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

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Aethertek Technology Co., Ltd.
(Formerly Service & Quality Group Co., Ltd.)

Opinion

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

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

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Impairment of Goodwill</u>

As of December 31, 2022, the amount of goodwill acquired by the Group through business combinations was $106,547 thousand, which represented 5% of the consolidated total assets. 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 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.

Sales Revenue from Major Customer

For the year ended December 31, 2022, the Group's sales revenue from a single customer accounted for approximately 59% of the Group's revenue. Based on materiality and the presumption of significant risk in the audit opinion, we considered the assessment of the veracity of the aforementioned revenue as a key audit matter. For accounting policies and disclosures relating to the revenue recognition, refer to Notes 4 and 19 to the consolidated financial statements.

We conducted our audits in accordance with the following procedures:

1. We obtained an understanding and tested the design and implementation of internal control relevant to the revenue recognition of a single customer as described above.

2. We obtained details of sales revenue, performed the substantive test of aforementioned single-customer, and verified external orders and shipping documents to confirm the veracity of transaction.

Other Matter

We have also audited the parent company only financial statements of Aethertek Technology Co., Ltd. as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including the audit committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with 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 consolidated 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 consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

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

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

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Note 6)	$ 852,906	41	$ 847,242	37
Financial assets at fair value through profit or loss (Note 7)	-	-	44,483	2
Net notes receivable	453	-	-	-
Trade receivables (Notes 8 and 19)	332,640	16	488,831	21
Other receivables	2,960	-	2,762	-
Current tax assets (Note 21)	11,476	1	3,412	-
Inventories (Note 9)	253,673	12	288,066	13
Prepayments	8,517	1	17,683	1
Other current assets	957	-	173	-
Total current assets	1,463,582	71	1,692,652	74
NON-CURRENT ASSETS				
Property, plant and equipment (Note 11)	210,556	10	157,226	7
Right-of-use assets (Note 12)	40,027	2	20,135	1
Net investment property (Note 13)	-	-	63,473	3
Goodwill (Note 14)	106,547	5	105,999	5
Other intangible assets (Note 15)	213,271	10	214,814	9
Deferred tax assets (Note 21)	16,287	1	12,433	-
Prepayments for equipment	406	-	21,571	1
Refundable deposits	11,932	1	10,473	-
Total non-current assets	599,026	29	606,124	26
TOTAL	$ 2,062,608	100	$ 2,298,776	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Note 19)	$ 6,255	-	$ 2,287	-
Trade payables	65,840	3	69,794	3
Dividends payable (Note 16)	274,138	13	517,693	23
Other payables (Note 16)	112,328	6	154,127	7
Current tax liabilities	-	-	51,956	2
Lease liabilities - current (Note 12)	16,207	1	20,336	1
Other current liabilities	317	-	27	-
Total current liabilities	475,085	23	816,220	36
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 21)	25,265	1	-	-
Lease liabilities - non-current (Note 12)	17,060	1	186	-
Total non-current liabilities	42,325	2	186	-
Total liabilities	517,410	25	816,406	36
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)				
Ordinary shares	703,512	34	702,840	30
Capital surplus	162,225	8	157,852	7
Retained earnings				
Legal reserve	44,490	2	-	-
Special reserve	7,875	1	-	-
Unappropriated earning	369,570	18	444,895	19
Total retained earnings	421,935	21	444,895	19
Other equity	26,170	1	(7,875)	-
Equity attributable to owners of the Company	1,313,842	64	1,297,712	56
NON-CONTROLLING INTERESTS (Note 18)	231,356	11	184,658	8
Total equity	1,545,198	75	1,482,370	64
TOTAL	$ 2,062,608	100	$ 2,298,776	100

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

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

CONSOLIDATED 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 4 and 19)	$ 1,484,271	100	$ 2,051,628	100
OPERATING COSTS (Notes 9 and 20)	(692,797)	(47)	(907,575)	(44)
GROSS PROFIT	791,474	53	1,144,053	56
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	(193,895)	(13)	(201,358)	(10)
General and administrative expenses	(122,186)	(8)	(138,449)	(7)
Research and development expenses	(405,056)	(27)	(341,347)	(17)
Expected credit gain (loss) (Note 8)	15,798	1	(23,902)	(1)
Total operating expenses	(705,339)	(47)	(705,056)	(35)
PROFIT FROM OPERATIONS	86,135	6	438,997	21
NON-OPERATING INCOME AND EXPENSES (Note 20)				
Interest income	1,898	-	642	-
Other income	22,273	2	39,616	2
Other gains and losses	110,021	7	(15,505)	(1)
Finance costs	(1,080)	-	(526)	-
Total non-operating income and expenses	133,112	9	24,227	1
PROFIT BEFORE INCOME TAX	219,247	15	463,224	22
INCOME TAX EXPENSE (Notes 4 and 21)	(22,309)	(2)	(48,315)	(2)
NET PROFIT FOR THE YEAR	196,938	13	414,909	20

(Continued)

AETHERTEK TECHNOLOGY CO., LTD.
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CONSOLIDATED 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 19)	$ 49,478	3	$ (9,710)	-
Income tax related to items that may be reclassified subsequently to profit or loss (Notes 19 and 21)	(9,394)	-	1,969	-
Other comprehensive income (loss) for the period, net of income tax	40,084	3	(7,741)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 237,022	16	$ 407,168	20
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 152,749	10	$ 444,895	22
Non-controlling interests	44,189	3	(29,986)	(2)
	$ 196,938	13	$ 414,909	20
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 190,324	13	$ 437,020	21
Non-controlling interests	46,698	3	(29,852)	(1)
	$ 237,022	16	$ 407,168	20
EARNINGS PER SHARE (Note 22)				
From continuing operations				
Basic	$ 2.17		$ 6.33	
Diluted	$ 2.17		$ 6.33	

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

AETHERTEK TECHNOLOGY CO., LTD.
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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent										
	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	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2021	70,284	$ 702,840	$ 211,844	$ -	$ -	$ (53,992)	$ -	$ -	$ 860,692	$ -	$ 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	(29,986)	414,909
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	(7,875)	-	(7,875)	134	(7,741)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	444,895	(7,875)	-	437,020	(29,852)	407,168
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	214,510	214,510
BALANCE, DECEMBER 31, 2021	70,284	702,840	157,852	-	-	444,895	(7,875)	-	1,297,712	184,658	1,482,370
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)	-	(175,709)
Net profit for the year ended December 31, 2022	-	-	-	-	-	152,749	-	-	152,749	44,189	196,938
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	37,575	-	37,575	2,509	40,084
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	152,749	37,575	-	190,324	46,698	237,022
Share-based payment arrangements (Note 23)	67	672	4,373	-	-	-	-	(3,530)	1,515	-	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	$ 231,356	$ 1,545,198

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

AETHERTEK TECHNOLOGY CO., LTD.
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AND SUBSIDIARIES

CONSOLIDATED 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	$ 219,247	$ 463,224
Adjustments for:		
Depreciation expense	79,372	79,790
Amortization expense	30,217	32,985
Expected credit loss (gain) recognized	(15,798)	23,902
Net gain on financial instruments at fair value through profit or loss	(716)	(1,025)
Finance costs	1,080	526
Interest income	(1,898)	(642)
Share-based compensation	1,515	-
Loss (gain) on disposal of property, plant and equipment, net	(41,530)	334
Loss on disposal of investments, net	-	7,305
Loss on inventories valuation and obsolescence	48,637	31,497
Gain on lease modifications	-	(18)
Net changes in operating assets and liabilities		
Notes receivable	(453)	1,922
Trade receivables	173,264	(25,195)
Other receivables	(198)	21,937
Inventories	(13,774)	(11,680)
Prepayments	9,166	(3,244)
Other current assets	(784)	1,335
Contract liabilities	3,968	62
Trade payables	(3,954)	(166,477)
Other payables	(284,104)	(433,423)
Other current liabilities	290	(223)
Cash generated from operations	203,547	22,892
Interest received	1,898	642
Interest paid	(1,080)	(526)
Income tax paid	(69,149)	(4,157)
Net cash generated from operating activities	135,216	18,851
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through profit or loss	45,199	-
Net cash outflow on acquisition of subsidiaries	-	(3,622)
Proceeds from disposal of disposal groups held for sale	-	33,859
Payment for property, plant and equipment	(31,365)	(11,052)
Proceeds from disposal of property, plant and equipment	49,659	-
Increase in refundable deposits	(1,459)	(10,167)
Payments for intangible assets	(6,568)	(3,579)

(Continued)

AETHERTEK TECHNOLOGY CO., LTD.
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CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Decrease in other financial assets	$ -	$ 267,852
Increase in prepayments for equipment	(858)	(21,571)
Net cash generated from investing activities	54,608	251,720
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(28,910)	(9,047)
Cash dividends	(175,709)	-
Net cash used in financing activities	(204,619)	(9,047)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	20,459	(3,608)
NET INCREASE IN CASH	5,664	257,916
CASH, BEGINNING OF THE YEAR	847,242	589,326
CASH, END OF THE YEAR	$ 852,906	$ 847,242

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated 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 Group'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 Group 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 Group 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 Group 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 Group 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 Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group 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 Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group 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 consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’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 Group 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 Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group 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 Group shall disclose information that enables users of financial statements to understand the risk of the Group 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 Group’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 Group’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 consolidated financial statements were authorized for issue, the Group 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 Group completes its evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

   The consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates.

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, investment properties and contingent considerations assumed in business combinations.

   The fair value measurements, which are grouped 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.

c. Classification of current and non-current 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 and cash equivalents 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. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 10, Table 5 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity’s functional currency (i.e., 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. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

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 consolidated 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 (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill and fair value adjustments recognized on identifiable assets and liabilities of acquired foreign operation are treated as assets and liabilities of the foreign operation and translated at the rates of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

f. 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.

g. 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.

h. 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.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Investment properties acquired through leases are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made on or before the commencement date, plus initial direct costs incurred and an estimate of costs needed to restore the underlying assets, less any lease incentives received. These investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

Depreciation is recognized using the straight-line method.

For a transfer of classification from investment properties to property, plant and equipment and right-of-use assets, the deemed cost of an item of property for subsequent accounting is its fair value at the commencement of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. 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) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) 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.

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

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, and intangible assets, 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.

m. Financial instruments

Financial assets and liabilities shall be recognized when the Group 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.

<u>Impairment of financial assets</u>

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivable). The Group always recognizes lifetime Expected Credit Loss (ECL) on accounts receivable. On all other financial instruments, the Group 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 Group 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.

<u>Derecognition of financial assets</u>

The Group 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.

n. Revenue recognition

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 Group 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 Group 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 Group recognizes the contract assets when providing services, and transfers the amount agreed in the contract to accounts receivable at the agreed time.

o. Leases

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

<u>The Group 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.

p. 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

q. 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.

r. Taxation

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

Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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 consolidated 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 and interests in joint ventures, except where the Group 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 and interests are recognized only 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 such temporary differences 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 assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow 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 period in which the liabilities are settled or the assets are 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred taxes for the year

Current and deferred taxes 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 taxes 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 Group’s accounting policies, management is required to make judgments, estimations and assumptions on 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

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. 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.

As of December 31, 2022 and 2021, the carrying amounts of goodwill are disclosed in Note 14.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 216	$ 180
Checking accounts and demand deposits	852,690	847,062
	$ 852,906	$ 847,242

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	**2021**
Financial assets at FVTPL - current		
Non-derivative financial assets		
Financial assets mandatorily classified as at FVTPL		
Non-principal investment products	$ -	$ 44,483

Non-principal investment products mainly refer to the investment products purchased from banks in mainland China. The total subscription amount was RMB10,000 thousand as of December 31, 2021.

8. TRADE RECEIVABLES

	December 31	
	2022	**2021**
Trade receivables		
At amortized cost		
Gross carrying amount	$ 353,681	$ 524,395
Less: Allowance for impairment loss	(21,041)	(35,564)
	$ 332,640	$ 488,831

The Group's average credit period of sales of goods is 30 to 90 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 Group 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 Group's credit risk was significantly reduced.

The Group 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 Group'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 Group's different customer base.

The Group 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 Group 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 Group's provision matrix.

December 31, 2022

	Not Past Due	1-60 Days	61-180 Days	181 to 365 Days	Over 365 Days	Total
The expected credit loss rate	0%-2%	1%-10%	3%-12%	8%-43%	100%	
Gross carrying amount	$ 188,345	$ 47,574	$ 89,487	$ 27,868	$ 407	$ 353,681
Loss allowance (Lifetime ECL)	(1,445)	(3,356)	(9,475)	(6,358)	(407)	(21,041)
Amortized cost	$ 186,900	$ 44,218	$ 80,012	$ 21,510	$ -	$ 332,640

December 31, 2021

	Not Past Due	1-60 Days	61-180 Days	181 to 365 Days	Over 365 Days	Total
The expected credit loss rate	0%-1%	2%-3%	5%-7%	25%-81%	100%	
Gross carrying amount	$ 223,267	$ 77,032	$ 167,636	$ 52,689	$ 3,771	$ 524,395
Loss allowance (Lifetime ECL)	(1,778)	(2,290)	(11,703)	(16,022)	(3,771)	(35,564)
Amortized cost	$ 221,489	$ 74,742	$ 155,933	$ 36,667	$ -	$ 488,831

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 35,564	$ -
Add: Acquisitions through business combinations	-	12,298
Add: Net remeasurement of loss allowance	-	23,902
Less: Net remeasurement of loss allowance	(15,798)	-
Less: Amounts written off	-	(439)
Foreign exchange gains and losses	1,275	(197)
Balance at December 31	$ 21,041	$ 35,564

9. INVENTORIES

	December 31	
	2022	2021
Raw materials	$ 138,264	$ 176,901
Semi-finished products	16,913	28,973
Work in progress	5,141	45,584
Finished goods	93,355	36,608
	$ 253,673	$ 288,066

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

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	$ 644,160	$ 876,078
Write-downs of inventories	48,637	31,497
	$ 692,797	$ 907,575

10. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

			Proportion of Ownership (%) December 31		
Investor	Investee	Nature of Activities	2022	2021	Remark
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Sales of precision testing equipment	100	100	Note 1
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Sales of precision testing equipment	-	100	Note 2
Trantest Enterprise Ltd.	Trantest Precision (China) Ltd.	Manufacture and sales of precision testing equipment	51	51	Note 3

Note 1: The Group established Aethertek Holding Ltd. in Hong Kong with a registered capital of US$8,035 thousand. The registration was completed on March 15, 2021 and was renamed Trantest Enterprise Ltd. on August 4, 2021. The Group invested US$10,000 thousand and US$5,965 thousand on December 31, 2021 and April 30, 2022.

Note 2: 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. 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.

Note 3: The Group's board of directors resolved in January 2021, to acquire and had acquired 51% ownership of Trantest Precision Ltd. through its subsidiary Trantest Enterprise Ltd. on April 9, 2021. The transaction amount was NT$228,419 thousand.

b. Details of subsidiaries that have material non-controlling interests

		Proportion of Ownership and Voting Rights Held by Non-controlling Interest December 31	
Name of Subsidiary	Principal Place of Business	2022	2021
Trantest Precision (China) Ltd.	Shenzhen, China	49%	49%

See Tables 6 for the information on the place of incorporation and principal place of business.

Summarized financial information in respect of each of the Group's subsidiary that have material non-controlling interest is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Trantest Precision (China) Ltd.

	December 31	
	2022	2021
Current assets	$ 726,720	$ 657,559
Non-current assets	226,540	244,361
Current liabilities	(422,055)	(515,958)
Non-current liabilities	(16,868)	(186)
Equity	$ 514,337	$ 385,776
Equity attributable to:		
Owners of the Company	$ 262,312	$ 196,746
Non-controlling interests	252,025	189,030
	$ 514,337	$ 385,776

	For the Year Ended December 31	
	2022	2021
Revenue	$ 1,235,375	$ 1,315,597
Income (loss) for the period	$ 123,440	$ (52,275)
Net income (loss) attributable to:		
Owners of the Company	$ 62,954	$ (26,660)
Non-controlling interests	60,486	(25,615)
	$ 123,440	$ (52,275)

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Equipment	Leasehold Improvements	Office Equipment	Transportation Equipment	Total
Cost						
Balance at January 1, 2022	$ 35,757	$ 323,806	$ 2,448	$ 37,852	$ 6,707	$ 406,570
Additions	-	17,656	-	12,459	-	30,115
Reclassification	(24)	1,006	21,677	(636)	-	22,023
Transferred from investment properties	75,193	-	-	-	-	75,193
Disposals	-	(109,414)	-	(2,594)	(6,262)	(118,270)
Effects of foreign currency exchange differences	160	5,311	-	494	131	6,096
Balance at December 31, 2022	$ 111,086	$ 238,365	$ 24,125	$ 47,575	$ 576	$ 421,727
Accumulated depreciation						
Balance at January 1, 2022	$ 7,493	$ 213,320	$ 65	$ 24,104	$ 4,362	$ 249,344
Depreciation expense	3,894	35,879	3,566	5,377	1,720	50,436
Transferred from investment properties	17,589	-	-	-	-	17,589
Disposals	-	(102,792)	-	(1,745)	(5,604)	(110,141)
Effects of foreign currency exchange differences	5	3,509	-	344	85	3,943
Balance at December 31, 2022	$ 28,981	$ 149,916	$ 3,631	$ 28,080	$ 563	$ 211,171
Carrying amount at December 31, 2022	$ 82,105	$ 88,449	$ 20,494	$ 19,495	$ 13	$ 210,556

(Continued)

	Buildings	Equipment	Leasehold Improvements	Office Equipment	Transportation Equipment	Total
Cost						
Balance at January 1, 2021	$ -	$ -	$ 620	$ 852	$ -	$ 1,472
Acquisitions through business combinations (Note 25)	35,720	319,173	-	32,156	6,700	393,749
Additions	-	4,445	2,448	5,584	-	12,477
Disposals	-	(154)	(620)	(775)	-	(1,549)
Effects of foreign currency exchange differences	37	342	-	35	7	421
Balance at December 31, 2021	$ 35,757	$ 323,806	$ 2,448	$ 37,852	$ 6,707	$ 406,570
Accumulated depreciation						
Balance at January 1, 2021	$ -	$ -	$ 254	$ 356	$ -	$ 610
Acquisitions through business combinations (Note 25)	6,097	157,376	-	18,804	2,689	184,966
Depreciation expense	1,385	55,720	166	5,632	1,664	64,567
Disposals	-	(136)	(355)	(724)	-	(1,215)
Effects of foreign currency exchange differences	11	360	-	36	9	416
Balance at December 31, 2021	$ 7,493	$ 213,320	$ 65	$ 24,104	$ 4,362	$ 249,344
Carrying amount at December 31, 2021	$ 28,264	$ 110,486	$ 2,383	$ 13,748	$ 2,345	$ 157,226

(Concluded)

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

Buildings	20 years
Equipment	3 to 10 years
Leasehold improvements	5 years
Office equipment	2 to 10 years
Transportation equipment	4 to 5 years

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

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Buildings	$ 32,905	$ 17,698
Land	7,122	2,437
	$ 40,027	$ 20,135

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

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ 20,135	$ 2,555
Acquisitions through business combinations (Note 25)	-	20,489
Additions to right-of-use assets	41,616	10,370
Transferred from investment properties	5,010	-
Depreciation charge for right-of-use assets	(26,813)	(12,112)
Lease moderation	-	(1,161)
Effects of foreign currency exchange differences	79	(6)
Balance at December 31	$ 40,027	$ 20,135

b. Lease liabilities

	December 31	
	2022	**2021**
Carrying amount		
Current	$ 16,207	$ 20,336
Non-current	$ 17,060	$ 186

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	**2021**
Buildings	2.60%-3.85%	2.60%-3.85%

c. Lease liabilities’ material leasing activities and terms

The Group leases certain land and buildings for the use of office, plant and dormitories, except for the factory located in China, with lease terms of 1 to 2 years. The Group also buys land use right for the offices with use term of 50 years in mainland China specifies that payments will be paid at the time of contract and can be renewed upon the expiration of the period. The Group does not have purchase options to acquire the land and buildings at the end of the contract.

d. Other lease information

	For the Year Ended December 31	
	2022	**2021**
Expenses relating to short-term leases	$ 18,539	$ 23,671
Expenses relating to low-value asset leases	$ 63	$ 26
Total cash outflow for leases	$ (48,591)	$ (32,744)

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

13. INVESTMENT PROPERTIES

	For the Year Ended December 31	
	2022	2021
Cost		
Balance at January 1	$ 80,136	$ -
Acquisitions through business combinations (Note 25)	-	80,052
Transfers to property, plant and equipment	(81,732)	-
Effects of foreign currency exchange differences	1,596	84
Balance at December 31	$ -	$ 80,136
Accumulated depreciation		
Balance at January 1	$ 16,663	$ -
Acquisitions through business combinations (Note 25)	-	13,525
Depreciation expense	2,123	3,111
Transfers to property, plant and equipment	(19,118)	-
Effects of foreign currency exchange differences	332	27
Balance at December 31	$ -	$ 16,663
Carrying amount, net, December 31	$ -	$ 63,473

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Right-of-use assets and buildings	20 to 50 years

The determination of fair value was performed by independent qualified professional valuers on April 9, 2021, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties and a discounted cash flow analysis. The fair value obtained from the evaluation is as follows:

	December 31, 2021
Fair value	$ 66,361

14. GOODWILL

	For the Year Ended December 31	
	2022	2021
Cost		
Balance at January 1	$ 105,999	$ -
Acquisitions through business combinations (Note 25)	-	106,141
Effects of foreign currency exchange differences	548	(142)
Balance at December 31	$ 106,547	$ 105,999

The information for business combination, please refer to Note 25.

The goodwill acquired by the Group as a result of business combinations, including goodwill related to the subsidiaries Trantest Enterprise Ltd. (which was dissolved after a simple merger with another subsidiary, Trantest Enterprise Ltd., and the previously acquired goodwill was transferred to Trantest Enterprise Ltd. in June 22, 2022), and Trantest Precision (China) Ltd.

When assessing the impairment, the Group 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 Group'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 Group'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.

15. OTHER INTANGIBLE ASSETS

	Customer Relationships	**Computer Software**	**Amount**
Cost			
Balance, January 1, 2022	$ 226,091	$ 35,814	$ 261,905
Additions	-	6,568	6,568
Effects of foreign currency exchange differences	24,748	434	25,182
Balance, December 31, 2022	$ 250,839	$ 42,816	$ 293,655

(Continued)

	Customer Relationships	Computer Software	Amount
Accumulated amortization			
Balance, January 1, 2022	$ 17,437	$ 29,654	$ 47,091
Amortization expenses	25,032	5,185	30,217
Effects of foreign currency exchange differences	2,669	407	3,076
Balance, December 31, 2022	$ 45,138	$ 35,246	$ 80,384
Carrying amount at December 31, 2022	$ 205,701	$ 7,570	$ 213,271
Cost			
Balance, January 1, 2021	$ -	$ 3,942	$ 3,942
Acquisitions through business combinations (Note 25)	232,502	28,272	260,774
Additions	-	3,579	3,579
Effects of foreign currency exchange differences	(6,411)	21	(6,390)
Balance, December 31, 2021	$ 226,091	$ 35,814	$ 261,905
Accumulated amortization			
Balance, January 1, 2021	$ -	$ 223	$ 223
Acquisitions through business combinations (Note 25)	-	13,952	13,952
Amortization expenses	17,569	15,416	32,985
Effects of foreign currency exchange differences	(132)	63	(69)
Balance, December 31, 2021	$ 17,437	$ 29,654	$ 47,091
Carrying amount at December 31, 2021	$ 208,654	$ 6,160	$ 214,814

(Concluded)

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

Customer relationships	10 years
Computer software	1 to 5 years

16. OTHER PAYABLES

	December 31	
	2022	2021
Payables for salaries or bonuses	$ 83,138	$ 130,302
Payables for compensation of employees	1,832	5,012
Payables for dividends (Note)	274,138	517,693
Payables for professional fees	2,037	1,372
Payables for purchases of equipment	175	1,425
Others	25,146	16,016
	$ 386,466	$ 671,820

Note: Payables for dividends were the appropriation of earnings from Trantest Enterprise Ltd. and Trantest Precision (China) Ltd. resolved in the shareholders' meeting before the acquisition date by the original shareholders. As of December 31, 2022, payables for dividends of TT Corporation have been paid.

17. 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.

The subsidiary of the Group in China is a member of state-managed retirement benefit plans operated by the government of the People's Republic of China. Based on a certain percentage of the total salary of all local employees, the subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group is to make the specified contributions.

18. 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

The issued ordinary shares have a par value of NT$10 per share, and each share has one voting right and the right to receive dividends.

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 after the amendment, refer to compensation of employees and remuneration of directors in Note 20-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.

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Cash dividends	$ 175,709	$ 2.5
Legal reserve	44,490	-
Special reserve	7,875	-

The above appropriation for cash dividends was resolved in the shareholders' regular meeting on June 22, 2022.

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 23 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)	$ -

e. Non-controlling interests

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ 184,658	$ -
Share in gain (loss) for the year	44,189	(29,986)
Other comprehensive income (loss) during the year		
Exchange differences on the translation of the financial statements of foreign entities	2,509	134
Acquisition of non-controlling interests in subsidiaries (Note 25)	-	214,510
Balance at December 31	$ 231,356	$ 184,658

19. REVENUE

	For the Year Ended December 31	
	2022	**2021**
Revenue from the rendering of services	$ 65,516	$ 13,563
Revenue from the sale of goods	1,418,755	2,038,065
	$ 1,484,271	$ 2,051,628

	December 31, 2022	December 31, 2021	January 1, 2021
Contract balances			
Trade receivables (Note 8)	$ 332,640	$ 488,831	$ 5,702
Contract liabilities			
Sale of goods	$ 6,255	$ 2,287	$ -

20. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2022	2021
Interest income		
Bank deposits	$ 1,884	$ 635
Others	14	7
	$ 1,898	$ 642

b. Other income

	For the Year Ended December 31	
	2022	2021
Government grants	$ 10,229	$ 34,663
Others	12,044	4,953
	$ 22,273	$ 39,616

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gains (losses)	$ 67,990	$ (8,580)
Gain (loss) on disposal of investment	-	(7,305)
Net gain on financial instruments at fair value through profit or loss	716	1,025
Loss on disposal of property, plant and equipment	41,530	(334)
Gain from lease modifications	-	18
Others	(215)	(329)
	$ 110,021	$ (15,505)

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on lease liabilities	$ 1,079	$ 526
Others	1	-
	$ 1,080	$ 526

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 50,436	$ 64,567
Investment properties	2,123	3,111
Right-of-use assets	26,813	12,112
Intangible assets	30,217	32,985
	$ 109,589	$ 112,775
An analysis of depreciation by function		
Operating cost	$ 43,088	$ 57,995
Operating expenses	36,284	21,795
	$ 79,372	$ 79,790
An analysis of amortization by function		
Operating cost	$ 271	$ 550
Operating expenses	29,946	32,435
	$ 30,217	$ 32,985

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits		
Salary	$ 456,300	$ 439,038
Labor and health insurance	30,821	22,195
Post-employment benefits		
Defined contribution plans	4,841	3,589
Other employee benefits	7,283	15,446
Total employee benefits expense	$ 499,245	$ 480,268
An analysis of employee benefits expense by function		
Operating costs	$ 105,234	$ 113,012
Operating expenses	394,011	367,256
	$ 499,245	$ 480,268

g. Compensation of employees and remuneration of directors

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. Since there was accumulated deficit as of December 31, 2022 and 2021, the Company did not estimate compensation of employees and the remuneration of directors. The estimated compensation of employees and the remuneration of directors for the year ended December 31, 2022 and 2021 is 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 consolidated 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 appropriated amounts of employees' compensation and remuneration of directors and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

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.

21. 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	$ 51,774
Income tax on unappropriated earnings	10,841	-
Adjustments for prior year	(5,409)	961
	10,177	52,735
Deferred tax		
In respect of the current year	12,132	(4,420)
Income tax expense recognized in profit or loss	$ 22,309	$ 48,315

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	$ 219,247	$ 463,224
Income tax expense calculated at the statutory rate	$ 56,711	$ 95,817
Nondeductible expenses in determining taxable income	(12,862)	5,236
Unrecognized deductible temporary differences	4,119	(597)
Use of loss carryforwards	-	(52,209)
Research and development credit	(31,091)	(893)
Income tax on unappropriated earnings	10,841	-
Adjustments for prior years' tax	(5,409)	961
Income tax expense recognized in profit or loss	$ 22,309	$ 48,315

b. Income tax recognized in other comprehensive income

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

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable	$ 11,476	$ 3,412

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

	Opening Balance	Acquisitions Through Business Combinations	Recognized in Profit or Loss	Recognized in Other Compre-hensive Profit or Loss	Exchange Differences	Closing Balance
Deferred tax assets						
Temporary differences						
Exchange gain or loss	$ 692	$ -	$ (692)	$ -	$ -	$ -
Other payables	302	-	411	-	3	716
Allowance for expected credit loss	3,671	-	(756)	-	58	2,973

(Continued)

	Opening Balance	Acquisitions Through Business Combinations	Recognized in Profit or Loss	Recognized in Other Compre-hensive Profit or Loss	Exchange Differences	Closing Balance
Allowance for inventory valuation and obsolescence loss	$ 5,799	$ -	$ 6,745	$ -	$ 54	$ 12,598
Exchange differences on translation of the financial statements of foreign operations	1,969	-	-	(1,969)	-	-
	$ 12,433	$ -	$ 5,708	$ (1,969)	$ 115	$ 16,287
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

(Concluded)

For the year ended December 31, 2021

	Opening Balance	Acquisitions Through Business Combinations	Recognized in Profit or Loss	Recognized in Other Compre-hensive Profit or Loss	Exchange Differences	Closing Balance
Deferred tax assets						
Temporary differences						
Exchange gain or loss	$ -	$ -	$ 692	$ -	$ -	$ 692
Other payables	-	-	301	-	1	302
Allowance for expected credit loss	-	5,142	(1,471)	-	-	3,671
Allowance for inventory valuation and obsolescence loss	-	649	5,133	-	17	5,799
Others	-	235	(235)	-	-	-
Exchange differences on translation of the financial statements of foreign operations	-	-	-	1,969	-	1,969
	$ -	$ 6,026	$ 4,420	$ 1,969	$ 18	$ 12,433

e. Unused loss carryforwards and for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2022	2021
Loss carryforwards		
Expiry in 2026	$ 295,279	$ 295,279
Expiry in 2027	27,324	-
	$ 322,603	$ 295,279

f. Income tax assessment

The income tax returns through 2020 have been assessed by the tax authorities. There is no significant difference between the assessed and the declared taxes. The companies in other jurisdictions have been examined according to their local laws.

22. 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 for the year attributable to owners of the Company	$ 152,749	$ 444,895
Earnings used in the computation of basic and diluted earnings per share	$ 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 Group may settle the compensation of employees in cash or shares; therefore, it is assumed 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.

23. SHARE-BASED PAYMENT ARRANGEMENTS

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.

24. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2022 and 2021, the Group acquired property, plant and equipment with a fair value of $30,115 thousand and $12,477 thousand, respectively, and paid $31,366 thousand and $11,052 thousand in cash, respectively. Other payables for facility decreased by $1,251 thousand and increased by $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	$ 20,522	$ (28,910)	$ 41,616	$ 39	$ 33,267

For the year ended December 31, 2021

			Non-cash Changes		
	Balance as of January 1, 2021	**Cash Flows**	**New Leases**	**Effects of Foreign Currency Exchange Differences**	**Balance as of December 31, 2021**
Lease liabilities	$ 2,441	$ (9,047)	$ 30,859	$ (3,731)	$ 20,522

25. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	**Principal Activity**	**Date of Acquisition**	**Proportion of Voting Equity Interests Acquired (%)**	**Consideration Transferred**
Trantest Enterprise Ltd.	Sales of precision testing equipment	April 9, 2021	100	$ 388,050
Trantest Precision (China) Ltd.	Manufacture and sales of precision testing equipment	April 9, 2021	51	$ 228,419

Trantest Enterprise Ltd. and Trantest Precision (China) Ltd. were acquired in order to continue the expansion of the operation of the automation equipment department of the Group.

b. Consideration transferred

	Trantest Enterprise Ltd.	**Trantest Precision (China) Ltd.**
Cash	$ 388,050	$ 228,419

c. Assets acquired and liabilities assumed on the date of acquisition

	Trantest Enterprise Ltd.	**Trantest Precision (China) Ltd.**
Current assets		
Cash and cash equivalents	$ 435,232	$ 177,615
Financial assets at fair value through profit or loss	-	43,099
Trade receivables and other receivables	219,317	289,109
Inventories	8,841	299,042
Other current assets	-	14,918

(Continued)

	Trantest Enterprise Ltd.	Trantest Precision (China) Ltd.
Non-current assets		
Property, plant and equipment and investment properties	$ -	$ 275,310
Right-of-use assets	-	20,489
Other intangible assets	232,502	14,320
Other non-current assets	-	47,264
Current liabilities		
Trade payables and other payables	(607,096)	(724,962)
Lease liabilities	-	(17,937)
Other current liabilities	(1,740)	(485)
	$ 287,056	$ 437,782

(Concluded)

The Group acquired valuation report for the year ended December 31, 2021, and according to the report, intangible assets - customer relationship of Trantest Enterprise Ltd. and Trantest Precision (China) Ltd. were adjusted to $232,502 thousand and $0, respectively (originally amounted to $144,460 thousand and $16,500 thousand, respectively). Property, plant and equipment, investment property, and right-of-use assets of Trantest Precision (China) Ltd. were adjusted to $295,799 thousand in total (originally amounted to $297,503 thousand).

d. Non-controlling interest

The non-controlling interests of Trantest Precision (China) Ltd. (49% ownership interest) recognized at the acquisition date were measured by reference to the fair value of the identifiable net assets attributable to non-controlling interests.

e. Goodwill recognized on acquisitions

	Trantest Enterprise Ltd.	Trantest Precision (China) Ltd.
Consideration transferred	$ 388,050	$ 228,419
Plus: Non-controlling interests from the acquisition of subsidiaries (Trantest Precision (China) Ltd. 49% ownership interest)	-	214,510
Less: Fair value of identifiable net assets acquired	(287,056)	(437,782)
Goodwill recognized on acquisitions	$ 100,994	$ 5,147

The goodwill recognized in the acquisition of Trantest Enterprise Ltd. mainly represents the control premium included in the cost of the acquisition. In addition, the consideration paid for the business combination effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforce of Trantest Enterprise Ltd. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

f. Net cash (inflows) outflows on the acquisition of subsidiaries

	Trantest Enterprise Ltd.	**Trantest Precision (China) Ltd.**
Consideration paid in cash	$ 388,050	$ 228,419
Less: Cash and cash equivalent balances acquired	(435,232)	(177,615)
	$ (47,182)	$ 50,804

g. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates were as follows:

	Trantest Enterprise Ltd.	**Trantest Precision (China) Ltd.**
Revenue	$ 1,664,664	$ 364,146
Profit	$ 690,457	$ (9,245)

Had Trantest Enterprise Ltd. and Trantest Precision (China) Ltd. been acquired at the beginning of 2021, the Group’s revenue would have been $2,180,287 thousand and $2,530,108 thousand, and the profit would have been $453,327 thousand and $457,075 thousand for the nine months from April 1 to December 31, 2021 and year ended December 31, 2021, respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, 2021, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group assuming Trantest Enterprise Ltd. and Trantest Precision (China) Ltd. had been acquired at the beginning of the financial year, the management considered the fair values of property, plant and equipment as the basis for depreciation rather than their carrying amounts recognized in the respective pre-acquisition financial statements at the initial accounting for the business combination.

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's key management reviews the Group's capital structure on a quarterly basis, which includes consideration of the costs and risks of various operations. Based on the recommendations of the key management, the Group finances its working capital by borrowing from banks and raising additional capital in cash.

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

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

27. FINANCIAL INSTRUMENTS

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

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

b. Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets				
Non-principal investment products	$ 44,483	$ -	$ -	$ 44,483

c. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
Fair value through profit or loss		
Mandatorily at FVTPL	$ -	$ 44,483
Financial assets at amortized cost (Note 1)	1,200,891	1,349,308
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	367,336	606,299

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

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

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, equity and debt investments, trade receivables, other receivables, trade payables, other 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 Group'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 Group 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 Group's foreign currency denominated monetary assets and monetary liabilities at the end of the period are set out in Note 32.

Sensitivity analysis

The Group is mainly exposed to the USD and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. 1% 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 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency strengthened by 1% against the relevant currency. For a 1% 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	$ 6,541	$ 5,000

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

b) Interest rate risk

The Group's exposure to fair value interest rate risk is on the Group's borrowings at fixed interest rates.

The carrying amounts of the Group'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	$ 33,267	$ 20,522
Cash flows interest rate risk		
Financial assets	852,690	847,062

Sensitivity analysis

The sensitivity analysis below was determined based on the Group'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 points 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 Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by $2,132 thousand and $2,118 thousand, respectively, which was mainly a result of variable-interest-rate bank deposits and other financial assets.

The Group'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 Group. At the end of the period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group 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 Group'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 Group. The clients of the Group are widely spread and the Group analyzes its numerous clients' financial status continuously.

The Group's concentration of credit risk was related to the five largest customers within the Group. As of December 31, 2022 and 2021, the percentage of total trade receivables from the top five customers was 63% and 78%, respectively.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group'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 Group'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 Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2022

	Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities			
Non-interest bearing	$ 367,336	$ -	$ -
Lease liabilities	16,207	17,060	-
	$ 383,543	$ 17,060	$ -

December 31, 2021

	Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities			
Non-interest bearing	$ 604,286	$ -	$ -
Lease liabilities	20,767	187	-
	$ 625,053	$ 187	$ -

28. TRANSACTIONS WITH RELATED PARTIES

The Company's parent is Erickson Capital Co., Ltd., which held 52.95% of the ordinary shares of the Company at December 31, 2022.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Liu Fang Jung	Related parties

b. Lease arrangements

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

The rent is based on the general market rate and is paid on a monthly basis.

c. Remuneration of key management personnel

Related Party Categories	For the Year Ended December 31 2022	2021
Short-term employee benefits	$ 22,811	$ 18,750
Post-employment benefits	669	544
	$ 23,480	$ 19,294

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY: NONE

30. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS: NONE

31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group 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	$ 21,788	30.71 (USD:NTD)	$ 669,118
Financial liabilities			
Monetary items			
USD	489	30.71 (USD:NTD)	15,029

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 18,643	27.68 (USD:NTD)	$ 516,035
Financial liabilities			
Monetary items			
USD	581	27.68 (USD:NTD)	16,070

33. 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 investees: Table 5

c. 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 6

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 7

   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.

d. 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 8.

34. SEGMENTS INFORMATION

For the purpose of resources allocation and performance assessment, the Group's chief operating decision maker reviews operating results and financial information on a product-by-product basis with a focus on the operating results of each product. As the products share similar economic characteristics, and sell the same types of products in a uniform management approach, the Group's products are aggregated into a single reportable segment. The Group's chief operating decision maker reviews segment information measured on the same basis as the consolidated financial statements. Information about reportable segment sales and profit or loss is referenced from the consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021 and information on assets is referenced from the consolidated balance sheets as of December 31, 2022 and 2021.

a. Geographical information

The Group's operates in two principal geographical areas - Taiwan and China.

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below:

	For the Year Ended December 31	
	2022	**2021**
China	$ 1,415,070	$ 2,042,330
Taiwan	69,201	9,298
	$ 1,484,271	$ 2,051,628

b. Information about major customers:

Single customer contributing 10% or more to the Group's revenue is as follows:

	For the Year Ended December 31			
	2022		2021	
Customer Name	Amount	Percentage (%)	Amount	Percentage (%)
Customer 1	$ 870,605	59	$ 1,609,932	78

TABLE 1

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

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	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 2

Note 1: The Company’s maximum total endorsement/guarantee amount is 40% of the net equity in the financial statements. The Company’s maximum endorsement/guarantee 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/guarantee company, whichever is lower.

Note 2: Trantest Enterprise Limited was liquidated on June 2022.

Note 3: 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.

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

Note: The above transactions have been eliminated during the preparation of the consolidated financial statements.

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

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.)
AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Number (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	1	Service income	$ 186,429	Depends on contract	13
		Trantest Precision (China) Ltd.	1	Purchases	46,815	Depends on contract	3
		Trantest Enterprise Ltd.	1	Trade receivables	107,485	Depends on contract	5
1	Trantest Precision (China) Ltd.	Trantest Enterprise Ltd.	3	Sales	129,261	Its trading price depends on its function within the Group	9
		Trantest Enterprise Limited	2	Trade receivables	59,665	〃	3
		Trantest Enterprise Limited	2	Sales	556,044	〃	37

Note 1: Intercompany relationships and significant intercompany transactions information are represented within the number column as follows:

a. Number 0 represents the parent company.
b. Number 1 represents subsidiaries.

Note 2: The flow of transactions between the counterparties of the transactions are represented as follows:

a. “1” represents transactions from parent company to subsidiary.
b. “2” represents transactions from subsidiary to parent company.
c. “3” represents transactions between subsidiaries.

Note 3: The amounts of asset accounts and liability accounts are calculated as a percentage of the consolidated total assets. The amounts of income accounts are calculated as a percentage of the consolidated total sales.

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

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.)
AND SUBSIDIARIES

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 7

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

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 8

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

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.