Aethertek Technology Co., Ltd.
(Formerly Service & Quality Group Co., Ltd.)

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Aethertek Technology Co., Ltd.

Opinion

We have audited the accompanying financial statements of Aethertek Technology Co., Ltd., which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Estimated impairment of goodwill on investments in subsidiaries accounted for using the equity method

The carrying value of investments in subsidiaries accounted for using the equity method of Aethertek Technology Co., Ltd. included the goodwill related to the acquisition of Trantest Enterprise Limited (which was approved by the board of directors on March 29, 2022 to be sold to another subsidiary, Trantest Enterprise Ltd., which assumed all the rights and obligations of Trantest Enterprise Ltd. after its extinction on June 22, 2022) and Trantest Precision (China) Ltd. As of December 31, 2022, the amount of goodwill acquired by the Group through business combinations was $106,547 thousand. According to IAS 36 “Impairment of Assets”, goodwill arising from the acquisition of a business is subject to an annual impairment test by comparing its carrying amount (including attributable goodwill) with its recoverable amount.

In determining the future cash flows from operations, management commissioned an external specialist to issue a goodwill impairment assessment report, which takes into account the projected sales growth rate and profit margin based on the future operating outlook, and calculates the weighted average cost of capital rate as the discount rate. Since these assumptions involved management's subjective judgment and estimates and may be subject to a high degree of uncertainty due to future market or economic conditions, they are considered as a key audit matter. For accounting policies and disclosures relating to goodwill, refer to Notes 5 and 9 to the financial statements and Notes 4-j, 5 and 14 to the consolidated financial statements.

Based on opinions of internal financial consulting specialist, we conducted our audits in accordance with the following procedures to evaluate the appropriateness of management's judgment and suitability of the external specialist, particularly with respect to the significant assumptions used by management.

Our primary audit procedures performed included the following:

1. We assessed the professional qualifications, competence, and the independence of the external specialist to confirm that there were no matters affecting their objectivity and limiting their scope of work, and that the methods complied with the requirements of International Accounting Standards.

2. We have sought to understand whether the management team considers factors such as recent operating results, historical trends, and industry outlook, among others, in the process and basis for estimating future revenue growth rates and profit margins.

3. The rationality of the weighted average cost of capital (WACC) has been examined, and the same evaluation model has been used for recalculation to determine whether there are significant differences.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 members of the audit committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

As part of an audit in accordance with the Standards on Auditing of 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 statements 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 financial statements for the year ended December 31, 2022 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.

The engagement partners on the audits resulting in this independent auditors' report are Ming-Chung Hsieh and I-Chen Lu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2023

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Note 6)	$ 307,403	22	$ 281,851	20
Trade receivables (Notes 7 and 16)	8,703	1	5,813	-
Trade receivables from related parties (Notes 7, 16 and 24)	108,159	8	230,275	16
Other receivables	44	-	-	-
Current tax assets (Note 18)	10,496	1	-	-
Inventories (Note 8)	8,687	-	2,668	-
Prepayments	4,393	-	13,609	1
Other current assets	957	-	172	-
Total current assets	448,842	32	534,388	37
NON-CURRENT ASSETS				
Investments accounted for using equity method (Note 9)	884,649	64	861,173	60
Property, plant and equipment (Note 10)	47,893	3	8,518	1
Right-of-use assets (Note 11)	754	-	7,778	1
Other intangible assets (Note 12)	7,169	1	4,677	-
Deferred tax assets (Note 18)	76	-	2,661	-
Prepayments for equipment	406	-	21,571	1
Refundable assets	3,939	-	1,906	-
Total non-current assets	944,886	68	908,284	63
TOTAL	$ 1,393,728	100	$ 1,442,672	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current	$ 2,265	-	$ -	-
Trade payables	1,720	-	251	-
Trade payables from related parties (Note 24)	981	-	1,289	-
Other payables (Note 13)	48,601	4	80,986	6
Current tax liabilities	-	-	51,956	3
Lease liabilities - current (Note 11)	568	-	10,460	1
Other current liabilities	293	-	18	-
Total current liabilities	54,428	4	144,960	10
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 18)	25,265	2	-	-
Lease liabilities - non-current (Note 11)	193	-	-	-
Total non-current liabilities	25,458	2	-	-
Total liabilities	79,886	6	144,960	10
EQUITY (Note 15)				
Ordinary shares	703,512	50	702,840	49
Capital surplus	162,225	12	157,852	11
Retained earnings				
Legal reserve	44,490	3	-	-
Special reserve	7,875	1	-	-
Unappropriated earning	369,570	26	444,895	31
Total retained earnings	421,935	30	444,895	31
Other equity	26,170	2	(7,875)	(1)
Total equity	1,313,842	94	1,297,712	90
TOTAL	$ 1,393,728	100	$ 1,442,672	100

The accompanying notes are an integral part of the financial statements.

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 16 and 24)	$ 259,312	100	$ 724,775	100
OPERATING COSTS (Notes 8 and 24)	(60,331)	(23)	(13,219)	(2)
GROSS PROFIT	198,981	77	711,556	98
OPERATING EXPENSES (Notes 17 and 24)				
Selling and marketing expenses	(32,788)	(13)	(35,644)	(5)
General and administrative expenses	(47,907)	(18)	(57,913)	(8)
Research and development expenses	(140,338)	(54)	(89,312)	(12)
Total operating expenses	(221,033)	(85)	(182,869)	(25)
PROFIT (LOSS) FROM OPERATIONS	(22,052)	(8)	528,687	73
NON-OPERATING INCOME AND EXPENSES (Note 17)				
Interest income	799	-	217	-
Other income	51	-	1	-
Other gains and losses	57,571	22	(8,154)	(1)
Share of loss of subsidiaries	145,155	56	(24,400)	(4)
Finance costs	(142)	-	(139)	-
Total non-operating income and expenses	203,434	78	(32,475)	(5)
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	181,382	70	496,212	68
INCOME TAX EXPENSE (Note 18)	(28,633)	(11)	(51,317)	(7)
NET PROFIT FOR THE YEAR	152,749	59	444,895	61

(Continued)

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 15)	$ 46,969	18	$ (9,844)	(1)
Income tax related to items that may be reclassified subsequently to profit or loss (Notes 15 and 18)	(9,394)	(4)	1,969	-
Other comprehensive income (loss) for the period, net of income tax	37,575	14	(7,875)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 190,324	73	$ 437,020	60
EARNINGS PER SHARE (Note 19)				
From continuing and discontinued operations				
Basic	$ 2.17		$ 6.33	
Diluted	$ 2.17		$ 6.33	

The accompanying notes are an integral part of the financial statements. (Concluded)

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Capital Stock - Common Stock			Retained Earnings			Others		
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unearned Share-based Employee Compensation	Total Equity
BALANCE, JANUARY 1, 2021	70,284	$ 702,840	$ 211,844	$ -	$ -	$ (53,992)	$ -	$ -	$ 860,692
Capital surplus used to cover accumulated deficit	-	-	(53,992)	-	-	53,992	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	444,895	-	-	444,895
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	(7,875)	-	(7,875)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	444,895	(7,875)	-	437,020
BALANCE, DECEMBER 31, 2021	70,284	702,840	157,852	-	-	444,895	(7,875)	-	1,297,712
Appropriation of 2021 earnings									
Legal reserve	-	-	-	44,490	-	(44,490)	-	-	-
Special reserve	-	-	-	-	7,875	(7,875)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(175,709)	-	-	(175,709)
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	-	152,749	-	-	152,749
Other comprehensive income for the year ended December 31, 2022, net of income tax (Note 15)	-	-	-	-	-	-	37,575	-	37,575
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	152,749	37,575	-	190,324
Share-based payment (Note 20)	67	672	4,373	-	-	-	-	(3,530)	1,515
BALANCE, DECEMBER 31, 2022	70,351	$ 703,512	$ 162,225	$ 44,490	$ 7,875	$ 369,570	$ 29,700	$ (3,530)	$ 1,313,842

The accompanying notes are an integral part of the financial statements.

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 181,382	$ 496,212
Adjustments for:		
Depreciation expense	15,457	4,609
Amortization expense	3,325	1,513
Finance costs	142	139
Interest income	(799)	(217)
Share-based payment	1,515	-
Share of profit of subsidiaries	(145,155)	24,400
Loss on disposal of property, plant and equipment, net	-	300
Net foreign exchange loss	378	-
Gain on lease modification	-	(18)
Net changes in operating assets and liabilities		
Trade receivables	(2,890)	(111)
Trade receivables from related parties	122,116	(230,275)
Other receivables	(44)	31
Inventories	(6,397)	(2,668)
Prepayments	9,216	(12,580)
Other current assets	(785)	(172)
Contract liabilities	2,265	-
Trade payables	1,469	251
Trade payables from related parties	(308)	1,289
Other payables	(32,297)	71,530
Other current liabilities	275	(232)
Cash generated from operations	148,865	354,001
Interest received	799	217
Interest paid	(142)	(139)
Income tax paid	(72,629)	(21)
Net cash generated from operating activities	76,893	354,058
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflow on acquisition of subsidiaries	-	(895,417)
Payment for property, plant and equipment	(25,141)	(7,154)
Disposal for property, plant and equipment	423	-
Payments for intangible assets	(5,817)	(2,471)
Increase in refundable deposits	(2,033)	(1,600)
Decrease in other financial assets	-	267,852
Increase in prepayments for equipment	(882)	(21,571)
Net cash used in investing activities	(33,450)	(660,361)

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AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	$ (10,830)	$ (1,172)
Dividends paid to owners of the Company	(175,709)	-
Acquisition of subsidiaries	(175,145)	-
Disposal of equity interest in a subsidiary (Note 9)	343,793	-
Net cash used in financing activities	(17,891)	(1,172)
NET INCREASE (DECREASE) IN CASH	25,552	(307,475)
CASH, BEGINNING OF THE YEAR	281,851	589,326
CASH, END OF THE YEAR	$ 307,403	$ 281,851

The accompanying notes are an integral part of the financial statements. (Concluded)

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Aethertek Technology Co., Ltd. (the "Company") was incorporated in Taipei City in September 1992. On April 14, 2021, it received approval from Ministry of Economic Affairs and had changed its name from "Service & Quality Group Co., Ltd." to "Aethertek Technology Co., Ltd." The Company involves in equipment manufacturing, product design, software service, etc.

The Company's shares have been listed on the Taipei Exchange (TPEx) since March 2004.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 14, 2023.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
"Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
"Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
"Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Company chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 "Definition of Accounting Estimates" The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New Release/Amendment/Revision Criteria and Interpretation	Effective Date Issued by IASB (Note 1)
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 IASB
Amendments to IFRS 16 "Leases Liability in a Sale and leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts	January 1, 2023
Amendments to IFRS 17"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - 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

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

1) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"(referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

2) Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback" The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

As of the date the financial statements were authorized for issue, the Company is continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis. Except for financial instruments that are measured at fair values.

The fair value measurements, which are Companyed into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures

c. Classification of current and noncurrent assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and

- Cash unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities are:

- Liabilities held primarily for the purpose of trading;

- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. 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.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations are translated into NT$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

e. Inventories

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

f. Investments accounted for using equity method

Investments accounted for using the equity method are investments in associates.

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The operating results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate as well as the distribution received. The Company also recognizes its share in the changes in the equities of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

When a consolidated entity transacts with an associate, profits and losses resulting from the transactions with the associate are recognized in the Company's consolidated financial statements only to the extent of interests in the associate that are not owned by the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and right-of-use asset, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units/the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial assets

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

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

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

<u>Measurement categories</u>

Financial assets are classified into the following categories: Financial assets at amortized cost.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

a) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

b) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivable). The Company always recognizes lifetime Expected Credit Loss (ECL) on accounts receivable. On all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity. On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

Financial liabilities are classified as at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

k. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from the sale of automation equipment products. Since the customer has the right to set the price and use of the goods when the automation equipment products arrive at the customer's designated place and the customer accepts them, and bears the risk of loss on the goods, the Company recognizes the income and accounts receivable at that point in time.

2) Revenue from the rendering of services

Rendering of services income comes from providing project business services such as research, design and customization services for automation equipment.

The project business service relies on the input of technical personnel. The Company calculates the degree of completion of the performance obligation according to the input method and recognizes the relevant income. The customer pays at the time agreed in the contract, so the Company recognizes the contract assets when providing services, and transfers the amount agreed in the contract to accounts receivable at the agreed time.

l. Leases

For a contract that contains a lease component and non-lease component, the Company may elect to account for the lease and non-lease components as a single lease component.

<u>The Company as lessee</u>

Except for payments for low-value asset leases and short-term leases (leases of machinery and equipment and others) which are recognized as expenses on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are measured at cost. The cost of right-of-use assets comprises the initial measurement of lease liabilities adjusted for lease payments and initial direct costs made at or before the commencement date, plus an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities as a result of lease term modifications or other related factors. Right-of-use assets are presented separately in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee’s incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If there is a change in future lease payments resulting from a change in a lease term. the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

m. Employee benefits

Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expense when employees have rendered service entitling them to the contributions

n. Share-based payment arrangements

Restricted shares for employees

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. If restricted shares for employees are granted for consideration and the considerations received should be returned if employees resign in the vesting period, the amounts expected to be returned are recognized as payables.

At the end of each reporting period, the Group revises its estimate of the number of restricted shares for employees that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - restricted shares for employees.

o. Taxation

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

Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years’ tax liabilities are added to or deducted from the current year’s tax provision.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

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

Critical Accounting Judgements

None.

Key Sources of Estimation Uncertainty

Impairment of goodwill included in the investments in subsidiaries

Determining whether the goodwill included in the investments in subsidiaries is impaired requires an estimation of the value in use of the cash-generating units which are expected to benefit from the synergies of the related combination and to which the goodwill has been allocated since the acquisition date. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	$ 216	$ 180
Checking accounts and demand deposits	307,187	281,671
	$ 307,403	$ 281,851

7. TRADE RECEIVABLES

	December 31	
	2022	2021
Trade receivables		
At amortized cost		
Gross carrying amount	$ 8,703	$ 5,813
Less: Allowance for impairment loss	-	-
	$ 8,703	$ 5,813
Trade receivable from related parties		
At amortized cost		
Gross carrying amount	$ 108,159	$ 230,275
Less: Allowance for impairment loss	-	-
	$ 108,159	$ 230,275

Trade Receivables

The Company's average credit period of sales of goods is 30 to 150 days. No interest is charged on trade receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2022

	Not Past Due	1-60 Days	61 to 180 Days	181 to 360 Days	Over 361 Days	Total
The expected credit loss rate	-	-	-	-	-	-
Gross carrying amount	$ 116,443	$ 375	$ 44	$ -	$ -	$ 116,862
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	$ 116,443	$ 375	$ 44	$ -	$ -	$ 116,862

December 31, 2021

	Not Past Due	1-60 Days	61 to 180 Days	181 to 360 Days	Over 361 Days	Total
The expected credit loss rate	-	-	-	-	-	-
Gross carrying amount	$ 236,061	$ 27	$ -	$ -	$ -	$ 236,088
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	$ 236,061	$ 27	$ -	$ -	$ -	$ 236,088

8. INVENTORIES

	December 31	
	2022	2021
Finished goods	$ 8,687	$ 2,668

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	$ 59,462	$876,078
Write-downs of inventories	378	-
Cost of rendering of services	491	6,528
	$ 60,331	$ 13,219

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	December 31	
	2022	**2021**
Trantest Enterprise Limited	$ 884,649	$ 474,199
Trantest Enterprise Limited	-	386,974
	$ 884,649	$ 861,173

	Proportion of Ownership and Voting Rights	
	December 31	
	2022	**2021**
Trantest Enterprise Limited	100%	100%
Trantest Enterprise Limited	-	100%

The Company acquired Trantest Enterprise Limited on April 9, 2021 and acquired Trantest Precision (China) Ltd. through the newly established Trantest Enterprise Limited. The Company invested US$5,965 thousand (equivalent to NT$175,145 thousand) in Trantest Enterprise Limited in April 2022.

In order to meet the needs of the overall operation and development, the board of directors resolved on the adjustment of the Group's structure on March 29, 2022, selling Trantest Enterprise Limited, which was originally held by Aethertek Technology Co., Ltd. to Trantest Enterprise Ltd. The transaction amount was US$12,267 thousand (equivalent to NT$343,793 thousand). In addition, The liquidation was approved by the board of directors for the current year, and the liquidation procedures were completed on June 22, 2022. After the extinction of Trantest Enterprise Limited, Trantest Enterprise Limited shall assume all the rights and obligations of Trantest Enterprise Limited. Refer to Note 10 of the Group's 2022 consolidated financial report. Refer to Note 28, for details of the investment subsidiaries indirectly held by the Company.

The amounts of share of net income or loss and other comprehensive income of subsidiaries under equity method were accounted for based on audited financial statements.

Estimated Impairment of Goodwill for Investments in Subsidiaries

The book value of the Company's investment subsidiaries, including goodwill related to the subsidiaries Trantest Enterprise Limited (which was dissolved after a simple merger with another subsidiary, Trantest Enterprise Limited, and the previously acquired goodwill was transferred to Trantest Enterprise Limited in June 22, 2022), and Trantest Precision (China) Ltd.

When assessing the impairment, the Company distinguishes the minimum identifiable asset from cash inflow. The Company and its subsidiaries are recognized as a cash generating unit.

On December 31, 2022 and 2021, the management assessed the recoverable amount by value in use of asset's cash-generating unit, and considered financial budget in the future as reference of cash flows. The key assumptions which affected an assessment of the Group's recoverable amount and the methods to determine assumed key values are described as follows:

a. Growth rate of operating revenues

   The estimation of future operating revenue is based on the actual sales in the past year, the growth rate of operating revenues, the Company's future operating strategies, and future market development conditions.

b. Expected gross profit margin

   The estimation of expected gross profit margin is based on the average gross profit margin achieved in the past years, the Company's future operations strategy, and future market development.

c. Discount rates

   Based on the discounted weighted average capital cost rate (WACC), the discount rate used in the calculation is as follows:

	December 31, 2022
Cash generating unit	11.94%

   The Corporation evaluated cash generating unit in 2022, its recoverable amount was still higher than the related carrying amount, and thus no impairment loss was recognized.

10. PROPERTY, PLANT AND EQUIPMENT

	Equipment	Office Equipment	Leasehold Improvements	Total
Cost				
Balance at January 1, 2022	$ 1,399	$ 5,304	$ 2,448	$ 9,151
Additions	14,166	10,887	-	25,053
Reclassification	-	370	21,677	22,047
Disposals	-	(476)	-	(476)
Balance at December 31, 2022	$ 15,565	$ 16,085	$ 24,125	$ 55,775
Accumulated depreciation				
Balance at January 1, 2022	$ 131	$ 437	$ 65	$ 633
Depreciation expense	1,691	2,046	3,565	7,302
Disposals	-	(53)	-	(53)
Balance at December 31, 2022	$ 1,822	$ 2,430	$ 3,630	$ 7,882
Carrying amount at December 31, 2022	$ 13,743	$ 13,655	$ 20,495	$ 47,893

(Continued)

	Equipment	Office Equipment	Leasehold Improvements	Total
Cost				
Balance at January 1, 2021	$ -	$ 852	$ 620	$ 1,472
Additions	1,399	4,732	2,448	8,579
Disposals	-	(280)	(620)	(900)
Balance at December 31, 2021	$ 1,399	$ 5,304	$ 2,448	$ 9,151
Accumulated depreciation				
Balance at January 1, 2021	$ -	$ 356	$ 254	$ 610
Depreciation expense	131	326	166	623
Disposals	-	(245)	(355)	(600)
Balance at December 31, 2021	$ 131	$ 437	$ 65	$ 633
Carrying amount at December 31, 2021	$ 1,268	$ 4,867	$ 2,383	$ 8,518

(Concluded)

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Equipment	3-6 years
Office equipment	2-5 years
Leasehold improvements	5 years

As of December 31, 2022 and 2021, the property, plant and equipment were not pledged as collateral.

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Buildings	$ 754	$ 7,778

The changes of right-of-use assets are as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 7,778	$ 2,555
Additions to right-of-use assets	1,131	10,370
Depreciation charge for right-of-use assets	(8,155)	(3,986)
Gain on lease modification	-	(1,161)
Balance at December 31	$ 754	$ 7,778

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 568	$ 10,460
Non-current	$ 193	$ -

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	2.6%	2.6%

c. Material lease-in activities and terms

The Company leases certain land and building for the use of office, plant and dormitories with lease terms of 1.3-2 year. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease term.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 1,162	$ 4,912
Expenses relating to low-value asset leases	$ 63	$ 26
Total cash outflow for leases	$ (12,196)	$ (6,247)

The Company's leases of certain building and office equipment qualify as short-term and low-value leases. The Company has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

12. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2022	$ 6,413
Additions	5,817
Balance at December 31, 2022	$ 12,230

(Continued)

	Computer Software
Accumulated amortization	
Balance at January 1, 2022	$ 1,736
Amortization expenses	3,325
Balance at December 31, 2022	$ 5,061
Carrying amount at December 31, 2022	$ 7,169
Cost	
Balance at January 1, 2021	$ 3,942
Additions	2,471
Disposals	-
Balance at December 31, 2021	$ 6,413
Accumulated amortization	
Balance at January 1, 2021	$ 223
Amortization expenses	1,513
Disposals	-
Balance at December 31, 2021	$ 1,736
Carrying amount at December 31, 2021	$ 4,677

(Concluded)

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	2 to 5 years

13. OTHER PAYABLES

	December 31	
	2022	2021
Payables for salaries or bonuses	$ 36,404	$ 68,417
Payables for compensation of employees	1,832	5,012
Payables for professional fees	2,037	1,372
Payables for purchases of equipment	175	1,425
Others	8,153	4,760
	$ 48,601	$ 80,986

14. RETIREMENT BENEFIT PLANS

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

15. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
Shares authorized (in thousands of shares)	80,000	80,000
Shares authorized	$ 800,000	$ 800,000
Shares issued and fully paid (in thousands of shares)	70,351	70,284
Shares issued and fully paid	$ 703,512	$ 702,840

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 157,852	$ 157,852
May not be used for any purpose (2)		
Employee restricted shares	4,373	-
	$ 162,225	$ 157,852

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) It may not be used for any purpose that capital surplus generated from employee restricted shares.

c. Retained earnings and dividend policy

The content of the earnings distribution policy in accordance with the articles of incorporation of the Company is as follows:

1) The Company's profit in a fiscal year shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital), setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 17-g.

2) The Company's dividend policy shall be determined pursuant to the factors, such as the investment environment, capital requirement, domestic and overseas competition environment, current and future business development plan, as well as shareholders' interests. The distribution of shareholder dividends shall not be lower than 20% of the unappropriated earnings of the current year. However, the shareholders may resolve not to distribute dividends if the accumulated earnings were lower than 20% of the paid-in capital. Dividends can be distributed in the form of cash or stock or a combination of both cash and stock, out of which at least 20% of the total dividends distributed shall be in cash.

The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021, which were proposed in the shareholders' meetings on June 23, 2022, were as follows:

	Appropriation of Earnings	**Cash Dividends Per Share (NT$)**
Cash dividends	$ 175,710	$ 2.5
Legal capital reserve	44,490	-
Special capital reserve	7,875	-

In addition, the shareholders' meeting of the Company resolved on March 30, 2021 to offset losses with a capital surplus of $53,992 thousand.

The appropriation of earnings for 2022 had been proposed by the Corporation's board of directors on March 14, 2023. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Cash dividends	$ 72,462	$ 1.03
Legal reserve	15,275	-
Special reserve	(7,875)	-

The above appropriation for cash dividends will be resolved by the shareholders in their meeting to be held on May 31, 2023.

d. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ (7,875)	$ -
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	46,969	(9,844)
Income tax that may be reclassified subsequently to profit or loss	(9,394)	1,969
Balance at December 31	$ 29,700	$ (7,875)

2) Unearned share-based employee compensation

The Company resolved at the shareholders' meeting to issue 800 thousand shares of new employee restricted stocks at no consideration. On August 10, 2022, the board of directors had resolved to issue a total of 67 thousand, new shares to restrict employee right. refer to Note 20 for relevant information.

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ -	$ -
Issuance of shares	(5,045)	-
Share-based payment expenses recognized	1,515	-
Balance at December 31	$ (3,530)	$ -

16. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from the rendering of services	$ 188,302	$ 715,243
Revenue from the sale of goods	71,010	9,532
	$ 259,312	$ 724,775

	For the Year Ended December 31		January 1,
	2022	2021	2021
Contract balances			
Trade receivables	$ 8,703	$ 5,813	$ 5,702
Trade receivables from related parties (Note 24)	$ 108,159	$ 230,275	$ -

17. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2022	2021
Interest income		
Bank deposits	$ 785	$ 210
Others	14	7
	$ 799	$ 217

b. Other income

	For the Year Ended December 31	
	2022	2021
Others	$ 51	$ 1

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gains (losses)	$ 57,560	$ (7,621)
Loss on disposal of property, plant and equipment	-	(300)
Gain on lease modification	-	18
Others	11	(251)
	$ 57,571	$ (8,154)

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on lease liabilities	$ 141	$ 137
Other	1	2
	$ 142	$ 139

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 7,302	$ 623
Right-of-use assets	8,155	3,986
Intangible assets	3,325	1,513
	$ 18,782	$ 6,122
An analysis of depreciation by function		
Operating cost	$ -	$ 176
Operating expenses	15,457	4,433
	$ 15,457	$ 4,609
An analysis of amortization by function		
Operating cost	$ -	$ 317
Operating expenses	3,325	1,196
	$ 3,325	$ 1,513

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits		
Salary	$ 131,722	$ 137,947
Labor and health insurance	8,796	5,969
Post-employment benefits		
Defined contribution plans	4,841	3,589
Other employee benefits	2,813	2,260
Total employee benefits expense	$ 148,172	$ 149,765
An analysis of employee benefits expense by function		
Operating expenses	$ -	$ 4,691
Operating costs	148,172	145,074
	$ 148,172	$ 149,765

g. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the year ended December 31, 2022 and 2021 which had been approved by the Company's board of directors on March 14, 2023 and March 29, 2022, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Compensation of employees	1%	1%
Remuneration of directors	0%	0%

Amount

	For the Year Ended December 31	
	2022	2021
Compensation of employees	$ 1,832	$ 5,012
Remuneration of directors	-	-

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

Since there was accumulated deficit as of December 31, 2020, the Company did not estimate compensation of employees and the remuneration of directors. There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

18. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 4,745	$ 52,009
Income tax on unappropriated earnings	10,841	-
Adjustments for prior year	(5,409)	-
	10,177	52,009
Deferred tax		
In respect of the current year	18,456	(692)
Income tax expense recognized in profit or loss	$ 28,633	$ 51,317

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

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	$ 181,382	$ 496,212
Income tax expense calculated at the statutory rate	$ 36,276	$ 99,243
Nondeductible expenses in determining taxable income	(13,075)	4,880
The origination and reversal of temporary differences	-	(597)
Adjustments for prior years' tax	(5,409)	-
Income tax on unappropriated earnings	10,841	-
Income tax adjustments on prior years	-	(52,209)
Income tax expense recognized in profit or loss	$ 28,633	$ 51,317

b. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
Recognized in current year		
Exchange differences on the translation of the financial statements of foreign operations	$ 9,394	$ (1,969)

c. Current tax assets

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable	$ 10,496	$ -

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

	For the Year Ended December 31, 2022			
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred tax assets				
Temporary differences				
Exchange losses or gains	$ 692	$ (692)	$ -	$ -
Allowance for inventory valuation and obsolescence loss	-	76	-	76
Exchange differences on the translation of the financial statements of foreign operations	1,969	-	(1,969)	-
	$ 2,661	$ (616)	$ (1,969)	$ 76
Deferred tax liabilities				
Temporary differences				
Exchange gain or loss	$ -	$ 1,884	$ -	$ 1,884
Unappropriated earnings in subsidiaries	-	15,956	-	15,956
Exchange differences on translation of the financial statements of foreign operations	-	-	7,425	7,425
	$ -	$ 17,840	$ 7,425	$ 25,265

	For the Year Ended December 31, 2021			
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred income tax assets				
Temporary differences				
Exchange losses or gains	$ -	$ 692	$ -	$ 692
Exchange differences on the translation of the financial statements of foreign operations	-	-	1,969	1,969
	$ -	$ 692	$ 1,969	$ 2,661

e. Income tax examination

The tax authorities have examined income tax returns of the Company through 2020. All investment tax credit adjustments assessed by the tax authorities have been recognized accordingly.

19. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2022	**2021**
Basic earnings per share	$ 2.17	$ 6.33
Diluted earnings per share	$ 2.17	$ 6.33

The weighted average number of shares outstanding used for the earnings per share computation was as follows:

Net Profit for the Period

	For the Year Ended December 31	
	2022	**2021**
Profit	$ 152,749	$ 444,895

Ordinary Shares

	For the Year Ended December 31	
	2022	**2021**
Weighted-average number of ordinary shares used in computation of basic earnings per share	70,306	70,284
Effect of potential dilutive common stock:		
Compensation of employees	51	54
Weighted average number of ordinary shares used in the computation of diluted earnings per share	70,357	70,338

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

20. SHARE-BASED PAYMENT ARRANGEMENT

Employee Restricted Stocks

On June 22, 2022, the Company resolved at the shareholders' meeting to issue 800 thousand shares of employee restricted stocks at $10 per share at no consideration. On August 10, 2022, the board of directors had resolved to issue a total of 67 thousand shares of employee restricted stocks. The grant date and the issuance date were both August 11, 2022. The fair value of the employee restricted stocks at grant date is $75 per share.

Employee restricted stocks that have been granted but have not yet met the vesting conditions are as follows:

a. Employees may not sell, pledge, transfer, give as a gift, create a guarantee or otherwise dispose of the new employee restricted stocks until they have met the vesting conditions after being granted the new stocks.

b. Except for the restrictions in the preceding paragraph, before the vesting conditions are fulfilled, any other shareholder rights including but not limited to the entitlement to any distribution regarding dividends, bonuses and capital reserve, and the subscription right of the new shares issued for any capital increase, are the same as those of holders of ordinary shares of the Company.

c. The shares should be held in a stock trustee designated by the Company. The restricted stocks should be held in a trust after being issued and non-refundable before eligible for the vesting conditions.

d. During the vesting period, if the company carry out a capital reduction, RSAs will be cancelled proportionally. If the capital reduction is done by cash return, the returned cash should be kept under trustee designated by the Company, and be paid to the employees when vesting condition is fulfilled; if the employee does not meet the vesting condition, all shares the employees subscribed shall be bought back by the Company based on the original subscription price and canceled accordingly.

e. Attendance, proposals, speeches, voting rights and other matters related to shareholders' rights and interests at shareholders' meetings are entrusted to trust custodians.

   Participant shall become vested in the new employee restricted stocks at certain percentage, only if Participant achieves the specific performance-based goal specified by the Company and remains continuously employed by the Company from the grant date through applicable vesting schedule presented as follows.

   1) Participants who have served the Company or an entity controlled or affiliated by the Company for less than 10 years are described as follows while re-calculation for those who have previously resigned or on furlough:

      a) One-year anniversary of the grant, grantees are eligible for 60% of the vested shares with annual KPI between 90 and 100. Grantees are eligible for 48% of the vested shares with annual KPI between 80 and 89. Grantees are eligible for 36% of the vested shares with annual KPI between 60 and 79. Grantees are eligible for 0% of the vested shares with annual KPI between 0 and 59.

      b) Over one year less than three year since the date of grant, grantees are eligible for 20% of the vested shares with annual KPI between 90 and 100. Grantees are eligible for 16% of the vested shares with annual KPI between 80 and 89. Grantees are eligible for 12% of the vested shares with annual KPI between 60 and 79. Grantees are eligible for 0% of the vested shares with annual KPI between 0 and 59.

2) Participants who have served the Company or an entity controlled or affiliated by the Company over 10 years are described as follows while re-calculation for those who have previously resigned or on furlough:

   One-year anniversary of the grant, grantees are eligible for 100% of the vested shares with annual KPI between 90 and 100. Grantees are eligible for 80% of the vested shares with annual KPI between 80 and 89. Grantees are eligible for 60% of the vested shares with annual KPI between 60 and 79. Grantees are eligible for 0% of the vested shares with annual KPI between 0 and 59.

The new shares issued with restricted employee rights, the relevant information were as follows:

	For the Year Ended December 31, 2022
	Number of Stocks (In Thousands)
Balance at January 1	-
Issuance of the current year	67
Balance at December 31	67

Employee compensation cost recognized for the year ended December 31, 2022 was $1,515 thousand.

21. CASH FLOW INFORMATION

a. Non-cash transactions

For the year ended December 31, 2022 and 2021, the Company acquired property, plant and equipment with a fair value of $25,053 thousand and $8,579 thousand respectively, and paid $25,141 thousand and $7,154 thousand in cash, respectively. Other payables for facility decreasing by $88 thousand and increasing $1,425 thousand, respectively.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2022

			Non-cash Changes		
	Balance as of January 1, 2022	Cash Flows	New Leases	Effects of Foreign Currency Exchange Differences	Balance as of December 31, 2022
Lease liabilities	$ 10,460	$ (10,830)	$ 1,131	$ -	$ 761

For the year ended December 31, 2021

	Balance as of January 1, 2021	Cash Flows	Non-cash Changes		Balance as of December 31, 2021
			New Leases	Effects of Foreign Currency Exchange Differences	
Lease liabilities	$ 2,441	$ (1,172)	$ 10,370	$ (1,179)	$ 10,460

22. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

23. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Company believes the carrying amount of the Company's financial instruments not measured at fair value are close to the fair value.

b. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
Financial assets at amortized cost (Note 1)	$ 428,248	$ 519,845
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	13,066	9,097

Note 1: The balances included financial assets at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivables, refundable deposits and other financial assets.

Note 2: The balances included financial liabilities at amortized cost, which comprise trade payables and part of other payables (excluding salary, bonus and business tax payable).

c. Financial risk management objectives and policies

The Company's major financial instruments include trade payables, borrowings and lease liabilities. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Company is a multinational operation, so it is subject to foreign currency risks arising from a variety of different currencies. Foreign currency risks arise from future commercial transactions and recognized assets and liabilities.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the period are set out in Note 27.

Sensitivity analysis

The Company is mainly exposed to the USD, RMB and HKD.

The following table details the Company's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency strengthened by 5% against the relevant currency. For a 5% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	U.S. Dollar	
	For the Year Ended December 31	
	2022	**2021**
Pre-tax profit	$ 17,164(i)	$ 16,710(i)

The result was mainly attributable to the exposure on the foreign currency bank deposits and accounts
receivables that were not hedged at the end of the period.

The Company's sensitivity to the U.S. dollar decreased during the year mainly due to a decrease in U.S. dollar denominated accounts receivables.

b) Interest rate risk

The Company's exposure to fair value interest rate risk is on the Company's bank deposits and lease liabilities include both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to cash flow interest rate at the end of the reporting period were as follows:

	December 31	
	2022	**2021**
Financial value interest rate risk		
Financial liabilities	$ 761	$ 10,460
Cash flows interest rate risk		
Financial assets	307,187	281,671

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by $768 thousand and $704 thousand, respectively, which was mainly a result of variable-interest-rate bank deposits and other financial assets.

The Company's sensitivity to interest rates increased during the current year mainly due to the increase in variable rate other financial assets.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

It is the Company's policy that transactions only be dealt with creditworthy counterparties. Credit information of transaction parties are gathered by independent rating agencies by conducting credit search and analysis. Credits are then given to parties, according to its nature of transaction, financial status and conditions of collateral, with terms to be renewed after careful reexamination to ensure credit risk of counterparties are within scope of the Company. The clients of the Company are widely spread and the Company analyzes its numerous clients' financial status continuously.

The Company's concentration of credit risk was related to the five largest customers within the Company. As of December 31, 2022 and 2021, the percentage of total trade receivables from the top five customers was 100%.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

Liquidity and interest rate risk table of non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2022

	Less than 1 Month	1-3 Months	3 Months - 1 Year	More than 1 Year
Non-derivative financial liabilities				
Non-interest bearing	$ 13,066	$ -	$ -	$ -
Lease liabilities	47	94	427	193
	$ 13,113	$ 94	$ 427	$ 193

December 31, 2021

	Less than 1 Month	1-3 Months	3 Months - 1 Year	More than 1 Year
Non-derivative financial liabilities				
Non-interest bearing	$ 9,173	$ -	$ -	$ -
Lease liabilities	-	2,703	8,007	-
	$ 9,173	$ 2,703	$ 8,007	$ -

24. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Trantest Enterprise Limited	Subsidiaries (after April 9, 2021)
Trantest Precision (China) Ltd.	Subsidiaries (after April 9, 2021)
Trantest Enterprise Limited	Subsidiaries (after April 9, 2021)
Liu Fang Jung	Related parties

b. Net revenue

Line Item	Related Party Categories/ Name	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Net revenue from the rendering of services	Trantest Enterprise Limited	$ -	$ 684,416
	Trantest Enterprise Limited	186,429	-
	Trantest Precision (China) Ltd.	-	16,902
		$ 186,429	$ 701,318
Net revenue from the sale of goods	Trantest Precision (China) Ltd.	$ 3,681	$ 597

Net revenue from the rendering of services is calculated after considering the strategic divisions of the Company. The trading price depends on the function within the Company.

Sales prices of goods for related parties and third parties were similar. Payment terms are 30-150 days from the end of the month.

c. Purchases

Related Party Categories	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Trantest Precision (China) Ltd.	$ 46,815	$ 6,871

Purchase prices for related parties and third parties were similar. Payment terms are 30 days from the end of the month.

d. Lease arrangements

Line Item	Related Party Categories/ Name	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Lease expense	Related parties	$ 108	$ 162

The rent paid by the related parties for the commercial space for operational purposes is paid on a monthly basis at the agreed price.

e. Receivables from related parties

Line Item	Related Party Categories/ Name	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Receivables from related parties	Trantest Enterprise Limited	$ -	$ 230,275
	Trantest Enterprise Limited	107,485	-
	Trantest Precision (China) Ltd.	674	-
		$ 108,159	$ 230,275

Trade receivables from related parties were assessed to have no debt risk, hence no bad debt expense had been recognized for the years ended December 31, 2022 and 2021.

f. Payables to related parties

Line Item	Related Party Categories/ Name	For the Year Ended December 31 2022	2021
Payables to related parties	Trantest Precision (China) Ltd.	$ 981	$ 1,289

g. Other gains and losses

Line Item	Related Party Categories/ Name	For the Year Ended December 31 2022	2021
Other	Trantest Precision (China) Ltd.	$ 73	$ -

h. Remuneration of key management personnel

	For the Year Ended December 31 2022	2021
Short-term employee benefits	$ 20,166	$ 15,993
Post-employment benefits	326	336
	$ 20,492	$ 16,329

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

25. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS: NONE

26. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Due to the need for the development of the Company, the board of directors of the Company resolved the acquirement of property, plant and equipment on December 26, 2022. On January 3, 2023, the Company signed an agreement with the amount of $258,440 thousand, and registed on February 10, 2023.

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

(In Thousands of Foreign Currency and New Taiwan Dollars)

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 11,236	30.71 (USD:NTD)	$ 345,064

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 58	30.71 (USD:NTD)	$ 1,789
			(Concluded)

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 12,074	27.68 (USD:NTD)	$ 334,208

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gain were $57,560 thousand and loss $7,621 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transactions.

28. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others: None

2) Endorsements/guarantees provided: Table 1

3) Marketable securities held (excluding investment in subsidiaries and associates): None

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

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 2

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3

9) Trading in derivative instruments: None

10) Intercompany relationships and significant intercompany transactions: Table 4

b. Information on investments in mainland China

1) The name of the mainland investee company, main business items, paid-in capital, investment methods, capital remittances and exits, shareholding ratio, investment gains and losses, investment book amount at the end of the period, repatriated investment gains and losses, and investment limits in mainland China: Table 5

2) The following significant transactions, prices, payment terms, and unrealized gains and losses occurred directly or indirectly with the investee company in mainland China via the third region: Table 6

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

c. Information of major shareholders

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 7

TABLE 1

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

ENDORSEMENTS/GUARANTEES PROVIDED
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Period (Foreign Currencies in Thousands) (Note 2)	Ending Balance (Foreign Currencies in Thousands)	Amount Actually Drawn (US$ in Thousands)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	Aethertek Technology Co., Ltd.	Trantest Enterprise Limited	Subsidiary	$ 262,768	$ 494,240	$ 245,680	$ -	$ -	19%	$ 525,537	Y	N	N
		Trantest Enterprise Limited	Subsidiary	262,768	235,800	-	-	-	-	525,537	Y	N	N

Note 1: The Company's maximum total endorsement amount is 40% of the net equity in the financial statements. The Company's maximum endorsement amount for each endorsed entity is 20% of the net equity in latest financial statements of the Company or the net value of the endorsee company, whichever is lower.

Note 2: The Company's maximum endorsement/guarantee for Trantest Enterprise Limited exceeds the limit for a single enterprise since the board of directors of the Company approved the renewal of the financing line on November 9, 2022, which resulted in the duplication of the endorsement/guarantee amount. The actual endorsement/guarantee amount did not exceed the limit.

TABLE 2

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Subsidiary	Service income	$ 186,429	72	150 days from the end of the month	-	-	$ 107,485	92	-
Trantest Precision (China) Ltd.	Trantest Enterprise Ltd.	Brother company	Sale	129,261	10	30 days from the end of the month	-	-	-	-	-
	Trantest Enterprise Ltd.	Subsidiary	Sale	556,044	45	30 days from the end of the month	-	-	59,665	22	-

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Subsidiary	$ 107,485	1.73	$ -	-	$ 107,485	$ -

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income of the Investee	Share of Profit	Note
				December 31, 2022	December 31, 2021	Stocks (Thousands)	%	Carrying Amount			
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Hong Kong	Sales of precision testing equipment	$ 682,513 (US$ 24,000)	$ 507,367 (US$ 18,035)	24,000	100	$ 884,649	$ 108,357	$ 91,396	
	Trantest Enterprise Ltd.	Samoa	Sales of precision testing equipment	-	388,050 (US$ 13,633)	-	-	-	86,962	53,759	Note 1
Trantest Enterprise., Ltd.	Trantest Enterprise., Ltd.	Samoa	Sales of precision testing equipment	-	-	-	-	-	86,962	33,203	Note 2

Note 1: The Company sold its holding in Trantest Enterprise., Ltd. to Trantest Enterprise., Ltd.

Note 2: The liquidation of Trantest Enterprise., Ltd. was completed on June 22, 2022.

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, U.S. Dollars and RMB)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outflow	Inflow						
Trantest Precision (China) Ltd.	Manufacture and sales of precision testing equipment.	$ 238,747 (RMB 55,000)	b	$ 228,419 (US$ 8,025)	$ -	$ -	$ 228,419 (US$ 8,025)	$ 123,440	51	$ 62,954 (Note 2(2))	$ 240,801	$ -

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
$289,108 (US$9,944)	$289,581 (US$9,960)	$927,119

Note 1: Methods of investment have following type:

a. Direct investment in mainland China.

b. Indirect investment through a company registered in a third region.

c. Others.

Note 2: The amount recognized in investment income in the current year:

a. Should be indicated if currently under preparation and not generating investment income.

b. The basis of recognition of investment profit (loss) should be indicated and is classified as follows:

1) Amounts was recognized based on the financial statements audited by international audit firms with business relationship with audit firms in the ROC.
2) Amount was recognized based on the parent company’s audited financial statements.
3) Others.

Note 3: The relevant figures in this table should be presented in New Taiwan dollars.

TABLE 6

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Purchase and Sale Company	Investee Company	Transaction Type	Purchase/Sale		Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Trantest Enterprise., Ltd.	Trantest Precision (China) Ltd.	Purchases	$ 556,044	100	30 days after sales for parts	Its trading price depends on its function within the Group	$ (59,665)	100	$ 19,484	-
Trantest Enterprise., Ltd.	Trantest Precision (China) Ltd.	Purchases	129,261	100	〃	〃	-	-	-	-
Aethertek Technology Co., Ltd.	Trantest Precision (China) Ltd.	Purchases	46,815	78	〃	〃	(981)	36	2,027	-

TABLE 7

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Erickson Capital Co., Ltd.	37,251,000	52.95
Indicate Investment Ltd.	10,671,847	15.16
La Ge Na Capital Co., Ltd.	10,543,000	14.98

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter.

AETHERTEK TECHNOLOGY CO., LTD.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Cash	Cash and cash equivalents	$ 216
Cash in banks		
Demand deposits		78,053
Foreign currency deposits	Note 1	229,134
		307,187
		$ 307,403

Note 1: Includes US$7,445 thousand, EUR6 thousand, RMB6 thousand and GBP1 thousand.

Note 2: The above foreign currencies are converted at the exchange rate of US$1=30.71, EUR1=32.72, RMB1=4.41 and GBP1=37.09, respectively.

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Related parties		
Trantest Enterprise Limited	Sales of precision testing equipment	$ 107,485
Trantest Enterprise Limited	〃	674
		$ 108,159
Non-related parties		
Client A	Computers, phones OEM and cloud software and hardware integration	$ 4,594
Client B	〃	3,200
Client C	〃	484
Others (Note)	〃	425
		$ 8,703

Note: The amount for each individual client included in others does not exceed 5% of the account balance.

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2022		Increase in Investment		Decrease in Investment		Valued Using the Equity Method of the Increase (Decrease) Amount	Balance, December 31, 2022			Market Value or Net Assets Value		Evaluation	Provide A Guarantee or
Investees	Shares	Amount	Shares	Amount	Shares	Amount	(Note 2)	Shares	%	Amount	Unit Price	Price	Basics	Collateral
Stock														
Trantest Enterprise Limited	18,035	$ 474,199	5,965	$ 175,145	-	$ -	$ 235,305	24,000	100	$ 884,649	33.55	$ 805,165	Equity	Nil
Capital														
Trantest Enterprise Limited	-	386,974	-	-	-	343,793	(43,181)	-	-	-	-	-	Equity	Nil
		$ 861,173		$ 175,145		$ 343,793	$ 192,124			$ 884,649		$ 805,165		

Note 1: The amounts were based on audited financial statements in 2022.

Note 2: Mainly including share of profit or loss of subsidiaries, share of other comprehensive income of subsidiaries, and since Trantest Enterprise Limited assumed all the rights and obligations of Trantest Enterprise Limited, the goodwill of Trantest Enterprise Limited amounted to $100,994 thousand was transferred to the book value of the parent company's investment in Trantest Enterprise Limited.

Note 3: The Company sold its holding in Trantest Enterprise Limited to Trantest Enterprise Limited.

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

STATEMENT OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Inventory, beginning of year	$ 2,668
Purchased	67,380
Transfer to expense	(1,521)
Sales available products	68,527
Inventory, end of year	(8,687)
Cost of goods sold	59,840
Cost from the rendering of services	491
Operating costs	$ 60,331

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll and related expense	$ 15,822	$ 22,702	$ 98,039	$ 136,563
Professional service fees	2,510	9,177	9,859	21,546
Depreciation expense	2,481	3,038	9,938	15,457
Insurance	1,404	2,742	4,950	9,096
Traveling expense	4,855	288	2,828	7,971
Entertainment expense	1,768	3,032	7	4,807
Others (Note)	3,948	6,928	14,717	25,593
	$ 32,788	$ 47,907	$ 140,338	$ 221,033

Note: The amount for each individual client included in others does not exceed 5% of the account balance.

AETHERTEK TECHNOLOGY CO., LTD.

(Formerly Service & Quality Group Co., Ltd.)

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	2022			2021		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	$ -	$ 127,055	$ 127,055	$ 4,332	$ 131,045	$ 135,377
Labor and health insurance	-	8,796	8,796	178	5,791	5,969
Pension	-	4,841	4,841	126	3,463	3,589
Board compensation	-	4,667	4,667	-	2,570	2,570
Others	-	2,813	2,813	55	2,205	2,260
	$ -	$ 148,172	$ 148,172	$ 4,691	$ 145,074	$ 149,765
Depreciation	$ -	$ 15,457	$ 15,457	$ 176	$ 4,433	$ 4,609
Amortization	$ -	$ 3,325	$ 3,325	$ 317	$ 1,196	$ 1,513

Note 1: As of December 31, 2022 and 2021, the Company had 87 and 66 employees, respectively. There were 4 and 3 non-employee directors.

Note 2: Average labor cost for the years ended December 31, 2022 and 2021 were $1,729 thousand and $2,336 thousand, respectively.

Note 3: Average salary and bonus for the years ended December 31, 2022 and 2021 were $1,531 thousand and $2,149 thousand, respectively. The average salary and bonus decreased by 28.76% year over year.

Note 4: The Company did not have supervisors for the years ended December 31, 2022 and 2021.

Note 5: The Company’s compensation policies:

Principles of remuneration policy formulation

a) Employee salary: Employee compensation mainly includes basic salary (salary and meal allowance), performance bonus, personal performance annual salary adjustment and year-end bonus. Refer to the industry salary market conditions, job categories, academic experience, professional knowledge and technology, professional seniority experience, and approve the salary to be better than the average market situation in the industry market.

b) The remuneration policy for the manager is based on the Company’s business strategy, profitability, performance and job contribution and other factors, and with reference to the salary market level, and is implemented by the salary and remuneration committee after the proposal is approved by the board of directors.

c) Individual performance bonus: Bonuses are issued according to the Company’s operational performance and the individual performance of employees.

d) Annual salary adjustment: The Company carries out a salary adjustment once a year according to the overall economic environment, operating profits, employee performance appraisal results of the current year and the long-term development of employees, and with reference to the salary level of the same industry and the overall salary adjustment in the industry.

The correlation between business performance and employee compensation

When the Company has a profit at the end of the fiscal year, it shall allocate not less than 1% as compensation of employees, which shall be distributed in stock or cash by the resolution of the board of directors, and the object of the distribution shall include the employees of the subordinate companies who meet certain conditions; the Company’s board of directors may allocate not more than 3% of the profit as remuneration of directors. The distribution of compensation of employees and remuneration of directors shall be reported at the shareholders’ meeting. If the Company has accumulated losses, the losses shall be first recovered from future earnings, and then allocate for compensation of employees and remuneration of directors in accordance with the abovementioned proportions.