259	42,165
	<u>161,099</u>	<u>154,405</u>
Allowances for uncollectible accounts	-	-
	<u>\$ 161,099</u>	<u>\$ 154,405</u>
Other receivables:		
ATL	\$ 6	\$ 6

The receivables from related parties arise mainly from sale of goods. Information of the

receivables please refer to A.

D. Payables to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
ASC	\$ <u>3,936</u>	\$ <u>3,367</u>
Other payables:		
ASC	\$ <u>-</u>	\$ <u>141</u>

E. Contract liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
ATL	\$ <u>130,294</u>	\$ <u>43,926</u>

It is the advance sales receipts from the sales of machinery and equipment between the parent and subsidiary companies, which are transferred to revenue when the machine installation is confirmed.

Revenue recognised that was included in the contract liability balance at the beginning of the year:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
ATL	\$ <u>43,926</u>	\$ <u>145,308</u>

(3) Key management compensation

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 31,474	\$ 20,150
Post-employment benefits	-	21,557
Other long-term benefits	509	349
	\$ <u>31,983</u>	\$ <u>42,056</u>

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Financial assets at amortised cost-current			
- Restricted time deposits	\$ -	\$ 2,000	Performance guarantee
Property, plant and equipment			
Land (including revaluation increment)	358,223	358,223	Issuance of letter of credit and credit line for long and short-term borrowings
- Buildings and structures	85,842	90,731	"
Financial assets at amortised cost-non current			
- Restricted time deposits	-	-	Performance guarantee
	\$ <u>444,065</u>	\$ <u>450,954</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Information on the distribution of earnings for the year ended December 31, 2022, please refer to Note 6(15).

12. Others

(1) Capital management

The Company plans for working capital, research and development expenses and dividend distribution based on the Company's current operating characteristics and future development, taking into account changes in the external environment, so as to safeguard the Company's ability to continue as a going concern, grant returns to the shareholders and maintain an optimal capital structure in order to enhance shareholders' value in the long-term. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), time deposits with maturity over three months, other receivables (including related parties), other non-current assets, short-term borrowings, notes payable, accounts payable (including related parties), other payables (including related parties), other current liabilities and long-term borrowings, current portion) are approximate to their fair values. Information on the fair value of financial instruments measured at fair value, please refer to Note 12(3).

B. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 788,634	\$ 522,853
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	100,822	89,938
Financial assets at amortised cost		
Cash and cash equivalents	791,778	487,859
Financial assets at amortised cost	97,670	55,570
Notes receivable	1,255	868
Accounts receivable (including related parties)	893,829	767,652
Other receivables (including related parties)	375	183
Guarantee deposits paid	1,067	587
	<u>\$ 2,675,430</u>	<u>\$ 1,925,510</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ 2,268	\$ 2,258
Accounts payable (including related parties)	599,171	524,560
Other accounts payable (including related parties)	178,067	150,577
Other financial liabilities	13	13
	<u>\$ 779,519</u>	<u>\$ 677,408</u>
Lease liability	<u>\$ 451</u>	<u>\$ 3,237</u>

C. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by the relevant department of the Company under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

D. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company's businesses involve some non-functional currency operations. The

information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 21,015	\$ 30.71	\$ 645,371
JPY:NTD	1,070,187	0.2324	248,711
<u>Non-monetary items</u>			
USD:NTD	\$ 35	\$ 29.60	\$ 1,036
<u>Long-term equity investments accounted for using the equity method</u>			
HKD:NTD	\$ 45,621	\$ 3.9380	\$ 179,656
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 374	\$ 30.71	\$ 11,486
JPY:NTD	345,258	0.2324	80,238
December 31, 2021			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 20,374	\$ 27.68	\$ 563,952
JPY:NTD	1,188,683	0.2405	282,878
<u>Non-monetary items</u>			
USD:NTD	\$ 35	\$ 29.60	\$ 1,036
<u>Long-term equity investments accounted for using the equity method</u>			
HKD:NTD	\$ 36,500	\$ 3.5490	\$ 129,538
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 337	\$ 27.68	\$ 9,328
JPY:NTD	274,427	0.2405	66,000

ii. The total exchange gain (loss), including realised and unrealised, arising from significant

foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to \$39,413 and (\$29,527), respectively.

- iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		Year ended December 31, 2022		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	6,454	\$ -
JPY:NTD	1%		2,487	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	115	\$ -
JPY:NTD	1%		802	-
		Year ended December 31, 2021		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	5,640	\$ -
JPY:NTD	1%		2,859	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	93	\$ -
JPY:NTD	1%		660	-

Price risk

The Company's financial assets, which are exposed to price risk, are classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income at the balance sheet. To manage its price risk arising from investments in financial assets, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

The Company's investments in financial securities comprise listed stocks, emerging stocks and open-end funds issued by the domestic and foreign companies. The prices of financial

securities would change due to the change of the future value of investee companies. If the prices of these financial securities had increased/decreased by 1% with all other variables held constant, the profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$7,886 and \$5,229, respectively, as a result of gains/losses on financial securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

None.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through other comprehensive income, at fair value through profit or loss and at amortised cost.
- ii. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independently rated parties with a rating above investment grade are accepted. According to the Company's credit policy, each local unit in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. According to the Company's management on credit risk, the default occurs when the contract payments are past due over 365 days.
- iv. The Company assesses whether there has been a significant increase in credit risk on that instrument since initial recognition is that when the contract payments were past due over 180 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Company classifies customer's accounts receivable in accordance with credit risk on

trade. The Company applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss.

- vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. On December 31, 2022 and 2021, the Company's written-off financial assets that are still under recourse procedures amounted to \$0 and \$0, respectively.
- viii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts and notes receivable (including related parties). On December 31, 2022 and 2021, the loss rate methodology is as follows:

	Not past due	Up to 90 days	91~ 180 days	181~ 365 days	Over 365 days	Total
<u>December 31, 2022</u>						
Expected loss rate	0%	1.00%~3.00%	3.01%~5.00%	5.01%~15.00	50.00%~100%	
Total book value	\$ 752,114	\$ 64,798	\$ 34,337	\$ 47,919	\$ 17,738	\$ 916,906
Loss allowance	\$ -	\$ 1,104	\$ 1,593	\$ 4,931	\$ 14,194	\$ 21,822
	Not past due	Up to 90 days	91~ 180 days	181~ 365 days	Over 365 days	Total
<u>December 31, 2021</u>						
Expected loss rate	0%	1.00%~2.00%	2.01%~5.00%	5.01%~15.00	50.00%~100%	
Total book value	\$ 649,242	\$ 66,606	\$ 33,126	\$ 14,333	\$ 22,183	\$ 785,490
Loss allowance	\$ -	\$ 722	\$ 1,338	\$ 1,270	\$ 13,640	\$ 16,970

- ix. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable and notes receivable are as follows:

	<u>2022</u>
	Accounts and notes receivable
At January 1	\$ 16,970
Provision for impairment loss	23,176
Reversal of impairment loss	(18,324)
At December 31	<u>\$ 21,822</u>
	<u>2021</u>
	Accounts and notes receivable
At January 1	\$ 19,772
Provision for impairment loss	9,257
Reversal of impairment loss	(12,059)
At December 31	<u>\$ 16,970</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed by the Company treasury. Company treasury monitors

rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

- ii. The table below analyses the Company's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>Non-derivative financial liabilities:</u>	Less than	Between 1	Over 5
December 31, 2022	1 year	and 5 years	years
Notes payable	\$ 2,268	\$ -	\$ -
Accounts payable (including related parties)	599,171	-	-
Other payables (including related parties)	178,067	-	-
Lease liability	452	-	-
Other financial liabilities	-	13	-
<u>Non-derivative financial liabilities:</u>	Less than	Between 1	Over 5
December 31, 2021	1 year	and 5 years	years
Notes payable	\$ 2,258	\$ -	\$ -
Accounts payable (including related parties)	524,560	-	-
Other payables (including related parties)	150,577	-	-
Lease liability	2,808	452	-
Other financial liabilities	-	13	-

- iii. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

- A. Fair value information of the Company's financial assets and liabilities not measured at fair value is provided in Note 12(2) A.
- B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where 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 value of the Company's investment in listed stocks and beneficiary certificates with active market transactions is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

- C. The carrying amounts of financial instruments that are not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), time deposits with maturity over three months, short-term borrowings, notes payable, accounts payable (including related parties) and other payables (including related parties) are approximate to their fair values.
- D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Equity securities	\$ 785,974	\$ -	\$ 2,660	\$ 788,634
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	100,822	100,822
	<u>\$ 785,974</u>	<u>\$ -</u>	<u>\$ 103,482</u>	<u>\$ 889,456</u>
December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Equity securities	\$ 522,853	\$ -	\$ -	\$ 522,853
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	89,938	89,938
	<u>\$ 522,853</u>	<u>\$ -</u>	<u>\$ 89,938</u>	<u>\$ 612,791</u>

- E. The methods and assumptions the Company used to measure fair value are as follows:

The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Emerging stocks</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Last transaction price	Net asset value

- F. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

G. Movements on transfer into or out from Level 3 for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
	<u>Equity instruments</u>	<u>Equity instruments</u>
At January 1	\$ 89,938	\$ 78,732
Gains and losses recognised in profit or loss		
Recorded as non-operating income and expenses	(53,568)	-
Transfers into level 3	56,227	-
Proceeds from capital reduction	(3,000)	(9,000)
Gains recognised in other comprehensive income	13,885	20,206
At December 31	<u>\$ 103,482</u>	<u>\$ 89,938</u>

H. Somnics, Inc. was delisted since January 26, 2022, therefore, the Company transferred the fair value from Level 1 to Level 3 at the end of the month when the event occurred

I. In August 2022, the Company cooperated with Somnics, Inc. to convert the ordinary shares of Somnics, Inc. at a price of USD \$0.0173 per share into 5,168,005 ordinary shares of Somnics Cayman Inc.

J. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

K. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at <u>December 31, 2022</u>	<u>Valuation technique</u>	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks or emerging stocks	\$ 103,482	Market comparable companies	Discount for lack of marketability	21.5%	The higher the discount for lack of marketability, the lower the fair value.
		Income approach	Weighted average cost of capital rate	10.06%	The higher the weighted average cost of capital, the lower the fair value.
		Asset approach	N/A	-	N/A

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks or emerging stocks	\$ 89,938	Market comparable companies	Discount for lack of marketability	21.5%	The higher the discount for lack of marketability, the lower the fair value.
			Discount for lack of control	20.5%	The higher the discount for lack of control, the lower the fair value.
		Income approach	Weighted average cost of capital rate	9.76%	The higher the weighted average cost of capital, the lower the fair value.
		Asset approach	N/A	-	N/A

(4) Others

Due to the COVID-19 pandemic, the Company has implemented various preventive measures imposed by the government. The pandemic had no significant impact on the Company's operations and didn't cause the reduction on the operating revenue for the year ended December 31, 2022. There is no doubt about the Company's ability to continue as a going concern, and no impairment of assets and no increase in financing risk after the assessment. The Company has implemented preventive measures imposed by the Central Epidemic Command Center (CECC) and the epidemic prevention regulations stipulated in the Communicable Disease Control Act.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods (Individual transactions not exceeding \$10,000 are not disclosed; Additionally, the corresponding related parties transactions

are not disclosed separately.): Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Operating Segment Information

N/A.

Ampoc Far-East Co., Ltd.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2022				Footnote (Note 4)
				Number of shares (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	
Ampoc Far-East Co., Ltd.	Stocks-QUALIBOND TECHNOLOGY CORP.	N/A	Financial assets at fair value through other comprehensive income - non-current	2,380	\$ 66,640	17.00%	\$ 66,640	
Ampoc Far-East Co., Ltd.	Stocks-MILAGEN INC.	N/A	Financial assets at fair value through other comprehensive income - non-current	109	1,036	0.50%	1,036	
Ampoc Far-East Co., Ltd.	CBID Capital Healthcare Ventures Co., Ltd.	N/A	Financial assets at fair value through other comprehensive income - non-current	1,800	33,146	1.71%	33,146	
Ampoc Far-East Co., Ltd.	Stocks-CERMA PRECISION, INC.	N/A	Financial assets at fair value through profit or loss - non-current	28	-	0.78%	-	
Ampoc Far-East Co., Ltd.	Stocks-FORMOSA GOLF AND COUNTRY CLUB CORP.	N/A	Financial assets at fair value through profit or loss - non-current	3	-	0.01%	-	
Ampoc Far-East Co., Ltd.	Stocks-TAIWAN LEADER ADVANCED TECHNOLOGY CORP.	N/A	Financial assets at fair value through profit or loss - non-current	3,416	-	3.32%	-	
Ampoc Far-East Co., Ltd.	Stocks-Somnics Cayman Inc.	N/A	Financial assets at fair value through profit or loss - non-current	5,168	2,660	17.03%	2,660	Note5
Ampoc Far-East Co., Ltd.	Capital RMB Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	1,459	15,450	-	15,450	
Ampoc Far-East Co., Ltd.	Capital Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	3,407	55,824	-	55,824	
Ampoc Far-East Co., Ltd.	TCB The RSIT Enhanced Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	4,676	56,713	-	56,713	
Ampoc Far-East Co., Ltd.	Franklin Templeton Sinoam Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	5,308	55,751	-	55,751	
Ampoc Far-East Co., Ltd.	FSITC Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	3,600	55,982	-	55,982	

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2022				Footnote (Note 4)
				Number of shares (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	
Ampoc Far-East Co., Ltd.	FSITC Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	223	\$ 40,461	-	\$ 40,461	
Ampoc Far-East Co., Ltd.	PGIM Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	3,146	50,541	-	50,541	
Ampoc Far-East Co., Ltd.	Allianz Global Investors Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	2,808	35,762	-	35,762	
Ampoc Far-East Co., Ltd.	Nomura Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	3,337	55,251	-	55,251	
Ampoc Far-East Co., Ltd.	CTBC Hua Win Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	4,526	50,592	-	50,592	
Ampoc Far-East Co., Ltd.	Cathay Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	4,385	55,336	-	55,336	
Ampoc Far-East Co., Ltd.	Union Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	4,121	55,281	-	55,281	
Ampoc Far-East Co., Ltd.	UPAMC James Bond Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	3,553	60,207	-	60,207	
Ampoc Far-East Co., Ltd.	Fubon Chi-Hsiang Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	950	15,111	-	15,111	
Ampoc Far-East Co., Ltd.	Fubon China Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	1,936	22,037	-	22,037	
Ampoc Far-East Co., Ltd.	Yuanta/P-shares Taiwan Dividend Plus ETF	N/A	Financial assets at fair value through profit or loss-current	20	508	-	508	
Ampoc Far-East Co., Ltd.	JKO Pion Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	4,277	50,106	-	50,106	
Ampoc Far-East Co., Ltd.	SinoPac TWD Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	3,898	55,061	-	55,061	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 5: In August 2022, the Company cooperated with Somnics, Inc. to convert the ordinary shares of Somnics, Inc. at a price of USD \$0.0173 per share into 5,168,005 ordinary shares of Somnics Cayman Inc.

Ampoc Far-East Co., Ltd.
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Ampoc Far-East Co., Ltd.	ATL	Subsidiary	Sales	(\$ 265,933)	(7.89%)	Based on sales contracts	Based on the general sales and purchase price and conditions	The transaction terms are approximately the same as those with third parties	\$ 105,840	11.82%	
Ampoc Far-East Co., Ltd.	ASC	Subsidiary	Sales	(160,360)	(4.75%)	Based on sales contracts	Based on the general sales and purchase price and conditions	The transaction terms are approximately the same as those with third parties	55,259	6.17%	

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

Ampoc Far-East Co., Ltd.
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Ampoc Far-East Co., Ltd.	ATL	Subsidiary	\$ 105,840	2.44	\$ 13,601	Being collecting	\$ 34,031	\$ -

Note 1: Please fill in separately according to accounts, notes and other receivables due from related parties...etc.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Ampoc Far-East Co., Ltd.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount		
0	Ampoc Far-East Co., Ltd.	ATL	1	Operating revenue	\$ 265,933	240 days after monthly billings	7.71%
0	Ampoc Far-East Co., Ltd.	ATL	1	Accounts receivable	105,840	240 days after monthly billings	2.29%
0	Ampoc Far-East Co., Ltd.	ASC	1	Operating revenue	160,360	150 days after monthly billings	4.65%
0	Ampoc Far-East Co., Ltd.	ASC	1	Accounts receivable	55,259	150 days after monthly billings	1.19%
0	Ampoc Far-East Co., Ltd.	ASC	1	Service expenditure	96,395	60 days after monthly billings	2.80%
1	ATL	ASC	3	Operating revenue	17,433	240 days after monthly billings	0.51%
1	ATL	ASC	3	Accounts receivable	14,472	240 days after monthly billings	0.31%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Ampoc Far-East Co., Ltd.
Information on investees (excluding information on investments in Mainland china)
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022 (Note 2(2))	Investment income(loss) recognised by the Company for the year ended December 31, 2022 (Note 2(3))	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Ampoc Far-East Co., Ltd.	ATL	Hong Kong	Trade of machinery equipment and parts	\$ 37,601	\$ 37,601	9,500	100%	\$ 179,656	\$ 44,636	\$ 44,636	Note 3

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2022' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for the year ended December 31, 2022' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognised by the Company for the year ended December 31, 2022' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: The capital was actually invested on March 6, 2019 (HKD \$9,500,000)

Ampoc Far-East Co., Ltd.
Information on investments in Mainland China
Year ended December 31, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 6

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 3)	Book value of investments in Mainland China 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
ASC	Trade of parts and specialty chemicals	\$ 7,382	2	\$ 33,692	\$ -	\$ -	\$ 33,692	\$ 11,984	100%	\$ 11,984	\$ 90,031	\$ -	Note 2

Company name	Accumulated amount of	Investment amount approved	Ceiling on investments in
ASC	\$ 33,692	\$ 39,580	\$ 1,658,979

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China..
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: It referred to reinvest in Mainland China companies by cash through a Hong Kong subsidiary, ATL (HKD\$8,643,000).

Note 3: Investment income (loss) recognised by the Company for the year ended December 31, 2022 was based on the financial statements of the investee that were reviewed by parent company's independent accountants.

Ampoc Far-East Co., Ltd.
Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
Year ended December 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at December 31, 2022	%	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022	Interest rate	Interest during the year ended December 31, 2022	Others (Note1)
ASC	\$ 160,360	4.65%	\$ -	-	\$ 55,259	1.19%	\$ -	-	\$ -	\$ -	-	\$ -	(\$ 96,395)

Note 1: It referred to the service expenditure granted to Mainland China investees for machinery installations.

Note 2: Only material transactions with an amount greater than \$10,000 are disclosed.

Ampoc Far-East Co., Ltd.
Major shareholders information
December 31, 2022

Table 8

Name of major shareholders	Shares (unit: share)	
	Number of shares held	Ownership (%)
Su, Sheng Yih	11,325,114	9.89%

VI. Any financial distress experienced by the Company or affiliated enterprise and impacts on the Company's financial position during the current fiscal year up to the date of publication of the annual report: None.

Seven. Review and analysis of the financial position and business achievements and evaluation of risk management

I. Financial position

(I) Table of comparison and analysis of the financial position

Unit: NT\$ thousand

Item \ Year	2021	2022	Differences		
			Amount increased (decreased)	%	Explanation
Current assets	3,145,641	3,992,366	846,725	26.92	1
Property, plant and equipment	489,562	484,335	-5,227	-1.07	
Other assets	206,007	149,246	-56,761	-27.55	2
Total assets	3,841,210	4,625,947	784,737	20.43	3
Current liabilities	1,282,260	1,762,805	480,545	37.48	4
Non-current liabilities	119,162	98,176	-20,986	-17.61	
Total liabilities	1,401,422	1,860,981	459,559	32.79	4
Share capital	1,144,373	1,144,373	-	-	
Capital surplus	322,023	322,023	-	-	
Retained earnings	928,954	1,233,688	304,734	32.80	5
Other equities	44,438	64,882	20,444	46.01	6
Total shareholders' equity	2,439,788	2,764,966	325,178	13.33	

(II) Description of the analysis of changes:

1. Current assets increased from 2021 to 2022, primarily due to the increase in cash and cash equivalents from 2021 to 2022.
2. Other assets decreased from 2021 to 2022, primarily due to the decrease in financial assets at fair value through profit or loss - non-current from 2021 to 2022.
3. Total assets increased from 2021 to 2022, primarily due to the increase in current assets from 2021 to 2022.
4. Current liabilities and total liabilities increased from 2021 to 2022, primarily due to the increase in contract liabilities and income tax liabilities of the period from 2021 to 2022.
5. Retained earnings increased from 2021 to 2022, primarily due to the increase in net profits from 2021 to 2022.
6. Other equity increased from 2021 to 2022, primarily due to the increase in unrealized valuation gains or losses from equity instruments at FVTOCI.

II. Financial performance

(I) Comparison and analysis of business achievements

Unit: NT\$ thousand

Item \ Year	2021	2022	Amount increased (decreased)	Change ratio (%)	Explanation
Operating revenue	2,938,974	3,448,384	509,410	17.33	
Operating costs	2,160,860	2,349,971	189,111	8.75	
Gross profit	778,114	1,098,413	320,299	41.16	1
Operating expenses	324,540	342,044	17,504	5.39	
Operating net (losses) profits	453,574	756,369	302,795	66.76	2
Non-operating income and expenses	(29,414)	(977)	28,437	-96.68	3
Net income	424,160	755,392	331,232	78.09	2
Income tax (expenses) gains	(80,862)	(162,992)	85,130	105.28	
Net (losses) profits of continuing operations	343,298	592,400	249,102	72.56	
Other comprehensive income (net)	28,578	47,481	18,903	66.15	4

(II) Description of the analysis of changes:

1. Gross profit increased from 2021 to 2022, primarily due to the increase in income from machinery and equipment with higher gross profit.
2. Operating net profits and net profit before tax increased from 2021 to 2022, primarily due to the increase in gross profit and the minor increase in operating expenses to gross profit in 2022.
3. Non-operating income and expenses increased from 2021 to 2022, primarily due to recording exchange gains in 2022, instead of exchange losses in 2021.
4. Other comprehensive income (net) increased from 2021 to 2022, primarily due to the increase in unrealized valuation gains or losses from equity instruments at FVTOCI.

III. Cash flow

(I) Description of analysis of changes in cash flows in the most recent year

Item \ Year	2021	2022	Increase (decrease) ratio (%)	Explanation
Cash flow ratio (%)	36.52	38.44	5.26	
Cash flow adequacy ratio (%)	88.31	112.72	27.64	1
Cash reinvestment ratio (%)	6.84	12.19	78.22	2

1. The cash flow adequacy ratio increased from 2021 to 2022, primarily due to the net cash inflow from operating activities increased from 2021 to 2022 and the decrease in inventory.
2. The cash reinvestment ratio increased from 2021 to 2022, primarily due to the increase in net cash inflow from operating activities from 2021 to 2022 and the decrease in inventory.

(II) Cash flow analysis for the following year

Unit: NT\$ thousand

Cash balance at the beginning of the period	Net cash flows from operating activities throughout the year	Cash outflow throughout the year	Cash surplus (deficit)	Remedial measures for cash deficit	
				Investment plan	Wealth management plan
1,028,451	3,553,167	3,576,183	1,005,435	—	—
1. The analysis of changes in cash flows in 2022 (1) Operating activities: In 2023, it is estimated the profiting status will continue, and there will be net cash inflow from operating activities. (2) Investing activities: In 2023, it is estimated that there will not be any material investing activity. (3) Financing activities: In 2023, apart from distributing cash dividends of NT\$457,750 thousand, it is estimated that there will not be other material financing activities.					

(III)Improvement plan for insufficient liquidity: Not applicable.

IV. Effects of material capital expenditures on finance and business in the most recent year

(I) Use of material capital expenditures and source of capital: There was no material capital expenditure in 2022.

V. Investment policy for the most recent year, the main reasons for profit or loss, improvement plan, and investment plans for the following year (those with an investment amount exceeding 5% of the paid-in capital during the year): None.

VI. Risk management and evaluation

- (I) Effects of changes in the interest rate, exchange rate, and inflation on the Company's profit or loss in the most recent year

1. Effects of changes in the interest rate on the Company's profit or loss and future countermeasures:

Borrowings at a floating interest rate expose the Company to risks of cash flow interest rate, and partial risks were offset by cash and cash equivalent held by the Company at a floating interest rate. Borrowings at a fixed interest rate expose the Company to risks of fair value interest rate. Since the end of March, 2016, the Company has had no long-term borrowings calculated at floating interest rates.

The Company will generally consider the costs of capital to raise the capital required for operations.

2. Effects of changes in the exchange rate on the Company's profit or loss and future countermeasures:

Assets and liabilities in foreign currencies of the Company are primarily denominated in USD. In general, our assets in USD are more than our liabilities in USD; therefore, there are effects on the Company, in principle, due to changes in exchange rates. Regarding the USD position on December 31, 2022, if USD appreciates against NTD by 1%, our net profit before tax will increase by NT\$6,339 thousand; if JPY appreciates against NTD by 1%, our net profit before tax will increase by NT\$1,685 thousand. As the changes in exchange rates are hard to predict, the Company adopts the basic strategy to reduce net foreign currency positions, keeps abreast of information related to changes in exchange rates, and engages in hedging transactions for exchange rates to minimize the risks of changes in exchange rates.

3. Effects of inflation on the Company's profit or loss:

The industry in which the Company operates has low linkage to price changes in crude oil, basic metal, and agricultural products; however, it keeps abreast of changes in raw material prices to minimize the effects of inflation on the Company.

- (II) Policies regarding high-risk investments, high-leverage investments, loans to others, endorsement/guarantees, and derivative transactions, main reasons for gains or losses in the most recent year, and countermeasures in the future:

1. The Company has established its "Procedures for the Acquisition or Disposal of Assets," "Procedures for Loans to Others," and "Procedures for Endorsements and Guarantees" to regulate investments, loans to others, endorsements and guarantees, derivatives, and other transactions.

2. In 2022, the Company has not engaged in any high-risk investment or high-leverage investment, and it adopts policies for derivative transactions merely for hedging transactions in the hope of minimizing the effects of changes in exchange rates on the Company's profit or loss.
 3. In 2022, there was no endorsement or guarantee provided to external parties.
 4. In 2022, there was no loan to any external corporation or individual outside of the Group.
- (III) Future R&D plan and R&D expenses expected to be invested
1. Future R&D plan
 - (2) Develop ultra-thin and ultra-thick horizontal wet procedure equipment.
 - (3) Development of ultra-fine circuit procedure equipment for the direction of light, thin, short, and small features.
 - (4) Develop energy-saving equipment in response to energy shortage and environmental protection awareness.
 - (5) R&D of equipment related to solar power panel proceduresv.
 2. The Company estimates to invest in R&D expenses of NT\$20,636 thousand.
- (IV) Effect of changes in domestic and foreign policies and laws of significance on the finance and business of the Company and countermeasures: None.
- (V) Effect of technological changes and industrial changes on the Company's finance and business, and countermeasures: The Company has established the data backup system based on the level of risks for its information system and structure, with backup information remotely preserved, and reinforced the simulation tests and emergency response exercises for the machine room. In addition, to allow the information system to smoothly recover to operation as soon as possible when any damage occurs and minimize possible losses and risks, the Company carries out exercises and tests the system recovery plan from time to time each year and has established backup network line, accurate anti-virus software, safety firewall setting, machine room access control, and other information safety protection measures to ensure the normal operation of the information system and data security.
- (VI) Effect of changes in the corporate image on corporate crisis management and countermeasures: None.
- (VII) Expected benefits and possible risks related to mergers and acquisitions, and countermeasures: None
- (VIII) Expected benefits and possible risks related to plant expansion and countermeasures: None.

- (IX) Risks of concentrated purchases or sales and countermeasures: The Company has entered into long-term contracts with its suppliers and customers and maintained stable relationships and healthy interactions; therefor, there is no abnormal purchase or sale.
- (X) Effects and risks of mass transfer or change in the equity held by Directors, supervisors, or major shareholders with a shareholding over 10% of the Company and countermeasures: None.
- (XI) Effects and risks of changes in the right to management of the Company and countermeasures: None.
- (XII) For litigious and non-litigious disputes, the Company's Directors, supervisors, President, persons with actual responsibility for the Company, major shareholders holding a stake of greater than 10%, and subsidiaries that have been concluded by means of a final and unappealable judgment, or are still under litigation, where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, disclose the facts of the dispute, the amount of money at stake in the dispute, the date of litigation commencement, the main parties involved in the dispute, and the status of the dispute as of the publication date of the annual report: None.
- (XIII) Other important risks and countermeasures: None.

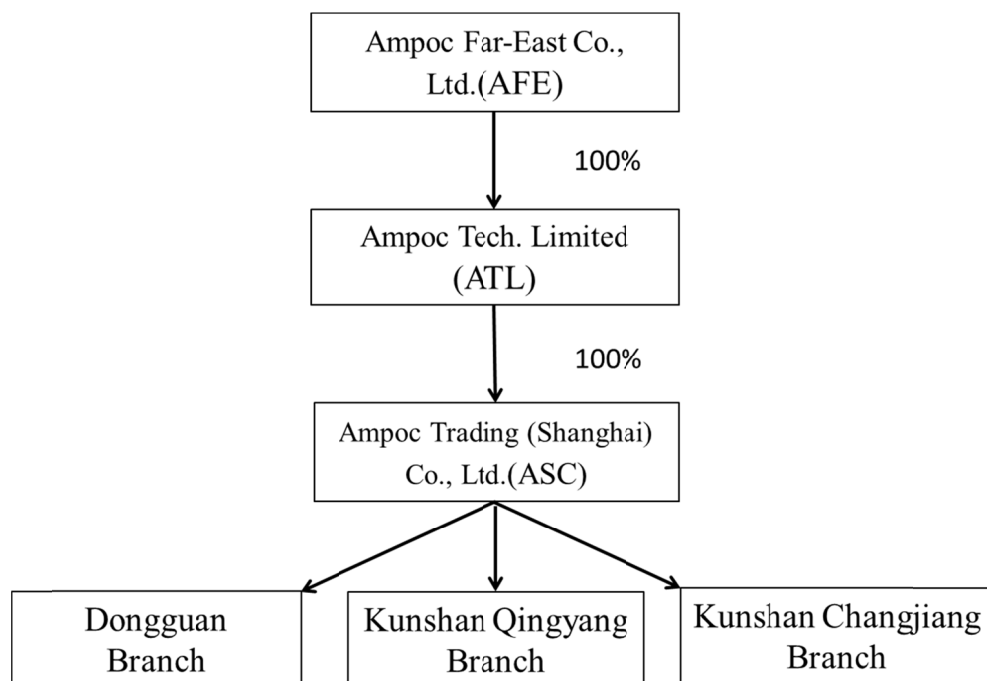
VII. Other important matters: None.

Eight. Special Disclosure

I. Information on affiliates:

(I) Consolidated business report of affiliates

1. Organizational structure of affiliates



2. Basic information on affiliates

December 31, 2022 Unit: NT\$

Company name	Date of incorporation	Company address	Paid-in capital	Business item
Ampoc Tech. Limited	2018.10.30	Rm.1315,13/F, Shatin Galleria, 18-24 ShanMei Street, Fotan, Shatin, N.T., Hong Kong	HKD 9,500,000	Machinery and equipment and part trading
Ampoc Trading (Shanghai) Co., Ltd.	1998.01.08	Room 704B, 7F, No.118, Xinling Road, China (Shanghai) Pilot Free Trade Zone	USD 200,000	Part and fine chemical trading

3. Information on the same shareholder of associates presumed to have a relationship of control or subordination: None.

4. Industries cover by the overall scope of business of affiliates: The scope of business of the Company and affiliates primarily include the distribution and sales of various production and testing machinery and equipment, electronics, and fine chemicals for PCB, IC, LCD, and other electronic industries, and the design, manufacturing, and sales of machinery and equipment for the production of PCB and LCD.

5. Directors and presidents of affiliates

December 31, 2022

Company name	Position	Name or name of legal representative	Shareholding	
			Shares	Shareholding percentage
Ampoc Tech. Limited	Directors	Su, Sheng-Yi	- Ampoc holds 9,500,000 shares	- 100%
Ampoc Trading (Shanghai) Co., Ltd.	Executive director and President	Su, Sheng-Yi	- ATL contributed US\$200,000	- 100%

6. Business overview of affiliates

December 31, 2022; Unit: NT\$ thousand

Company name	Paid-up capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Gains or losses for the period (after tax)	Earnings per share (NT\$)
Ampoc Tech. Limited	37,601	431,663	245,976	185,687	283,302	32,394	44,636	-
Ampoc Trading (Shanghai) Co., Ltd.	7,382	220,700	129,481	91,219	332,568	19,154	11,984	-

II. Status of private securities in the most recent year and up to the publication date of the annual report, the date and amount approved by the shareholders' meeting or the Board, the basis and rationale for the pricing, the selection method of specific persons, and the reason for the necessity of the private placement shall be specified: None.

III. Holding or disposal of the Company's shares by its subsidiaries in the most recent year and up to the publication date of the annual report: None.

IV. Other supplementary information: None.

Nine. Any of the circumstances listed in subparagraph 2, paragraph 3, Article 36 of the Securities and Exchange Act, which may materially affect shareholders' interest or the price of the Company's securities, that have occurred in the most recent year and up to the publication date of the annual report shall be set out on an item-by-item basis: None.