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AWEA Mechantronic Co., Ltd.

2022 ANNUAL REPORT

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5.**The name of the trading place where overseas securities are listed and traded; and the way to check about the overseas securities information: not applicable**

6.**Corporate Website：**http：//www.awea.com

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I. Letter to Shareholders

1. 2022Business Results Report

1.1 Revenue Perspective：Our company's net operating revenue for the fiscal year 2022 was NT$2,283,658 thousand. Compared with the net operating revenue of NT$2,492,430 thousand in 2021, the net operating revenue in 2022 decreased by NT$208,772 thousand, a decline of 8.38%.

1.2 Profit or Loss Perspective：Our company's net profit before tax for the fiscal year 2022 was NT$439,857 thousand, which increased by NT$258,128 thousand, a growth of 142.04% compared to the net profit before tax of NT$181,729 thousand for the fiscal year 2021. The net profit after tax for the fiscal year 2022 was NT$354,143 thousand (NT$3.67 per share), which increased by NT$223,283 thousand, a growth of 170.63% compared to the net profit after tax of NT$130,860 thousand (NT$1.35 per share) for the fiscal year 2021.

1.3 The comparison of the net income for the years 2022 and 2021 is as follows：

(Individual)

Unit：In Thousands of New Taiwan Dollars

Item	2022	2021	Surplus (Deficit) Amount	Surplus (Deficit) %
Net Operating Revenue	2,283,658	2,492,430	(208,772)	(8.38%)
Operating Expenses	(1,825,556)	(2,077,984)	(252,428)	(12.15%)
Operating Margin	458,102	414,446	43,656	10.53%
Unrealized Profit on Intercompany Sales	(4,904)	3,502	(8,406)	(240.03%)
Net Operating Profit	212,519	139,903	72,616	51.90%
Net Profit before Tax	439,857	181,729	258,128	142.04%
Net Profit after Tax	354,143	130,860	223,283	170.63%

(Consolidated)

Item	2022	2021	Surplus (Deficit) Amount	Surplus (Deficit) %
Net Operating Revenue	3,100,517	3,630,956	(530,439)	(14.61%)
Operating Expenses	(2,432,617)	(2,951,020)	(518,403)	(17.57%)
Operating Margin	667,900	679,936	(12,036)	(1.77%)
Unrealized Profit on Intercompany Sales	(4,900)	1,924	(6,824)	(354.68%)
Net Operating Profit	298,225	266,199	32,026	12.03%
Net Profit before Tax	459,788	237,800	221,988	93.35%
Net Profit after Tax	349,287	122,033	227,254	186.22%
Attributable to Parent Company	354,143	130,860	223,283	170.63%

1.4 2022 Budget implementation and the financial income and expenditure are as follows:：

As per the Applicable Public Company Rule for Financial Forecast Information by Public Companies, the Company is not obligated to disclose its financial forecast information for the year 2022. Therefore, there is no information available on the implementation of the budget for the year 2022.

1.5 Breakthrough in Business Management：

(1) Product Development Breakthrough

Awea optimizes itself toward such features as larger scale, multification, five-axle, high-speed and intelligence:

(a)The high-speed five-axle aisle machining center AG and RG families fulfill the machining demand at five-axle and high-speed in mold/aviation industries.

(b)Diversified horizontal/horizontal five-axle machining center family fulfills the mass production line requiring machines.
(c)Complete Bridge type of maching centerseries of models fit with Awea-made high-speed embedded main axle, thereby fulfilling our customers' need for module machining process.
(d)MEGA5 series of superior-performed large five-axle machining center fulfills the need of high-speed and high-precision machining in aviation industry.
(e)FCV800S milling and turning compound machining center series fulfill our customers' need of multi-machining process.
(f)Complete Bridge type of maching center series of models integrated into new generation of attached head series improve performance and function to the utmost and provide more options for our customers.
(g)Large Bridge type of maching center model integrated into Awea-made full automatic all-in-one head fulfills customers' machining need at different angles.
(h)Large moving-pillar machining center's MVP series, extra-large ground moving-beam machining center's MCP series and brand-new moving-pillar & moving-beam MVCP models fulfill customers' machining need of larger scope, longer travel and convenience.
(i)Brand new long-travel high-speed aluminum milling machining center provides extra high speed milling feeding and fulfills customers' need of milling aluminum materials at high speed.
(j)The release of brand-new intelligent information control system, AiLINC, facilitates its machines to upgrade to be intelligent machine and bridge intelligent manufacture.

(2) Breakthrough in Production and Sales Layout
(a)Increase in sales of niche products and an increase in the proportion of gantry crane exports.
(b)Breakthrough in sales volume in mature markets such as Italy, Germany, North America, and Turkey.
(c)Expansion of new markets such as Eastern Europe, Northern Europe, ASEAN, and India.
(d)Successful development and launch of new products - new large gantry cranes and integration of Euro-standard supplementary heads.
(e)Provide a diverse selection of controllers and ensuring speedy delivery.

(3) Breakthrough in Company Management Improvement
(a)Establishing corporate culture to enhance corporate competitiveness.
(b)Effectively managing accounts receivable and inventory balances.
(c)Promoting lean production to control costs and enhance product competitiveness.
(d)Reasonable use of management expenses to reduce unnecessary expenditures.

2. 2023 Business Plan Overview

2.1 2023 Business strategy

(1)Market strategy: Utilize information platforms to establish a complete marketing document and sales system. Coordinate different regional agents to support each other in machine sales, reduce inventory levels, and increase delivery speed. Use the group image to complement domestic and international exhibitions, promote the market and reduce sales resistance.

(a) Domestic sales:
i. Establish the group's high-quality brand image to increase product market share.
ii. Strongly promote product lines such as horizontal machining centers, gantry machining centers, and 5-axis machines, etc.
iii. Shorten delivery time for order scheduling and increase flexibility in competitive order-taking.

(b) Export：
i. Expand the sales of gantry machines, modular shipping design maximizes container space utilization, reduces costs, and increases competitiveness.
ii. Expansion of new markets such as Southeast Asia - India, Vietnam, Northern Europe, Eastern Europe, etc., which are listed as annual key tasks.

iii. Expand existing markets with different attribute agents to increase market share: the United States, Europe, etc.
iv. Improve the sales organization and human resources to strengthen the ability to identify and capitalize on emerging market trends.

(c) China：Effectively utilize the production capacity of the Phase II factory and expand employee recruitment to enhance the production capacity of fighter aircraft models; continuously strengthen the order-taking and production capabilities of larger equipment to improve overall profitability.

i. Focus on mass production models, expand localized procurement of parts, reduce costs, and enhance market competitiveness.
ii. Improve the localized production efficiency of large gantry-type milling machines and five-axis machining centers, and develop localized additional functions to enhance product added value and profitability.
iii. Expand professional technical capabilities in integrating automated production lines to enhance sales competitiveness.
iv. Continuously expand market share in key industries such as semiconductors, new energy, and aerospace.
v. Expand sales of imported equipment to cope with the impact of the COVID-19 pandemic on local production efficiency and prepare early response strategies.

(2) Sales Strategy: Strengthening the recognition of agents and customers with the company.

(a) Highlighting the advantages of industrialized processing of machine models, catering to the development trends of industries such as aerospace, wind power, etc.
(b) Continuously strengthening product lines such as vertical and horizontal machines, gantry machines, and five-axis machines.
(c) Providing intelligent product features to help users enhance their production management capabilities.
(d) Establishing a mechanism for managing currency exchange risks, such as pricing in New Taiwan Dollars or sharing responsibility for currency exchange risks.
(e) Providing options for customized turnkey solutions to increase business opportunities.

(3) Management Strategy: Reduce error rates and improve work quality.

(a) Cost Management: Standardize and simplify processes; optimize resources and implement job training.
(b) Reach&Development Cost: Reduce design error rates, simplify and modularize design, and improve product cost-effectiveness.
(c) Production Cost: Lean production; get it right the first time.
(d) Sales Cost: Improve order quality and reduce error rate costs.
(e) Service Cost: Promptly respond to customer needs and proactively prevent recurring defects.
(f) Shipping Cost: Optimize packaging methods, reduce land and sea transportation costs, and improve the overall competitiveness of products.
(g) Capital Cost: Effectively plan the use of funds and minimize unnecessary expenditures.
(h) Self-Management: Strive for simplicity and efficiency and continue to enhance capabilities.

2.2 2023 Sales targets

In the fiscal year 2023, we aim to sell 130 units of gantry machines and 420 units of C-type machines.

3. Production and Marketing policies

Important Long-term Strategic Objectives：

3.1 Continuously diversify the market: Diversifying the market is advantageous in avoiding the risk of market concentration, and is a long-term policy established for the company to promote its stable development.

3.2 Enhance customer satisfaction through service: Maintenance service is an important aspect of

maintaining customers. A good maintenance and service system can lead to repeat orders. In the future, we will strive to achieve the goal of fast service and affordable maintenance.

3.3 Develop products based on market demands: Strengthen interaction and understanding with the market, develop products based on market demands, and increase the company's market share.

4. The future development of our company is affected by external competitive, regulatory, and macroeconomic environments. The following unfavorable factors affect our future development:

4.1 The volatile exchange rate of the Taiwanese dollar affects order placement and production costs, which has an adverse impact on operations.

4.2 Inflexible labor laws and regulations in Taiwan can lead to labor-management conflicts, resulting in increased operating costs and unfavorable industry development.

5. Future development strategies for the company

5.1 Marketing Strategy:

(a) Adjust sales market share and strategy in response to the impact of COVID-19, the U.S.-China trade war, and inflation.

(b) Showcase the advantages of the company's products in the aerospace and wind power green energy industries to expand industry supply and market share.

(c) Allocate more resources to develop the area of intelligent products that are increasingly evident in conjunction with Industry 4.0.

(d) Integrate and develop various five-axis application technologies to expand the sales market for five-axis machines.

(e) Actively improve various high-end five-axis products to meet the needs of the dynamic five-axis machine market.

(f) Actively expanding our international market and integrating exhibition, sales, service, and maintenance locations.

(g) Actively recruit talents and engage in industry-academia collaboration to cultivate our company's long-term competitive edge.

(h) Utilize information tools and platforms to integrate trade shows, advertisements, and public relations materials to strengthen marketing channels.

5.2 Procurement Strategy

(a) Strengthen the supply chain linkages to reduce the lead time for raw material delivery and decrease inventory holding costs, thereby enhancing delivery speed and agility.

(b) Collective purchasing and negotiations, conduct regular supplier evaluations, enforce ISO standards for assessing product quality, lead time, and price, and provide support to suppliers to enhance their competitiveness and in turn improve the competitiveness of our company.

5.3 Product Development Direction

(a) Develop new-generation products in line with national industrial policies such as green energy, wind power, and national defense, in preparation for future competitive advantages.

(b) Establish a complete product line and collaborate with GOODWAY Machine Cor. parent company to develop expertise in milling and lathe processes technologies.

(c) Research and develop high-value-added new products, such as gantry cranes with moving columns and stationary beams, gantry cranes with moving columns and moving beams, high-efficiency production machines, high-speed five-axis machines, and horizontal boring machines.

(d) Deepen the development of high-tech level intelligent and automated new products.

(e) Actively promote aerospace machining products in line with the world's aerospace industry development trends.

(f) Develop new-generation products that align with the global trend of energy-saving, carbon reduction, and green manufacturing.

5.4 Production Strategy Layout:

(a) Increase self-sufficiency rate, strengthen precision processing equipment and independent assembly capability to improve product quality.

(b) The construction of the DabouMei Phase II factory will enhance the production capacity of small vertical machining centers and achieve rapid supply capabilities.
(c) The Wujiang Phase II factory has entered mass production, and key precision components are supported by the parent company to increase production capacity in China.

After two years since the outbreak of the COVID-19 pandemic in 2022, the world is now facing the normalization of the pandemic, coupled with challenges such as material shortages, labor shortages, port congestion, and skyrocketing freight costs. In 2023, the post-pandemic era is marked by high global inflation, with the expectation that the Federal Reserve will raise interest rates to curb inflation, which will inevitably suppress global capital expenditures and indirectly affect the recovery of the machine tool industry. Fortunately, since the fourth quarter of 2022, global economies have gradually lifted strict pandemic controls, and major economies have released signals of partial economic activity recovery in the first quarter of 2023, which is a glimmer of hope in the current challenging industrial environment. We hope that this glimmer of hope will continue and usher in the dawn of global economic recovery.

Our Awea management team has always been diligent and prepared for all-round challenges. With your continuous support as shareholders, we believe that we have the confidence to overcome various adverse internal and external factors and enable the company to continue stable growth in the unfavorable business environment, as a way to reward your trust in the Awea management team. Once again, we thank all shareholders for their support and recognition, and wishing everyone good health and all the best!

AWEA MECHANTRONIC CO. LTD.
Chief Executive Officer：Cheng-Jyun Yang

Chairman： De-Hua Yang
Chief Executive Officer：Cheng-Jyun Yang
Accounting Supervisor: Hong-Bin Hsu

II. Company Profile

1 Date of Incorporation

Head Office：Approval of establishment registration on July 16, 1986.
Taichung Branch Office: Approval of establishment registration on May 16, 2007.
Chiayi Branch Office: Approval of establishment registration on December 25, 2017

2 Addresses and telephone numbers of the head office, branch offices and plants

Head Office：No. 629, Shuichetou Sec., Guanpu Rd., Xinpu Township, Hsinchu County 305, Taiwan
Tel: (03)5885191
Taichung Branch Office: No. 15, Keyuan 2nd Rd., Xitun Dist., Taichung City 407, Taiwan
Tel:(04)24629698
Hsinchu Plant: No. 629, Shuichetou Sec., Guanpu Rd., Xinpu Township, Hsinchu County 305, Taiwan
Tel:(03)5885191
Taichung Science Park Plant: No. 15, Keyuan 2nd Rd., Xitun Dist., Taichung City 407, Taiwan
Tel:(04)24629698
Chiayi Branch Office: No. 21, Dapumeiyuanqu 5th Rd., Dalin Township, Chiayi County 622, Taiwan
Tel:(05)2953699

3 Milestone

1986	· Established at Yanghsiiwo, Hukou Township, Hsinchu County, Taiwan Province on July 1, with a capital of NT$4.4 million.
1987	· Increased capital to NT$14.21 million. · VMC won the “Excellent Design Award” from TAITRA
1988	· Started to export the products. · Developed P-type gantry vertical machining center in November,
1989	· The capital was increased to NT$112.3 million, and the factory was moved to the current location in Xinpu Town, Hsinchu County in September · Won the "Excellent Brand Award" from TAITRA · FMV won the "Excellent Design Award" from TAITRA
1990	· Increased capital to NT$179.94 million · Developed PM type moving column gantry vertical machining center in June. · The LS type moving column CO2 laser cutting machine was completed in October. · The P-type gantry vertical machining center won the excellent work award in the competition of “Research and Development Innovative Product” held by Taiwan Machinery Association. · The LS type moving column CO2 laser cutting machine won the excellent award in the competition of “Research and Development New Product” held by the Taiwan Machinery Association.
1991	· The first phase of the factory was completed on February 2nd. · Completed PL type fixed column gantry CO2 laser cutting machine.
1992	· Cooperated with TRE Corporation in Japan to develop the MMA-type moving column gantry vertical machining center, and won the excellent work award in the competition of “Research and Development Innovative Product” held by the Taiwan Machinery Association. · Completed PL type fixed column CO2 laser cutting machine.

1993	· Developed the SP-type gantry vertical machining center in April. · Developed the PMT type moving column gantry vertical turning and milling machining center in May.
1994	· SP type gantry vertical machining center won the “Taiwan Excellence Award”. · Launched VP1050 small gantry vertical machining center in September. · Acquired subsidies of the Industrial Bureau (leading new product development plan) to started the development of HVC-type large-scale gantry five-sided machining center.
1995	· In March, VP-1050 gantry vertical machining center won the Excellent Work Award in the competition of “Research and Development Innovative Product” held by the Taiwan Machinery Association. · In September, Launched LP type gantry type vertical machining center. · In September, the VP and SP gantry type vertical machining centers obtained the British “AMTRI” (CE) certification. · In December, completed the establishment of the 1,000m^2 factory (Plant D).
1996	· VP1050 gantry vertical machining center won the “Taiwan Excellence Award”. · Set up “Integrity, Mutual Benefit, Refinement, Harmony" as the company's business philosophy. · In October, the Quality Assurance System passed the German TUV RHEINLAND ISO 9001 certification. · In December, launched VP1509/VP2012 small gantry vertical machining center.
1997	· In February, "LP type machining center" won the "Innovation Research Award" for SMEs from the Ministry of Economic Affairs. · In March, the "VP-type machining center" won the Special Award of “Research and Development Innovative Product” in the 5th Machine Tool Competition" held by the Taiwan Machinery Association. · In June, obtained approval by the Securities and Futures Commission of the Ministry of Finance for public offering of stocks. · In August, increased capital to NT$302.02 million.
1998	· In April, "VP2012 Machining Center" won the "National Product Image Award". · In June, Increased capital to NT$381.7 million. · On September 19th, Obtained the “National Award of Outstanding SMEs” for SMEs. · In September, completed the construction of A1/A2 Plant. · In November, obtained ISO14001 certification. · In December, obtained the trademark of “BRIDGE BRINGS PERFORMANCE”. · On December 29, the stock was officially listed in OTC, with an underwriting price of NT$36.
1999	· In February, invested in the establishment of “Baiwei Development Co., Ltd.”, holding 99.99% of the shares. · In March, obtained subsidies of the leading new product development plan from the Industrial Development Bureau, MOEA to assist in the development of RV-type high-speed cutting machining center. · In July, increased capital to NT$423.11 million. · In August “VB, LP Gantry Vertical Machining Center” obtained British "AMTRI" (CE) certification. · In December, LP Gantry Vertical Machining Center won the “Taiwan Excellence Award”.
2000	· In July, increase capital to NT$466.68 million. · On September 11, the stock listed on the OTC was transferred to the IPO. · In September, obtained the "Industrial Technology Development Award" from the Ministry of Economic Affairs (MOEA).

· The "additional head positioning device" has obtained patents in China and Taiwan.
· Completed the development of the leading new product "Gantry Vertical High Speed Machining Center" subsided by the Industry Development Bureau.

2001
· Developed a series of small vertical machining centers, rented a new factory in Taichung, and officially started production in November.
· Completed the large (6M×5M) crane moving column machining center.
· In March, "Puwei Technology Co., Ltd." was established to develop electronic production equipment through international cooperation. ODM completed the first two PCB drilling sample machines.
· In March, "Shanghai Zhuwei Electromechanical Co., Ltd." was established through the third place and rented a factory in Qingpu Industrial Zone, Shanghai. It started operation in November, greatly enhancing the service and business capabilities in mainland China.

2002
· In August, 16,701 square meters of adjacent agricultural land in Xinpu was changed to industrial land.
· In August, "Dawei Electromechanical (Suzhou) Co., Ltd." was established in Suzhou Xiangcheng Economic Development Zone through the third place.
· Completed the planning of horizontal models and the development of prototypes.
· The large-scale crane moving column machining center was successfully launched into the market, and one of the working ranges was listed as the first created 14M×5M domestically.

2003
· In March, the gantry five-axis machining center won the special award of the “Research and Development Innovation Product Competition”.
· In August, obtained approval to set up a branch office in the Science and Technology Industrial Park in Taichung.

2005
· In March, the BL on-floor boring type CNC horizontal machining center was officially launched into the market, and won the excellent work award in the “Research and Development Innovative Product Competition”.
· On June 30, the affiliated company "Puwei Technology Co., Ltd." applied to suspend operations due to the lack of investment benefits.
· In September, obtained the subsidies of the leading new product development plan from the Industrial Development Bureau to assist the development of “CNC Horizontal Integrated Machining Center”.

2006
· On January 25th, the first domestic unsecured convertible corporate bond was issued and traded in OTC.
· In February, consulted with Japan's Toyota Machinery Co., Ltd. on the cooperation in production, sales and product development.
· On April 25th, the plant in Taichung Science Park held a groundbreaking ceremony. The leased area is 25,000 square meters, and the building area is 23,837 square meters.

2007
· In March, the newly developed five-axis processing machine F99U won the Excellent Work Award in the “Research and Development Innovative Product Competition”.
· In April, the company's domestic first unsecured convertible corporate bonds have been fully converted into ordinary shares, divided into 5,756,926 shares.
· In May, obtained approval of the establishment and registration of the branch office in the Science and Technology Industrial Park in Taichung.
· In October, the plant in the Science and Technology Industrial Park in Taichung was officially put into production.

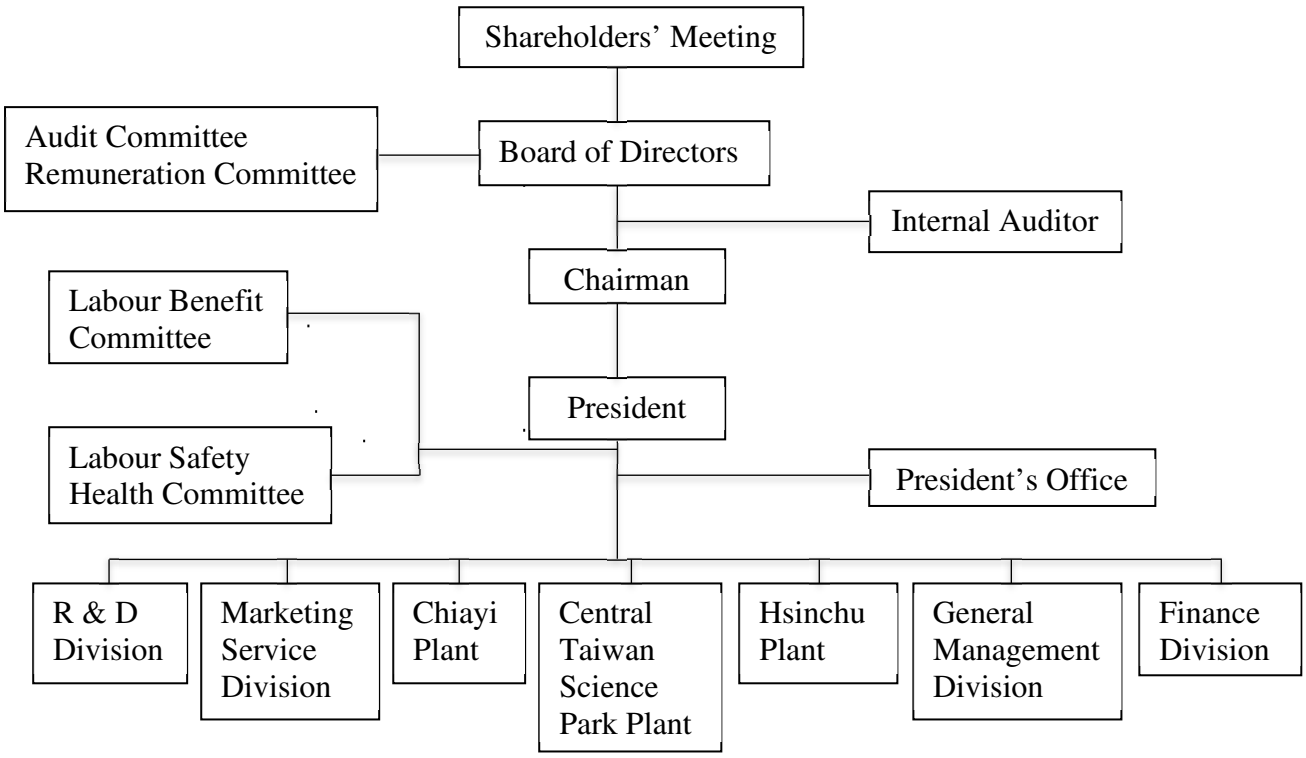
2008	· On March 8th, the industrial, official and academic friends as well as domestic and foreign agents and suppliers were invited to the official opening ceremony of the plant in the Science and Technology Industrial Park in Taichung. · In July, transfer to paid-in capital was increased NT$ 45.447 million, and the paid-in capital reached NT$ 829.011 million. · In November, AWEA (USA) subsidiary was established as the market development and service base of gantry machine in the Americas. · In November, merged the 100%-owned subsidiary of Baiwei Development Co., Ltd, and cancelled the shares of AWEA held by Baiwei Development Co., Ltd amounted to NT$ 5,303,090 and the paid-in capital was NT$ 823.709 million. · In December, the Hsinchu Plant was newly added adjacent to the site, and changed as an industrial land use.
2009	· In March, the five-axis processing machine FMV-45 won the Excellent Work Award in the “Research and Development Innovative Product Competition”. · In July, the surplus revenue was transferred to capital increase of NT$ 82.371 million, and the paid-in capital reached NT$ 906.080 million. · In October, started the expansion of the Hsinchu Plant in order to prepare mid-term development of AWEA in the future. · In November, the gantry moving beam type MVP-5032 was launched to participate in the Taichung Automation Machinery Exhibition, which set up a new development milestone for AWEA Gantry Machine.
2010	· In November, Hsinchu Plant Building A was officially reconstructed and put into production. · In November, invested and established "Jiawei Electromechanical Co., Ltd.", holding 100% of the shares. · In November, the new gantry crane five-axis machining center LV6030 was launched to participate in the Taichung Automation Machinery Exhibition, which set up a new development milestone for AWEA Gantry Machine. · Applied for the "Consolidated and Advanced Research Project" of the Science Park and cooperate with the Mechanical Engineering Department of National Chung Hsing University. · Applied for the Industry-University Program of the National Science Council "Development of High-precision Optical Installation and Calibration System for Large Machinery" and jointly implement it with National Formosa University.
2011	· In January, invested in "YAMA SEIKI USA.INC." in January with holding 28.58% of the shares. · In February, Hsinchu Plant office building officially started operation. · In March, invested and established “AWEA Korea” with holding 100% of the shares.
2012	· In October, the results of the gantry type friction stir welding machine were published. · In November, the crane type five-axis machine was launched and participated in the exhibition.
2013	· In March, the high-precision horizontal boring and milling machine MB1512+APC won the Excellent Work Award in the “Research and Development Innovative Product Competition”.
2014	· In January, Extroncnc Machinery Industry Co., Ltd. joined AWEA Group, holding 60% of the shares. · In April, the first echelon of AWEA Hele Life One Day Camp was held at the Taichung Plant.
2015	· In May, the second convertible corporate bond of AWEA was issued, with a total

	amount of NT$ 400 million.
	· In November, the 2015 of Hele Life One Day Camp was held.
	· The five-axis machine FCV 620 started mass production, adding a new force in the production and sales of five-axis machines.
	· Increased MEGA5 large-scale five-axis model to complete the allocation of series products.
2016	· In September, the surplus revenue was transferred to capital increase of NT$45,997,220.
	· In October, started the construction of the new Mei-Hsin Plant in Dapu.
2017	· In March, the vertical five-axis processing machine FCV620 won the Excellent Work Award in the “Research and Development Innovative Product Competition”.
	· In December, the construction of Dapu Mei-Hsin Plant was completed, and the Chiayi branch office was established.
2018	· Developed AHM-800 Horizontal Comprehensive Processing Machine.
	· Developed of EH5-500 horizontal five-axis processing machine.
2019	· Developed FCV-8000II new generation five-axis machine.
2020	· Developed moving column and moving beam machining center.
	· Developed and released the intelligent information control system product.
	· Developed the production management function of intelligent information control system.
	· Developed AD-550/500 double main axis C-type machine.
2021	· Optimized the development of one-division AC fully automatic universal joint.
	· Optimized the development of 4,500RPM horizontal joint.
	· Integrated LB/EP fixed column gantry processing machine.
	· Developed the function of machine diagnosis.
2022	· Developed VP model 12KB built-in main axis.
	· Electrification design of self-made tool magazine.
	· Developed AU-680 high rigidity moving column five-axis machine.
	· Developed deep learning compensation technology for intelligent thermal displacement of main axis.
	· Developed deep learning automatic modulation technology on Smart tapping.

III. Corporate Governance Report

1. Organisation

1.1 Organisation Chart



1.2 Major Corporate Functions:

Department	Functions
Internal Auditor	Responsible for internal audit and relevant tasks.
President's Office	Responsible for corporate culture, strategy/policy promulgation, long-term development planning, human resource development, corporate cooperation, business performance, information and project management, and relevant tasks.
Research & Development Division	In charge of establishment of product technique, development and renovation of new products, preparation and management of technical documents, Intellectual property management, technical cooperation, integration of R&D resources, and relevant tasks, in order to ensure market competitiveness of products.
Marketing Service Division	Responsible for domestic, Mainland China, and foreign sales and market development, establishment/management of channels, customer service and complaints, post-sales service, product sales/invoice, import/export and other tasks, in order to achieve annual targets by the company.
Chiayi Plant	Responsible for management and production, promulgation of product quality/cost/lead time, quality plan and target, establishment and implementation of each quality inspection/assurance system, establishment of product technique, product capacity expansion, product assembly and equipment, in order to achieve annual yield target by the company.
Central Taiwan Science Park Plant	Responsible for management and production, promulgation of product quality/cost/lead time, quality plan and target, establishment and implementation of each quality inspection/assurance system, establishment

Department	Functions
Internal Auditor	Responsible for internal audit and relevant tasks.
	of product technique, product capacity expansion, product assembly and equipment, in order to achieve annual yield target by the company.
Hsinchu Plant	Responsible for management and production, promulgation of product quality/cost/lead time, quality plan and target, establishment and implementation of each quality inspection/assurance system, establishment of product technique, product capacity expansion, product assembly and equipment, in order to achieve annual yield target by the company.
General Management Division	Responsible for administration, human resources, stock affairs, general affairs.
Finance Dept.	Handling subsidiary's management, finance, accounting, ledger, investment and management, and relevant tasks.

2. Director, supervisor, president, vice president, associate, supervisor of each department and branch.

2.1 Directors

(1) Information

9 April 2023; Unit: stock

Title	Nationality or residence	Name	Gender/ Age	Onboard Date	Term	Onboard Date of first term	Number of shares held onboard		Number of shares currently held		Number of shares currently held by spouse, minors		Shares substantially held		Mentionable experience(background)	Other titles by the company/other companies	Other manager, director, or supervisor to which a spouse or kinship within 2nd grade		
							Shares	Shareholding ratio %	Shares	Shareholding ratio %	Shares	Shareholding ratio %	Shares	Shareholding ratio %			Title	Name	Relations
Chairman	Taiwan	Yang Dehua	Male Aged 77	10 June 2020	3 years	29 May 2002	9,031,403	9.35%	9,031,403	9.35%	–	–	–	–	Department of Mechanical Engineering, Chung Hsing University EMBA, Chung Hsing University	Chairman by the company Other companies: Chairman and Executive Officer by Goodway Machine Corp. Chairman by Hung Jiu Machine Co., Ltd. Chairman by Chiajin Investment Co., Ltd. Chairman by Honghua Investment Co., Ltd. Chairman by Huahan Renting Co., Ltd. B-way,Billion-way(Cayman) In-charge YAMA SEIKI USA INC. In-Charge General Director by Precision Machinery Research & Development Center General Director by Taiwan Machine Tool Foundation Director by Honghua Environment Protection and Digital Future Fund Director by Universal Microelectronics Co., Ltd. Chairman of Central Science Park Industrial Training Association Director by Turvo International Co., Ltd. Chairman by Yang Wenhsu Charity Fund	President Director	Yang Chengjun Yang Chingfung	Father/Son Brother-in-law

Title	Nationality or residence	Name	Gender/ Age	Onboard Date	Term	Onboard Date of first term	Number of shares held onboard		Number of shares currently held		Number of shares currently held by spouse, minors		Shares substantially held		Mentionable experience(background)	Other titles by the company/other companies	Other manager, director, or supervisor to which a spouse or kinship within 2nd grade		
							Shares	Shareholding ratio %	Shares	Shareholding ratio %	Shares	Shareholding ratio %	Shares	Shareholding ratio %			Title	Name	Relations
Director	Taiwan	Chairman and Executive Officer by Goodway Machine Corp.		10 June 2020	3 years	29 MAY 1974	46,377,311	48.01%	47,941,311	49.63%	–	–	–	–	–	–	–	–	–
	Taiwan	Goodway Machine Corp. behalf: Wang Chenghsuan	M Aged 49	02 April 2021	2 years	02 April 2021	–	–	–	–	–	–	–	–	Department of Information Engineering and Computer Science BA, Feng Chia University	Assistant Manager by the company Titles by other companies: Manager by Goodway Machine Corp. Legal person behalf by AWEA Suzhou Legal Person by Shanghai Zhuwei Mechanical Engineering Co., Ltd. Hongjhu Investment Co., Ltd. In-charge Hongli InvestmentCo., Ltd. In-charge	–	–	–
Director	Taiwan	Yang Chengjhun	M Aged 49	18 Aug. 2021	1.8 years	18 Aug. 2021	–	–	–	–	1,000	0.00%	–	–	EMBA MA, Chung Hsing University	President by the company Other companies: Chincheng Investment Co., Ltd. In-charge Chairman by Extron Machinery Industry Co., Ltd. Director by Goodway Machine Corp.	Chairman	Yang Dehua	Father/Son
Director	Taiwan	Yang Chingfung	M Aged 72	18 Aug. 2021	1.8 years	18 Aug. 2021	130,000	0.13%	130,000	0.13%	–	–	–	–	Accounting BA, Chung Hsing University	No title by the company or other companies.	Chairman	Yang Dehua	Brother-In-Law

Title	Nationality or residence	Name	Gender/ Age	Onboard Date	Term	Onboard Date of first term	Number of shares held onboard		Number of shares currently held		Number of shares currently held by spouse, minors		Shares substantially held		Mentionable experience(background)	Other titles by the company/other companies	Other manager, director, or supervisor to which a spouse or kinship within 2nd grade		
							Shares	Shareholding ratio %	Shares	Shareholding ratio %	Shares	Shareholding ratio %	Shares	Shareholding ratio %			Title	Name	Relations
Independent Director	Taiwan	Yang Lianfa	M Aged 62	10 June 2020	3 years	14 June 2017	–	–	–	–	–	–	–	–	Business Management MA, Chung Hsing University PhD Candidate of NCCU Business Management Group	No title by the company. Other companies: Executive Director by Arich Enterprise Co., Ltd. Executive Director, Yuguo Asset Management Co., Ltd. Chairman by Yanex International Co., Ltd. Director by Eagle Construction Co.,Ltd	–	–	–
Independent Director	Taiwan	Lin Yimin	M Aged 50	10 June 2020	3 years	14 June 2017	–	–	–	–	–	–	–	–	Architecture MA Cheng Kung University	No title by the company. Other companies: President by Batom Co., Ltd. Director by Batom Co., Ltd.	–	–	–
Independent Director	Taiwan	Hong Hsipeng	M Aged 76	10 June 2020	3 years	10 June 2020	1,000	0.00%	0	0.00%	–	–	–	–	Bio-industrial MA, Chung Hsing University	No title by the company or other companies.	–	–	–

(2)Major Shareholders of shareholders by legal person

April 30, 2023

Legal person shareholder	Major shareholders by legal person
Goodway Machine Corp	Yang Dehua (41.21%) Hongli Investment Co., Ltd.（7.15%） Chiajing Investment Co.,Ltd.（7.39%） Yu-en Investment Co., Ltd.（6.43%） Jiyuan Investment Com.,Ltd.（6.48%） Zonghan Investment Co.,Ltd.（6.09%） Jincheng Investment Co., Ltd（5.79%） Fubon Life Insurance Co., Ltd.（3.85%） Honghua Investment Co., Ltd.（2.59%） Hongjhu Investment Co.,Ltd.（2.56%）

(3)Major shareholders (top 10) of aforesaid shareholders who are a legal person and their shareholding ratio

Legal person	Major shareholders by legal person
Hongli Investment Co., Ltd.	Yang Dehua (27.40%) Yang Chengjhun (24.20%) Yang Shangru (24.20%) Yang Shuhan (24.20%)
Chiajing Investment Co., Ltd.	Yang Dehua (33.31%) Yang Chengjhun (22.50%) Yang Shangru (22.47%) Yang Shuhan (21.67%) Yang Desheng (0.02%) Jang Chunmu (0.02%) Yang Chingfeng (0.02%)
Yu-en Investment Co., Ltd.	Yang Shuhan (100.00%)
Jiyuan Investment Co., Ltd.	Yang Dehua (46.60%) Yang Chengjhun (17.25%) Yang Shangru (17.75%) Yang Shuhan (17.75%) Zeng Chiguan (0.50%) Yang Desheng (0.05%) Jang Chunmu (0.05%) Yang Chingfeng (0.05%)
Zonghan Investment Co., Ltd.	Yang Shangru (100.00%)
Jincheng Investment Co., Ltd.	Yang Chengjhun (100.00%)
Fubon Life Insurance Co., Ltd.	Fubon Financial holdings Co., Ltd. (100.00%)
Honghua Investment Co., Ltd.	Yang Dehua (27.40%) Yang Chengjhun (24.20%) Yang Shangru (24.20%) Yang Shuhan (24.20%)
Hongjhu Investment Co.,Ltd.	Yang Dehua (31.33%) Yang Shuhan (12.50%) Yang Shangru (12.50%) Jiang Jiangbin (8.33%) Hsiao Suwan (8.33%) Jiang Shanghua (5.00%) Wu Chingjang (5.00%) Yu-en Investment Co., Ltd. (4.17%) Zonghan Investment Co., Ltd. (4.17%) Tsai Jichang (3.33%) Deng Jhenjhong (1.67%) You Jenchuan (0.33%)

(4)Disclosure of credential and independence of independent directors

Credential / Name	Credential and experience	Independence (*)	Number of other listed companies where entitled independent director
Yang Dehua	Degree: Department of Mechanical Engineering BA, National Chung Hsing University EMBA, National Chung Hsing University Experience: Chairman and Executive Director by Goodway Machine Corp. Chairman By Hung Jiu Machine Co., Ltd. Chairman by Chiajing Investment Co., Ltd. Chairman by Honghua Investment Co., Ltd. Chairman by Huahan Rental Co., Ltd. In charge of B-way,Billion-way(Cayman) In charge of YAMA SEIKI USA INC. General Director by Precision Machinery Research & Development Center General Director by Taiwan Machine Tool Foundation Chairman by Central Taiwan Science Park Industry Training Association Director by Turvo International Co., Ltd. Chairman of Yang Wenshu Charity Foundation	(8)(9)(11)(12)	n/a
Behalf of Goodway Machine Corp.: Wang Chenghsuan	Degree: Department of Information Engineering and Computer Science BA, Feng Chia University Experience: Chairman by Hingjhu Investment Co., Ltd. Marketing Manager By Goodway Machine Corp. Assistant Manager by AWEA	(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	n/a
Yang Chengjhun	Degree: Department of Business Administration MA, National Chung Hsing University Experience: In-charge Jincheng Investment Co., Ltd. Chairman by Extron Co., Ltd. Director by Goodway Machine Corp.	(5)(8)(9)(11)(12)	n/a
Yang Chingfeng	Degree: Department of Accounting BA, Chung Hsing University Experience: Manager by by Goodway Machine Corp.	(1)(2)(3)(5)(6)(7)(8)(9)(11)(12)	n/a
Lin Yiming (independent director)	Degree: Department of Architecture MA, Cheng Kung University Experience: President by Batom Co., Ltd. Director by Batom Co., Ltd.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	n/a

Yang Lianfa (independent director)	Degree: Business Management MA, Chung Hsing University PhD Candidate of NCCU Business Management Group Experience Executive Director by Arich Enterprise Co., Ltd. Executive Director, Yuguo Asset Management Co., Ltd. Chairman by Yanex International Co., Ltd. Director by Eagle Construction Co.,Ltd	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	n/a
Hong Hsipeng (independent director)	Degree Bio-industrial MA, Chung Hsing University Experience Lecturer of Dept. of Mechanical Engineering.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	n/a

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or

any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

10. Not a spouse, or a relative within the second degree of kinship to any other director.
11. Not been a person of any conditions defined in Article 30 of the Company Act.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act

2.2 President, vice president, associate, supervisor of each department and branch

9 April 2023; Unit: Share

Title	Nationality	Name	Gender	Onboard date	Held Shares		Shares held by spouse or minor children		Substantial Shareholding		Mentionable (degree) experience	Titles by other companies	Spouse or family within second kinship to manager			Remarks
					Number	Ratio	Number	Ratio	Number	Ratio			Title	Name	Kinship	
President	Taiwan	Yang Chengjhun	M	December 23, 2020	–	–	1,000	0.00%	–	–	EMBA MA, Chung Hsing University	Chairman by Jincheng Investment Co., Ltd.	–	–	–	*1
Vice President	Taiwan	Yang Changjhi	M	April 2, 2021	–	–	–	–	–	–	Department of Management, Feng Chia University	President Of Shanghai Zhuwei Machinery Com, Ltd. Director Of Awea Mechantronic (Suzhou) Ltd.	–	–	–	
Vice President	Taiwan	Ye Ruemin g	M	September 1, 2016	–	–	–	–	–	–	Mechanical and Electro-Engineering BA, Tamkang University	Director Of Awea Mechantronic (Suzhou) Ltd	–	–	–	
Manager	Taiwan	Hsu Hongbin	M	September 1, 1975	257	0.00%	–	–	–	–	Department of Accounting BA, Tunghai University	Supervisor by Shanghai AWEA Co., Ltd. Supervisor by AWEA Co., Ltd.(Suzhou) Supervisor by ExtronMachinery Industry Co., Ltd.	–	–	–	

*1: As heritage of business governance, Chairman and President are of first-grade relatives, in response over half of directors will not be an employee or manager, or via other approaches, etc.

2.3 Remuneration of Directors, Supervisors, President, and Vice Presidents

(1) Remuneration of Directors

31 December 2022

Unit: thousand NTD; %

Title	Name	Remuneration for Directors								A+B+C+D total ratio to net income after tax		Remuneration paid to employees with multiple titles								A+B+C+D+E+F+G total and ratio to net income after tax		Remuneration from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Severance Pay (B)		Director Reward (C)		Operation fee(D)				Pay, reward, perk (E)		Pension from discharge (F)		Employee remuneration (G)						
																The Company		Companies in the financial statements				
		The company	All companies in financial statements	The company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	Cash	Stock value	Cash	Stock value	The Company	Companies in the financial statements	
Chairman	Yang Dehua	240	240	−	−	400	400	20	20	660 0.19%	660 0.19%	−	−	−	−	−	−	−	−	660 0.19%	660 0.19%	n/a
Director	Goodway Machine Corp.	−	−	−	−	200	200	−	−	200 0.06%	200 0.06%	−	−	−	−	−	−	−	−	200 0.06%	200 0.06%	n/a
Director	Goodway Machine Corp. Behalf: Wang Chenghsuan	240	833	−	−	−	−	25	25	265 0.07%	858 0.24%	−	−	−	−	−	−	−	−	265 0.07%	858 0.24%	n/a
Director	Yang Chenjjhun	−	−	−	−	400	400	20	20	420 0.12%	420 0.12%	2,466	2,466	108	108	1,600	−	1,600	−	4,594 1.30%	4,594 1.30%	n/a
Director	Yang Chingfeng	−	−	−	−	200	200	25	25	225 0.06%	225 0.06%	−	−	−	−	−	−	−	−	225 0.06%	225 0.06%	n/a
Independent director	Yang Lianfa	−	−	−	−	200	200	25	25	225 0.06%	225 0.06%	−	−	−	−	−	−	−	−	225 0.06%	225 0.06%	n/a
Independent director	Lin Yimin	−	−	−	−	200	200	20	20	220 0.06%	220 0.06%	−	−	−	−	−	−	−	−	220 0.06%	220 0.06%	n/a
Independent director	Hong Hsipeng	−	−	−	−	200	200	25	25	225 0.06%	225 0.06%	−	−	−	−	−	−	−	−	225 0.06%	225 0.06%	n/a

*1. One car lent to Director Yang Chenjhun, of which the cost is 3,675 thousand NTD, with a book value at 2,501 thousand NTD. (Not incorporated to remuneration, bonus, and special allowance for 2022).

*2. A 6% severance pension for 2022 is overall allocated for contribution.

Remuneration Scale

Remuneration scale of directors	Directors			
	Total of 4 (A+B+C+D) remunerations		Total of 7 (A+B+C+D+E+F+G)	
	The company	List of Companies from Financial Statements H	The company	List of Companies from Financial Statements I
Under 1,000,000 NTD	Yang Dehua, Yang Lianfa, Lin Yimin, Hong Hsipeng, Yang Chenjhun, Yang Chingfeng Legal person behalf by Goodway Machine Corp.: Wang Chenhsuan	Yang Dehua, Yang Lianfa, Lin Yimin, Hong Hsipeng, Yang Chenjhun, Yang Chingfeng Legal person behalf by Goodway Machine Corp.: Wang Chenhsuan	Yang Dehua, Yang Lianfa, Lin Yimin, Hong Hsipeng, Yang Chingfeng Legal person behalf by Goodway Machine Corp.: Wang Chenhsuan	Yang Dehua, Yang Lianfa, Lin Yimin, Hong Hsipeng, Yang Chingfeng Legal person behalf by Goodway Machine Corp.: Wang Chenhsua
1,000,000 NTD (incl.) ~ 2,000,000NTD (not incl.)	-			
2,000,000 NTD (incl.) ~ 3,500,000 NTD (not incl.)	-	-	-	-
3,500,000 NTD (incl.) ~ 5,000,000 NTD (not incl.)	-	-	Yang Chenjhun	Yang Chenjhun
5,000,000 NTD (incl.) ~ 10,000,000 NTD (not incl.)	-	-	-	-
10,000,000 NTD (incl.) ~ 15,000,000 NTD (not incl.)	-	-	-	-
15,000,000 NTD (incl.) ~ 30,000,000 NTD (not incl.)	-	-	-	-
30,000,000 NTD (incl.) ~ 50,000,000 NTD(not incl.)	-	-	-	-
50,000,000 NTD(incl.) ~ 100,000,000 NTD (not incl.)	-	-	-	-
100,000,000 NTD above	-	-	-	-
Total	7 persons	7 persons	7 persons	7 persons

(2) President and manager remuneration

31 December 2022

Unit: thousand NTD; %

Title	Name	Salary (A)		Pension per discharge (B)		Reward and perk etc. (C)		Remuneration for Employees(D)				A+B+C+D total and ratio to net income after tax (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	List of Companies from Financial statements	The Company	List of Companies from Financial statements	The Company	List of Companie from Financial statements	The Company		List of Companies from Financial statements		The Company	List of Companies from Financial statements	
								Cash	Stock Value	Cash	Stock Value			
President	Yang Chengjhun	5,570	7,202	348	348	1,900	2,832	2,786	0	2,786	0	10,604 2.99%	13,168 3.72%	n/a
Vice president	Yeh Reiming													
Vice president	Yang Changchi													
Manager	Hsu Hongbin													

*1. One car lent to President Yang Chenjhun, of which the cost is 3,675 thousand NTD, with a book value at 2,501 thousand NTD. (Not incorporated to remuneration, bonus, and special allowance for 2022).

*2. A precedent 2% and a 6% severance pension for 2021 is overall allocated for contribution.

Remuneration Scale

Remuneration scale of president and manager	President and vice president	
	The company	List of Companies from Financial statements E
Under 1,000,000 NTD	-	-
1,000,000 NTD (incl.) ~ 2,000,000NTD (not incl.)	Hsu Hongbin	Hsu Hongbin
2,000,000 NTD (incl.) ~ 3,500,000 NTD (not incl.)	Yang Changjhi, Yeh Ruiming	Yeh Ruiming
3,500,000 NTD (incl.) ~ 5,000,000 NTD (not incl.)	Yang Chengjhun	Yang Chengjhun, Yang Changjhi
5,000,000 NTD (incl.) ~ 10,000,000 NTD (not incl.)	-	-
10,000,000 NTD (incl.) ~ 15,000,000 NTD (not incl.)	-	-
15,000,000 NTD (incl.) ~ 30,000,000 NTD (not incl.)	-	-
30,000,000 NTD (incl.) ~ 50,000,000 NTD(not incl.)	-	-
50,000,000 NTD(incl.) ~ 100,000,000 NTD (not incl.)	-	-
100,000,000 NTD above	-	-
Total	4 persons	4 persons

(3) Compensation to Top 5 senior managers:

31 December 2022

Unit: thousand NTD; %

Title	Name	Salary (A)		Pension per discharge (B)		Reward and perk etc. (C)		Remuneration for Employees(D)				A+B+C+D total and ratio to net income after tax (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	List of Companies from Financial statements	The Company	List of Companies from Financial statements	The Company	List of Companie from Financial statements	The Company		List of Companies from Financial statements		The Company	List of Companies from Financial statements	
								Cash	Stock Value	Cash	Stock Value			
President	Yang Chengjhun	1,806	1,806	108	108	1,080	1,080	1,600	-	1,600	-	4,594 1.30%	4,594 1.30%	n/a
Vice president	Yeh Reiming	1,211	1,211	105	105	270	270	520	-	520	-	2,106 0.59%	2,106 0.59%	n/a
Vice president	Yang Changchi	1,557	3,189	58	58	350	1,282	333	-	333	-	2,298 0.65%	4,862 1.37%	n/a
Manager	Hsu Hongbin	996	996	77	77	200	200	333	-	333	-	1,606 0.45%	1,606 0.45%	n/a

(4) Managers who allocate employee remuneration and allocation details

31 December 2022
Unit: thousand NTD; %

	Title	Name	Stock value	Cash	Total	Total and ratio to net income after tax(%)
Manager	President	Yang Chengjhun	–	2,786	2,786	0.79%
	Vice president	Yang Changchi				
	Vice president	Yeh Rueming				
	Finance Manager	Hsu Hongbin				

*1: The employee remuneration allocation is estimated with the allocated remuneration from previous year by ratio, adopted by Board of Directors' meeting.

(5) Analysis of director, supervisor, president, and vice president remuneration ratio to net income after tax from the company and consolidated report for the past two years. Elaborate the association among remuneration policy, criteria and programme, remuneration promulgation procedure, governance performance and future risks.

Title	The company		Consolidated report	
	2021	2022	2021	2022
Director	5.29%	1.87%	5.84%	2.04%
Supervisor	-		-	-
President and manager	6.63	2.99%	8.21%	3.72%

Note:2022 statements include net income disposition, of which the proposal has been adopted by Board of Directors meeting; the employee remuneration hereof is estimated with allocated remuneration from previous year by ratio.

Explanation:

(a)The remuneration allocation for directors and supervisors by the company and its subsidiaries is calculated with weighted number of seats, duties, endorsement guarantee.

(b)President remuneration has been approved by Chairman and adopted by Board of Directors per recruitment.

(c)Remuneration of the company and its subsidiaries is provided to directors, supervisors, and mainly to director and supervisor bonus other than transport reimbursement; president remuneration is fixed and the rest is for employee bonus; therefore, the remuneration of the company and its subsidiaries is highly correlated principally with the business performance of the company and its subsidiaries of the year.

(d)Alteration analysis for the past two years: n/a.

(e)No supervisor remuneration was paid due to the establishment of Audit Committee for 2021 and 2022.

3. Implementation of Corporate Governance

3.1 Board of Directors

(1) total of 5(A) meetings of the Board of Directors were held in recent year. The attendance of director and supervisor were as follows:

31 December 2022

Title	Name (*1)	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%)【B/A】	Remarks
Chairman	Yang Dehua	4	1	80.00%	10 June 2020 re-election
Director	Behalf by Goodway Machine Corp.: Wang Chenghsuan	5	—	100.00%	2 April 2021 onboard
Director	Yang Chengjhun	4	—	80.00%	18 Aug. 2021 onboard
Director	Yang Chingfeng	5	—	100.00%	18 Aug. 2021 onboard
Independent Director	Yang Lianfa	5	—	100.00%	10 June 2020 re-election
Independent Director	Lin Yimin	4	1	80.00%	10 June 2020 re-election
Independent Director	Hong Hsipeng	5	—	100.00%	10 June 2020 onboard
Other mentionable items: 1. If any of the following circumstances matters referred to in Article 14-3 of the Securities and Exchange Act or by members or expressed reservations and recorded or declared in writing occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified: n/a. 2. Implementation of conflict of interest shall state directors, subject, reason for conflict, and voting result: n/a. 3. Improvement in competency of most recent Board of Directors (I.e. Establishment of Audit Committee, improvement in transparency of information etc.) and evaluation in implementation for the current and recent years: improvement of information transparency, reinforcement of corporate governance.					

(2) Board of Directors' Evaluation of Implementation

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Content
Performed once a year	1 Jan 2022~ 31 Dec. 2022	Board of Directors	Internal Self-Assessment by the Board of Directors	1.Involvement in the operation of the company 2.Improve the quality of board decisions 3.Composition and structure of the board of directors 4.Selection and Continuing Education of Directors 5.Internal control
Performed once a year	1 Jan 2022~ 31 Dec. 2022	Board of Directors	Self-assessment by Board Members	1.Mastery of the company's objectives and tasks 2.Awareness of directors' responsibilities 3.Involvement in the company's operation 4.Internal relationship management and communication 5.Professional and continuing education ofdirectors 6.Internal control
Performed once a year	1 Jan 2022~ 31 Dec. 2022	Compensation Committee	Compensation Committee Internal Self-Assessment	1.The degree of participation in the company's operation 2.Awareness of functional committee responsibilities 3.Improve the quality of decision making of functional committee 4.Composition and selection of functional committee members 5.Internal control
Performed once a year	1 Jan 2022~ 31 Dec. 2022	Audit Committee	Audit Committee Internal Self-Assessment	1.The degree of participation in the company's operation 2.Awareness of functional committee responsibilities 3.Improve the quality of decision making of functional committee 4.Composition and selection of functional committee members 5.Internal control

3.2 Information on Implementation of Audit Committee:

(1). A total of 5 (A) meetings of the Audit Committee were held in recent year. The attendance of independent directors is as follows:

31 December 2022

Title	Name	Actual Meetings Present (B)	Meetings Present by Proxy	Actual Meetings Present Ratio (%)(B/A)	Remarks
Independent Director	Yang Lianfa	5	−	100.00%	10 June 2020 onboard
Independent Director	Lin Yimin	4	1	80.00%	10 June 2020 onboard
Independent Director	Hong Hsipeng	5	−	100.00%	10 June 2020 onboard

Other mentionable items:

1.If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

(a)Matters referred to in Article 14-5 of the Securities and Exchange Act: n/a.

(b)Rest items not approved by Audit Committee and approved by over two-thirds Directors except aforesaid items: n/a.

2. Avoidance of conflicts of interest by independent directors: please specify independent directors, subject, reason for avoidance and participation in voting: n/a.

3. Communication between independent directors and internal audit manager and accountants (supposedly including finance, business conditions of company, major items, approaches, results, etc.)

(1)Audit report and follow-up report shall be submitted to convenor for reference minimum per quarter, and monthly audit performance, audit punch rectification and corporate finance and operation details shall be presented. Convenor shall comment on audit report.

(2) Internal audit supervisor and accountants are in attendance of Audit Committee for presentation of audit approach, scope, and material adjustment and details to Audit Committee. Accountants communicate and discuss with directors and Audit Committee occasionally. Besides in meetings, audit supervisor and accountants and directors may at any time contact for smooth communication.

3.3 Corporate Governance Implementation Status and Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and cause

Evaluation Item	Implementation Status (*1)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Y	N	Summary	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The company has promulgated the Corporate Governance Best-Practice Principles. Each operation is followed pursuant hereto. No material deviation was discovered by now.	Compliant with Corporate Governance Best-Practice Principles.
2.Shareholding structure & shareholders' rights (1)Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? (2)Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3)Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4)Does the company establish internal rules against prohibition to insiders trading with undisclosed information?	✓ ✓ ✓ ✓		(1) The company appoints a spokesperson, spokesperson's proxy that address to the public for the company and be authorised to respond to shareholder's disputes. (2) Commissioned to Stock Department and Securities Stock Department. (3) Promulgated in Internal Control System by the company. (4)Written standard has been promulgated pursuant to regulation stipulated by the competent authority with Internal Material Information Handling Procedure for implementation.	Compliant with Corporate Governance Best-Practice Principles.
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop a diversified policy, concrete management target and implement? (2) Has the company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee? (3) Has the company established a standard to assess the performance of the Board and implement it annually, and are the performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for re-election? (4) Does the Company regularly evaluate the independence of CPAs?	✓ ✓	 ✓ ✓ 	(1)The company takes diversification and talents into account for composition of Board of Directors. (2)The company established a remuneration committee, audit committee; we are evaluating to establish other specialised committees. (3)Evaluation guideline and approach of Board of Directors' performance was promulgated by 2020 Q1 Board of Directors and is reviewed per year. The evaluation report is presented to Board of Directors and referenced when determining the remuneration of individual directors and nominations for re-election. (4)The company evaluates CPA independence per year.	(1) Directors of the company are professional and seek the best for benefits of shareholders as exercise. (2) Accountants of the company are capable of auditing financial operation by the company.

Evaluation Item	Implementation Status (*1)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Y	N	Summary	
4.Have TWSE/GTSM listed companies appointed a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	✓		The company authorises Finance Department, General Management to handle corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	Compliant with Corporate Governance Best-Practice Principles.
5.Has the company established a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The company appoints a spokesperson, spokesperson's proxy that address to the public for the company and a stakeholders' section was set on the official website.	Compliant with Corporate Governance Best-Practice Principles.
6.Does the company commission a professional shareholder service agency to deal with shareholder affairs?	✓		The company commissions Board of Stakeholders' affairs to Taishin Bank.	Compliant with Corporate Governance Best-Practice Principles.
7.Information Disclosure (1)Has the Company set up a corporate website to disclose both financial conditions and corporate governance details? (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3)Has the Company announced and report annual financial statements within two months after the end of each fiscal year, and announced and presented Q1, Q2, and Q3 financial statements, as well as monthly operation results by the stipulated deadline?	✓ ✓	✓	(1)The company has a website that allows access to finance, business, and corporate governance information of the company. (2)The company has assigned collection and disclosure of company information exclusively to implement spokesperson system. (3)Annual, semi-annual financial statements, Q1 and Q3 financial statements and monthly operation reports shall be issued and declared within stipulated term.	Compliant with Corporate Governance Best-Practice Principles.
8.Is there any other important information to facilitate a better understanding of the company's governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of	✓		(1)The company is operated with ethic guideline and responsible for the society. We anticipating creating best for shareholders and employees' benefits. (2)The company discloses information for investors' understanding of the company operation via MOPS.	Compliant with Corporate Governance Best-Practice Principles.

Evaluation Item	Implementation Status (*1)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Y	N	Summary	
risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchase of liability insurance for directors and supervisors)?			(3)Directors and supervisors are professional and receive training pursuant to regulation. The company informs occasionally directors and supervisors to participate in professional skill training organised by regarding parties. (4)Directors participated Board of Directors meeting with good attendance. Supervisors were invited to each Board of Directors meeting. Minutes of Board of Directors meeting was handed over to each director and supervisor. (5)Directors of the company are disciplined and avoid proposals in the event of conflict of interests. They anticipate smooth company governance.	
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures (companies without having been evaluated are exempted.) :The company reviewed company governance evaluation result and aims at improving information transparency and reinforcing Board of Directors' operation. Information disclosure in terms of annual reports and website will be improved; Directors by the company are advised to receive sufficient training pursuant to Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies; the failing items from self-evaluation will be improved for company governance guideline.				

3.4Shall the Company include a Remuneration Committee or electees, it shall disclose its composition and operation:

(1) Remuneration Committee members

31 December 2022

Credential / Title / Name		Credential and experience	Independence (*)	Number of other listed companies where entitled independent director
Independent Director	Yang Lianfa	Degree: Business Management MA, Chung Hsing University PhD Candidate of NCCU Business Management Group Experience Executive Director by Arich Enterprise Co., Ltd. Executive Director, Yuguo Asset Management Co., Ltd. Chairman by Yanex International Co., Ltd. Director by Eagle Construction Co.,Ltd	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)	n/a
Independent Director	Lin Yiming	Degree: Department of Architecture MA, Cheng Kung University Experience: President by Batom Co., Ltd. Director by Batom Co., Ltd.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)	n/a
Independent Director	Hong Hsipeng	Degree Bio-industrial MA, Chung Hsing University Experience Lecturer of Dept. of Mechanical Engineering.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)	n/a

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1.Not an employee of the company or any of its affiliates.

2.Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

3.Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.

4.Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.

5.Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

6.If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

7.If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

8.Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or

institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.

9.Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

10.Not been a person of any conditions defined in Article 30 of the Company Act.

(2) Remuneration Committee Operation

(a) 3 Remuneration Committee members of the Company in total.

(b) Term of Committee member: 10 June 2020 until 9 June 2023. 2 Remuneration meetings (A) were held in recent year, directors' credential and attendance to follow:

Title	Name	Number of meetings attended in person (B)	Meetings attended by Proxy	Attendance (%) (B / A)	Remarks
Convener	Yang Lianfa	2	–	100%	10 June 2020 re-election
Director	Lin Yimin	1	1	50%	10 June 2020 re-election
Director	Hong Hsipeng	2	–	100%	10 June 2020 re-election
Other mentionable items: 1.If the Board of Directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to Pay & Remuneration committee's opinion (E.g. the remuneration adopted by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None. 2.Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified.					

*1: Actual presence rate (%) of is calculated by one's actual attended Remuneration Committee meetings during one's service in proportion to convened meetings.

3.5 CSR promotion implementation:

Evaluation Item	Implementation Status (*1)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Y	N	Summary	
1.Has the company established CSR structure and (non-)exclusive CSR promotion unit? Has Board of Directors authorised high managerial positions solely and supervised?	✓		Our company has been established a Sustainable Development Promotion Committee, and its member include the top executives of all relevant department. The main duties of the Committee are as following. (1) To develop an effective corporate governance structure and related ethical standards to establish comprehensive corporate governance (2) Integrate and promote action plans related to environmental management and climate change, and strive to achieve sustainable environmental goals (3) Provide customers with the most competitive and innovative products and services, and maintain customer relationships (4) Responsible for labor rights, safety and health, character education, corporate image building, social welfare and other related matters. Report to the Board of Directors at least once a year, with the first report expected in 2023.	Compliant with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
2.Has the company evaluated risks associating environment, society, and company governance regarding company operation and promulgated related risk management or strategy based on materiality principle?	✓		The company evaluates risks regarding environment, society, and corporate governance (ISO9001 and 14001) based on materiality guideline and promulgated risk management policy or strategy.	Compliant with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
3.Environment (1) Has the Company established environment management industry-wise? (2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? (3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues? (4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and	✓ ✓ ✓ ✓		The company focuses on environment and resources use, etc. We promulgated environmental policy and waste reduction per ISO14001 and implement.	Compliant with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Implementation Status (*1)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Y	N	Summary	
carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?				
4. Social Topics (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? (2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries? (3) Does the company provide a healthy and safe working environment and organise training on health and safety for its employees on a regular basis? (4) Does the company provide its employees with career development and training sessions? (5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented? (6)Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights and its implementation?	✓ ✓ ✓ ✓ ✓ ✓		The company abides by Labour Act and relevant regulations. Besides employee representatives' meeting per month, a mail address has been set for protection of employees' legal rights. Employees' feedbacks can be passed to management directly. A safe, healthy, and comfortable workplace is available to employees pursuant to fire and construction safety regulations, as well as regular health checks and occasional briefing on work safety with incentives. The company holds supervisor meeting monthly per plant and addresses business operation, industry conditions to staff and analyses its effects. The company established a machinery institute order to develop employee competency. The company products have a warranty, for which the customer service department is responsible in terms of customer service and product warranty. Customer service abides by standard procedure and the system promulgation and implementation is authenticated by ISO9001. The company is working closely with suppliers. We established an industry committee to enforce CSR implementation. The company's suppliers have all been properly authenticated. In the event of violation to CSR policy by suppliers, with which business will suspend or terminate.	Compliant with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance or guarantee from a third-party verification unit?		✓	The company is preparing promulgation principle or guideline.	Not compliant with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. Under planning.
6. Shall the Company have established CSR guideline pursuant to Sustainable Development Best Practice Princip				

Evaluation Item	Implementation Status (*1)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Y	N	Summary	
TWSE/TPEX Listed Companies, please specify its deviation hereof in implementation: The company is developing Sust Development Best Practice Principles and its management guideline				
7. Other useful information for explaining the status of corporate social responsibility practices: (1)Environment protection: We implement energy saving and carbon reduction, etc. to minimise environmental impact and promote it to employees and participate in beach cleaning organised by Environmental Protection Agency. (2)Contribution to society: participated in mass mask production movement for disease control. We donate occasionally regional charities and environmental protection groups. (3)Social welfare: employment of the disabled. (4)Customer benefit: communication with customers in a timely manner. Customer complaint meetings are held regularly for review.				

3.6Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles " and Measures taken

Evaluation Item	Implementation (*1)			Deviation from Ethical Corporate Management for TWSE/GTSM Listed Companies and Cause
	Y	N	Summary	
1.Establishment of ethical corporate management policies and programmes (1)Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy? (2)Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies? (3)Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	✓ ✓ ✓		The company promulgated Ethical Practice Principles that stipulates ethical governance policy, approaches, and commitment of Board of directors and management implement from governance policy. Before establishing commercial liaison, the company shall evaluate the legitimacy, ethical governance policy, and unethical history of the other party if any, in order to ensure fair, transparent business governance, and will not request, offer, or accept bribery. Our employees are requested to abide by Ethical Practice Guideline. Internal audit takes place occasionally. No discovery of violation has been found among employees, clients, or suppliers.	Compliant with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Evaluation Item	Implementation (*1)			Deviation from Ethical Corporate Management for TWSE/GTSM Listed Companies and Cause
	Y	N	Summary	
2.Implementation of ethical corporate management (1)Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts? (2)Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations? (3)Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? (4)Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessment and promulgate audit plans to audit the systems accordingly to prevent unethical conduct, or commission external auditors to audit? (5)Does the company regularly hold internal and external training on ethical corporate management?	✓ ✓ ✓ ✓ ✓		Management procedure by the company stipulates business operation shall ethically abide by regarding regulations. Board of Directors members and management shall deem ethics company governance principle. General Management Division by the company is in charge of business ethics and reports its implementation to Board of Directors. Should any policy or trading involve potential conflicts of interests with directors, supervisors, or managers, the relevant person may not take part in decision making or voting. Ethical conduct principles and system are stipulated in Corporate Ethics Governance Principle. Audit system, internal control system has been established. Internal auditors audit occasionally. The company promotes and informs employees of ethics principle and standard via supervisor meeting and monthly meeting.	Compliant with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
3.Whistle-blowing implementation (1)Has the Company established both a reward/disciplinary system for whistle blowing, and personnel exclusive for defendant appeal? (2)Has the Company promulgated a standard investigation procedure against whistle-blowing, and follow-up measures and confidential measures post-investigation? (3)Does the company provide whistleblower protection against improper aftermath?	✓ ✓ ✓		The company operation is deemed fair, just, open. Any issues can be reported to supervisor directly via mail, phone, or in person. All whistleblowing evidence is deemed confidential. All participants hereof are obliged to keep solely the process confidential. The investigation will be passed on to Performance Appraisal based on regulations for follow-up. The company is obliged to keep whistleblowers confidential, in order to make sure one's whistleblowing conduct is improperly used against oneself.	Compliant with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
4.Reinforcement of information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?		✓	The company discloses required information by law and implements transparency of financial statements.	Overall compliant with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.。
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: n/a.				

Evaluation Item	Implementation (*1)			Deviation from Ethical Corporate Management for TWSE/GTSM Listed Companies and Cause
	Y	N	Summary	
6.Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g., review and amendment to Ethical Corporate Principles in terms of company policies): n/a.				

3.7 Should there be Company Governance Principles and regarding sections by company, please disclose where accessible: Company Governance Principle has been promulgated and is available via official website: http：//www.awea.com.

3.8 Other Important Disclosure Regarding Corporate Governance is accessible via: the company has disclosed on MOPS for latest information updated for shareholders by the company.

3.9 Implementation of internal control system shall disclose following:

(1) Internal control system statement

AWEA Mechantronic Co., Ltd.

Statement on Internal Control

Date: 13 March 2023

The Company states the following with regard to its internal control system during fiscal year 2022, based on the findings of its self-assessment:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets (hereinbelow, the “Regulations”). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of 31 December 2022 its internal control system (including its supervision and management of subsidiaries and its overall implementation of information security), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws, is—with the exception of the matters, if any, specifically listed in the Appendix— effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of the Company (the Exchange) held on 13 March 2023, where none of the 7 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

AWEA Mechantronic Co., Ltd.

Chairman: Yang Dehua

President: Yang Chengjhun

(2) CPA audit report shall be disclosed against Internal control system commissioned to CPA audit: n/a.

3.10 Company or its staff are disciplined, or measures against violators of internal control that will impact shareholder's rights or securities price by recent year until closure of annual report: please specify the discipline, material punch and rectification: n/a.

3.11 Conclusion and Implementation from Board of Shareholders and Directors Meetings by end of recent fiscal year and until annual report closure:

Meeting	Session/Date	Material Adoption
Board of Shareholders meeting	15 June 2022	1. 2021 Business Report and Financial Statement. 2. 2021 Earning Allocation.
Board of Directors meeting	8 Aug. 2022	1. Adoption of 2022 Q2 Consolidated Financial Statement. 2. Bank quota proposal. 3. Lending funds proposal of Shanghai Zhuwei Machinery Co., Ltd. for AWEA Suzhou. 4. Addition proposal of common shares' holding of Yulong Tech. Co., Ltd.
Board of Directors meeting	7 Nov. 2022	1. Adoption of 2022 Q3 Consolidated Financial Report. 2. Bank quota proposal 3. Lending funds proposal for Extron Machinery Co., Ltd. 4. Amendment to internal control system by the company.
Board of Directors meeting	19 Dec. 2022	1. Remuneration adoption discussion 2. 2023 Internal Control Audit proposal 3. 2023 Annual budget proposal 4. Lending funds proposal of Shanghai Zhuwei Machinery for Atrump Machinery Inc. 5. Amendment proposal of Standard procedure for handling Internal Material Information by the company. 6. Bank quota proposal.
Board of Directors meeting	13 March 2023	1. 2022 employee and director remuneration distribution proposal. 2. 2022 Business Report and Financial Statement proposal. 3. Remuneration Committee discussion of adoption. 4. 2022 earning distribution proposal 5. Re-election of board of directors. 6. 2023 convention venue and time and proposals. 7. Admission of shareholders' written proposal for 2023 common shareholder meeting 8. 2022 internal control system disclaimer proposal. 9. Addition of holding of common shares of Yulong. 10. Amendment proposal to articles of incorporate by the company. 11. Bank quota proposal.
Board of Directors meeting	11 April 2023	1. Nominee proposal of directors. 2. Release proposal of business strife limitation to new elected directors and their legal person behalf.

Meeting	Session/Date	Material Adoption
Board of Directors meeting	8 May 2023	1. Adoption of 2023 Q1 Consolidated Financial Statement. 2. Bank quota proposal.

3.12

Recorded or written objection summary of directors or supervisors against material adoption by end of recent year or closure of annual report: n/a.

3.13 Resignation/Discharge summary of president, chief manager, audit manager, finance manager, internal audit manager, company governance manager and R&D manager etc. by end of recent year or closure of annual report: n/a.

4. CPA Commission Details

Unit Amount: thousand NTD

Audit Agency	Auditor	Audit Term	Commission	Non-audit Commission	Total	Remarks
EnWise CPAs & Co.	Sporn Chen	1 Jan. 2022~31 Dec. 2022	1,930	-	1,930	
	Gordon Yi	1 Jan. 2022~31 Dec. 2022				

5. Change of auditors

n/a.

6. Chairperson, chief manager, finance or audit manager having served at the CPA Agency or its affiliated business within the past year

n/a.

7. Transfer of shares from Director, supervisor, manager whose shareholding ratio is over 10% and alteration in stock pledge by end of fiscal year and closure of annual report

(1) Transfer of shares from supervisor, director, manager, and material shareholder with a shareholding ratio over 10%:

Unit: share

Title	Name	2021		2022		Fiscal Year by 9 April 2023	
		Held Share Difference	Pledged Share Difference	Held Share Difference	Pledged Share Difference	Held Share Difference	Pledged Share Difference
Chairman	Yang Dehua (*1)	–	–	–	–	–	–
Director	Behalf by Goodway Machine Corp.: Wang Chenghsuan(*4)	-	–	–	–	-.	-
Independent director	Yang Lianfa(*1)	–	–	–	–	–	–
Independent director	Lin Yimin (*1)	–	–	–	–	–	–
Independent director	Hong Hsipeng (*1)		–	(1,000)	–		
Director	Yang Chengjhun (*2)	–	–	–	–	–	–
Director	Yang Chingfeng (*2)	–	–	–	–	–	–

Title	Name	2021		2022		Fiscal Year by 9 April 2023	
		Held Share Difference	Pledged Share Difference	Held Share Difference	Pledged Share Difference	Held Share Difference	Pledged Share Difference
Main shareholder	Goodway Machine Corp.	1,385,000	−	145,000	−	29,000	−
President	Yang Chengjhun (*3)	−	−	−	−	−	−
Vice President	Yang Changchi (*4)	−	−	−	−	−	−
Vice President	Yeh Rueming	−	−	−	−	−	−
Finance Manager	Hsu Hongbin	(33,000)	−				−

*1: Re-elected on 10 June 2020.
*2: Re-elected on 18 Aug. 2021.
*3: Re-elected on 23 Dec. 2020.
*4: Re-elected on 2 Apr. 2021.

(2) Relation with transferee of directors, supervisors, managers, and main shareholders: n/a.
(3) Relation with pledgers of directors, supervisors, managers, and main shareholders: n/a.

8. Relations among top 10 shareholders

9 April 2023

Name(*1)	Shareholding Ratio		Shareholding Ratio by Spouse, Minor Children		Substantial Shareholding Ratio		Top ten shareholders per ratio, or relatives, spouse, kinship within 2nd grade hereto		Remarks
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relation	
Goodway Machine Corp.	47,941,311	49.63%	–	–	–	–	Yang Dehua	Chairman by the company	
Yang Dehua	9,031,403	9.35%	–	–	–	–	Goodway Machine Corp. Honghua Investment Co., Ltd. Chiajin Investment Co., Ltd. Hung Jiu Machine Co., Ltd.	Chairman by the company	
Chiajin Investment Co., Ltd.	6,256,388	6.48%	–	–	–	–	Yang Dehua	Chairman by the company	
Fubon Financial Co., Ltd.	5,406,500	5.60%	–	–	–	–	n/a.	n/a.	
Hung Jiu Machine Co., Ltd.	1,482,818	1.54%	–	–	–	–	n/a.	n/a.	
Jihyuan Investment Co., Ltd.	1,481,316	1.53%	–	–	–	–	n/a.	n/a.	
Jingcheng Investment Co., Ltd.	1,199,000	1.24%	–	–	–	–	Yang Dehua	a relative within second grade to in-charge	
Honghua Investment Co., Ltd.	828,250	0.86%	–	–	–	–	Yang Dehua	Chairman by the company	
Yu-en Investment Co., Ltd.	786,728	0.81%	–	–	–	–	Yang Dehua	a relative within second grade to in-charge	
Hung Jiu Machine Co., Ltd.	751,312	0.78%	–	–	–	–	Yang Dehua	Chairman by the company	

9. Calculation of shareholding ratio, consolidated comprehensive shareholding ratio held by Company, directors, supervisors, managers of the Company with direct or indirect control over business.

30 April 2023; Unit: share %

Investee	Investment of the company		Investment from directors, supervisors, managers to business under direct or indirect control		Comprehensive Investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
B-WAY(CAYMAN)CO,LTD(*1)	10,665,029	100%	–	–	10,665,029	100%
BILLION-WAY(CAYMAN)CO,LTD(*1)	12,829,840	100%	–	–	12,829,840	100%
Shanghai Zhuwei Machinery Co., Ltd (*3)	–	100%	–	100%	–	100%
AWEA Suzhou Co., Ltd. (*3)	–	100%	–	100%	–	100%
AUTECH EUROPE	50	5%	–	–	50	5%
ExtronMachinery Industry Co., Ltd.	5,914,800	60%	–	–	5,914,800	60%
YAMA SEIKI,USA,INC.	584,192	28.58%	1,460,000	71.42%	2,044,192	100%
AXTRON INT'L INVESTMENT CO.,LTD. (*1)	50,000	100 %	–	–	50,000	100 %
AXTRON INT'L INVESTMENT LIMITED (*2)	10,000	100 %	–	–	10,000	100 %
ExtronMachinery (Chiahsing) Industry Co., Ltd. (*3)	–	100 %	–	100 %	–	100 %
Huahan Rental Co., Ltd.	666,667	13.33 %	2,666,666	53.34%	3,333,333	66.67%

*1: An overseas company. EPS is 1 USD.
*2: An overseas company. EPS is 1 HKD.
*3: Number of shares of companies in Mainland China is not calculated.

IV. Fundraising

1. Company capital and shares

1.1 Source of equity capital

Unit: Share/NTD

M/Y	Issue Price (NTD)	Approved Share Capital		Paid-in share capital		Remarks		
		Number of Shares(thousand)	Price (thousand NTD)	Number of Shares (thousand)	Price (thousand NTD)	Source of Equity Capital	Share Price Disposition with non-cash property	Other
July 2008	10	100,000,000	1,000,000,000	82,901,175	829,011,750	Capital increase from earnings at 39,178,250 NTD Capital increase from employee bonus at 6,268,500 NTD	n/a.	*1
Dec. 2008	10	100,000,000	1,000,000,000	82,370,866	823,708,660	Merger of ByWell Materials Co., Ltd. Inventory decrease at 5,303,090 NTD	n/a.	*2
July 2009	10	100,000,000	1,000,000,000	90,607,952	906,079,520	Capital increase from earnings at 82,370,860 NTD	n/a.	*3
Aug 2011	10	100,000,000	1,000,000,000	94,952,449	949,524,490	Capital increase from earnings at 43,444,970 NTD	n/a.	*4
Nov 2012	10	100,000,000	1,000,000,000	94,952,449	949,524,490	Merger of Jinwei Co., Ltd stocks	n/a.	*5
Nov 2013	10	100,000,000	1,000,000,000	91,994,449	919,944,490	Treasury stock cancellation at 29,580,000 NTD	n/a.	*6
Sept 2016	10	100,000,000	1,000,000,000	96,594,171	965,941,710	Capital increase from earnings at 45,997,220 NTD	n/a.	*7

*1: Capital increase approved by FSC 0970033790 order on 7 July 2008.
*2: Capital reduction approved by MOEA 09701323420 order on 23 Dec. 2008.
*3: Capital increase approved by FSC 0980033595 order on 7 July 2009.
*4: Capital increase approved by FSC 1000030026 order on 29 June 2011.
*5: Registration change approved by MOEA 10101223870 order.
*6: Registration change approved by MOEA 10201241980 order.
*7: Registration change approved by MOEA 10501224890 order.

Capital	Approved share capital					Remarks
	Outstanding shares			Un-issued shares	Total	
	Issued	Un-issued	Total			
Registered common stock	96,594,171	-	96,594,171	3,405,829	100,000,000	Listed shares

1.2 Shareholding structure

9 April 2023; unit: share

Shareholders / Number	Authority	Financial Institution	Other Legal Person	Individual	Foreign Institution and Foreigners	Total
Number of shareholders	0	5	23	7,011	30	7,069
Number of shares held	0	5,499,282	61,942,384	28,316,130	836,375	96,594,171
Shareholding ratio	0.00%	5.69%	64.13%	29.31%	0.87%	100.00%

1.3 Shareholding Dispersion: Common Stocks (book value 10 NTD/share)

9 April 2023

Shareholding Scale	Number of Shareholders	Number of held Shares	Shareholding Ratio (%)
1 to 999	3,956	540,596	0.56%
1,000 to 5,000	2,349	4,561,702	4.72%
5,001 to 10,000	363	2,657,522	2.75%
10,001 to 15,000	146	1,775,257	1.84%
15,001 to 20,000	64	1,143,984	1.18%
20,001 to 30,000	76	1,890,753	1.96%
30,001 to 40,000	40	1,400,901	1.45%
40,001 to 50,000	12	548,947	0.57%
50,001 to 100,000	26	1,751,380	1.81%
100,001 to 200,000	18	2,366,345	2.45%
200,001 to 400,000	8	2,239,758	2.32%
400,001 to 600,000	1	552,000	0.57%
600,001 to 800,000	2	1,538,040	1.59%
800,001 to 1,000,000	1	828,250	0.86%
Above 1,000,001	7	72,798,736	75.37%
Total	7,069	96,594,171	100.00%

Preferred Stocks: n/a. No preferred stocks by the company.

1.4 List of Major Shareholders: Specify the shareholders, number of shares held, and ratio who hold over 5% shares, or top 10 shareholders.

Shares / Major Shareholders	Number of held shares	Shareholding ratio(%)
1. Goodway Machine Corp.	47,941,311	49.63%
2. Yang Dehua	9,031,403	9.35%
3. Chiajin Investment Co., Ltd.	6,256,388	6.48%
4. Fubon Finance Co., Ltd.	5,406,500	5.60%
5. Hongjhu Investment Co., Ltd.	1,482,818	1.54%

Shares / Major Shareholders	Number of held shares	Shareholding ratio(%)
6. Jihyuan Investment Investment Co., Ltd.	1,481,316	1.53%
7. Jingchen Investment Co., Ltd.	1,199,000	1.24%
8. Honghua Investment Co., Ltd.	828,250	0.86%
9. Yu-en Investment Co,, Ltd.	786,728	0.81%
10.Hung Jiu Machine Co., Ltd.	751,312	0.78%

1.5 **Share price, net worth, earning, dividend, and other information in the past two years**

Item / Year			2021	2022	Fiscal year by 31 March 2023
Price per share	Peak		42.80	33.90	34.40
	Bottom		31.20	29.00	30.75
	Mean		35.19	31.08	31.89
Net Value per share (*1)	Before Distribution		32.68	34.87	34.94
	After Distribution		31.48	n/a	-
Earning per share	Weighted average number of shares (thousand shares)		96,594,171	96,594,171	96,594,171
	EPS (*2)	1.35	1.35	3.67	0.15
		n/a	1.35	n/a	-
Dividend per share	Cash Dividend		1.20	n/a	-
	Stock Grant	n/a	n/a	n/a	-
		n/a	n/a	n/a	-
	Accumulated unpaid dividends		n/a	n/a	-
Return on Investment	Price to Earning Ratio(*3)		26.07	n/a	-
	Price to Earning Ratio(*4)		29.33	n/a	
	Dividend yield(*5)		3.41%	n/a	-

*1: Please list allocation based on number of issue stocks at year end and concluded distribution by Board of Directors or following Board of Directors.

*2: Retroactive adjustment will be necessary due to stock grants, capital increase from employee remuneration, company bonds in exchange for common shares.

*3: Price / Earnings Ratio = Average Market Price / Earnings per Share

*4: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

*5: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

1.6 Dividend Policy by company & implementation (to be adopted by 2023 Board of Shareholders' meeting)

(1).Dividend policy: The settled annual net income

After closing of accounts, if there is earnings, the Company shall first pay the tax, make up the losses for the preceding years and then set aside a legal reserve of 10% of the net profit. the remaining profit shall be combined with undistributed earnings of previous year, and be partially held for company development capital. Board of Directors will draft earning distribution proposal and Board of Shareholders will adopt.

The company incurs constant change amid industry. The corporate is expanding in life cycle. In consideration of long-term financial plan and satisfaction of cash inflow requirements by shareholders, the cash dividends issued per year cannot fall below 10% of cash and dividend total.

(2). Implementation

Implementation of dividend distribution on Board of Shareholders' adoption

(a) 2022 earnings distribution proposal adopted by Board of Directors as following:

i. Legal reserve adopted at 35,790,289 NTD.

ii. Distributable dividends at 154,550,674 NTD; EPS is 1.6 NTD.

iii. Undistributed earnings at 1,405,254,991 NTD is held.

iv. Should company bonds be transferred for company stocks or in exchange of stock inventory, transfer, and cancellation affect number of outstanding stocks and distribution rate per share alter, it will be adjusted by the Chairman.

Aforesaid adoption conforms to dividend policy of articles of incorporation by the company that stipulates cash dividends cannot fall below 10% of cash and dividend total.

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2022 Disposition of net income

Unit: NTD

Item	Amount		Remarks
	Subtotal	Total	
Beginning Balance		$ 1,237,693,064	
Adjustment:			
Add: 2022 net income	354,142,189		
Add: Other comprehensive income	2,636,547		
Add:	1,124,154		
Disposition of equity method of comprehensive income evaluated by fair value			
Subtract: legal reserve	(35,790,289)		*1
Distributable earning		1,559,805,665	
Distribution:			
Shareholder bonus-cash (1.6 NTD/share)	(154,550,674)		
End undistributed earning		$ 1,405,254,991	

Chairman: Manager: Accounting supervisor:

*1: A 10% of net income after tax is allocated for legal reserve pursuant to articles of company.
$ 357,902,890 * 10% = $ 35,790,289

(a) Shareholder dividends: EPS at 1.6 NTD; once adopted on Annual Shareholder Meeting, Chairman will be authorised to set a Ex-dividend date for its distribution.

(b) The amount of cash dividends to be distributed is up to NT$1, and the balance of the fractional amount less than NT$1 is neglected and added to a total in a descending row and an ascending row of shareholder account number until it meets the total of cash dividends.

(c) Should company stock sources alter that affects number of outstanding stocks and EPS rate, Annual Shareholder Meeting will authorise the Chairman exclusively.

1.7 Effects of stock grant proposal from shareholder meeting to business performance and earning per share

Unit: thousand NTD

Item \ Year			2023 (Estimation)
Paid-in Capital by year beginning(thousand NTD)			965,942
Share/divided distribution of current year	EPS(NTD)(*1)		1.6
	Capital increase from Additional Paid-In Capital(issued per thousand shares)		–
Business Performance Flow	Operating Margin (thousand NTD)		n/a (*2)
	Difference in Operating Marin per ratio (%) to same quarter from previous year		
	Net Income(thousand NTD)		
	Difference in Net Income(%) per ratio (%) to same quarter from previous year		
	EPS(NTD)		
	Difference in EPS per ratio (%) to same quarter from previous year		
	Annual average of return of investment(reciprocal to annual average of price-to-earnings ratio)		
Fictional EPS and Price-to-Earning Ratio	In the event of entire capital increase from earning replaced by cash dividends	Fictional EPS	n/a (*2)
		Fictional annual average to return of investment	
	In the event that there is no capital increase from additional paid-in capital	Fictional EPS	
		Fictional annual average to return of investment	
	In the event there is no capital increase from additional paid-in capital & capital increase from earning replaced by cash dividends	Fictional EPS	
		Fictional annual average to return of investment	

*1: Adopted by Annual Shareholders' meeting for 2023.

*2: Regulations Governing the Publication of Financial Forecasts of Public Companies stipulates no financial forecast is required to issue for 2023.

1.8 Employee and Director Bonus

(1) Should there be earnings (earnings are benefits before tax, benefits before subtraction of employee remuneration and director, supervisor remuneration) in the year, a 3%~8% will be allocated for employee bonus. A cap of 2% will be director and supervisor remuneration.
The company allocates aforesaid employee cash and dividends conditionally to official employees. Its conditions and approaches are promulgated by Board of Directors. Should the company incur loss, it will then be reserved for coverage.
The company shall allocate employee and director and supervisor bonus pursuant to Company Act and articles of corporate. Accounting Research and Development Foundation(96) interpretation letter 052 states an estimated is made hereto in preparation of midterm and annual financial statements. Proper accounting items will list employee bonus and director and supervisor remuneration under operation cost or operation fee based on its nature. Should there be difference between allocation adopted by Board of Shareholders and estimation in financial statements, it will be deemed estimation alteration and be listed for distribution of income in current year.

(2) Remuneration distribution adopted by Board of Directors:
(a) Employee bonus estimation for 2022 is 16,000 thousand NTD. Director remuneration is 1,800 thousand NTD. All is distributed in cash.
(b) Number of shares intended for employee dividends and their ratio to capital increase from earnings: employee bonus for 2022 is all distributed with cash.

(c) EPS after intended employee bonus and director remuneration: n/a.

(3) Earnings having been distributed to employees, directors, and supervisor remuneration for the first half-year: earning for 2021 is distributed based on Board of Director adoption, of which employee cash bonus is 12, 000 thousand NTD, director and supervisor remuneration is 1,800 thousand NTD. Distributed in cash. No difference in allocation.

1.9 Share repurchase by the company:

n/a.

2. Company bonds (including oversea company bonds):

n/a.

3. Preferred stocks:

n/a.

4. Issuance of overseas depository Receipt

n/a.

5. Employee stock option

n/a.

6. Merger or acquisition of new shares from other companies

n/a.

7. Implementation of capital allocation plan

7.1 Plan: n/a

7.2 Implementation: n/a.

7.3 Allocation of Remaining capital: n/a.

V. Operation

1 Business Activities

1.1 Business Scope

(1)A. Main items of business operation

The company's main business items are the development, design, production, manufacturing and sales of computer numerical control (CNC) machine tools. The business items listed in the company change registration form as follows:

·CB01010 Machinery Equipment Manufacturing Industry.

·CC01110 Computer and its Peripheral Equipment related Manufacturing Industry.

·I501010 Product Design Industry

·F113010 Wholesale of Machinery Industry

·F213080 Retail of Machinery Equipment Industry.

·ZZ99999 In addition to licensed business, can run the business that is not prohibited or restricted by law.

(2) The operation ratio of the main business

The operating ratio of the company's main products is as follows:

Unit: NT$ thousand

Main Product Items	2022		2021	
	amount	%	amount	%
Gantry type vertical comprehensive machining center	1,497,127	48.29	1,623,682	44.72
C type vertical comprehensive machining center	1,460,438	47.10	1,783,199	49.11
Other (Note)	142,952	4.61	224,075	6.17
Total	3,100,517	100.00	3,630,956	100.00

Note: Others include machine maintenance, spare parts and trades of outsourcing goods

Focusing on the development, design, production, manufacture and sales of computer numerical control (CNC) machine tools, the business proportion is more than 95%.

(3) The company's current product items

The company's main products are Computer Numerical Control (CNC) machine tools, which belong to the metal cutting machine in industrial machinery; as an indispensable mechanical equipment for various basic processing and precision processing. The product application extends to aerospace industry, national defense industry, automobile industry, general machinery, metal product processing industry and electronics industry, etc. The company’s machine tool products can be divided into two categories: gantry type vertical comprehensive machining center and C type vertical comprehensive machining center. If it’s distinguished by machine, it can be divided into:

·Vertical Machining Center

·Gantry type vertical machining center

·Gantry type five-sided machining center

·Gantry type high speed machining center

·Horizontal Machining Center

·Horizontal High Speed Machining Center

·Horizontal boring and milling machining center

·Five-axis processing center machine

·Automation equipment

(4) Development plan of new products

Computer Numerical Control (CNC) machine tools are one of the emerging industries which is actively promoted by the government in recent years, especially the high-value-added precision CNC lathes and machining centers are key development projects. At the beginning of the company was founded, focused on the medium and large precision machining centers as the core of development, which mainly meets the needs of large-scale mechanical parts processing industry and mold processing industry. In recent years, the company has also developed a series of small and medium-sized CNC vertical machining centers to meet the market demand for small and medium-sized object processing and molds. In the future, the company will not only continuously improve the competitiveness of the original series of medium and large gantry-type machining centers and series of small and medium-sized CNC vertical machining centers, but also making every effort to develop various types of CNC horizontal boring and milling machining centers and CNC five-axis machining centers. The development plan of new products are as follows:

·Crane type high-speed five-axis machining center

·Horizontal fully automatic column high-speed five-axis machine

·Milling lathe compound with five-axis machining center

·Development on horizontal oblique fully automatic universal head

·VP6 high-speed gantry aerospace structure use machining center

·Development on EH5 high-speed horizontal five-axis machining center

·Design and development of A+/AF series modularization

·Design and development on the series of AE series new comprehensive machining center

·Development of AHM800 Horizontal Machining Center

·Development of Z800 Gear Spindle Head

·Development of AC fully automatic universal head

·Development of SP4 high-speed gantry aluminum processing machine

·Development of BS-Φ130 boring shaft

·Development of 16K built-in spindle

·The diagnosis function of intelligent information control system

·Facial identification function of intelligent information control system

·Development of moving column and moving beam machining center

·Design and development of AU-680 high rigidity moving column five-axis machine

·Development of VP-xx16 gantry type comprehensive processing machine (can be put into the cabinet)

·Design and development of X-A2 two-axis head

1.2 Industry Overview:

(1) Current status and development of machine tool industry

(a)Current status of the industry

According to customs export statistics, the total export value of Taiwan's machine tools from January to December in 2022 reached US$3.02303 billion, with growth rate of 8.6% compared with the same period of last year, in which the cutting machine tools were US$2.54299 billion, with growth rate of 10.4% year-over-year (YOY). The export value of molding machine tools was US$480.03 million, with growth rate of 0.2% YOY.

According to the ranking of exporting countries from Taiwan, mainland China ranked No.1 in 2022 with an export value of US$801.79 million, accounting for 26.5% of total exports, with a decrease rate of 10.4% YOY. The United States ranked No.2, with an amount of US$445.18 million, accounting for 14.7% of total exports, with growth rate of 37.7% YOY. Turkey ranked No.3, with an amount of US$254.35 million, accounting for 8.4%, with growth rate of 5.4% YOY. Vietnam ranked No.4, with an amount of US$116.79 million, accounting for 3.9%, with growth rate of 14.2% YOY. Russia ranked No.5, with an amount of US$114.61 million, accounting for 3.8%, with growth rate of 10.2% YOY.

The rest part are as follows: Netherlands accounted for 3.6%, with growth rate of 31.7%. Italy accounted for 3.5%, with growth rate of 40.7%. India accounted for 3.1%, with decrease rate of 0.8%. Thailand accounted for 2.9%, with decrease rate of 11.2%. Malaysia accounted for 2.7%, with growth rate 13.6%. Germany accounted for 2.6%, with growth rate of 30.4%. Japan accounted for 2.6%, with growth rate of 19.7%. Mexico accounted for 1.9%, with growth rate of 47.1%. The UK accounted for 1.6%, with growth rate of 5.2%. South Korea accounted for 1.5%, with decrease rate of 6.2%. Indonesia accounted for 1.2%, with growth rate of 13.7%. Australia accounted for 1.1%, with decrease rate of 15.1%. Brazil accounted for 1.1%, with decrease; rate of 6.0%. Belgium accounted for 1.1%, with growth rate of 27.6%. France accounted for 0.9%, with a growth rate of 63.1%. The ranking of exporting countries in 2022 is shown in the table below:

Statistical Analysis Table of Taiwan's Machine Tool Exports to Major Countries in 2022

Unit: thousands of US dollars; %

Ranking	Export to the country	2021		2022		Variation Ratio %
		Export Value	%	Export Value	%	
1	China	894,998	32.1	801,792	26.5	-10.4
2	U.S.	323,291	11.6	445,186	14.7	37.7
3	Turkey	241,355	8.7	254,357	8.4	5.4
4	Vietnam	102,242	3.7	116,795	3.9	14.2
5	Russia	103,966	3.7	114,610	3.8	10.2
6	Netherland	82,593	3.0	108,750	3.6	31.7
7	Italy	74,362	2.7	104,594	3.5	40.7
8	India	94,213	3.4	93,492	3.1	-0.8
9	Thailand	98,655	3.5	87,645	2.9	-11.2

Ranking	Export to the country	2021		2022		Variation Ratio %
		Export Value	%	Export Value	%	
10	Malaysia	71,538	2.6	81,299	2.7	13.6
Others		695,917	25.0	814,515	26.9	17.0
Total		2,783,130	100.0	3,023,035	100.0	8.6

Source: Customs Monthly Report on Import and Export Statistics, Taiwan Machine Tool Foundation

According to the analysis of cutting machine tools, non-traditional machine tools such as electric discharge machining and laser machining grew by 23.6%, comprehensive processing machines grew by 10.9%, lathes grew by 16.0%, and drilling machines, boring machines, milling machines, and tapping machines decreased 15.5%, and grinding machines grew by 12.9%. Planing, sawing, drawing, and gear machinery grew by 9.2%. Regarding molding machine tools, forging, punching and shearing machinery decreased by 0.5% compared with the previous year, and other molding machine tools increased by 2.8%. The statistical analysis of the categories of machine tools exported from Taiwan in 2022 is shown in the table below:

Statistical Analysis Table of the categories of machine tools exported from Taiwan in 2022

Unit: thousands of US dollars; %

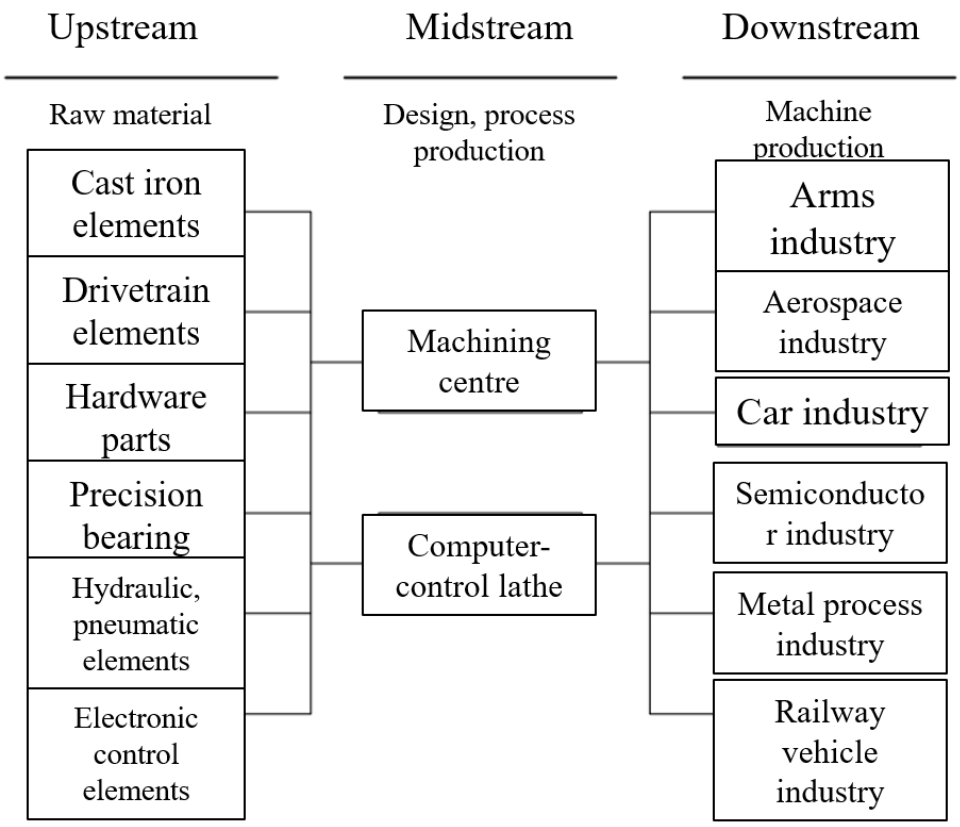
Product Items	2021		2022		Variation Ratio %
	Export Value	%	Export Value	%	
Non-traditional machine tools such as electric discharge machining and laser machining	147,673	5.3	182,512	6.0	23.6
Comprehensive processing machines	941,242	33.8	1,044,179	34.5	10.9
lathes	590,438	21.2	685,177	22.7	16.0
Drilling machines, boring machines, milling machines, and tapping machines	243,361	8.8	205,635	6.8	-15.5
Grinding machines	245,894	8.8	277,736	9.2	12.9
Planing, sawing, drawing, and gear machinery	135,333	4.9	147,757	4.9	9.2
Cutting machine subtotal	2,303,941	82.8	2,542,996	84.1	10.4
Forging, punching and shearing machinery	378,383	13.6	376,447	12.5	-0.5
Other molding machine tools	100,806	3.6	103,592	3.4	2.8
Molding machine subtotal	479,189	17.2	480,039	15.9	0.2
Machine Tool Total	2,783,130	100.0	3,023,035	100.0	8.6

Source: Customs Monthly Report on Import and Export Statistics, Taiwan Machine Tool Foundation

(2) The connection between the middle stream and downstream in the industry:

The relationship among the upstream, midstream and downstream in the machine tool industry is very close. The raw materials required for production include numerical controllers, ball screws, castings, hardware parts and other components. Usually, third-party manufacturers cooperate with parts processing and integrate machinery on manufacture through specialized division of work, and assembled as a machine tool. Machine tool, also known as “mother of machinery”, is a machine for manufacturing machinery, and it is also an indispensable machine equipment for various basic processing and precision processing. The machine tool industry occupies a key position in industrial development, and it is particularly closely related to the defense industry, automobile industry, and aerospace industry.

Since the machining processes in the machine tool industry are relatively complex and the large number of components are required, Taiwan's machine tool industry has developed the integrated manufacture of machinery through specialized division of work including key components are purchased from foreign countries, general parts are supplied and processed by third-party manufacturers, and the central factory is responsible for assembly and testing. The relationship among the upstream, midstream and downstream in the machine tool industry is listed as follows:



(3) Various development trends of products:

(a)Technology Development Trend

The technical development of domestic machine tools continues to develop towards high speed, high precision, and high compounding. The focus is on improving the manufacturing process of components, increasing production efficiency, and reducing costs. Therefore, accuracy, high speed, open controller, complex and systematization has become the common pursued goal in the machine tool industry. In terms of high speed and precision, the development of high-speed feed system and high-speed spindle to increase the processing speed is benefit on the improvement of production efficiency; while improving production efficiency, it is also necessary to improve the roughness of the processing surface, so it is also necessary to take into account high-precision capability. In terms of open controllers, due to the rapid development of computers and information processing, the controller will make the functions of machine tools more intelligent, so as to improve the performance of the machine and reduce the demand and cost of production manpower. In terms of complex, in order to save space, reduce costs and meet the needs of a small number, diverse and

complex workpieces, it will focus on multi-functional machines, reduce the space occupied by the machine, and improve the processing accuracy by reducing the times of workpiece delivery. In terms of systematization, it will focus on the development of processing flexibility, process automation, intelligent monitoring and interface standardization.

(b)Product Development Trend

At present, there are two major development trends in the global computer numerical control (CNC) machine tool market. One is to use the strategy of mass production and low cost to occupy the low-priced market for standard-spec models; the other is to use technology to produce high-precision and high-end and high-quality machine tool models to occupy the high-value-added market with high cost-performance ratio; high-value-added models will develop towards high speed, multi-function, environmental protection, safety, quality stability, and product reliability in the future. Machine tool manufacturers will actively improve the production process and develop high-speed spindle rotation, high-speed cutting and high-precision products to enhance competitiveness.

(4) Product competition

The company's current products include gantry machine products and C-type small machine models. The competition situation of the products is described as follows:

In terms of gantry machine products, the manufacturing process of this product is complicated and unable to go mass-production because the specifications vary according to customer requirements, it belongs to a variety of products in small quantities. Currently, companies producing similar products in the world include WALDRICH SIEGEN in Germany and SNK, OKUMA, TOSHIBA, MITSUBISHI in Japan, etc., due to the high unit price of their products, they form different market segments from domestic machine tool manufacturers.

In terms of C-type machine products, due to the large market demand, there are many manufacturers divided domestically and abroad. According to different functions and properties, there are different market segments. The main differences can be divided into special-purpose machines and general-purpose machines. Currently, the company's C-type machine belong to a mid-level general-purpose model, and the competition mainly comes from South Korea, Italy, etc. Because the labor wage in our country is lower than that of South Korea and Italy, the competitiveness of this machine is better than the same level of manufacturers in other countries. However, due to the impact of exchange rate fluctuations, when the Taiwan dollar or competitors' exchange rates fluctuate greatly, the competitiveness of them will also increase or decrease accordingly.

In terms of five-axis machines, the market demand is increasing day by day. Competitors domestically and abroad have invested a lot in research and production. The company is also investing in the development of various types of five-axis machines including small-sized, mid-sized and large-sized. At present, the companies produce similar small and medium-sized products in the world include Hermle, DMG & MORI in Germany, the large-sized ones include SNK, OKUMA, TOSHIBA, MITSUBISHI in Japan, etc. Due to the high unit price of their products, there is a different market segment on prices in the domestic market; while the products of domestic

competitors are not yet mature, there should be considerable opportunities for market competition.

1.3 Overview on Technology and Research and Development:

(1) The technical level of the business

The company has focused on the research and development and production of machine tools since founded. The main source of technology is the company's long-term cultivation of talents, establishment of technology, inheritance of experience, and product research. The main R&D cadres have product development capabilities. Meanwhile, we also maintain a close cooperative relationship with upstream component suppliers; because the design and manufacture of machine tools requires long-term experience accumulation and planning capabilities, the company is still technically cooperating with domestic machinery research institutions such as the Industrial Technology Research Institute (ITRI) and the Precision Machinery Research and Development Center, dedicated to product development and improvement.

With the rich experience accumulated in product research and development for many years, the company has established a complete research and development system, which can develop the product process capability that meet the needs of customer application and product quality requirements, and maintain market competitiveness with leading production technology in the industry.

(2) Research development

In recent years, the company's main focus on research and development is to improve production efficiency and process capabilities, and then develop high-end products; in addition to continuously reducing production costs, the future research and development direction will actively focus on the fields of aerospace, 3C industry, light metal processing industry and precision mold processing industry, etc. The products that are planned to be developed in the near future are as follows:

(a)Small and medium horizontal boring and milling machining center

With the small and medium-sized CNC horizontal three-axis machining center as the main body, it is equipped with a rotatable high-load indexing table and a self-made boring spindle to cope with precision machining applications; and developed a worktable exchange mechanism to reduce waiting downtime and improve work efficiency.

(b)Large horizontal boring and milling machining center

The main market is large-scale turbine parts processing, large-scale mechanical precision parts, large-scale pipe valve parts and wind power generation parts manufacturing, etc. The product features are super-high-load worktable, super-large working stroke, super-large spindle output torque and three-axis travel module design can be matched according to customer needs.

(c)Large crane type five-axis machining center

In response to the trend of large-scale products in the market, we will improve the ultra-large crane-type gantry machine products to reach higher processing efficiency and better processing quality. The large-scale crane-type gantry is added to the two-axis spindle head to improve the performance of products processing, and minimize the times of overturning of large workpieces.

(d)Small High Speed CNC Vertical Machining Center

With the small CNC vertical three-axis machining center as the main body, the structure optimization and performance optimal design are carried out to meet the processing needs of 3C industrial parts, and produce high-efficiency, high-precision, and low-cost production.

(e)Intelligent software development

In response to customers' strict processing requirements, including size, shape, surface gloss and shortened processing time, the company will continue to develop the most suitable processing parameters, compensation functions, anti-collision simulation software and machine status monitoring functions to meet different industry groups in order to improve customer satisfaction with products and enhance product competitiveness.

(f)Develop High Precision Optical Mounting and Calibration System for Large Machine Tools

In response to the market demand for processing large objects, we will develop super-large stroke machining center products. In order to meet this demand, improve product accuracy and value, and upgrade precision assembly technology, we participate in the industry-university cooperation project “Development of High Precision Optical Mounting and Calibration System on Large Machine Tool” led by National Formosa University.

(g)Development of large-scale moving column and moving beam gantry five-sided machining center

In response to the market demand for processing large objects, we will develop ultra-large moving column and moving beam gantry five-sided machining center products to meet the processing needs of large-scale, high torque, and high rigidity.

(h)Development of Gantry Type Friction Stir Welding Machine

Combined with the new technology transfer "Friction Stir Welding Technology" carried out by TWI (Welding Institute) in the UK, it is applied to the existing gantry machining center structure, which will help to enter the soldering and welding market in shipbuilding, aerospace and automobile industries. Currently, there is no manufacturer to involve the development on this type of functional machine, by entering the market firstly to obtain opportunities in the blue ocean market, increase product lines, and enhance the company's competitiveness.

The company focus on product research and development extremely, and organizes special research and development teams from time to time. The research and development personnel are responsible for the development of new products, improvement of production process and technical guidance.

(3) R&D expenses invested in the recent years

The ratio of the company's research and development expenses to operating income in the most recent year is as follows:

Unit: NT$ thousand

Year / Item	2021	2022	2023 Q1
R&D expenses	60,627	61,671	14,459
Revenue income	3,630,956	3,100,517	538,803
Revenue Ratio	1.67%	1.99%	2.68%

Source: Financial report audited and certified by accountants

In order to respond to market demand and enhance product competitiveness, the company focus on product research and development extremely. The research and development funds invested in 2021 and 2022 are NT$60.627 thousand and NT$61.671 thousand respectively, accounting for 1.67% and 1.99% of revenue ratio. The expenses are mainly used for developing new products, improving the functions of existing products, testing new products and developing parts and components. The company continues to recruit excellent R&D talents, invest equipment and related application software. Looking forward to the future, the amount of R&D expenses is expected to show a steady growth with the growth of revenue scale.

(4) Successfully developed technology or product

The company's research and development achievements are based on the production technology accumulated over more than 20 years, and continuously improve product performance to meet the actual needs from customers and obtain market competitive advantages. The company's recent annual research and development achievements are listed below:

Year	Successfully developed technology or product
2008	1. Completed the development of the optimal cutting parameter "I Console" to improve the convenience of the control interface. 2. Developed BL2018-S/14 3. Developed new five-sided spindle head 4. Developed AF-1250 5. Developed A+1800/2100/2500 6. Developed FMV-45U
2009	1.Developed MVP-5032 moving beam model 2. Developed super large crane type gantry machine: LG-10070, LG-20070 3. Developed AF full series line rail machine vertical processing machine 4. BL high-load rotary worktable development, Z-axis one-meter four-gear spindle development, LP five-sided processing machine development, Y-axis screw anti-vibration mechanism development, APC unit development project, etc.
2010	1. Developed LV-6030 crane type five-axis processing model with composite material 2. Developed small and medium-sized gantry five-sided processing machine series: LP-2515/3016/4016/5016 3. Developed a full series of large-scale gantry five-axis processing machines MEGA 5P 4. Developed 8000rpm high torque oil mist built-in spindle
2011	1.AF510 Small High Speed CNC Vertical Machining Center 2. MB1512 medium-sized horizontal boring and milling machining center 3.Developed full series of MEGA 5G large-scale crane-type five-axis processing machines
2012	1. HTP high rigidity gantry machining center 2. Gantry Friction Stir Welding machine 3. Medium-sized LP gantry type comprehensive machining center
2013	1. Developed new AC automatic universal head 2. New fixed-column gantry machining center 3. HD Gantry Processing Machine 4. FCV-620 vertical five-axis processing machine 5.AH630 Horizontal Machining Center
2014	1. Developed water outlet function in the center of horizontal head 2. Developed Gantry X-axis Nut Rotary Feed System 3. Developed MVP-8040 moving beam model 4. Developed EMENA Head Changing Spindle System 5.AH500 Horizontal Machining Center 6.Developed MEGA5 P2520 high-speed gantry five-axis processing machine

Year	Successfully developed technology or product
	7.The improvement and optimization on FMV99 8.C-type machine appearance aesthetic sheet metal 9.C type machine with high speed gear spindle 10.MB2012 medium-sized horizontal boring and milling machining center 11.Developed FV960 vertical five-axis processing machine
2015	1.MEGA5G Feed System Retrofit 2.Developed AF510#30 Synchronous Tool Changing System 3.Developed a special processing machine for cams (a special processing machine for automation system components) 4.Optimized Development of FCV800 Crane Type Spindle Processing Machine 5. Developed MEGAxx20 series gantry type five-axis processing machine 6. Developed side-mounted tool magazines for SP models to meet the needs of the economical market 7. Developed 760 long nose gear spindle 8. Geared spindle increases air curtain function 9. Improved SP model low water tank 10. Optimized development of HD high rigidity gantry machine sheet metal appearance aesthetics 11. Fully optimized development of the new VP gantry processing machine (including optimized design of appearance aesthetics) 12. Optimized Development of AH Series Chip Removal System 13. Optimized Development of FCV620 Moving Column Five-Axis Processing Machine
2016	1. Crane type high-speed five-axis machining center 2. Horizontal full-moving column high-speed five-axis machine 3. AC automatic universal head 4. Five-axis head 5. Large-scale moving column moving beam gantry five-sided machining center 6. Milling lathe compound five-axis machining center
2017	1. Developed ultra-large floor-standing moving column processing machine 2. Developed high-speed built-in spindle 3. Developed the long nose end built-in spindle 4. Developed High rigidity 90 degree horizontal head 5. Developed water outlet extension head of high speed center 6. Upgraded Project of AT510 Small High-Speed CNC Vertical Machining Center Magazine Knife Number 7. Developed FCV620-H moving column five-axis processing machine used for special machine for automobile mold 8. Developed specification of Self-made five-axis head A5+M 9. Developed special automation system for large C-type machine with track processing
2018	1. Developed vertical oblique automatic universal head 2. Developed European 12,000RPM built-in spindle 3. Developed RG crane type five-axis machining center 4. Developed new generation manual horizontal head and universal head 5. Developed additional head for flat wheel grinding 6. Developed new generation A+/AF vertical comprehensive processing machine 7. AHM-800 Horizontal Comprehensive Processing Machine 8. Developed AE-1000 vertical parts processing machine 9. Developed VP6012 Gantry High Speed Aluminum Structural Parts Machining Center 10. Developed EH5-500 horizontal five-axis processing machine
2019	1. Developed FCV-800II new generation five-axis machine 2. Developed φ110 Boring Spindle Head Module (MB) 3. Module development for rapid mold change (improving efficiency) in processing department 4. Developed AC fully automatic universal head 5. Developed SP4 high-speed gantry aluminum processing machine 6. Developed BS-Φ130 Boring Shaft 7. 16K built-in spindle development
2020	1. Developed moving column and moving beam machining center 2. Developed and released intelligent information control system product

Year	Successfully developed technology or product
	3. Developed production management function of intelligent information control system 4. Developed AD-550/500 double-spindle C-type machine 5. Developed φ110 boring spindle head module (AHM specification) 6. Developed CF-1060 high-efficiency/rigid vertical processing machine 7.NA+gear spindle (small) optimization solution (#50-6K upgraded to 8K) 8. Developed LH-119 geared spindle (assisting Yiquan company) 9. Developed Adaptive Cutting Function 10. Developed wireless hand wheel function 11.Developed MEGA5P, RG5 five-axis machine
2021	1. Optimized development of one-division AC fully automatic universal head 2. Optimized development 4,500RPM horizontal head 3. Integration of LB/EP fixed column gantry processing machine 4. Developed Tool magazine management function 5. Developed Tool monitoring function 6. Developed machine diagnosis function
2022	1. Developed VP model 12KB built-in spindle 2. Electrification design of self-made tool magazine 3. Developed Z800 Hard Rail Short Transmission Gear Spindle 4. Developed AU-680 high rigidity moving column five-axis machine 5. Developed VP-xx16 gantry processing machine (can be put into the cabinet) 6. Developed AHM-800-APC horizontal exchange worktable 7. Designed and developed X-A2 two-axis head 8. Developed deep learning compensation technology for intelligent spindle thermal displacement 9. Developed Intelligent tapping deep learning automatic modulation technology 10. Platform development of intelligent information control system (FANUC controller)

1.4 Long-, short-term business development plan:

Since the establishment of the company, we have been expanding highly precision and automatic production equipment, in order to improve efficiency, productivity, and advance technique towards high-added value products' development that creates operation benefit. Our short- and long-term development as following:

(1)Short-term business plan

(a)Marketing strategy

·Strengthening customer service quality system

Establishment of cross-communication channel between the company and customers. Enhancement of training for personnel against marketing and customer complaint. Improvement of customer service quality. Offering post-sales customer service. Prioritising customer feedbacks. Working towards customer satisfaction. Consolidation of long-term relations with customers.

·Working on high added value orders. Improving competitiveness.

Besides long-term customers, we are reinforcing developing business with potential domestic customers and working on high added value product orders. By increasing market ratio of medium and high price machining centres, we can differentiate positioning in market from same industry and strengthen our competitiveness.

·Diversification in customers. Arrangement of product structure and channels

We consolidate customer sources, maintain good customer relations, adjust product structure against market requirement and industry development trend, develop diverse sales channels, in order to produce flexible and qualifying products for domestic and international customers. We diversify customers in order to reduce business risks from industrial and economic alteration.

(b)Product strategy

·Mass production and modification of machine tools

In order to shorten lead time for market, we reinforce mass production and modification of machine tools, so that it will satisfy the multifunctionality requirements of customers and production will be flexible. Interchangeability of components can reduce inventory risk of spare parts.

·Upgrade in assembly of plants in Mainland China

We upgrade assembly in plants in Mainland China and cultivate local machinery talents. We develop self-owned products and it strengthens our product competitiveness. It satisfies the requirements for lead time of our Mainland Chinese customers.

(c)Product development target

·Comprehensive supply competence of product lines

Besides development of precise machinery tools, in order to satisfy customer requirements and market diversification, we aim as well at development of medium-small CNC vertical machine centres with competence in comprehensive product line, which satisfies customer requirements at once for all.

·Reinforcement of integration of high-speed machining centres and applications.

We will develop medium-small high-speed products against high-paced market. It will improve machining efficiency, including size, shape, surface rating, and shortens machining time; we will as well develop most applicable software with specification and satisfy diverse industries with optimised specification. It improves competitiveness of minor specification models.

(d)Operation scale and financial coordination

·Implementation of management mechanism and improvement of administration efficiency

We plan efficient management for the company and implement digitalisation of business information operation, so that it complements integration, analysis of information and customer service. We promote performance evaluation management aiming at improvement of administration efficiency.

·Reinforcement of financial management and proper use of capital

(2) Long-term business plan

(a)Strategy policy

·Development of overseas market and reputation.

Development of international market with good reputation that caters to foreign orders; we increase overseas export sales ratio with development of Mainland China production strategy. We aim at global marketing network and achieve diversification in market.

·Integration of cross-department resources to ensure competitiveness.

We improve process flexibility and mobilisation with our sound customer service mechanism and integration of resources cross-department. Our professional reputation improves and customers trust us. It will reflect on business performance and earnings by the company which ensures our competitiveness.

(b)Production strategy

·Reinforcement of production strategy and improvement of product quality.

In association of domestic and foreign customers requirements for products, we settle production plans, plan development of new products, facilitate product launching. We ensure to meet revenue targets and make good use of productivity. Overall productivity improves.

·Production structure adjustment against market demands and supply

The company will adjust production structure pursuant to shift in market demand and supply and business cycle. The production flexibility reaches optimisation. We consolidate a strategy alliance with upper and lower stream suppliers. We reinforce labour division and improve profitability.

(c)Product development target

·Improvement of competence in self-production for key elements

The company has been cultivating talents for electronic control unit in integration with domestic technical research institutes, e.g., precise bearings, etc., so that it reduces dependency on foreign suppliers.

(d)Association on business scale and finance

·Sustainable governance is our value. Expansion of business scale.

Sustainable governance is a value by the company. We cultivate R & D talents and integrate academy and industry. Students receive cooperative education and they will be talents needed by the company. R & D competence is rooted for global competitiveness in integration with long-term marketing strategy and product strategy target. Product automatisation and quality improve and operation scale and items expand, so that market share will increase.

2. Market, production and sales

2.1 Market analysis

(1). Sales area of flagship products

Unit: thousand NTD

Year / Area	2022		2021	
	Amount	%	Amount	%
Taiwan	806,651	26.02	1,019,178	28.07
Mainland China	1,097,559	35.40	1,450,073	39.93
Asia	179,114	5.78	299,482	8.25
US	270,455	8.72	221,299	6.09
Turkey	195,875	6.32	166,907	4.60
Italy	97,816	3.15	126,617	3.49
Other countries	453,047	14.61	347,400	9.57
Total	3,100,517	100.00	3,630,956	100.00

(2) Market share

Due to variety of machining products and their functions, specification, and use, no general overall analysis can be made. Our group's products overall belong to the metal cutting machining industry and relevant production, maintenance and repair. Gross revenue in 2022 is 3,100,517 thousand NTD.

(3) Future supply, demand and margin of market

(a)Future supply and demand of market

Machine tools are used overall in a variety of industry. Besides conventionally in car, motorcycle, and household appliance industry, production and manufacture of information and aerospace industry and other high-tech components depend on production of machine tools. Its end industry has a great deal diversity. In accompany of global development in artificial intelligence and no-man plants, machine tool industry aims at high-end and complexity. The company strives existing market with cost-effectiveness and as well cooperates with domestic information electronic technical support providers and domestic academic institutes. We integrate gradually peripheral automisation elements and manage intelligence goal and plant-wise consistent design against export requirements for machine tool products.

(b)Future market demand

Machine tools have a variety of end use. Besides processing car, motorcycle and precision machine components, semiconductor, tablets and electronic industry also applies, as well as other markets like wind energy, solar and optoelectronics industry, LEDs from green energy.

Taiwan's machine industry aims at export. Under the impact of China-US Trade War and COVID-19 Pandemic, global investment is on the watch. Followed by the global port congestion in 2021, freight increased a great deal. Demand for machine tools dropped subsequently.

We look forward to the future. As global pandemic lockdowns released, the port congestion

eased. It is anticipated that the annual growth rate of inflation can be controlled after US Federal Reserve launches rate rising recycle. On the other hand. Russian-Ukrainian war caused regional devastation. Peaceful resolution is foreseen in 2023. Global investment and post-war reconstruction will encourage the comeback and growth of machine tool industry.

(c)Margin of future market

Due to the global pandemic impact, stagflation, Russian-Ukrainian war, global port congestion and decoupling of supply chain, the investment incurred a stagnation in the past two years. The demand hereof is anticipated to bounce back following the global lockdown release and inflation recovery. 2050 Carbon neutral is a focus. Industry has demands for new equipment in response to carbon neutralisation; we are convinced it will bring a great deal opportunity to develop in the future.

(4) Competitiveness

(a)The company focuses on its strength with credibility and good reputation.

The company has been founded for over twenty years. Self-owned brand AWEA has excellent credibility and reputation. We insist high quality policy and endeavor improving customer satisfaction. We acquired international quality assurance management system ISO 9001 authentication and environment management system ISO 14001, respectively in 1996 and 1998. The products meet CE safety requirements. The company has strict standard for product quality and technical level. We constantly develop new products. We have comprehensive product lines and are competitive in machine tool market.

(b)We are an experienced management team.

The company's management focuses on machine tools with years' experience. Our managers are experienced in industrial condition shift, product development trend, production and manufacture. The company has gradual growth in revenue and earning throughout recent years. It evidences the excellent qualified profession and business performance of our management team.

(c)Steady R & D competence. High technical level for products.

The company not only researches and develops process, but also cooperates with Machine Institute and Precision Machinery, ITRI, so that technology transfer and latest product information will be acquired and the company will have competitive development in production technique; we renovate on existing basis with immense achievement for the past years. We obtained credibility from the federal government and profession commission and awards and patents. It shows the products of our company have quality and technique equivalent to the world's level.

(d)Flexible production of products. Proper diversification and isolation.

In order to customise products and shorten lead time, the company increases constantly added value of products and reduces product costs and shortens lead time through establishment of commission system and modular production; the company orientates its market products at high added value medium high machine tools with complete product combination and strong product development competence. We have our accomplishments in the advanced machine tool market amid market control of Japan and Germany in machine tools. Price competition is avoided in the meantime.

(e)Expansion of overseas export and import sales points. Offer complete post-sales service.

The company cooperates with potential competent sales and maintenance distributors. We offer distributors backup and technical support so that their marketing and service improve that allows to expand the domestic and international market. We provide instant post-sales service and established a good reputation brand.

(5) Pros and cons and response strategy amid vision development

(a)Pros

·Development in industry career for a greater vision. Taiwan is competitive.

Machinery industry is one out of ten high added value, high-tech new industries of the federal plan. Electronic information and car and motorcycle industry recent years' offers excellent

integration of mechatronics resources and stamping equipment market in Mainland China and Southeast Asia; after China-US Trade War, Taiwan replaced consumption requirements of the US in China with investment back in Taiwan. It increases the demand for machine tools made in Taiwan.

·Marketing strategy for multi-channel self-own brand and wide marketing points

The company launches marketing around the globe with self-owned brand AWEA. The market is prospering in European and American regions and business will perform better; in the meantime, new Asian market, Mainland China and India raise demands for machine tools, which will be our future niche market and margin; furthermore, the company diversifies business promotion in market via direct sales, distribution, agent, and other marketing channels, etc. It allows steady growth in sales performance.

·Good and credible product quality in market

Since foundation, the company tests and advances technology at all costs. We acquired international quality assurance management system ISO 9001 authentication and environment management system ISO 14001. The products meet CE safety requirements. The products of our company have quality and technique equivalent to the world's level. We were awarded Good Self-Owned Brand, Good Product Design, Taiwan SME's Innovation Award, Taiwan Excellence Award, National Product Image, National Award of Outstanding SMEs and Industrial Technology records, etc. Self-owned brand AWEA wins product reputation and global competitiveness with credibility from our clients.

·Unique process renovation

The company develops constantly develops new products with customisation, diversified and limited production. Our esteemed senior technicians renovate the process and improves productivity, e.g., straightforward process change, flexible process management, instant product support, etc. It allows process renovation technique to apply to product line renovation and ensure timely lead time and quality.

·Highly vertical division of labor in centre plants and subcontractor

Taiwan's machine tool industry has a complete spiral system. Besides few key elements are supplied by foreign suppliers, we are capable of producing most components; the company's machinery elements' casting, components production is supplied by long-term contractors. The production process is highly efficient and elastic.

(b)Cons and response strategy

·Port congestion, energy price rise caused immense freight rise compared with same period.

Response measure:

The company invests in machine tools' design renovation accordingly. Container-wise design allows to reduce freight and improves competitiveness.

·Domestic wage rise. Increase in production cost.

Domestic technique talents are not easily cultivated and there is shortage in domestic experienced labour. Recent years' adjustment of benefit policy, universal health insurance, basic wage increase adds up to business operation's cost.

Response policy:

We work on training and technical development for employees and strengthening overall work conditions and reducing turnover rate; we increase productivity and increase in investment in automisation equipment and commission, so that direct manpower can be reduced. It improves employees' work efficiency and reduces production cost.

·Partial dependency on foreign major materials

Currently the domestic machine tools key elements such as numerical controllers, precise bearings' technique is owned by Japanese and German suppliers. Given the components take up a high percentage cost, it will have adverse future career development and global competitiveness.

Response strategy:

The company reduces production cost of key components by expanding capacity and batch

procurement. Meanwhile the supply source is diversified with communication with multiple suppliers. It de-centralises supply sources and reduces risks of floating pricing.

·Limited domestic sales market. Fierce competition in products.

Compared with Europe and America, Taiwan's machine industry has limited domestic market. Companies of same industry are highly similar with fierce competition. It ends up with instalment pay as a consequence, adverse to business operation by the company.

Response strategy:

The company renders harsh domestic trading conditions and implement product diversification and isolation. We avoid low pricing competition and expand overseas market, widely spread sales points, strengthen agents' competence in marketing and maintenance, establish close relations, so that our overseas market will expand in scale and the domestic market will de-centralise; furthermore, we develop high precision, automatisation, highly efficient products, so that add values will increase in products thus creates a diversification in market.

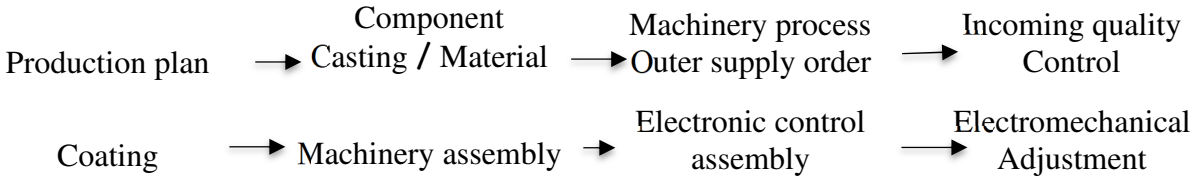
2.2 Usage and production process of major products:

(1) Main usage

The company focuses on development, production, manufacture, and sales, etc. of computer numerical controller (CNC) machine tools, a metal cutting machinery manufacturing industry; machine tool industry is technique-centralised, has high add values, highly industrially associated, etc., especially highly correlated with machinery industry, defence industry, car industry, aerospace industry. The products apply widely to processing of precision components, stamping mould for car sheet metal, plastic mould and aerospace components, etc.; usage of our main products as following:

Major products	Main usage
Vertical Machining Centre (Double Columns Gantry)	Machine tools and industrial machinery, car and motorcycle mould, plastic mould, petrochemical industry, power plant boiler components and aerospace military industry components, household appliance components process and mould process.
Double Column 5-FACE Machining Centre	multi-face process of immense precision components of aforesaid industry
Fixed Double Columns Machining Centre	Machine tools and industrial machinery, car and motorcycle mould, plastic mould, petrochemical industry, power plant boiler components and aerospace military industry components, household appliance components process and mould process
Double Columns Moving-Cross-rail (W-travel) Machining Centre	Big car and motorcycle mould, petrochemical industry
Double Columns 5-axis machining centre	Process of aerospace components, complex curved space components
Horizontal Boring and Milling Machining Centre	Precision process of medium big axle hole; process of medium big components.
Type C Vertical Machining Centre	Applicable to light metal process, medium small moulding industry, car components and 3C industry.

(2) Production process



End product quality Control → Package/delivery → Customer division Installation, acceptance → Post-sales service

2.3 Supply of major materials

The company's main materials are controllers, casting parts, and linear slide rails. Controllers are supplied by domestic suppliers. Price ranges on brands and application software. The company accompanies well with suppliers and price is secured; casting and slide rail suppliers are of long-term relations. The incoming price alters from international material pricing flow and specification difference. In general, the company has multiple steady domestic and foreign supply. Due to minimisation of risks from incoming goods, the company adds suppliers if applicable, so that price and quality will be ensured. Overall material supply for 2023 is deemed stable.

2.4 Customers with a gross sale over ten percent and their sales and ratio in either year of the past two years. Specify the reason for change:

(1) Major customers with a gross sale over ten percent for the past two years:

No single customer has a gross sale over ten percent and their sales and ratio in either year of 2022 and 2021.

(2) Major suppliers with net purchase over 10 % for the past two years

Unit: thousand NTD

	2021				2022				2023 Q1			
Item No.	Name	Amount	Ratio of net purchases in the whole year (%)	Relationship with Issuer	Name	Amount	Percentage of annual net purchases (%)	Relation to issuer	Item	Amount	Percentage of annual net purchases (%)	Relation to issuer
1	FANUC	231,071	8.75	N/A	FANUC	211,894	10.51	n/a	FANUC	23,033	6.05	n/a
	Other	2,411,215	91.25		Other	1,803,998	89.49		Other	357,514	93.95	
	purchase net amount	2,642,286	100.00		Net purchase	2,015,892	100.00		Net purchase	380,547	100.00	

Explanation of alteration:

Controllers are major material procurement by the company. They are required by precision and complex components process, so their function and stable quality is appreciated by the customers. FANUC is a global brand with reputation. Its products are stable in quality. It has sound marketing and post-sales service system that allows straightforward maintenance and operation training. So FANUC's controllers are our designated equipment.

2.5Yield of the past two years

Unit: NTD/thousand NTD

Year / Main Products	2021			2022		
	Capacity	Output Qty	Output value	Productivity	Yield	Output value
Gantry processing machine	385	226	1,370,159	385	208	1,171,550
C-type machine	1,335	1,001	1,540,317	1,234	683	1,146,793
Maintenance and others	18	18	115,320	15	15	92,039
Total	1,738	1,245	3,025,796	1,634	906	2,410,382

2.6 Sales value of the past two years Unit: NTD/thousand NTD

Year / Main Products	2021				2022			
	Domestic sales		Export		Domestic		Export	
	Qty	Value	Qty	Value	Yield	Value	Yield	Value
Gantry processing machine	29	314,633	189	1,309,049	38	299,449	171	1,197,678
C-type machine	300	569,837	678	1,213,362	212	446,843	485	1,013,595
Maintenance and others	49	134,708	1	89,367	16	60,359	0	82,593
Total	378	1,019,178	868	2,611,778	266	806,651	656	2,293,866

3.Number, average service term, average age, and academic background of employees from the past two years

Information on the employees hired in the last two years

Year		2021	2022	Until 31 March 2023
Number of employees	Direct labor	240	207	206
	Indirect labor	397	387	378
	Total	637	594	584
Average age		36.3	38.1	38.2
Average years of service		7 years and 7 months	8 years and 4months	8 years 5 months
Educational Distribution Ratio	PHD	0.00%	0.00%	0.00%
	Master	5.65%	7.24%	7.36%
	Bachelor	59.03%	59.76%	59.08%
	Senior High School	28.89%	28.12%	28.42%
	Under senior high school	6.43%	4.88%	5.14%

4. Environmental protection cost

4.1 The law states a pollution source installation permit or pollution emission permit shall be established or pollution control fee shall be paid or exclusive environmental personnel shall be appointed. Application, payment, or establishment details:

The company products do not cause pollution, thus no pollution source installation permit or pollution emission permit needs establishing or pollution control fee needs paying or exclusive environmental personnel needs appointing; general household waste is commissioned to qualified recyclers. Before the machine is finalised, the cutting oil caused by test-runs is recycled and reused. When it is out of use, then is commissioned to recyclers. No pollution damage has been caused for the past two years.

4.2 Investment in pollution control equipment and purpose and potential benefit

Unit: thousand NTD

Equipment	Quantity	Date of acquisition	Investment cost	Un-depreciated Value	Purpose and Estimated benefit
Painting room Painting equipment	One set	25 Nov. 2004	3,980	0	environment Air quality protection. Air pollution reduction.

4.3 Environmental pollution by the company control for the past two years until Prospectus issuance. State if pollution disputes and its handling details: n/a.

4.4 Loss from environmental pollution, disposition amount by the company for the past two years until Prospectus issuance. Disclose its future response measures and potential cost:

The production of company products does not cause pollution. The company pays attention to pollution control. We invest in pollution control equipment and reinforce employee training on environmental protection. No material loss or indemnity from environmental pollution has occurred for the past two years until Prospectus issuance.

4.5 Current pollution conditions and its rectification effects on earning, competitiveness, and capital expense and material environmental capital cost estimation for the upcoming two years by the company:

The production by the company aims at design and assembly. Most in-between process has been commissioned. No earning, competitiveness, or capital by the company was affected by material environmental pollution since establishment; recent years' environmental protection is being noticed. The authority issues strict pollution emission standard. The company pays attention to environmental protection and endeavours in investing resources and capital increase for environmental pollution equipment, as well as commission of general household waste to specialised recyclers; there is no estimated material environmental cost for the upcoming two years.

5. Labour relations

5.1 Specify Benefit, training, development, pension and implementation, and labour agreement and employee benefit protection measures.

(1) Employee benefit:

The company maintains actively labour relations based on win-win concept and pays attention to employee benefit and health with complete benefit measures, in order to improve employee orientation.

◎The company employees are insured with labour and health insurance, and enjoys pension, and regular health checks.

◎The bonus system and earning division, stock option are incentives for employees' performance encouragement.

◎Health, accidents, material illness, etc. are insured within company insurance package for employees.

◎Employee welfare is allocated for employee benefit committee that is in charge of employee benefit affairs, e.g. holiday bonus, birthday bonus, wedding and funeral subsidy, scholarship, domestic and overseas travels, etc.

◎Employee dormitory is provided for travel safety of outer county employees.

◎Employee Stock Ownership Trust is introduced for benefit of life after retirement of employees. A third layer pension safety net is established.

(2) Employee training and development:

In order to onboard new employees, training is arranged before on duty which will

facilitate information on industry orientation and future development of the company for new employees. Occasional specialised training is held for profession updates and self-development.

The proper onboard training is organised on company's internal requirements or training that depends on specialisation to improve employee profession.

(3) Employee pension

The company established a labour pension reserve supervision committee. It allocates a 2% pension reserve for employees who opt for former pension system. It will be saved in account of Central Trust of China for labour pension reserve supervision committee to manage and supervise.

For employees who opt for current pension system, a 6% pension is allocated for saving in account of Labour Insurance Bureau; the company hires actuaries for actuary report that estimates accrued pension liabilities.

(4) Labour agreement:

The company has smooth labour relations and follow regulations and implement by law. It is running smoothly and monthly employee benefit committee and quarterly labour meetings are held. No conflict or dispute has taken place.

5.2 Loss from labour disputes, current and future estimation and measures in current year by closure date of annual report:

The company pays attention to employee benefit and abide by labour regulations. No loss from labour disputes has been incurred by recent year until closure date of annual report. No potential loss from labour dispute is foreseen for the future.

6. Cyber Security Management

6.1 Cybersecurity risk management framework, cybersecurity policy, concrete management program, and resources invested in cybersecurity management：

(1) Cybersecurity risk management framework：

Company recently established an Information Security Center, a position of information security officer and designated information security personnel in the General Management Department to plan and formulate cybersecurity management policies, and execute the promotion of policies. The center is also responsible for implementing follow-up and reviews, improving defects promptly and regularly to ensure the policies are executed, and the related implementation results would be regularly reported to upper management to mitigate operational risks.

(2) Cybersecurity policy：

(a)Formulate cybersecurity management measures and execute the implementation.
(b)Decentralized account management to avoid breach of privileged account.
(c)Differentiate intranet/extranet network to limit the access rights.
(d)Record employees' personal computer activity to prevent illegal operations.
(e)Regularly back up data of internet data center and employees to prevent data loss
(f)Regular education and training for enhancing information security awareness
(g)Employees sign agreement to abide by cybersecurity policies.

(3) Specific Management plan and resource：

(a)Adopt with new generation firewall, internal/external internet with grading system, general staff only could access general service, special service need to apply for permission and keep records.
(b)Install spam gateway on email server and purchase social engineering, Anti-fraud, Antivirus module in order to filter the malicious email.
(c)Implement Endpoint Protection System to control external device, Record user's internet access, File access behavior and an inventory of information assets.

(d)Using general AntiVirus and MDR software in server room and entrust supplier for 24 hours monitoring and protection.
(e)An independent backup area with backup software/hardware, regularly backs up the data in the information center and personal computer, and only the backup service can access this area, reducing the risk of hackers.
(f)Decentralized management of account, ordinary people only have the min. authority, if special authority is required, it must be approved by application for inspection, and the password of privileged account is changed regularly, and the password strength is pulled to the highest level to reduce risks.
(g)Regular education and training to enhance personnel information security awareness.
(h)Join the information security sharing organization to obtain cyber Security Intelligence, cyber threat intelligence and information of vulnerability.

6.2 List the loss, possible impact and countermeasures because of severe cyber security incident in the recent year and as of the date of publication of the annual report. If it couldn't be reasonably estimated, should be explained: n/a

7. Important agreements

Type of Agreement	Stakeholder	Term	Content	Limitation
Land lease	Central Taiwan Science Park	01 Apr. 2004~ 31 Dec. 2023	AWEA Land use in Central Taiwan Science Park	n/a

VI. Financial Information

1. Recent five-year condensed balance sheet and comprehensive income statement

1.1 Condensed balance sheet

(1) IFRS-individual statement is applied

Unit: thousand NTD

Item \ Year		2018	2019	2020	2021	2022	2023 Q1
Current assets		3,688,120	2,678,945	2,504,911	2,974,201	3,750,594	3,576,282
Property, Plant and Equipment		1,560,426	1,530,354	1,496,232	1,439,750	1,395,401	1,382,637
Intangible assets		7,605	6,289	4,954	7,909	6,794	6,347
Other assets		1,392,233	1,448,957	1,233,057	1,219,084	1,095,293	1,041,582
Total assets		6,648,384	5,664,545	5,239,154	5,640,944	6,248,082	6,006,848
Current liabilities	Before distribution	3,465,443	2,619,034	1,987,014	2,465,953	2,885,554	2,630,763
	After distribution	3,658,631	2,686,650	2,180,202	2,581,866	not applicable	–
Non-current liabilities		216,686	185,384	128,893	137,765	109,852	105,794
Total liabilities	Before distribution	3,682,129	2,804,418	2,115,907	2,603,718	2,995,406	2,736,557
	After distribution	3,875,317	2,872,034	2,309,095	2,719,631	not applicable	–
Equity attributable to shareholders of the parent office		2,966,255	2,860,127	3,123,247	3,037,226	3,252,676	3,270,290
Capital stock		965,942	965,942	965,942	965,942	965,942	965,942
Capital surplus		250,067	250,067	172,792	124,495	95,516	95,516
Retained earnings	Before distribution	1,799,468	1,724,431	2,039,270	1,978,858	2,220,850	2,235,568
	After distribution	1,606,280	1,656,815	1,846,082	1,862,945	not applicable	–
Other equity interest		(49,222)	(80,313)	(54,757)	(32,069)	(29,632)	(26,736)
Treasury stock		–	–	–	–	–	–
Non-controlling interest		–	–	–	–	–	–
Total equity	Before distribution	2,966,255	2,860,127	3,123,247	3,037,226	3,252,676	3,270,290
	After distribution	2,773,067	2,792,511	2,930,059	2,921,313	not applicable	–

Note:

(1) The above information has been audited and certified by an accountant or reviewed.

(2) The 2022 surplus distribution proposal has not yet been resolved by the shareholders' meeting.

(2) IFRS-consolidated statement is applied.

Unit: thousand NTD

Item \ Year		2018	2019	2020	2021	2022	2023 Q1
Current assets		5,002,351	3,885,376	3,616,189	3,859,310	4,604,226	4,393,675
Property, Plant and Equipment		2,321,747	2,376,540	1,923,220	1,872,994	1,797,473	1,777,920
Intangible assets		13,570	11,964	9,883	12,043	10,368	10,753
Other assets		443,733	462,803	474,678	462,933	379,731	402,124
Total assets		7,781,401	6,736,683	6,023,970	6,207,280	6,791,798	6,584,472
Current liabilities	Before distribution	4,259,295	3,367,142	2,604,765	2,825,233	3,288,494	3,081,183
	After distribution	4,452,483	3,434,758	2,797,953	2,941,146	not applicable	—
Non-current liabilities		388,615	357,185	167,333	225,560	135,109	128,525
Total liabilities	Before distribution	4,647,910	3,724,327	2,772,098	3,050,793	3,423,603	3,209,708
	After distribution	4,841,098	3,791,943	2,965,286	3,166,706	not applicable	—
Equity attributable to shareholders of the parent office		2,966,255	2,860,127	3,123,247	3,037,226	3,252,676	3,270,291
Capital stock		965,942	965,942	965,942	965,942	965,942	965,942
Capital surplus		250,067	250,067	172,792	124,495	95,516	95,516
Retained earnings	Before distribution	1,799,468	1,724,431	2,039,270	1,978,858	2,220,850	2,235,568
	After distribution	1,606,280	1,656,815	1,846,082	1,862,945	not applicable	—
Other equity interest		(49,222)	(80,313)	(54,757)	(32,069)	(29,632)	(26,735)
Treasury stock		–	–	–	–	–	—
Non-controlling interest		167,236	152,229	128,625	119,261	115,519	104,473
Total equity	Before distribution	3,133,491	3,012,356	3,251,872	3,156,487	3,368,195	3,374,764
	After distribution	2,940,303	2,944,740	3,058,684	3,040,574	not applicable	—

Note:

(1) The above information has been audited and certified or reviewed by an accountant.

(2) The 2022 surplus distribution proposal has not yet been resolved by the shareholders' meeting.

1.2 Condensed consolidated balance sheet:

(1) IFRS-individual statement is applied.

Unit: thousand NTD

Item \ Year	2018	2019	2020	2021	2022	2023 Q1
Operating revenue	3,759,947	2,442,611	2,068,417	2,492,430	2,283,658	325,936
Gross profit	594,432	411,625	230,399	417,948	453,198	37,235
Income from operations	198,139	101,851	(63,054)	139,903	212,519	(16,617)
Non-operating income and expenses	157,281	49,600	408,923	41,826	227,338	38,332
Income before tax	355,420	151,451	345,869	181,729	439,857	21,715
Net income of continuing business units	333,392	118,773	378,605	130,860	354,143	14,958
Income of discontinued units	–	–	–	–	–	–
Net income (Loss)	333,392	118,773	378,605	130,860	354,143	14,958
Other comprehensive income (income after tax)	(11,637)	(31,713)	29,406	24,604	6,199	2,656
Total comprehensive income	321,755	87,060	408,011	155,464	360,342	17,614
Net income attributable to shareholders of the parent company	333,392	118,773	378,605	130,860	354,143	14,958
Net income attributable to non-controlling interest	–	–	–	–	–	–
Comprehensive income attributable to Shareholders of the parent company	321,755	87,060	408,011	155,464	360,342	17,614
Comprehensive income attributable to non-controlling interest	–	–	–	–	–	–
Earnings per share	3.45	1.23	3.92	1.35	3.67	0.15

Note:

(1) The above information has been audited and certified by an accountant

(2) The consolidated financial statements for the first quarter of 2023 have been reviewed by accountants

(2) IFRS-consolidated statement is applied.

Unit: thousand NTD

Item \ Year	2018	2019	2020	2021	2022	2023 Q1
Operating revenue	4,872,536	3,417,949	3,093,583	3,630,956	3,100,517	538,803
Gross profit	893,461	663,667	482,591	681,860	663,000	52,224
Income from operations	340,814	195,610	37,924	266,199	298,225	(28,015)
Non-operating income and expenses	64,479	(11,992)	517,496	(28,399)	161,563	44,909
Income before tax	405,293	183,618	555,420	237,800	459,788	16,894
Net income of continuing business units	333,195	107,708	594,202	122,033	349,287	3,531
Income of discontinued units	–	–	–	–	–	–
Net income (Loss)	333,195	107,708	594,202	122,033	349,287	3,531
Other comprehensive income (income after tax)	(13,227)	(35,655)	30,740	24,067	7,313	3,038
Total comprehensive income	319,968	72,053	624,942	146,100	356,600	6,569
Net income attributable to shareholders of the parent	333,392	118,773	378,605	130,860	354,143	14,958
Net income attributable to non-controlling interest	(197)	(11,065)	215,597	(8,827)	(4,856)	(11,427)
Comprehensive income attributable to Shareholders of the parent	321,755	87,060	408,011	155,464	360,342	17,615
Comprehensive income attributable to non-controlling interest	(1,787)	(15,007)	216,931	(9,364)	(3,742)	(11,046)
Earnings per share	3.45	1.23	3.92	1.35	3.67	0.15

Note:

(1): Aforesaid data has been certified or verified by CPA.

1.3 Five-year CPA names and audit commentary

Audit Year	Accounting firm	Name of visa accountant	Audit opinion
2018	Enwise CPAs & Co.,	Yi Changyun, Chen Yuson	unqualified opinions
2019	Enwise CPAs & Co.,	Yi Changyun, Chen Yuso	unqualified opinions
2020	Enwise CPAs & Co.,	Yi Changyun, Chen Sporn	unqualified opinions
2021	Enwise CPAs & Co.,	Yi Changyun, Chen Sporn	unqualified opinions
2022	Enwise CPAs & Co.,	Yi Changyun, Chen Sporn	unqualified opinions

2. Five-Year Financial Summary

(1) IFRS-individual is applied.

Analysis Item (Note.2) \ Year (Note.1)			2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio		55.38	49.51	40.39	46.16	47.20
	Ratio of long-term capital to property, plant and equipment		203.98	199.01	217.36	220.52	240.97
Solvency (%)	Current ratio		106.43	102.29	126.06	120.61	132.10
	Quick ratio		62.45	58.63	81.33	80.57	95.89
	Interest coverage ratio		16.53	7.52	22.39	19.85	23.11
Operating performance	Receivable turnover rate (times)		2.95	2.38	2.72	3.17	2.97
	Average cash recovery day		123.73	153.36	134.19	115.14	122.90
	Inventory turnover rate (times)		2.23	1.58	1.87	2.27	1.83
	Payable turnover rate (times)		3.91	3.34	4.44	3.78	3.19
	Average days in sales		163.68	231.01	195.19	160.79	199.45
	Property, plant, and equipment turnover rate (times)		2.43	1.58	1.37	1.70	1.61
	Total assets turnover rate (times)		0.57	0.40	0.38	0.46	0.38
Profitability	Return on total assets (%)		5.32	2.23	7.18	2.55	6.23
	Return on stockholders' equity (%)		11.63	4.08	12.66	4.25	11.26
	Pre-tax income to paid-in capital (%)	Business interest	20.51	10.54	(6.53)	14.48	22.00
		Pre-tax net income	36.80	15.68	35.81	18.81	45.54
	Profit ratio (%)		8.87	4.86	18.30	5.25	15.51
	Earnings per share (NT$)		3.45	1.23	3.92	1.35	3.67
Cash flow	Cash flow ratio (%)		0.58	24.56	46.03	14.68	7.36
	Cash flow adequacy ratio (%)		52.16	100.66	159.23	74.49	104.50
	Cash reinvestment ratio (%)		(2.78)	12.65	20.08	3.16	1.56
Leverage	Operating leverage		1.48	1.78	(0.29)	1.55	1.63
	Financial leverage		1.13	1.30	0.80	1.07	1.10

Please justify the financial rate change for the past two years. (is exempted if difference falls below 20%.)

1. Inventory turnover, payable turnover, total asset turnover decreased due to poor market performance and led to revenue decrease.
2. Return on assets and return on equity increased due to exchange rate change in 2022 and led to non-operation profit increase.
3. Operating margin increased due to profitability increase by the company in 2022.
4. Net income, profit rate, EPS increased due to exchange rate change in 2022 and led to led to non-operation profit increase.
5. Cash flow rate decreased due to poor market performance and business declined. Cash inflow from operation decreased.

Note:1 The above information has been audited and certified by an accountant

Note 2: Please refer to the description of Note 2 in the table below for the calculation formula of financial analysis

(2) Adoption of IFRS - Consolidation

Analysis Item (Note.2) \ Year (Note.1)		2018	2019	2020	2021	2022	2023 Q1
Financial structure (%)	Debt Ratio	59.73	55.28	46.02	49.15	50.41	48.75
	Ratio of long-term capital to property, plant and equipment	144.50	135.38	171.10	174.20	188.47	191.17
Solvency (%)	Current ratio	117.45	115.39	138.83	136.60	140.01	142.60
	Quick ratio	62.45	62.38	83.41	79.06	89.38	88.73
	Interest coverage ratio (times)	13.94	6.53	25.54	17.47	18.68	2.78
Operating performance	Receivable turnover rate (times)	3.28	2.88	3.38	4.16	3.72	2.97
	Average cash recovery day	111.28	126.74	107.99	87.74	98.12	122.90
	Inventory turnover rate (times)	1.91	1.40	1.72	2.04	1.54	1.18
	Payable turnover rate (times)	3.97	3.72	5.01	4.28	3.45	3.26
	Average days in sales	191.10	260.71	212.21	178.92	237.01	309.32
	Property, plant and equipment turnover rate (times)	2.12	1.45	1.44	1.91	1.69	1.18
	Total assets turnover (times)	0.63	0.47	0.48	0.59	0.48	0.34
Profitability	Return on total assets (%)	4.65	1.85	9.60	2.18	5.69	0.34
	Return on stockholders' equity (%)	11.63	3.70	19.86	3.96	11.11	0.44
	Pre-tax income to paid-in capital (%)	41.96	19.01	57.50	24.62	47.60	1.75
	Profit ratio (%)	6.84	3.15	19.21	3.36	11.27	0.66
	Earnings per share (NT$)	3.45	1.23	3.92	1.35	3.67	0.15
Cash flow	Cash flow ratio (%)	0.72	24.10	15.50	16.94	6.75	1.67
	Cash flow adequacy ratio (%)	51.51	90.34	111.48	75.48	99.27	99.27
	Cash reinvestment ratio (%)	(2.14)	14.88	6.14	5.56	1.72	(4.23)
Leverage	Operating leverage	1.32	1.66	4.23	1.44	1.41	(0.03)
	Financial leverage	1.10	1.20	2.48	1.06	1.10	0.75

Please justify the financial rate change for the past two years. (is exempted if difference falls below 20%.)

1. Inventory turnover, payable turnover, total asset turnover decreased due to poor market performance and led to revenue decrease.
2. Return on assets and return on equity increased due to exchange rate change in 2022 and led to non-operation profit increase.
3. Operating margin increased due to profitability increase by the company in 2022.
4. Net income, profit rate, EPS increased due to exchange rate change in 2022 and led to led to non-operation profit increase.
5. Cash flow rate decreased due to poor market performance and business declined. Cash inflow from operation decreased.

Note 1. The above information has been audited and certified by an accountant or reviewed.

Note 2. The financial analysis formula in this table is as follows:

1. Financial structure

(1) Ratio of liabilities to assets = total liabilities / total assets

(2) The ratio of long-term funds to real estate, plant and equipment = (total equity + non-current liabilities) / net value of real estate, plant and equipment

2. Solvency

(1) Current ratio = current assets / current liabilities

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities

(3) Interest coverage ratio = net income before income tax and interest expenses / interest expenses for the current period

3. Operating performance

(1) Turnover rate of receivables (including accounts receivable and notes receivable arising from business operations) = net sales / average receivables of each period
(including accounts receivable and notes receivable arising from business operations) balance

(2) Average cash recovery days = 365 / turnover rate of accounts receivable

(3) Inventory turnover rate = cost of sales / average inventory

(4) Turnover rate of payables (including accounts payable and bills payable arising from business operations) = cost of sales / average payables for each period
(including accounts payable and notes payable due to business operations) balance

(5) Average days of sales = 365/inventory turnover

(6) Turnover rate of real estate, plant and equipment = net sales / average net value of real estate, plant and equipment

(7) Total asset turnover ratio = net sales / average total assets

4. Profitability

(1) Return on Assets = [Income After-tax + Interest Expenses × (1 - Tax Rate)] / Average Total Assets

(2) Return on equity = income after tax / total average equity

(3) Profit rate = income after tax / net sales

(4) Earnings per share = (Profit or loss attributable to owners of the parent company - special stock dividends) / weighted average number of issued shares

5. Cash flow

(1) Cash flow ratio = net cash flow from operating activities / current liabilities

(2) Allowable ratio of net cash flow = net cash flow from operating activities in the last five years / last five years (capital expenditure + inventory increase + cash dividends)

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross value of real estate, plant and equipment + long-term investment + other non-current assets + operating capital)

6. Leverage

(1) Operating leverage = (net operating income - variable operating costs and expenses) / operating profit

(2) Financial leverage = operating profit / (operating profit - interest expense)

Note 3: The net cash flow of operating activities is negative, so it is not applicable

Note 4: The formula for calculating earnings per share in the preceding paragraph shall pay special attention to the following items when measuring:

1. Based on the weighted average number of common shares, not the number of outstanding shares at the end of the year
2. Anyone who has cash capital increase or treasury stock trading should consider its circulation period and calculate the weighted average number of shares
3. For those who convert surplus into capital increase or capital reserve into capital increase, when calculating earnings per share for previous years and semi-annual years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
4. If the preference shares are non-convertible cumulative preference shares, the current annual dividends (whether paid or not) shall be deducted from or added to the after-tax net profit. If the special stock is non-cumulative, if there is a net profit after tax, the special stock dividend should be deducted from the net profit after tax; if it is a loss, no adjustment is required.

Note 5: Cash flow analysis should pay special attention to the following items when measuring:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow of capital investment.
3. The increase in inventory will only be included when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory at the end of the year decreases, it will be calculated as zero.
4. Cash dividends include cash dividends of ordinary shares and special shares.
5. Gross real estate, plant and equipment refers to the total amount of real property, plant and equipment before deducting accumulated depreciation.

Note 6: The issuer should classify various operating costs and operating expenses into fixed and variable according to their nature. If estimates or subjective judgments are involved, attention should be paid to other reasonable and consistent.

Note 7: If the company's stock has no par value or the par value of each share is not NT$10, the calculation of the ratio of the previous statement to the paid-in capital shall be changed to the balance sheet calculated based on the ratio of equity attributable to owners of the parent company.

3. Audit Committee audit report from recent annual financial statement

AWEA Mechantronic Co., Ltd.

Audit Committee's Review Report

The Company's 2022 Business Report, Financial Statement, and Distributable Profit, etc. were published, of which Financial Statement was audited by independent auditors, Sporn Chen and Gordon Yi of EnWise CPAs & Co. with an audit report.

Aforesaid Business Report, Financial Statement, and Distributable Profit have been reviewed by the Audit Committee and no non-conformity was discovered, stated pursuant to Art. 219 of Company Act.

Audit Committee Convener of AWEA Mechantronic Co., Ltd.:

Mr. Lin Yimin

March 13, 2023

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INDEPENDENT AUDITORS' REPORT

The board of Directors and Shareholders
AWEA Mechantronic Company Limited

Opinion

We have audited the accompanying individual financial statements of AWEA Mechantronic Company Limited (the "Company"), which comprise the individual balance sheets as of December 31, 2022 and 2021, and the individual financial statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the individual financial statements, including a summary of significant accounting policies.

In our opinion, according to our auditing result and other auditors' report (please refer to "Other Items" section), the accompanying individual financial statements prepared, in all material aspects, in accordance with the Regulations Governing the Preparation of Financial Reports by Security Issuers, and can fairly present the individual financial position of the Company as of December 31, 2022 and 2021, and its individual financial performance and its individual cash flows for the ears then ended.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual Financial Statements section in our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of 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, according to our professional judgement, were of most significance in the audit of the Company's individual financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the individual financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Revenue Recognition

The Company's main source of revenue is the sales of machining center machine, and the revenue recognized in 2022 is NT$1,953,731 (in Thousands), accounting for about 86% of total operating income. And since the sales locations include Taiwan, Mainland China, Italy, United States and other markets, the sales conditions are not the same. Therefore, it is necessary to determine the timing of the transfer of the ownership risk and rewords of the sold goods according to customers' order or contract documents. Since the timing and amount of revenue recognition have significance of impact to financial statements, we listed revenue recognition as one of the key audit matters.

For accounting policies related to revenue recognition, please refer to Note 4 to the individual financial statements.

We evaluated the rationality of sales revenue recognition, executed the cut-off tests and internal control tests to understand the Company's sales revenue recognition processes and the design and implementation of related control systems. In addition, we performed related tests of controls to the sales and collection cycle, sampled sales contracts to confirm the accuracy of accounting system data, checked and adjusted the general ledger system data and sales system, and evaluated whether the timing of revenue recognition is handled in accordance with related statements.

Valuation of Inventory

The company is mainly engaged in the design, manufacture, and sale of special purpose machine, automation equipment, and computer-controlled machine tools. As of December 31, 2022, the total inventory and allowance of loss for market price decline and obsolete and slow-moving inventories are NT$1,337,240 and NT$315,961 (in thousands), respectively. Inventories of the Company are measured by cost and net realizable value, and recorded allowance of loss for market price decline and obsolete and slow-moving inventories for inventories exceeding certain shelf life or individuals identified as obsolete. Due to fierce competition of parts market and the different speed of different parts obsolescence, the risks of loss for market price decline and obsolete is higher. The obsolete inventory items and the net realizable value method applied for their evaluation often involve subjective judgements, hence are highly uncertain. Considering the inventory and the allowance of loss for market price decline and obsolete and slow-moving inventories are in significance of impact to financial statements, we listed the allowance of loss for market price decline and obsolete and slow-moving inventories as one of the key audit matters.

For inventory related policies, and key sources of evaluation and assumption of the inventory, please refer to Noe 4 and 5 to the individual financial statements, respectively.

We understand, evaluate, and test the design and implementation of inventory related internal controls. Obtain the evaluation data for inventory by the lower of cost and net realizable value prepared by managements, sampled the estimated pricing data to the latest sales record to assess the basis and reasonability of the management's estimation of net realizable value. We also acquire inventory aging report to assess the appropriateness the policy to record the allowance of loss for market price decline and obsolete and slow-moving inventories.

Other Items – mention of other auditors' report

In the above mentioned individual financial statements, companies invested using equity method, YAMA SEIKI USA, INC and Huahan Leasing Co., Ltd., are not audited by us but entrusted other auditors to audit by the company. As of December 31, 2022 and 2021, the balance of investment using equity method are NT$109,850 and NT$96,604 (in thousands), respectively, both accounting for 2% of total assets. For the years ended December 31, 2022 and 2021, the proportion for these subsidiaries invested using equity method and the profit or loss of associates and joint ventures are NT$7,782 and NT$4,712 (in thousands), respectively, accounting for 2% and 3% of the profit before tax.

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

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

In preparing the individual financial statements, management is responsible for assessing the

Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Individual Financial Statements
Our objectives are to obtain reasonable assurance about whether the individual financial statements are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is 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 that 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 based on these individual 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 individual 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the individual financial statements, including the disclosures, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the individual 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual 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 Jui-Kuei Chen and Chang Yun Yi.

EnWise CPAs & Co.
Taichung, Taiwan
Republic of China

March 13, 2023

AWEA Mechantronic Company Limited

INDIVIDUAL BALANCE SHEETS

December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

Code	Items	Notes	31-Dec-22 Amount	31-Dec-22 %	31-Dec-21 Amount	31-Dec-21 %
	CURRENT ASSETS					
1100	Cash and cash equivalents	4 and 6	$ 979,024	16	$ 629,970	11
1110	Current financial assets at fair value through profit or loss	4 and 6	377,002	6	172,417	3
1150	Notes receivable, net	4 and 6	254,096	4	170,905	3
1160	Notes receivable due from related parties, net	4 and 7	1,060	-	15,197	-
1170	Accounts receivable, net	4 and 6	419,852	7	486,472	9
1180	Accounts receivable due from related parties, net	4 and 7	68,917	1	119,357	2
1200	Other receivables		10,629	-	9,422	-
1210	Other receivables due from related parties	7	70,042	1	65,278	1
1220	Current tax assets	4	-	-	-	-
130X	Inventories	4 and 6	1,021,279	17	977,757	18
1410	Prepayments	7	6,734	-	9,682	-
1470	Other current assets	8	541,959	9	317,744	6
11XX	Total current assets		3,750,594	61	2,974,201	53
	NONCURRENT ASSETS					
1517	Non-current Financial assets at fair value through other comprehensive income	4 and 6	10,458	-	16,829	-
1550	Investments accounted for using equity method	4 and 6	1,002,016	16	1,037,352	18
1600	Property, plant and equipment	4, 6, 7 and 8	1,395,401	22	1,439,750	26
1755	Right-of-use assets	4 and 6	12,276	-	24,080	-
1780	Intangible assets	4 and 6	6,794	-	7,909	-
1840	Deferred income tax assets	4 and 6	54,214	1	103,049	2
1915	Prepayments for business facilities		300	-	3,964	-
1920	Guarantee deposits paid		3,914	-	4,137	-
1931	Long-term notes receivable, net	4	12,115	-	29,673	1
1937	Overdue receivables	4 and 6	-	-	-	-
15XX	Total non-current assets		2,497,488	39	2,666,743	47
1XXX	Total assets		$ 6,248,082	100	$ 5,640,944	100

Please refer to the accompanying notes to the individual financial reports.

AWEA Mechantronic Company Limited

INDIVIDUAL BALANCE SHEETS

December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

Code	Items	Notes	31-Dec-22 Amount	31-Dec-22 %	31-Dec-21 Amount	31-Dec-21 %
	CURRENT LIABILITIES					
2100	Short-term loans	6 and 8	$ 1,880,000	30	$ 1,290,000	23
2110	Short-term notes and bills payable	6	289,641	5	259,907	5
2130	Current contract liabilities	4 and 6	73,324	1	97,752	2
2150	Notes payable		393,505	6	502,033	9
2160	Notes payable to related parties	7	11,770	-	13,279	-
2170	Accounts payable		72,828	1	143,508	3
2180	Accounts payable to related parties	7	1,489	-	5,750	-
2200	Other accounts payable	6	89,106	1	109,798	2
2220	Other payables to related parties	7	1,677	-	1,850	-
2230	Current tax liabilities	4	47,627	1	17,995	-
2250	Current provisions	4 and 6	11,055	-	11,240	-
2280	Current lease obligations payable	4, 6, and 7	11,420	-	11,606	-
2310	Advance receipts	7	42	-	11	-
2399	Other current liabilities		2,070	-	1,224	-
21XX	Total current liabilities		2,885,554	45	2,465,953	44
	NON-CURRENT LIABILITIES					
2540	Long-term borrowings	6 and 8	-	-	2,206	-
2570	Deferred tax liabilities	4 and 6	99,315	2	107,360	2
2580	Non-current lease liabilities	4, 6, and 7	918	-	12,764	-
2640	Non-current net defined benefit liability	4 and 6	8,991	-	12,794	-
2645	Guarantee deposits		628	-	2,641	-
25XX	Total non-current liabilities		109,852	2	137,765	2
2XXX	Total Liabilities		2,995,406	47	2,603,718	46
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
3100	Share capital	6				
3110	Ordinary share		965,942	15	965,942	17
3200	Capital surplus	6				
3211	Capital surplus, additional paid-in capital arising from ordinary share		6,124	-	6,124	-
3213	Capital surplus, additional paid-in capital arising from bond conversion		57,468	1	86,447	2
3240	Capital surplus, gain on sale of fixed assets		4	-	4	-
3280	Other additional paid-in capital		31,920	1	31,920	1
3300	Retained earinings	6				
3310	Legal reserve		527,176	8	513,898	9
3320	Special reserve		98,077	2	98,077	2
3350	Unappropriated earnings		1,595,597	26	1,366,883	24
3400	Other equity interest	6				
3410	Exchange differences on translation of foreign financial statements		(18,699)	-	(36,109)	(1)
3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		(10,933)	-	4,040	-
3XXX	Total equity		3,252,676	53	3,037,226	54
	Total liability and equity		$ 6,248,082	100	$ 5,640,944	100

Please refer to the accompanying notes to the individual financial reports.

AWEA Mechantronic Company Limited

INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME

The years ended December 31, 2022 and 2021

In Thousands of New Taiwan Dollars, Except Earnings Per Share

Code	Items	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	NET REVENUE	6 and 7	$ 2,283,658	100	$ 2,492,430	100
5000	COST OF REVENUE	6 and 7	(1,825,556)	(80)	(2,077,984)	(83)
5900	GROSS PROFIT		458,102	20	414,446	17
5920	(Un)Realized profit on sales		(4,904)	-	3,502	-
5950	Gross profit, net		453,198	20	417,948	17
	OPERATING EXPENSES	7				
6100	Marketing		(145,146)	(6)	(164,727)	(7)
6200	Management		(49,140)	(2)	(43,936)	(2)
6300	Research and development		(61,294)	(3)	(58,193)	(2)
6450	Expected credit loss (gain)		14,901	1	(11,189)	(1)
6000	Total operating expenses		(240,679)	(10)	(278,045)	(12)
6900	INCOME FROM OPERATIONS		212,519	10	139,903	5
	NON-OPERATING INCOME AND EXPENSES					
7100	Interest income		16,006	1	1,247	-
7010	Other income	6 and 7	31,373	1	29,772	1
7020	Other gains and losses	4 and 6	104,081	5	(30,099)	(1)
7050	Finance cost	6	(19,897)	(1)	(9,643)	-
7070	Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method		95,775	4	50,549	2
7000	Total non-operating income and expenses		227,338	10	41,826	2
7900	INCOME BEFORE INCOME TAX		439,857	20	181,729	7
7950	INCOME TAX EXPENSE	4 and 6	(85,714)	(4)	(50,869)	(2)
8200	NET INCOME		354,143	16	130,860	5
	OTHER COMPREHENSIVE INCOME (LOSS)					
8310	Items that will not be reclassified subsequently to profit or loss:					
8311	Remeasurement of defined benefit obligation		3,296	-	(1,035)	-
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income		(13,848)	(1)	5,303	-
8349	Income tax benefit (expense) related to items that will not be reclassified subsequently		(659)	-	207	-
8360	Items that may be reclassified subsequently to profit or loss:					
8361	Exchange differences arising on translation of foreign operations		21,763	1	25,162	1
8399	Income tax benefit (expense) related to items that may be reclassified subsequently		(4,353)	-	(5,033)	-
8300	Other comprehensive income (loss), net of income tax		6,199	-	24,604	1
8500	TOTAL COMPREHENSIVE INCOME		$ 360,342	16	$ 155,464	6
	EARNINGS PER SHARE					
9750	Basic earnings per share		$ 3.67		$ 1.35	
9850	Diluted earnings per share		$ 3.65		$ 1.35	

Please refer to notes to the individual financial reports.

AWEA Mechantronic Company Limited

INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY

The years ended December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

Items	Capital Stock		Retained Earnings			Other Equity items		Total Equity
	Common Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE, JANUARY 1, 2021	$ 965,942	$ 172,792	$ 475,653	$ 98,077	$ 1,465,540	$ (56,238)	$ 1,481	$ 3,123,247
Appropriations of earnings:								
Legal capital reserve	-	-	38,245	-	(38,245)	-	-	-
Special capital reserve	-	-	-	-	-	-	-	-
Cash dividends to shareholders from common stock	-	-	-	-	(193,188)	-	-	(193,188)
Cash dividends to shareholders from capital surplus	-	(48,297)	-	-	-	-	-	(48,297)
Net income	-	-	-	-	130,860	-	-	130,860
Other comprehensive income (loss)	-	-	-	-	(828)	20,129	5,303	24,604
Total comprehensive income (loss)	-	-	-	-	130,032	20,129	5,303	155,464
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	2,744	-	(2,744)	-
BALANCE, DECEMBER 31, 2021	965,942	124,495	513,898	98,077	1,366,883	(36,109)	4,040	3,037,226
Appropriations of earnings:								
Legal capital reserve	-	-	13,278	-	(13,278)	-	-	-
Special capital reserve	-	-	-	-	-	-	-	-
Cash dividends to shareholders from common stock	-	-	-	-	(115,913)	-	-	(115,913)
Cash dividends to shareholders from capital surplus	-	(28,979)	-	-	-	-	-	(28,979)
Net income	-	-	-	-	354,143	-	-	354,143
Other comprehensive income (loss)	-	-	-	-	2,637	17,410	(13,848)	6,199
Total comprehensive income (loss)	-	-	-	-	356,780	17,410	(13,848)	360,342
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	1,125	-	(1,125)	-
BALANCE, DECEMBER 31, 2022	$ 965,942	$ 95,516	$ 527,176	$ 98,077	$ 1,595,597	$ (18,699)	$ (10,933)	$ 3,252,676

Please refer to the accompanying notes to the individual financial statements.

AWEA Mechantronic Company Limited

INDIVIDUAL STATEMENTS OF CASHFLOWS

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	$ 439,857	$ 181,729
Adjustment for:		
Depreciation expense	72,373	79,185
Amortization expense	1,915	1,311
Expected credit losses recognized (reversal) on investments in debt instruments	(14,901)	11,189
Interest expense	19,897	9,643
Interest income	(16,006)	(1,247)
Dividend revenue	(18,114)	(1,724)
Share of profit (loss) of associates and joint ventures accounted for using equity method,	(95,775)	(50,549)
Financial instruments at fair value through profit or loss	11,149	(7,073)
Loss (gain) on disposal or retirement of property, plant and equipment	241	(1,190)
Loss (gain) on disposal or retirement of intangible assets	-	48
Profit from lease modification	(283)	-
Gains on disposals of investments	(2,095)	-
Unrealized (realized) gain from sale	4,904	(3,502)
Changes in operating assets and liabilities:		
Notes receivable	(84,082)	(8,052)
Notes receivable from related parties	14,137	(13,233)
Account receivables	87,423	(10,826)
Account receivables from related parties	50,580	6,811
Other receivables	2,707	(4,179)
Other receivables from related parties	236	(190)
Inventories	(43,522)	(120,929)
Prepayments	2,948	22,441
Other current assets	(254)	8,582
Overdue receivables	(6,784)	2,494
Long-term notes receivable	19,191	5,969
Current contractual liabilities	(24,428)	23,336
Notes payable	(108,528)	209,036
Notes payable from related parties	(1,509)	8,463
Accounts payable	(70,680)	11,725
Accounts payable from related parties	(4,261)	1,849
Other payables	(19,636)	3,087
Other payables from related parties	(173)	153
Provisions	(185)	(11,190)
Advance receipts	31	(960)
Other current liabilities	846	(52)
Net defined benefit liability	(507)	(598)
Cash generated from operations	216,712	351,557
Interest received	12,091	1,221
Income tax received (paid)	(19,885)	9,342
Net cash generated by operating activities	208,918	362,120

(Continued)

AWEA Mechantronic Company Limited

INDIVIDUAL STATEMENTS OF CASHFLOWS

The years ended December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

	2022	2021
(Continued)		
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of financial assets at fair value through profit or loss	(236,175)	(159,812)
Proceeds from disposal of financial assets at fair value through profit or loss	22,536	-
Acquisitions of financial assets at fair value through other comprehensive income	(11,268)	(11,549)
Proceeds from disposal of financial assets at fair value through other comprehensive income	3,790	8,539
Acquisitions of investments accounted for using equity method	-	(7,333)
Acquisitions of property, plant and equipment	(20,297)	(8,855)
Proceeds from disposal of property, plant and equipment	2,272	1,190
Decrease in guarantee deposits paid	223	3,749
Increase in other receivables from related parties	(5,000)	(65,000)
Acquisitions of intangible assets	(800)	(4,314)
Increase in other financial assets	(223,962)	(46,420)
Decrease (increase) in prepayments for business facilities	3,664	(754)
Dividends received	165,665	84,352
Net cash used in investing activities	(299,352)	(206,207)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	590,000	412,065
Increase (decrease) in short-term notes payable	29,734	(199,904)
Increase (decrease) in long-term borrowings	(2,206)	939
Increase (decrease) in guarantee deposits received	(2,013)	1,700
Repayment of the principal portion of lease liabilities	(11,410)	(11,654)
Cash dividends paid	(144,890)	(241,484)
Interest paid	(19,727)	(9,069)
Net cash generated (used) in financing activities	439,488	(47,407)
NET INCREASE IN CASH AND CASH EQUIVALENTS	349,054	108,506
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	629,970	521,464
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 979,024	$ 629,970

Please refer to the accompanying notes to the individual financial statements.

AWEA Mechantronic Company Limited
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

1. GENERAL

AWEA Mechantronic Company Limited (the "Company") was incorporated on July 16, 1986. The main business of the Company is the design, manufacture and sales of special-purpose machines, automation equipment and computer-controlled machine tools.

On September 6, 2000, the Company's shares were approved for listing by the approval letter (89) Shentzu No. 025773 of Taiwan Stock Exchange (TWSE) and started listing and trading on TWSE centralized order market on September 11, 2000.

2. DATE AND PROCEDURE FOR APPROVAL OF FINANCIAL STATEMENTS

The accompanying individual financial statements were approved and authorized for issue by the Board of Directors on March 13, 2023.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(1) The impact of adoption of the newly issued and revised International Financial Reporting Standards (IFRS) approved by the Financial Supervisory Commission (FSC)：

Since 2022, the Company has fully adopted IFRS approved by FSC and effective since 2022 to prepare financial statements. The related new, revised or amended standards and interpretations are as below:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds Before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts: Cost of Fulfilling a Contract"	January 1, 2022
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022

The Company assessed that the application of the above-mentioned newly recognized IFRS will not have material impact on the individual financial statements.

(2) The impact of not yet applying of IFRSs endorsed by the FSC:

The table below listed the new, revised or amended standards and interpretations endorsed by the FSC with effective date starting 2023:

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

Disclosure of Accounting Policies

The amendment improved the disclosure of accounting policies to provide more useful

information to the investors and other users of the financial statements.

Definition of Accounting Estimates

This amendment is to directly define accounting estimates, and to make other amendments for the accounting policies, changes of accounting estimates and errors to help companies differentiate changes of accounting policies and changes of accounting estimates.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction

This amendment is to limit the scope of exemption for deferred income tax recognition in income tax, so that the exemption will not be applicable to transactions that generate the same amount of taxable and deductible temporary difference at original recognition.

The Company assessed that the above-mentioned new, revised or amended standards and interpretations will not have material impact on the individual financial statements.

(3) The impact of the IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC:

The table below listed the new, revised or amended standards and interpretations issued and published by IASB but not yet endorsed by FSC:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Pending IFRS Committee decision
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent" and "Non-current Liabilities with Covenants"	January 1, 2023
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent" and "Non-current Liabilities with Covenants"	January 1, 2024

The Company anticipated that the above-mentioned newly published or amended standards will not have material impact to the individual financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that the individual financial statements adopted are listed as below. Except for the illustration of accounting changes in Note 3 and 4, all the accounting policies below are applied consistently to all periods presented in the individual financial statements.

(1) Statement of Compliance

The accompanying individual financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by FSC.

(2) Basis of Preparation

The individual financial statements have been prepared on the historical cost basis, except for important items in the balance sheets listed below:

1. Financial assets at fair value through profit or loss;
2. Financial assets at fair value through other comprehensive income;
3. Net defined benefit liability, which is based on the fair value of pension fund asset minus the present value of defined benefit obligations.

When preparing the individual financial statements, the Company account for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the individual basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the individual financial statements.

(3) Functional Currency and Presentation currency

The functional currency of the Company is the currency of the primary economic environment in which it operates. The individual financial statements use the Company's functional currency, New Taiwan Dollars (NT$), to present. All the financial information presented in NT$ are in thousands of New Taiwan Dollars.

(4) Classification of Current and Noncurrent Assets and Liabilities

1. Assets that meet one of the following conditions are classified as current assets, and all assets that are not current assets are classified as non-current assets:
   (1) The asset expected to realize, or intended to be sold or consumed, during its normal operating cycle;
   (2) The asset is held primarily for transaction purposes;
   (3) The asset is expected to be realized within twelve months of the reporting period; or
   (4) The asset is cash or cash equivalent unless there are other restrictions on exchanging the asset or using it to settle liabilities at least twelve months after the reporting period.
2. Liabilities that meet one of the following conditions are classified as current liabilities, and all liabilities that are not current liabilities are classified as non-current liabilities:
   (1) The liability is expected to be settled within normal operating cycle;
   (2) The liability is held primarily for transaction purposes;
   (3) The liability is expected to be settled within twelve months after the reporting period; or
   (4) The liability without an unconditional right to defer settlement for at least twelve months after the reporting period. The terms of the liability, which may, at the option of the counterparty, result in its liquidation through the issuance of equity instruments do not affect its classification.

(5) Foreign Currencies

In preparing the individual financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currencies are recognized at the rates of exchange prevailing at the dates of the transactions. The exchange differences are recognized as profit or loss in the reporting period in which they occurred.

For the purposes of presenting individual 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 inequity.

(6) Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents are investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the aforementioned definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are listed in cash equivalents.

(7) Financial Instruments

Accounts receivable are originally recognized when incurred. All the other financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets (other than trade receivables that do not contain a significant financial component) or financial liabilities not measured at fair value through profit or loss are originally measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of them. Accounts receivable that does not contain significant financial components are measured at transaction prices.

1. Financial Assets

At the time of original recognition, financial assets are classified into financial assets measured at amortized cost, financial assets at FVTPL, and financial assets at FVTOCI. Only when the Company changes its business model for managing financial assets will it reclassify all affected financial assets from the first day of the next reporting period.

(1) Financial assets measured at amortized cost

Financial assets that meet both of the following conditions and are not designated as measured at fair value through profit or loss are measured at amortized cost:

A. The financial asset is held under the business model for the purpose of collecting contractual cash flow.

B. The contractual terms of the financial asset generate cash flows on specified dates that are exclusively for the payments of principal and interest on the principal amount outstanding.

Subsequent amortization of these assets is measured at the original recognized amount plus or minus the cumulative amortization amount calculated using the effective interest method and adjusting any allowance for losses. Interest income, foreign exchange gain or losses, and impairment loss are recognized in profit or loss. In case of delisting, the gain or loss is recognized in profit or loss.

(2) Financial assets at FVTPL

Financial assets that are neither measured at amortized cost as above nor at fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. In order to eliminate or significantly reduce the improper accounting ratio at the time of original recognition, the Company may irrevocably designate financial assets that meet the conditions of measuring at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss. These assets are subsequently measured at fair value, and the net profit or loss are recognized as profit or loss.

(3) Financial assets at FVTOCI

On initial recognition, the Company may irrevocably designate investments in equity investments that is not held for trading as at FVTOCI. This decision is made on an instrument-by-instrument basis.

Debt instruments are subsequently measured at fair value. Interest income calculated using the effective interest method, and foreign exchange gains and losses and impairment gains or losses on investments in debt instruments at FVTOCI are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when these debt instruments are disposed.

Investments in equity instruments are subsequently measured at fair value. Dividend income, unless clearly represents a recovery of part of the cost of the investment, is recognized in profit or loss. The remaining net gain or loss is recognized in other comprehensive income and is not reclassified to profit or loss.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss at the date when the Company's right to receive the dividends is established, normally means the ex-dividend date.

(4) Impairment of financial assets

A loss allowance for expected credit loss is recognized by the Company for financial assets measured at amortized cost, including cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, and other financial assets.

The following financial assets are measured at an amount equal to expected credit loss within 12 months, the rest are measured at an amount equal to lifetime expected credit losses:

A. Debt securities are considered to have low credit risk on reporting date; and

B. the credit risk on other debt securities and bank deposits (i.e., the risk of default during the expected life of the financial instrument) has not increased significantly since initial recognition.

The allowance for losses on accounts receivable and contract assets is measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk has increased significantly since the original recognition, the Company considers reasonable and substantiated information (obtainable without undue cost or investment), including qualitative and quantitative information, and based on the Company's historical experience, credit ratings, and analysis from forward-looking information.

The expected credit loss during the lifetime refers to the expected credit loss arising from all possible default events during the expected duration of the financial instrument.

Twelve-month expected credit losses refer to the expected credit losses arising from possible default events of a financial instrument within 12 months after the reporting date (or a shorter period if the expected lifetime of the financial instrument is shorter than 12 months).

The longest period for measuring expected credit losses is the longest contractual period over which the Company is exposed to credit risk.

Expected credit loss is the probability-weighted estimate of credit loss during the expected lifetime of a financial instrument. Credit losses are measured as the present value of all cash shortfalls, which is the difference between the cash flows that the Company can receive under the contract and the cash flows that the Company expects to receive. Expected credit losses are discounted at the financial asset's effective interest rate.

The Company assesses whether financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income are

credit-impaired at each reporting date. A financial asset is credit-impaired when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred. Evidence that the financial asset is credit-impaired includes below item's observable information:

A. Significant financial difficulties of the borrower or issuer;
B. Default, such as delay or overdue more than 90 days;
C. Concessions granted by the Company to the borrower that would not have been considered by the Company for economic or contractual reasons related to the borrower's financial difficulties;
D. Borrower is likely to file for bankruptcy or other financial restructuring; or
E. Absence of an active market for the financial asset due to financial difficulties.

An allowance for loss of financial asset measured at amortized cost is deducted from the book value of the asset. An allowance for a debt instrument investment at fair value through other comprehensive income is recognized in other comprehensive income (without reducing the book value of the asset), and the amount of the recognition or reversal of the allowance is recognized in profit or loss.

When the Company cannot reasonably expect to recover all or part of the financial assets, it directly reduces the total book value of its financial assets. The Company analyzes the timing and the number of write-offs individually on the basis of whether it is reasonably expected to be recoverable. The Company does not anticipate a material reversal of the amount written off. However, written-off financial assets are still enforceable to comply with the Company's procedures to recover overdue amounts.

(5) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity, or when it neither transfers substantially all the risks and rewards of ownership nor retain controls of the financial asset.

If the Company makes a transaction to transfer financial assets and it retains all or substantially all the risks and rewards of ownership of the transferred assets, the assets will continue to be recognized in the balance sheets.

(8) Financial Liabilities and Equity Instruments

1. Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3.Financial liabilities

Financial liabilities are not held for transactions and are not designated to be subsequently measured as at fair value through profit or loss, including notes payable, accounts payable and other payables. When originally recognized, it is measured at fair value plus directly attributable transaction costs. The subsequent evaluation adopts the effective interest rate method to measure at amortized cost, and the interest expenses not capitalized as asset costs are included in the non-operating

income and expenses.

4. Derecognition of financial liabilities

The merging Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or they expire.

When derecognizing financial liability, the difference between its book value and total amount paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized as profit or loss, and listed under non-operating income and expenses.

5.Offset of financial assets and liabilities

Financial assets and liabilities are offset and listed on the balance sheets in net amount only when the merging company has legal rights to offset them and intends to settle net or to realize assets and liquidate liabilities at the same time.

(9) 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.

(10) Investments Accounted for Using Equity Method

Investments accounted for using the equity method include investments in subsidiaries, associates, and joint ventures.

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor a joint venture. Significant influence refers to the power to participate in the investee's financial and operating policy decisions, but not the power to control or jointly control such policy decisions.

A joint venture means that the Company and other entities engage in economic activities under joint control through contractual agreement, meaning that strategic financial and operational decisions related to the joint venture must obtain the unanimous consensus of the shared controllers. If another entity is established in accordance with the joint venture agreement, and each joint venture controller has the interests in it, the entity is a jointly controlled entity.

Except for assets classified as held for sale, the operating results and assets and liabilities of associate companies and joint ventures are included in the financial statements using the equity method. With the equity method, investments in associate companies and joint ventures are initially recognized at cost in the balance sheets and are subsequently adjusted according to changes in the Company's share of the investee's net assets. When the Company's share of losses from associate companies and joint ventures exceeds its equity in the associate companies, additional losses are recognized only within the scope of the Company's statutory obligations, constructive obligations, or payments made on behalf of the associate companies.

The portion of the acquisition cost exceeding the net fair value share of the Company's identifiable assets and liabilities of the associated companies and joint ventures on the acquisition date is recognized as goodwill and is included in the book value of the investment. If the share of the net fair value of identifiable assets and liabilities of associated companies and joint ventures on the acquisition date exceeds the acquisition cost, it will be recognized as profit immediately after reassessment.

When assessing impairment, the Company regards the overall book value of the investment including goodwill as a single asset and compares the recoverable amount (the higher of the value in use or the fair value minus the cost of sale) with the book value to conduct an impairment test. The recognized impairment loss will be included in the book

value of the investment. A reversal of any impairment loss is recognized to the extent of subsequent increases in the recoverable amount of the investment.

If the Company does not subscribe to additional shares issued by associates or joint ventures according to existing ownership proportion, which leads to changes of shareholding percentage and results in changes of equity net worth, the increased or decreased amount will be adjusted to capital surplus and investments using equity methods. However, if the ownership interest in the associates is reduced by not subscribing or obtaining shares according to the shareholding ratio, the amount recognized in other comprehensive profit and loss related to the associates will be reclassified according to the reduced proportion, and the basis of accounting should be the same as if the associates directly disposed the related assets or liabilities.

(11) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. Costs include any costs that are directly attributable to the construction, acquisition of the item of property, plant and equipment, any other directly attributable costs of bringing the asset to a usable condition for its intended purpose, and costs of dismantling, relocation, and restoration of original location. The aforementioned costs include renewal costs for replacing part of the plant and equipment and necessary interest expenses arising from the construction contract.

Property, plant and equipment in construction are carried at cost less any recognized impairment loss. The cost includes professional service fees. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other identical categories of property, plant and equipment, commences when the assets are available for their intended use.

Self-owned land is not recognized for depreciation.

When a major item of property, plant and equipment needs to be restored periodically, the Company treats the item as an individual asset and recognizes it as depreciation with a specific useful life and specific depreciation method. Major overhaul cost will be considered as replacing cost and listed as part of the book value of property, plant and equipment if meeting the recognition condition. Other repairing and maintenance fees are listed in profit or loss. If meeting the conditions, the present value of decommissioning cost after the asset is used will be included in the cost of the asset.

If the cost of each part of property, plant and equipment is significant relative to the total cost of the item, each part is depreciated separately and treated as a separate item (significant component) of property, plant and equipment.

An item or material part of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Depreciation is recognized in profit or loss over the estimated useful lives of each component of an item of property, plant and equipment on a straight-line method as it best reflects the expected pattern of consumption of the asset's future economic effects.

Depreciation is computed using the straight-line method mainly over the following estimated useful lives:

Buildings	5 to 51 years
Machinery	2 to 16 years
Mold	2 to 3 years
Transportation equipment	2 to 6 years
Computer communication	4 years

equipment

Business equipment	2 to 7years
Lease improvement	5 years
Other equipment	2 to 11 years

Depreciation is recognized to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the estimated useful lives. Estimated useful life, residual value and depreciation method are reviewed at the end of each reporting period, and the effect of any change in estimate is treated on a deferred basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(12) Leases

1.Lease judgement

The Company assess whether the contract is or contains a lease on the date of establishment of the contract.

2.The Company as lessor

The Company recognizes the right-of-use asset and lease liability on the lease commencement date. The right-of-use asset is measured at cost, which includes the original measurement amount of the lease liability, adjusting any lease payments made on or before the lease commencement date, and adding all Original direct costs incurred and estimated costs of dismantling, removing, and restoring the site or the subject asset, less any lease incentives received.

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. In addition, the Company regularly assesses whether the right-of-use asset has been impaired and deals with any impairment loss that has occurred and adjusts the right-of-use asset when the lease liability is remeasured.

The lease liability is initially measured at the present value of the unpaid lease payments at the start date of the lease. If the implied interest rate of the lease is easy to determine, the discount rate will be the interest rate; if it is not easy to determine, the Company's incremental borrowing rate will be used. Normally, the Company uses its incremental borrowing rate as discount rate.

Lease payments that are included in lease liability includes:

(1) Fix payment, including substantiative fix payment;

(2) Changing lease payment that depends on an index or rate using the index or rate on the leasing start date for original measurement.

Lease liability interests are recognized with effective interest method and will be reevaluate when below situations happened:

(1) Index or rate which is for deciding lease payment changes that leads to changes in future lease payments;

(2) Estimation for whether to extend or end the option is changed and therefore changes the lease duration estimation;

(3) Payment amount changes to expected guarantee for residual;

(4) Estimation for options of target assets to purchase is changed;

(5) Leasing target, scope or other terms changed.

When the lease liability is remeasured due to the aforementioned changes in the

index or rate used to determine the lease payment, changes in the residual value guarantee amount, and changes in the evaluation of the purchase, extension or termination options, the book value of the right-of-use asset is adjusted accordingly, and when the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect partial or full termination of the lease, and the difference between this and the remeasurement amount of the lease liability is recognized in profit or loss.

The Company expresses the right-of-use assets and lease liabilities that do not meet the definition of investment real estate as separate line items in the balance sheet.

For the short-term lease of business equipment and other equipment leases and the lease of low-value underlying assets, the Company chooses not to recognize the right-of-use assets and lease liabilities but recognizes the relevant lease payments as expenses on a straight-line basis during the lease period.

A sale and leaseback transaction are assessed in accordance with IFRS 15 to assess whether the transfer of assets to the buyer-lessor meets the requirements for sale. If it is judged to be treated as a sale, the asset will be delisted and the part of the rights that have been transferred to the buyer and lessor will be recognized in the relevant profit or loss. The accounting treatment model of the lessee is applicable to the leaseback transaction, and the right-of-use asset is measured according to the original account amount of the leased back part. If it is judged not qualified as sale, the transferred asset shall continue to be recognized and the consideration received shall be recognized as a financial liability.

3.The Company as lessee

In transactions where the Company is the lessee, lease contract is classified according to whether it transfers almost all the risks and rewards of the ownership of the underlying asset on the date of establishment of the lease. If yes, then it's classified as a finance lease, otherwise it is classified as operating lease. When evaluating, the Company considers relevant specific indicators including whether the lease period covers the main part of the economic life of the underlying asset.

If the Company is a sublease lessor, it handles master lease and sublease transactions separately, and evaluates the classification of sublease transactions based on the right of use generated by the master lease. If the head lease is a short-term lease and the recognition exemption applies, the sub-lease transaction should be classified as an operating lease.

(13) Intangible Assets

Intangible assets acquired by the Company with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses.

Amortization is recognized using the straight-line method over the following estimated useful lives:

Computer software	The economic life or contract period

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(14) Impairment of Non-financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets (excluding inventory, contractual assets, and deferred tax assets), 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.
For the purposes of impairment testing, a group of assets whose cash inflows are largely independent of those of other individual assets or groups of assets is the smallest identifiable group of assets. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that are expected to benefit from the benefits of the combination.
Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset or cash-generating unit is estimated to be less than it carrying amount, an impairment loss is recognized.
Impairment losses are recognized immediately in profit or loss for the current period, and firstly reduce the carrying amount of the cash-generating unit's apportioned goodwill, and then reduce the carrying amount of each asset in proportion to the carrying amount of other assets in the unit.
An impairment loss recognized for goodwill is not reversed in subsequent periods. Non-financial assets other than goodwill are reversed only to the extent that the asset's book value (less depreciation or amortization) would have been determined had no impairment loss been recognized in prior years.

(15) Provision
Provisions are recognized due to the current obligations from past events, resulting in that the Company will have high possibilities to flow out resources with economic benefits to pay off the obligation in the future, and the amount of the obligation can be reliably estimated.
The amount recognized as a liability provision is the best estimate of the expenditures required to settle the obligation at the end of the reporting period, considering the risks and uncertainties of the obligation. If the liability provision is measured by the estimated cash flows required to settle the present obligation, its book value is the present value of those cash flows.

(16) Revenue Recognition
Revenue is measured by the consideration to which goods or services are transferred and to which they are expected to be entitled. The Company recognizes revenue when performance obligations are satisfied.

1. Sale of Goods
   The Company recognizes revenue when control of the product is transferred to the customer. Control of product is considered transferred when the product has been delivered to the customer, the customer can fully decide the sales channel and price of the product, and there is no unfulfilled obligation that will affect the customer's acceptance of the product. Delivery happened when the product is delivered to specific locations, and the risks of obsolete and loss is transferred to the customer, and when the customer has accepted the product according to sales contract, the terms of acceptance have expired, or the Company has the objective evidence supporting that all terms of acceptance are met.
   The Company recognizes accounts receivable when the goods are delivered, because the Company has the unconditional right to receive the consideration at that point in time.
2. Financial Composition

The Company expects that the time interval between the time point of all customer contracts to transfer goods or services to the customer and the time point when the customer pays for the goods or services will not exceed one year. Therefore, the Company does not adjust the time value of money of the transaction price.

(17) Government Subsidy

The Company will comply with the conditions attached to the government grant and will recognize it only when the grant can be received.

(18) Employee Benefits

1. Defined contribution plan

Contribution obligations that are part of defined contribution pension plans are recognized as an expense during the period of service performed by the employee. Prepaid appropriations are recognized as an asset to the extent that they will result in a return of cash or a reduction in future payments.

2. Defined benefit plan

The Company's net obligation to the defined benefit plan is calculated by converting the number of future benefits earned by the employee's service in the current or previous period into the present value and deducting the fair value of the plan assets.

The defined benefit obligation is actuarial zed annually by a qualified actuary using the projected unit benefit method. When the calculation result is likely to be beneficial to the Company, the recognized asset is limited to the present value of any economic benefit that can be obtained in the form of returning the allocation from the plan or reducing future allocations to the plan. The calculation of the present value of economic benefits considers any minimum funding requirements.

Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. The Company determines the net interest expense (income) of the net defined benefit liability (asset) using the net defined benefit liability (asset) and discount rate determined at the beginning of the annual reporting period. Net interest expense and other expenses for defined benefit plans are recognized in profit or loss.

Changes in benefits associated with prior service costs or curtailment benefits or losses arising from program modifications or curtailments are recognized immediately in profit or loss. The Company recognizes the liquidation profit and loss of the defined benefit plan when the liquidation occurs.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when services are rendered. If the Company has a current statutory or constructive payment obligation due to the past service provided by the employee, and the obligation can be reliably estimated, the amount is recognized as a liability.

(19) Borrowing Cost

Borrowing costs directly attributable to the acquisition of an asset are included as part of the cost of the asset until substantially all activities necessary to bring the asset to its intended state for use or sale have been completed.

Aside from the aforementioned, all other borrowing costs are recognized as profit or loss within the year in which it occurred.

(20) Taxation

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

Current income tax including the income tax payable or tax refund receivable, which is calculated based on the taxable income (loss) of the current year, and any adjustments of

tax payable and tax refund receivable in previous years whose amount is the best estimate of the amount expected to be paid or received based on the statutory tax rate or substantive legislative tax rate on the reporting date.

Deferred income tax is recognized by measuring the temporary difference between the carrying amount of assets and liabilities at the financial reporting date and their tax base. Unused tax losses, unused income tax credits carried forward, and deductible temporary differences are recognized as deferred tax assets to the extent that future taxable income is likely to be available for use, and will be reevaluate at every reporting date where relevant income tax benefits will be adjusted to the extent that it is not likely to be realized, or reverse the original reduced amount within the scope that it is likely to have sufficient taxable income.

The Company only allows offsets of deferred tax asset and deferred tax liability when both conditions below are met:

1. Has the statutory enforcement power to offset current income tax assets and current income tax liabilities; and
2. Deferred tax asset and liabilities are related to one of the following taxpayers who are levied income tax by the same tax authority：
   (1) Same tax entity; or
   (2) Different tax entity, but each subject intends to settle current income tax liabilities and assets on a net basis, or realize assets and settlement simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

(21) Earnings per share

The Company presents basic and diluted earnings per share attributable to equity holders of the Company's common stock. The Company's basic earnings per share is calculated by dividing the profit or loss attributable to the Company's common stockholders by the weighted average number of common shares outstanding in the current period. Diluted earnings per share is calculated by adjusting the profit and loss attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding, respectively, after adjusting the impact of all potential dilutive ordinary shares.

(22) Operating Segment Information

The Company has disclosed operating segment information in the consolidated financial statements, so the individual will not disclose department information.

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

The Company has considered the economic implications of COVID-19, Ukrainian-Russian conflict, and inflation on critical accounting estimates and the management will continue to review estimates and underlying assumptions, and changes in accounting estimates will be recognized in the period of change and in the affected future periods.

In preparing this separate financial report, management must make judgements, estimates and assumptions. It will affect the adoption of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual result may be different with estimations.

For the uncertainty of assumptions and estimates, there are major risks that will cause major adjustments in the next year. The relevant information is as follows. Uncertainty in the following assumptions and estimates has a material risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year and has already reflected the impact of the COVID-19 pandemic. See below:

(1) Allowance for Losses on Accounts Receivable

The allowance for loss of the Company's accounts receivable is estimated based on the assumptions of default risk and expected loss rate. The Company considers historical experience, current market conditions and forward-looking estimates on each reporting date to determine the assumptions to be used and the input values selected when calculating the impairment. Please refer to Note 6(4) for details on related assumptions and input value.

(2) Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value, and the Company estimates the net realizable value of inventory for normal waste, obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined mainly based on assumptions of future demand within a specific time horizon, therefore major changes may occur due to rapid changes in the industry.

(3) Impairment of investment using equity method

When there is any indication of impairment that an investment using the equity method may have been impaired and the carrying amount cannot be recovered, the Company immediately assesses the impairment of the investment. The Company assesses the impairment based on the future cash flow forecast of the invested company, including the sales growth rate and capacity utilization rate estimated by the internal management of the invested company, and analyzes the rationality of the relevant assumptions.

(4) Impairment of Tangible Assets and Intangible Assets Other than Goodwill

In the process of evaluating the potential impairment of tangible assets and intangible assets other than goodwill, the Company determines the independent cash flows, useful lives, expected future revenue and expenses related to the specific asset groups with the consideration of the nature of semiconductor industry. Any change in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

(5) Recognition and Valuation of Provisions

The provision for product warranty liabilities is estimated when the product sales revenue is recognized and is estimated based on the quantity of products that are still in the warranty repair period, the historical and expected repair rate of such products, and the estimated unit repair cost. The Company continues to review the estimation basis and revise it when appropriate. Any change in the above estimation basis may have a significant impact on the estimation of product warranty liability reserves.

(6) Realization of Deferred Income Tax Assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available for deductible temporary differences in the future. Assessment of the realization of the deferred tax assets requires subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

(7) Measurement of Defined Benefit Obligations

The defined benefit costs and net defined benefit liabilities (assets) that should be recognized in the defined benefit retirement plan are actuarially evaluated using the projected unit benefit method, and the actuarial assumptions adopted include discount rate, employee turnover rate and future salary increase rate, etc. Changes in these assumptions due to changes in market and economic conditions may materially affect the amount of expenses and liabilities recognized. Please refer to Note 6 (17) for the description of the major actuarial assumptions and sensitivity analysis adopted by the actuarial.

6. ILLUSTRATION OF IMPORTANT ACCOUNTING ITEMS

(1) Cash And Cash Equivalents

	December 31, 2022	December 31, 2021
Cash	$ 2,574	$ 2,509
Deposits in banks	976,450	627,461
	$ 979,024	$ 629,970

(2) Financial Assets at Fair Value Through Profit or Loss

Current:

Mandatorily measured at FVTPL	December 31, 2022	December 31, 2021
Domestic listed (counter) stocks	$ 380,865	$ 165,131
Adjustments	(3,863)	7,286
	$ 377,002	$ 172,417

Non-Current:

Mandatorily measured at FVTPL	December 31, 2022	December 31, 2021
Foreign non-listed (counter) stocks	$ 27	$ 27
Adjustments	(27)	(27)
	$ -	-

1. Profit and loss of financial assets measured at FVTPL

Mandatorily measured at FVTPL	2022	2021
Evaluation (loss) profit	$ (11,149)	$ 7,073
Profit of disposal	$ 2,095	$ -
Dividend income	$ 16,926	$ 1,437

2. The Company has not pledged financial assets at fair value through profit or loss.
3. Aforementioned equity instrument are held for trading purposes, so they are measured at fair value through profit or loss.
4. The Company invested FRF5,000 (around NT$27 thousand) in French agent AUTECH EUROPE in 1990, whose total capital is FRF100,000. In 1996, the value of the invested company had been reduced, and there was little hope of recovery, the total investment amount was transferred as a loss.

(3) Non-current Financial Assets at Fair Value Through Other Comprehensive Income

Measured at FVTOCI	December 31, 2022	December 31, 2021
Domestic listed (counter) stocks	$ 21,391	$ 12,789
Adjustments	(10,933)	4,040
	$ 10,458	$ 16,829

1. The Company holds theses equity instruments for long-term strategic investments, therefore designated the investments as measured at FVTOCI.
2. The Company disposed equity investments with fair value of NT$3,808 (in thousands) and NT$8,578(in thousands), respectively, in 2022 and 2021, with the accumulated disposal benefits of NT$1,125(in thousands) and NT$2,744 (in thousands) , respectively. The Company has transferred the accumulated disposal benefits from other interests to retained earnings.

3. Profit and loss of financial assets measured at FVTOCI:

Measured at FVTOCI	2022	2021
Dividend income recognized as profit or loss		
Hold at the end of the period	$ 1,188	$ 287
Delisted within the period	-	-
	$ 1,188	$ 287
Changes in fair value at other comprehensive income (loss)	$ (13,848)	$ 5,303
Accumulated interest transferred to retained earnings due to delisting	$ 1,125	$ 2,744

4. The Company has not pledged financial assets at fair value through other comprehensive income.

(4) Notes and Accounts Receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 258,779	$ 174,697
Less: Loss allowance	(4,683)	(3,792)
Net	$ 254,096	$ 170,905

	December 31, 2022	December 31, 2021
Accounts receivable	$ 421,595	$ 509,018
Less: Loss allowance	(1,743)	(22,546)
Net	$ 419,852	$ 486,472

The payment term granted to customers is due 30 - 90 days from the invoice date, and the account receivable are not interest-bearing.

The Company adopts the simplified approach of IFRS 9 to recognize the allowance loss of accounts receivable based on the expected credit loss during the duration. The expected credit loss during the duration is calculated using the provision matrix, which considers the customer's past default record, current financial situation, and industrial economic situation. As the Company's historical credit loss experience shows that there is no significant difference in the loss patterns of different customer groups, the provision matrix does not further distinguish customer groups, and only determines the expected credit loss rate based on the number of days overdue of accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect the recoverable amount, the Company will write off the relevant accounts receivable directly, but will continue to pursue, and the recovered amount due to the pursuit activities will be recognized in profit or loss.

The Company measures loss allowance for notes and accounts receivable according to below provision matrix:

	December 31, 2022		
	Total book value	Loss allowance (expected credit loss in the duration)	Cost after amortization
Not past due	$ 659,895	$ (5,863)	$ 654,032
Past due within 30 days	12,226	(245)	11,981
Past due within 31-180 days	7,863	(194)	7,669
Past due within 181-365 days	116	(34)	82
Past due more than a year	274	(90)	184
Total	$ 680,374	$ (6,426)	$ 673,948

	December 31, 2021		
	Total book value	Loss allowance (expected credit loss in the duration)	Cost after amortization
Not past due	$ 618,882	$ (5,867)	$ 613,015
Past due within 30 days	6,627	(181)	6,446
Past due within 31-180 days	8,102	(181)	7,921
Past due within 181-365 days	38,779	(11,447)	27,332
Past due more than a year	11,325	(8,662)	2,663
Total	$ 683,715	$ (26,338)	$ 657,377

The Company's expected credit loss rate for abovementioned intervals (excluding abnormal payments whose loss are rated 100%) are: not past due and past due within 90 days is within 1%, past due within 365 days is within 5%, and past due more than 365 days will be 5% - 80%.

Movements of loss allowance for notes and account receivables:

	2022	2021
Balance, beginning of year	$ 26,338	$ 12,109
Provision (Reversal)	891	14,454
Write off	(20,803)	(225)
Balance, end of year	$ 6,426	$ 26,338

(5) Inventories

	December 31, 2022	December 31, 2021
Products	$ 6,264	$ 1,093
Raw materials	289,213	220,774
Work in process	661,340	621,682
Finished goods	64,462	134,208
	$ 1,021,279	$ 977,757

1. Expenses related to inventories within the year

	2022	2021
Cost of goods sold	$ 1,770,139	$ 2,024,435
Inventory depreciation and obsolete loss	26,215	23,364
Inventory scrap	2,352	6,533
Inventory loss	2,554	1,664
Income from sale of scrap	(1,205)	(1,175)
Costs related to idle capacity	25,501	23,163
	$ 1,825,556	$ 2,077,984

2. The Company has not pledged inventories on December 31, 2022 and 2021.

(6) Investments Accounted for Using Equity Method

	December 31, 2022	December 31, 2021
Subsidiaries	$ 892,166	$ 940,748
Associates	109,850	96,604
	$ 1,002 016	$ 1,037,352

1. Investments in subsidiaries

Subsidiaries consisted of the following:

Subsidiaries	Principal Activities	Place of Incorporation and Operation	Carrying amount		Percentage of ownership	
			December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
B-Way (Cayman) Co.,Ltd.	Foreign investments and international business	Cayman Islands	$ 718,246	$ 761,213	100.00%	100.00%
Yih Chuan Machinery Industry Co., Ltd.	Manufacturing and sales of machinery and equipment and tools	Taiwan	173,920	179,535	60.00%	60.00%
			$ 892,166	$ 940,748		

(1) The Company invested $1,700 thousand USD in B-Way (Cayman) Co., Ltd. through the resolution of the Board of Directors on August 8, 2002, and indirectly invested through B-Way (Cayman) Co., Ltd. to Dawea Mechantronic (Suzhou) Ltd. and Shanghai Zhuwei Mechantronic Co., Ltd. in mainland China, engaging in the operation of parts and accessories of machine tools, sales and installation of mechanical appliances, and international trade.

(2) The Company invested $8,000 thousand USD in B-Way (Cayman) Co., Ltd. through the resolution of the Board of Directors on May 4, 2007, and indirectly invested through B-Way (Cayman) Co., Ltd. to Awea Mechantronic (Suzhou) Ltd., engaging in the operation of parts and accessories of machine tools, sales and installation of mechanical appliances, and international trade.

(3) The Company invested NT$192,570 thousand in Yih Chuan Machinery Industry Co., Ltd. through the resolution of the Board of Directors on September 23, 2013 and invested NT$72,022 thousand again on September 8, 2015. As of December 31, 2021, the Company holds 60% of its shares, engaging in manufacturing, processing, and trading of various machine tools and mechanical parts, and casting of various mechanical parts.

(4) With the resolution of Board of Directors on August 2, 2018, Dawea Mechantronic (Suzhou) Ltd. was merged into Awea Mechantronic (Suzhou) Ltd., and the merger is completed on September 8, 2020.

(5) The Company's portion of profit and loss and other comprehensive income and loss of subsidiaries that adopted the equity method in 2022 and 2021 were recognized based on the financial reports of the subsidiaries audited by accountants during the same period.

2. Investments in associates

Associates consisted of the following:

Associates	Principal Activities	Place of Incorporation and Operation	Carrying amount		% of Ownership and Voting Rights Held by the Company	
			December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
YAMA SEIKI USA,INC.	Design and production of CNC machine tools with linkage of more than three axes, CNC systems, servo devices and related components, and maintenance and sales of precision CNC machine tools	US	$ 101,849	$ 89,149	28.58%	28.58%
Huahan Leasing Co., Ltd.	Rental of machinery	Taiwan	8,001	7,455	13.33%	13.33%
			$ 109,850	$ 96,604		

(1) The Company invested $1,700 thousand USD in YAMA SEIKI USA, INC. through the resolution of the Board of Directors on December 23, 2010, engaging in the operation of parts and accessories of machine tools, sales and installation of mechanical appliances, and international trade.

(2) The Company invested NT$7,333 thousand in Huahan Leasing Co., Ltd. through the resolution of the Board of Directors on August 2021, engaging in machinery rental business.

(3) The Company's portion of profit and loss and other comprehensive income and loss of associates subsidiaries that adopted the equity method in 2022 and 2021 were recognized based on the financial reports of the associates audited by accountants during the same period.

(7) Property, plant and equipment

	December 31, 2022	December 31, 2021
Self-owned land	$ 536,761	$ 536,761
Buildings	741,443	776,201
Machinery equipment	74,600	87,411
Tooling equipment	5,398	4,667
Transportation Equipment	12,269	11,473
Computer communication equipment	6,527	355
Business equipment	5,988	8,281
Lease Improvement	-	21
Other equipment	4,009	6,234
Equipment to be checked and construction in progress	8,406	8,346
	$ 1,395,401	$ 1,439,750

	January 1, 2022	Additions	Disposals	Reclassifications	December 31, 2022
Cost					
Self-owned land	$ 536,761	$ -	$ -	$ -	$ 536,761
Buildings	1,162,434	-	-	-	1,162,434
Machinery equipment	229,623	1,844	(10,099)	-	221,368
Tooling equipment	47,223	3,560	(412)	-	50,371
Transportation Equipment	51,886	5,363	(612)	-	56,637
Computer communication equipment	4,435	6,961	(74)	-	11,322
Business equipment	17,802	1,010	-	-	18,812
Lease Improvement	749	-	-	-	749
Other equipment	24,660	273	(876)	-	24,057
Equipment to be checked and construction in progress	8,346	60	-	-	8,406
	$ 2,083,919	$ 19,071	$ (12,073)	$ -	$ 2,090,917

	January 1, 2022	Depreciation	Disposals	Reclassifications	December 31, 2022
Accumulated depreciation					
Buildings	$ 386,233	$ 34,758	$ -	$ -	$ 420,991
Machinery equipment	142,212	12,439	(7,883)	-	146,768
Tooling equipment	42,556	2,829	(412)	-	44,973
Transportation Equipment	40,413	4,512	(557)	-	44,368
Computer communication equipment	4,080	789	(74)	-	4,795
Business equipment	9,521	3,303	-	-	12,824
Lease Improvement	728	21	-	-	749
Other equipment	18,426	2,256	(634)	-	20,048
	$ 644,169	$ 60,907	$ (9,560)	$ -	$ 695,516
Net	$ 1,439,750				$ 1,395,401

	January 1, 2021	Additions	Disposals	Reclassifications	December 31, 2021
Cost					
Self-owned land	$ 536,761	$ -	$ -	$ -	$ 536,761
Buildings	1,162,434	-	-	-	1,162,434
Machinery equipment	228,990	633	-	-	229,623
Tooling equipment	44,132	3,091	-	-	47,223
Transportation Equipment	50,984	4,588	(3,686)	-	51,886
Computer communication equipment	4,530	-	(95)	-	4,435
Business equipment	17,707	95	-	-	17,802
Lease Improvement	749	-	-	-	749
Other equipment	24,347	313	-	-	24,660
Equipment to be checked and construction in progress	6,014	2,332	-	-	8,346
	$ 2,076,648	$ 11,052	$ (3,781)	$ -	$ 2,083,919

	January 1, 2021	Depreciation	Disposals	Reclassifications	December 31, 2021
Accumulated depreciation					
Buildings	$ 350,517	$ 35,716	$ -	$ -	$ 386,233
Machinery equipment	127,580	14,632	-	-	142,212
Tooling equipment	37,646	4,910	-	-	42,556
Transportation Equipment	38,758	5,341	(3,686)	-	40,413
Computer communication equipment	3,372	803	(95)	-	4,080
Business equipment	5,763	3,758	-	-	9,521
Lease Improvement	670	58	-	-	728
Other equipment	16,110	2,316	-	-	18,426
	$ 580,416	$ 67,534	$ (3,781)	$ -	$ 644,169
Net	$ 1,496,232				$ 1,439,750

1. Please refer to Note 8 for property, plant and equipment pledged for borrowing.
2. On December 31, 2022 and 2021, the Company's land was partly agricultural land, and the amount temporarily registered in the name of another person was NT$88,529 thousand. The Company has obtained a certificate of other rights for the land.

(8) Lease Arrangement

1. Right-of-use assets

	December 31, 2022	December 31, 2021
Land	$ 10,044	$ 19,485
Buildings	2,232	4,595
	$ 12,276	$ 24,080

	January 1, 2022	Additions	Disposals	Others	December 31, 2022
Cost					
Land	$ 48,848	$ 603	$ -	$ -	$ 49,451
Buildings	5,334	694	(1,635)	-	4,393
	$ 54,182	$ 1,297	$ (1,635)	$ -	$ 53,844

	January 1, 2022	Depreciation	Disposals	Others	December 31, 2022
Accumulated depreciation					
Land	$ 29,363	$ 10,044	$ -	$ -	$ 39,407
Buildings	739	1,422	-	-	2,161
	$ 30,102	$ 11,466	$ -	$ -	$ 41,568
Net	$ 24,080				$ 12,276

	January 1, 2021	Additions	Disposals	Others	December 31, 2021
Cost					
Land	$ 48,848	$ -	$ -	$ -	$ 48,848
Buildings	5,420	5,334	(5,420)	-	5,334
	$ 54,268	$ 5,334	$ (5,420)	$ -	$ 54,182

	January 1, 2021	Depreciation	Disposals	Others	December 31, 2021
Accumulated depreciation					
Land	$ 19,621	$ 9,742	$ -	$ -	$ 29,363
Buildings	4,250	1,909	(5,420)	-	739
	$ 23,871	$ 11,651	$ (5,420)	$ -	$ 30,102
Net	$ 30,397				$ 24,080

2. Lease liabilities

	December 31, 2022	December 31, 2021
Current	$ 11,420	$ 11,606
Non-current	918	12,764
	$ 12,338	$ 24,370

3. Material terms of right-of-use assets

The Company leases many assets with lease terms of 3 to 10 years. The Company does not have purchase options to acquire the assets at the end of the lease terms.

4. Other lease information

	2022	2021
Expenses relating to short-term and low-value assets leases	$ 681	$ 836
Total cash outflow for leases	$ 11,410	$ 11,654

(9) Intangible Assets

	December 31, 2022	December 31, 2021
Software	$ 6,794	$ 7,909

Cost	January 1, 2022	Additions	Disposals	Reclassification	December 31, 2022
Software	$ 15,756	$ 800	$ -	$ -	$ 16,556

Accumulated amortization	January 1, 2022	Amortization in this year	Disposals	Reclassification	December 31, 2022
Software	$ 7,847	$ 1,915	$ -	$ -	$ 9,762
Net	$ 7,909				$ 6,794

Cost	January 1, 2021	Additions	Disposals	Reclassification	December 31, 2021
Software	$ 11,490	$ 4,314	$ (48)	$ -	$ 15,756

Accumulated amortization	January 1, 2021	Amortization in this year	Disposals	Reclassification	December 31, 2021
Software	$ 6,536	$ 1,311	$ -	$ -	$ 7,847
Net	$ 4,954				$ 7,909

(10) Net Overdue Receivables

	December 31, 2022	December 31, 2021
Overdue receivables	$ 9,732	$ 19,424
Less: Allowance for uncollectible accounts	(9,732)	(19,424)
	$ -	$ -

(11) Other current financial assets

	December 31, 2022	December 31, 2021
Repatriated Offshore Funds	$ 353,397	$ 317,381
Restricted assets – bank deposits	187,946	-
	$ 541,343	$ 317,381

The repatriated offshore funds of the Group approved by National Taxation Bureau, Ministry of Finance according to Regulations Governing the Management Repatriated Offshore Funds will be submitting an investment plan to the Ministry of Economic Affairs within one year of the day when the funds are deposited into the designated foreign exchange deposit account in accordance with Article 8 of the regulation. The investment plan was approved by approval letter no. 111020433960 on September 23, 2021.

(12) Short-Term Loans

	December 31, 2022	December 31, 2021
Secured loans	$ 435,000	$ 265,000
Credit loans	1,445,000	1,025,000
	$ 1,880,000	$ 1,290,000
Interest interval	1.3123%~1.9500%	0.5451%~0.8508%

Please refer to Note 8 for guarantees.

(13) Short-term Notes Payable

	December 31, 2022	December 31, 2021
Short-term notes payable	$ 290,000	$ 260,000
Less: Discounts on notes payable	(359)	(93)
	$ 289,641	$ 259,907
Interest interval	1.30%~1.78%	0.60%~0.63%

(14) Other Payables

	December 31, 2022	December 31, 2021
Other expenses payable	$ 69,729	$ 93,195
Employee compensation payable	16,000	12,000
Compensation due to directors and supervisors	1,800	1,800
Dividends payable	491	491
Payable on equipment and projects	1,086	2,312
	$ 89,106	$ 109,798

(15) Current provisions

	December 31, 2022	December 31, 2021
Warranty	$ 5,272	$ 4,355
Employee benefits	5,783	6,885
	$ 11,055	$ 11,240

	January 1, 2022	Additions	Reversals	December 31, 2022
Warranty	$ 4,355	$ 917	$ -	$ 5,272
Employee benefits	6,885	-	(1,102)	5,783
	$ 11,240	$ 917	$ (1,102)	$ 11,055

	January 1, 2021	Additions	Reversals	December 31, 2021
Warranty	$ 7,927	$ -	$ (3,572)	$ 4,355
Employee benefits	14,503	-	(7,618)	6,885
	$ 22,430	$ -	$ (11,190)	$ 11,240

1. The provision for warranty is based on the sales contract, and the management of the Company makes the best estimate based on the historical experience of the product.

2. Provision for employee benefit refers to the Company's current legal or constructive payment obligations due to past service provided by employees, and when the obligations can be reliably estimated, the amount is recognized as liabilities.

(16) Long-term Loans

Nature of loan	Year due	December 31, 2022	December 31, 2021
Secured loans	2029	$ -	$ 2,206
Less: due within a year		-	-
Total		$ -	$ 2,206
Interest interval		-	0.3800%

(17) Employee Benefits

1. Defined benefit plans

The Company has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

The present value of defined benefit obligation is is calculated by a qualified actuary. The main assumptions of the actuarial on the measurement date are listed below:

(1) Assumptions of the actuarial on the measurement date:

	December 31, 2022	December 31, 2021
Discount rate	1.400%	0.750%
Expected salary adjustment rate	2.500%	2.500%

(2) The amount of pension expenses recognized in the individual comprehensive income statement for the defined benefit plan is listed as follows:

	2022	2021
Current service cost	$ 235	$ 288
Net interest expense	273	147
Interest income from plan assets	(180)	(106)
Recognized in profit or loss	328	329
Remeasurement		
Actuarial loss arising from experience adjustments	743	1,002
Actuarial loss arising from changes in demographic assumptions	-	1,974
Actuarial gain arising from changes in financial assumptions	(1,858)	(1,517)
Return on plan assets	(2,181)	(424)
Recognized in other comprehensive income	(3,296)	1,035

Total	$ (2,968)	$ 1,364

The pension costs of the aforementioned defined benefit plans were recognized in profit or loss by the following categories:

	2022	2021
Cost of revenue	$ 624	$ 654
Marketing expenses	71	93
General and administrative expenses	62	87
Research and development expenses	70	72
Others	(499)	(577)
	$ 328	$ 329

(3) The amounts arising from the defined benefit obligation of the Company were recognized in the individual balance sheets by the following categories:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 28,824	$ 36,351
Fair value of plan assets	(19,833)	(23,557)
Net defined benefit liability	$ 8,991	$ 12,794

(4) Movements in the present value of the defined benefit obligation were as follows:

	2022	2021
Balance, beginning of year	$ 36,351	$ 43,218
Current service cost	235	288
Interest expense, net	273	147
Remeasurement:		
Actuarial loss arising from experience adjustments	743	1,002
Actuarial loss arising from changes in demographic assumptions	-	1,974
Actuarial gain arising from changes in financial assumptions	(1,858)	(1,517)
Benefits paid from plan assets	(6,920)	(8,761)
Balance, end of year	$ 28,824	$ 36,351

(5) Movements in the fair value of the plan assets were as follows:

	2022	2021
Balance, beginning of year	$ 23,557	$ 30,881
Interest income	180	106
Remeasurement:		
Return on plan assets	2,181	424
Contributions from employer	835	907
Benefits paid from plan assets	(6,920)	(8,761)
Balance, end of year	$ 19,833	$ 23,557

The Company expected to allocate NT$835 thousand within a year after December 31, 2022.

2. Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Act, the Company has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Accordingly, the Company recognized expenses of NT$12,495 thousand and NT$11,820 thousand for the years ended December 31, 2022 and 2021, respectively.

(18) Capital Stock

On December 31, 2022, the authorized common stock capital is NT$1,000,000 thousand, the paid-in capital is NT$965,942 thousand, with a par value of NT$10 per share, divided into 96,594,171 shares.

(19) Capital Surplus

1. According to the provisions of the Company Law, the capital surplus shall not be used except for making up for the Company's losses and appropriating capital. If the Company does not use the surplus reserve to make up for capital losses and if there is still a deficiency, it may not use the capital reserve to make up for it.
2. In accordance with the provisions of the Company Law, the premium obtained from the issuance of stocks exceeding the par value and the capital surplus obtained from the receipt of gifts may be used to make up for losses. Replenishment of capital is limited to a certain percentage of paid-in capital every year. In addition, changes in ownership interests in subsidiaries are recognized to offset losses

(20) Retained Earnings

The statutory surplus reserve shall be appropriated until its total amount reaches the total paid-in capital. The legal capital reserve may be used to offset a deficit or be distributed as dividends in cash or stocks for the portion more than 25% of the paid-in capital if the Company incurs no loss.

The Company recognize and reverse special reserve according to No. 1090150022 letter issued from FSC and "Applicable questions and answers for the provision of special surplus reserve after the adoption of IFRSs".

If there is a subsequent reversal of the balance of the deduction of other shareholders' equity, the surplus may be distributed based on the reversal. According to the Company's Articles of Incorporation, the Company's net profit after the annual final accounts, in addition to paying taxes and making up for previous years' losses according to law, should

set aside 10% as a legal reserve and a special reserve according to law, then adding the undistributed earnings of the previous year to its balance and retaining part of the balance for the funds needed for enterprise growth, the Board of Directors will draw up a earning distribution proposal and submit it to the shareholders' meeting for resolution on distribution.

The Company's shareholders' regular meeting passed resolutions of earning distribution plans on June 15, 2022 and August 18, 2021, respectively, as follows:

	Earning distribution plan		Cash dividends per share (NT$)	
	2021	2020	2021	2020
Legal reserve	$ 13,278	$ 38,245		
Distribution:				
Capital surplus	28,979	48,297	$ 0.3	$ 0.5
Cash dividends	115,913	193,188	1.2	2.0

Aforementioned earning distribution is no different from the board resolutions of the Company on March 15, 2022 and March 17, 2021.

For the distribution of profits proposed by the Board of Directors and resolutions of the shareholders' meeting, please visit the "Market Observation Post System" of Taiwan Stock Exchange.

The appropriations of 2022 yearly earnings approved by the Company's Board of Directors' resolution on March 13, 2023 is as below:

	Earning distribution plan	Cash dividends per share (NT$)
	2022	2022
Legal reserve	$ 35,790	
Distribution:		
Cash dividends	154,551	$ 1.6

The earning distribution plan of 2022 is still waiting for shareholders' meeting resolution expected on June 7, 2023.

(21) Others

The exchange difference in the translation adjustment of foreign operations' financial statements refers to the relevant exchange differences arising from the translation of the functional currency to the Company's expression currency (i.e., New Taiwan Dollars) of foreign operations' net assets, and is listed directly under other comprehensive income. The other comprehensive income recognized in the year ended December 31, 2022 and 2021 are NT$17,410 thousand and NT$20,129 thousand, respectively.

(22) Operating Income

	2022	2021
Total operating income	$ 2,292,233	$ 2,501,492
Less: sales returns and discounts	(8,575)	(9,062)
	$ 2,283,658	$ 2,492,430

	2022	2021
Sale of product	$ 1,953,731	$ 2,156,224
Maintenance and other income	329,927	336,206
	$ 2,283,658	$ 2,492,430

1.Revenue breakdown

(1) The Company's revenue of the contract is derived from the provision of goods and services transferred at a certain point in time.

(2)Major sales market by geography:

	2022	2021
Domestic	$ 805,834	$ 941,859
Foreign		
Asia	677,126	883,498
America	375,904	272,173
Europe	419,212	387,472
Other countries	5,582	7,428
	$ 2,283,658	$ 2,492,430

2. Contract balance

(1) The changes in the contract liability balances primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment.

	December 31, 2022	December 31, 2021
Contract liabilities	$ 73,324	$ 97,752

(2) Revenue of the year from the beginning balance of contract liability:

	2022	2021
Sales revenue	$ 94,597	$ 65,967

(23) Other Income

	2022	2021
Rental income	$ 3,121	$ 3,245
Dividend income	18,114	1,724
Other income	10,138	24,803
	$ 31,373	$ 29,772

(24) Other Gain or Loss

	2022	2021
Foreign exchange gain (loss)	$ 113,941	$ (38,314)
Net gain or loss on disposals of property, plant and equipment	(241)	1,190
Proceeds from disposal of financial assets	2,095	-
Net (loss) gain on financial instruments at FVTPL	(11,149)	7,073
Others	(565)	(48)
	$ 104,081	$ (30,099)

(25) Finance Cost

	2022	2021
Interest expense from bank loans	$ 19,729	$ 9,388
Interest expense from lease liabilities	168	255
	$ 19,897	$ 9,643

(26) Employee Benefits, Depreciation and Amortization Expense

	2022		
	Recognized in cost of revenue	Recognized in operating expenses	Total
Employee benefits expense			
Salary expense	$ 179,735	$ 114,647	$ 294,382
Labor and health insurance expense	18,202	11,352	29,554
Pension expense	8,305	5,018	13,323
Director's remuneration	-	2,440	2,440
Other employee benefit expenses	7,317	3,297	10,614
Depreciation expense	59,728	12,645	72,373
Amortization expense	297	1,618	1,915

	2021		
	Recognized in cost of revenue	Recognized in operating expenses	Total
Employee benefits expense			
Salary expense	$ 181,795	$ 92,769	$ 274,564
Labor and health insurance expense	17,164	10,745	27,909
Pension expense	7,630	4,520	12,150
Director's remuneration	-	3,715	3,715
Other employee benefit expenses	7,234	3,250	10,484
Depreciation expense	66,436	12,749	79,185
Amortization expense	25	1,286	1,311

On December 31, 2022 and 2021, the Company has 423 and 450 employees, respectively, and 5 of which are non- part-time employee directors.

According to the Company’s Articles of Incorporation, the Company shall allocate profit sharing of no less than 3% - 8% to employees and no more than 2% to directors. The Company's subordinate employees who meet certain conditions may be allocated the above-mentioned employee remuneration, and the conditions and methods shall be determined by the Board of Directors. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance.

The Company estimated employee remuneration at NT$16,000 thousand and directors and supervisors' remuneration at NT$1,800 thousand for the year ended December 31, 2022. The basis of the estimation is based on the experience of actual distribution, considering the net profit of the current period and the ratio stipulated in Company’s Articles of Incorporation, and recognized as the operating cost or operating expenses of the year. If there is a discrepancy between the actual distribution amount and the estimated amount in the next year, it shall be treated as a change in accounting estimate, and the difference shall be recognized as profit or loss for the next year. Related information can be found on Market Observation Post System.

The Company recognized employee remuneration at NT$12,000 thousand and directors

and supervisors' remuneration at NT$1,800 thousand for the year ended December 31, 2021. Related information can be found on Market Observation Post System. Actual amount distributed is no different from the estimation.

In the year ended December 31, 2022 and 2021, the average employee benefits expense of the Company are NT$832 thousand and NT$731 thousand, respectively.

In the year ended December 31, 2022 and 2021, the average employee salary expense of the Company are NT$704 thousand and NT$617 thousand, respectively.

In the year ended December 31, 2022, the average salary expense adjustment of the Company is 14.1%.

The Company's salary policies (including directors, supervisors, managers, and employees) are as below:

1. Directors' compensation

   The Company's general directors and independent directors' compensation policy is determined according to their responsibilities, risks, invested time and other factors. According to the Company's Articles of Incorporation, the compensation of the chairman, vice chairman and directors of the Company shall be determined by the Board of Directors according to the degree of participation in the operation of the Company and the value of their contribution, as well as the average level of domestic and foreign industries. The Company's Articles of Incorporation also stipulate that directors' compensation shall not exceed 2% of the annual profit.

2. Compensation to the supervisors

   The Company replaced supervisor system with the audit committee since June 2020.

3. Compensation to the managers

   Compensation to the managers is determined by the position, contribution, company's operation performance of the Company of the year, and considers future risk. It is reviewed by Compensation Committee and sent to Board of Directors for resolution.

4. Compensation to the employees

   Compensation to the employees includes monthly payment and unscheduled performance bonus, year-end bonus, and employee compensation based on the Company's profitability. The Company's Articles of Incorporation stipulate that employees' compensation should be no less than 3% - 8% of annual profit.

   The competitive compensation to the employees of subsidiaries (oversea) is determined not only according to local labor market, but also distribute annual bonus according to local regulations, industry practice, and each subsidiary's performance as a whole, to encourage employee's contribution and their growth with the Company.

(27) Income Tax

1. Income tax expense

   Income tax expense of the year ended December 31, 2022 and 2021 consisted of the following:

	2022	2021
Current income tax expense:		
Recognized in the current year	$ 48,783	$ 25,838
Adjustments on prior years	735	5,933
Deferred income tax expense:		
The origination and reversal of temporary differences	36,196	19,098
Income tax expense	$ 85,714	$ 50,869

(1) Income tax expense recognized in profit or loss of the year ended December 31, 2022 and 2021 was as follows:

	2022	2021
Income before tax	$ 439,856	$ 181,729
Income tax expense at the statutory rate	$ 87,971	$ 36,346
Tax effect of adjusting items:		
Non-included items in determining taxable income	(22,441)	(6,626)
Tax-exempt income	(16,747)	(11,618)
Income tax on repatriation of overseas surplus	-	7,736
Adjustments on prior years	735	5,933
Net change in deferred income tax		
Temporary differences	36,196	19,098
Income tax expense recognized in profit or loss	$ 85,714	$ 50,869

(2) Income tax expense recognized in other comprehensive income and loss of the year ended December 31, 2022 and 2021 was as follows:

	2022	2021
Items are not reclassified to profit or loss subsequently		
Remeasurement of defined benefit plan	$ 659	$ (207)
Items may be reclassified to profit or loss subsequently		
Exchange difference on translation of financial statements of foreign operations	$ 4,353	$ 5,033

2. The analysis of deferred income tax assets and liabilities was as follows:

	Deferred income tax assets	
	December 31, 2022	December 31, 2021
Allowance for bad debts exceeded	$ 1,952	$ 7,989
Unrealized exchange losses	(21,495)	8,536
Unrealized loss on inventories	63,192	57,949
Unrealized sales profit	5,765	4,784
Unrealized no vacation bonus	1,157	1,377
Unrealized warranty expense	1,054	871
Pension exceeded and actuarial loss	1,785	2,544
Exchange difference on translation of financial statements of foreign operations	734	4,669
Investment offset - resource poor areas	-	14,250
Others	70	80
	$ 54,214	$ 103,049

	Deferred income tax liabilities	
	December 31, 2022	December 31, 2021
Subsidiaries, associates and joint venture profit and loss share	$ 99,315	$ 107,360
	$ 99,315	$ 107,360

Year ended December 31, 2022	Balance, beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of the year
Temporary differences				
Allowance for bad debts exceeded	$ 7,989	$ (6,037)	$ -	$ 1,952
Unrealized exchange losses	8,536	(30,031)	-	(21,495)
Unrealized loss on inventories	57,949	5,243	-	63,192
Unrealized sales profit	4,784	981	-	5,765
Unrealized no vacation bonus	1,377	(220)	-	1,157
Unrealized warranty expense	871	183	-	1,054
Pension exceeded and actuarial loss	2,544	(100)	(659)	1,785

Exchange difference on translation of financial statements of foreign operations	4,669		(3,935)	734
Investment offset - resource poor areas	14,250	(14,250)	-	-
Others	80	(10)	-	70
Total deferred income tax assets	$ 103,049	$ (44,241)	$ (4,594)	$ 54,214
Subsidiaries, associates and joint venture profit and loss share	$ 107,360	$ (8,045)	$ -	$ 99,315
Total deferred income tax liabilities	$ 107,360	(8,045)	$ -	$ 99,315

Year ended December 31, 2021	Balance, beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of the year
Temporary differences				
Allowance for bad debts exceeded	$ 5,773	$ 2,216	$ -	$ 7,989
Unrealized exchange losses	7,208	1,328	-	8,536
Unrealized loss on inventories	53,277	4,672	-	57,949
Unrealized sales profit	5,485	(701)	-	4,784
Unrealized no vacation bonus	2,901	(1,524)	-	1,377
Unrealized warranty expense	1,585	(714)	-	871
Pension exceeded and actuarial loss	2,477	(116)	183	2,544
Exchange difference on translation of financial statements of foreign operations	9,902	-	(5,233)	4,669
Investment offset - resource poor areas	21,761	(7,511)	-	14,250
Research and development investment offset	3,935	(3,935)	-	-
Others	91	(11)	-	80
Total deferred income tax assets	$ 114,395	$ (6,296)	$ (5,050)	$ 103,049
Subsidiaries, associates and joint venture profit and loss share	$ 94,557	$ 12,803	$ -	$ 107,360
Adjustments to actuarial reports	24	-	(24)	-
Total deferred income tax liabilities	$ 94,581	$ 12,803	$ (24)	$ 107,360

3. Investment offset related information:
   The Company chooses to apply Article 10-1.1 of the Statute for Industrial Innovation for investment credits in research and development expenses and offsets current year income tax payable within the limit of 15% of the amount of research and development expenses declared in the current year that comply with the relevant regulations.
   The Company chooses to apply investment credits related to company or limited partnership investment in smart machines, 5th-generation mobile networks, and cyber security products and offset current year income tax payable within 5% of the expenditure amount of cyber security products declared.
4. On December 31, 2022, according to the Statute for Upgrading Industries, estimated tax amount that can be deducted from income tax of the Company has been fully deducted this year.
5. The Company's income tax settlement declaration as of 2019 has been approved by the competent taxation agency.

(28) Earnings Per Share

	Year ended December 31, 2022				
	Amount		Weighted averaged number of shares outstanding (thousand shares)	EPS (in NT dollars)	
	Before tax	After tax		Before tax	After tax
Basic EPS					
Net income	$ 439,857	$ 354,143	96,594	$ 4.55	$ 3.67
Effects of all dilutive potential common shares			516		
Net income available to common shareholders plus effects of potential common shares	$ 439,857	$ 354,143	97,110	$ 4.53	$ 3.65

	Year ended December 31, 2021				
	Amount		Weighted averaged number of shares outstanding (thousand shares)	EPS (in NT dollars)	
	Before tax	After tax		Before tax	After tax
Basic EPS					
Net income	$ 181,729	$ 130,860	96,594	$ 1.88	$ 1.35
Effects of all dilutive potential common shares			361		
Net income available to common shareholders plus effects of potential common shares	$ 181,729	$ 130,860	96,955	$ 1.87	$ 1.35

If the Company can choose to distribute compensate to employees with stock or cash, when calculating diluted EPS, employee compensation in the form of stock will be calculating diluted EPS with the weighted average number of outstanding shares that includes the potential common stocks when they have a dilutive effect. When calculating diluted EPS, the net value of the potential common stock on the balance sheet date is used as the basis for judging the number of issued shares. When calculating the diluted EPS before the next year's shareholders' meeting resolution on the number of shares issued for employee compensation, the dilution effect of these previous ordinary shares should continue to be considered.

(29) Capital Management

In consideration of the industry dynamics, the future development of the Company, and the environmental changes, the Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs and dividend payments to maintain its existing operations and give back to shareholders while taking into account the interests of other stakeholders, and maintain an optimal capital structure to shareholder value in the long run.

The management of the Company regularly reviews the capital structure and considers the possible costs and risks involved. In general, the Company adopts a prudent risk management strategy.

(30) Additional Cash Flow Information

Investment activities with only partial cash payments:

	2022	2021
Additions of property, plant and equipment	$ 19,071	$ 11,052
Add: Payable on equipment, beginning of the year	2,312	115
Less: Payable on equipment, end of the year	(1,086)	(2,312)
Cash paid in the year	$ 20,297	$ 8,855

7. RELATED PARTY TRANSACTIONS

a. Related party name and Relationship

Related Party Name	Relationship with the Company
Goodway Machine Corp.	Parent
Awea Mechantronic (Suzhou) Ltd.	Subsidiaries
Shanghai Zhuwei Mechantronic Co., Ltd.	Subsidiaries
Yih Chuan Machinery Industry Co., Ltd.	Subsidiaries
Yih Chuan Machinery (Jiaxing) Industry Co., Ltd.	Subsidiaries
YAMA SEIKI USA, INC.	Associates
Huahan Leasing Co., Ltd.	Associates
Allrich Cnc, Ltd.	Substantial related parties
Yang Wenxu Charity Foundation	Substantial related parties
Turvo International Co., Ltd.	Other related parties
Boldwin Bio Co., Ltd.	Other related parties
AXTRON INVESTMENT CO., LTD	Other related parties

b. Significant transactions with the related parties

1. Sales

	2022	2021
Parent	$ 1,396	$ 4,643
Subsidiaries	295,724	427,680
Associates	271,350	165,064
Other related parties	1	39,610
	$ 568,471	$ 636,997

The specifications of the products sold by the Company to related parties are different, so there are no other customers for comparison. The Company's sales to related parties and general customer collection conditions are determined in accordance with the contract.

2. Purchases

	2022	2021
Parent	$ 159	$ 163
Subsidiaries	22,468	16,161
Associates	-	7,673
Substantial related parties	3,573	4,889
	$ 26,200	$ 28,886

Transition price of purchase from related parties are close to general transactions.

3. Net notes receivable

	December 31, 2022	December 31, 2021
Parent	$ 1,030	$ 1,529
Subsidiaries	30	11,526
Other related parties	-	2,142
	$ 1,060	$ 15,197

4. Net accounts receivable

	December 31, 2022	December 31, 2021
Parent	$ 170	$ 240
Subsidiaries	35,351	105,547
Associates	33,396	13,570
	$ 68,917	$ 119,357

5. Other receivables

	December 31, 2022	December 31, 2021
Parent	$ -	$ 174
Subsidiaries	70,042	65,104
	$ 70,042	$ 65,278

6. Notes payable

	December 31, 2022	December 31, 2021
Parent	$ 146	$ 1,625
Subsidiaries	11,256	11,468
Substantial related parties	368	186
	$ 11,770	$ 13,279

7. Accounts payable

	December 31, 2022	December 31, 2021
Parent	$ 21	$ 8

Subsidiaries	709	5,252
Substantial related parties	759	490
	$ 1,489	$ 5,750

8. Other payables

	December 31, 2022	December 31, 2021
Parent	$ 1,177	$ 1,023
Subsidiaries	489	816
Other related parties	11	11
	$ 1,677	$ 1,850

9. Prepayments

	December 31, 2022	December 31, 2021
Parent	$ 29	$ 1,050
Other related parties	48	48
	$ 77	$ 1,098

10. Advance receipts

	December 31, 2022	December 31, 2021
Parent	$ 1,045	$ 160

11. Current lease liabilities

	December 31, 2022	December 31, 2021
Parent	$ 1,190	$ 1,770

12. Non-current lease liabilities

	December 31, 2022	December 31, 2021
Parent	$ 499	$ 2,833

13. Property transactions

(1) Acquisition of property, plant and equipment

	2022	2021
Parent	$ -	$ 148
Subsidiaries	-	520
Other related parties	-	4,069
	$ -	$ 4,737

(2) Disposal of property, plant and equipment

		2022	
	Items	Proceeds	Gains
Parent	Transportation equipment	$ -	$ -

		2021	
	Items	Proceeds	Gains
Parent	Transportation equipment	$ 1,095	$ 1,095

14. Leases

Rent income	2022	2021
Parent	$ 1,110	$ 960
Subsidiaries	-	320
	$ 1,110	$ 1,280

15. Others

Other income	2022	2021
Parent	$ 461	$ 628
Subsidiaries	-	4,813
Associates	84	60
	$ 545	$ 5,501

Operating cost – warranty expense	2022	2021
Subsidiaries	$ 659	$ 622

Manufacturing expenses	2022	2021
Parent	$ 770	$ 1,753
Subsidiaries	229	898
Associates	-	81
Other related parties	66	-
	$ 1,065	$ 2,732

Marketing expense	2022	2021
Parent	$ 2,392	$ 1,109
Subsidiaries	483	111
Associates	10	288
Other related parties	77	66
	$ 2,962	$ 1,574

Management expense	2022	2021
Parent	$ 44	$ -
Subsidiaries	-	48
Substantial related	-	39
Other related parties	-	106
	$ 44	$ 193

Research and development expense	2022	2021
Other related parties	$ -	$ 15

Interest income	2022	2021
Subsidiaries	$ 1,004	$ 441

16. Loans to related parties (listed as other account receivable)

The actual movement of loans to related parties of the Company is as below:

	2022	2021
Subsidiaries	$ 70,000	$ 65,000

The Company's capital loan to the related party is calculated according to the interest rate agreed between the Company and the related party, and no impairment loss is recognized after evaluation.

17. Compensation of key management personnel

	2022	2021
Short-term employee benefits	$ 16,763	$ 15,076
Post-employment benefits	456	515
	$ 17,218	$ 15,591

The compensation to directors and other key management personnel were determined by the Compensation of the Company in accordance with the individual performance and the Company performance.

8. PLEDGED ASSETS

Detailed list of pledged assets of the Company is as below:

Assets	December 31, 2022	December 31, 2021
Property, plant and equipment – land	$ 377,341	$ 377,341
Property, plant and equipment – buildings	738,391	773,007
Other current assets – restricted bank deposits	187,946	-
	$ 1,303,678	$ 1,150,348

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingent liabilities and unrecognized commitments of the Company as of the end of the reporting period were as follows:

(1) The endorsement guarantee notes issued by the Company are NT$6,699 thousand.
(2) The endorsement guarantee notes received from customers are NT$84,656 thousand.
(3) The endorsement guarantee note received by the Company from the manufacturer for leasing solar photovoltaics is NT$21,180 thousand.
(4) The Company received endorsement guarantee notes of NT$80,000 thousand for loan from its subsidiary – Yih Chuan Machinery Industry Co., Ltd.
(5) The Company entrusted First Commercial Bank to open performance guarantee of NT$2,000 for the imported goods to be released first and then pay tax to the Customs.
(6) The Company entrusted First Commercial Bank to open performance guarantee of $233USD thousand mainly for commodity import.

10. LOSSES FROM MAJOR DISASTERS: None

11. MAJOR SUBSEQUENT EVENTS: None

12. OTHERS

Financial instruments

a. Fair value of financial instruments

Book value of financial instruments not measured by fair value (including cash equivalent, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term loans, short-term notes payable, notes payable, accounts payable, other payables, bonds payable, long-term loans and guarantee deposits received) is a reasonable approximation of fair value. Bonds payable (including put option due or execute within one year) and long-term loans' interest rates are close to market rate, so the carrying amount should be a reasonable basis for estimating fair value. Please refer to Note 12 (6) for fair value of financial instrument measured by fair value.

b. Financial risk management objectives

The Company manages its exposure to foreign currency risk, interest rate risk, equity price risk, credit risk and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by the Board of Directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Company must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

c. Market risks

The Company is exposed to the financial market risks, primarily changes in foreign

currency exchange rates, interest rates and equity investment prices. A portion of these risks is hedged.

1. Foreign currency risk

Part of the Company's cash inflows and outflows are in foreign currency, so there is a natural hedging effect. The Company's exchange rate risk management is for the purpose of avoiding risks, not for the purpose of profit.

The management strategy for exchange rate risk is to examine the net positions of assets and liabilities in various currencies periodically and conduct risk management to the net positions.

At the reporting date, the book value of the Company's monetary assets and liabilities denominated in foreign currencies were as follows:

In thousands of New Taiwan Dollar and foreign currencies

	December 31, 2022					
				Sensitivity analysis		
	Foreign currencies	Exchange rate (Note)	NT Dollar	Rate of change	Profit or loss impact	Equity impact
Financial assets						
Monetary items						
USD	56,209	30.66	1,723,368	5%	86,168	-
EUR	3,012	32.52	97,950	5%	4,898	-
RMB	8,631	4.383	37,830	5%	1,892	-
Non-monetary items						
USD	-	-	-	-	-	-
Financial liabilities						
Monetary items						
USD	148	30.66	4,538	5%	227	-
EUR	-	-	-	-	-	-
RMB	90	4.383	394	5%	20	-
JPY	2,869	0.2304	661	5%	33	-
Non-monetary items						
USD	1,551	30.66	47,554	-	-	-
RMB	-	-	-	-	-	-

In thousands of New Taiwan Dollar and foreign currencies

	December 31, 2021					
				Sensitivity analysis		
	Foreign currencies	Exchange rate (Note)	NT Dollar	Rate of change	Profit or loss impact	Equity impact
Financial assets						
Monetary items						
USD	37,761	27.63	1,043,336	5%	52,167	-
EUR	4,262	31.12	132,633	5%	6,632	-
RMB	25,529	4.319	110,260	5%	5,513	-
Non-monetary						

items						
USD	306	27.63	8,455	-	-	-
Financial liabilities						
Monetary items						
USD	816	27.63	22,546	5%	1,127	-
EUR	1	31.12	31	5%	2	-
RMB	119	4.319	514	5%	26	-
JPY	7,866	0.2385	1,876	5%	94	-
Non-monetary items						
USD	1,954	27.63	53,989	-	-	-
RMB	290	4.319	1,253	-	-	-

Note. Using exchange rate of the balance sheets date.

2. Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments due to changes in market interest rates. The Company is exposed to interest rate risks primarily in relation to its bank loans.

Assuming that the floating rate loan at the end of the reporting period is held throughout the reporting period, when the interest rate increases by 1%, the Company's net profit will decrease by NT$21,696 thousand.

3. Other price risk

The Company is exposed to equity price risk arising from financial assets at FVTPL and at FVTOCI.

Assuming a decrease of 10% in prices of the equity investments at the end of the reporting period for the years ended December 31, 2022 and 2021, the profit and loss would have decreased by NT$38,746 thousand and NT$18,925 thousand, respectively.

d. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Company. The Company is exposed to credit risks from operating activities, primarily accounts receivable, and from investing activities like deposits with banks. Credit risk is managed separately for business related and financial related exposures.

1. Business related credit risk

The Company has established the procedures to maintain the quality of accounts receivable and conduct management and credit risk analysis for each new customer in accordance with the internally specified credit policy. Internal risk control is to evaluate customer credit quality by considering its financial status, past experience and other factors.

The risk assessment of an individual customer is based on the consideration of the customer's financial status, credit rating agency rating, the Company's internal credit rating, historical transaction records and current economic conditions, and many other factors that may affect the customer's ability to pay. The Company will also use certain credit enhancement tools, such as credit insurance, at appropriate times to reduce the credit risk of specific customers.

As of December 31, 2022 and 2021, the Company’s ten largest customers accounted for 80% and 70% of accounts receivable, respectively. The Company considers the concentration of credit risk for the remaining accounts receivable not material.

2. Financial credit risk

The credit risk of bank deposits is measured and monitored by the financial department of the Company. Since the Company's transaction partners and other parties to the contract are all credit-worthy banks, financial institutions with investment grade and above, and government agencies, there are no major concerns about the performance of the contract, and therefore major credit risk observed.

e. Liquidity risk management

The objective of liquidity risk management is to ensure the Company has sufficient cash and cash equivalents and sufficient lines of credit to fund its business operations and maintain adequate financial flexibility.

The table below summarizes the maturity profile of the Company's financial liabilities based on expiry date and contractual undiscounted payments:

	December 31, 2022				
	1 to 3 months	4 to 6 months	7 months to 1 year	More than a year	Total
Non-derivative financial liabilities					
Short-term loans	$ 1,530,000	$ 235,000	$ 115,000	$ -	$ 1,880,000
Short-term notes payable	289,641	-	-	-	289,641
Notes payable (including related parties)	326,284	78,991	-	-	405,275
Accounts payable (including related parties)	72,981	282	234	820	74,317
Other payables (including related parties)	90,783	-	-	-	90,783
Provision	11,055	-	-	-	11,055
Lease liabilities (including related parties)	2,845	2,851	5,724	918	12,338
Long-term loans (including long-term loans due within one year or within one business cycle)	-	-	-	-	-
Guarantee deposits received	628	-	-	-	628
	$ 2,324,217	$ 317,124	$ 120,958	$ 1,738	$ 2,764,037

	December 31, 2021				
	1 to 3 months	4 to 6 months	7 months to 1 year	More than a year	Total
Non-derivative financial liabilities					
Short-term loans	$ 940,000	$ 235,000	$ 115,000	$ -	$ 1,290,000
Short-term notes payable	259,907	-	-	-	259,907
Notes payable (including related parties)	394,765	119,772	775	-	515,312
Accounts payable (including related parties)	148,718	281	83	176	149,258
Other payables (including related parties)	111,648	-	-	-	111,648
Provision	11,240	-	-	-	11,240

Lease liabilities (including related parties)	2,891	2,898	5,817	12,764	24,370
Long-term loans (including long-term loans due within one year or within one business cycle)	-	-	-	2,206	2,206
Guarantee deposits received	2,641	-	-	-	2,641
	$ 1,871,810	$ 357,951	$ 121,675	$ 15,146	$ 2,366,582

(6) Fair value of financial instruments

1. Please refer to Note 12(1) for financial assets and liabilities not measured by fair value.
2. Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:
   (1)Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market refers to markets that meets all the following conditions: the commodities traded in the market are homogeneous, and willing buyers and sellers can be found in the market at any time and price information is available to the public.
   (2) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
   (3) Level 3 fair value measurements are not based on inputs for the asset or liability that are based on observable market data.
   There is no transition between level 1 and 2 during the year ended December 31, 2022 and 2021.
   There is no transition into or out of level 3 during the year ended December 31, 2022 and 2021.
3. The method and assumption that the Company applied to measure fair value are as below:
   (1) Fair value of financial assets and liabilities with standard terms and conditions and are traded in active market is determined by referencing market quotations.
   (2) Fair value of other financial liabilities is determined by the generally accepted evaluation model based on discounted cash flow analysis.
4. Fair value hierarchy
   The following table presents the Company's financial assets and liabilities measured at fair value:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed (counter) stocks	$ 377,002	$ -	$ -	$ 377,002
Financial assets at FVTOCI				
Listed (counter) stocks	10,458	-	-	10,458
	$ 387,460	$ -	$ -	$ 387,460

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed (counter) stocks	$ 172,417	$ -	$ -	$ 172,417
Financial assets at FVTOCI				
Listed (counter) stocks	16,829	-	-	16,829
	$ 189,246	$ -	$ -	$ 189,246

13. ADDITIONAL DISCLOSURES

(1) Significant transactions:

1. Financings provided: See Table 1 attached;
2. Endorsement/guarantee provided: None;
3. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): See Table 2 attached;
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 properties at costs of at least NT$300 million or 20% of the paid-in capital: None;
6. Disposal of individual real estate properties 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 of at least NT$100 million or 20% of the paid-in capital: See Table 3 attached;
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None;
9. Information about the derivative financial instruments' transaction: See Note 12.

(2) Information on reinvestment business: See Table 4 attached;

(3) Information on investment in mainland China：See Table 5 attached.

(4) Information of major shareholder (list of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership): See Table 6 attached.

14. OPERATING SEGMENTS INFORMATION

The Company has provided the operating segments disclosure in the consolidated financial statements.

Table 1：FINANCINGS PROVIDED

December 31, 2022 Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Note 4)	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
0	AWEA Mechantronic Company Limited	Yih Chuan Machinery Industry Co., Ltd.	Other receivables from related parties	Yes	230,000	80,000	70,000	1.8% ~ 1.925%	The need for short-term financing	7,911	Operating capital	-	promissory note	80,000	325,268	1,301,070
1	Shanghai Zhuwei Mechantronic Co., Ltd.	Awea Mechantronic (Suzhou) Ltd.	Other receivables from related parties	Yes	87,680	87,680	87,660	3.8%	The need for short-term financing	-	Operating capital	-	-	-	145,953	145,953
1	Shanghai Zhuwei Mechantronic Co., Ltd.	Yih Chuan Machinery (Jiaxing) Industry Co., Ltd.	Other receivables from related parties	Yes	7,451	7,451	7,451	3.65%	The need for short-term financing	-	Operating capital	-	-	-	145,953	145,953

Note 1: information of the numbering column:

(1) Issuer is No. 0.

(2) Invested companies are listed in order from No.1.

Note 2: financing limit to individual counterparty is no more than 10% of net value of the current period, and the total amount of financing should be no more than 40% of net value of the current period.

Note 3: Maximum balance of financing for the period.

Note 4: The maximum balance for the period and ending balance represent the amounts approved by the Board of Directors.

Table 2: MARKETABLE SECURITIES HELD (excluding investments in subsidiaries, associates and joint ventures)

December 31, 2022 Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2022				Note
				Share units	Carrying Value	Percentage of Ownership	Fair Value (Note 1)	
AWEA Mechantronic Company Limited	Stock - AUTECH EUROPE	-	Non-Current financial asset at FVTPL	50	- (Note 2)	5.00%	-	
AWEA Mechantronic Company Limited	Stock - P-DUKE TECHNOLOGY CO., LTD.	-	Current financial asset at FVTPL	1,063,852	91,917	1.36%	91,917	
AWEA Mechantronic Company Limited	Stock - TURVO INTERNATIONAL CO., LTD.	Other related parties	Current financial asset at FVTPL	2,607,000	263,307	4.32%	263,307	
AWEA Mechantronic Company Limited	Stock - EAGLE COLD STORAGE ENTERPRISE CO., LTD.	-	Current financial asset at FVTPL	675,000	14,850	0.57%	14,850	
AWEA Mechantronic Company Limited	Stock - TSMC	-	Current financial asset at FVTPL	10,000	4,485	-	4,485	
AWEA Mechantronic Company Limited	Stock - Zeng Hsing Industrial Co., Ltd.	-	Current financial asset at FVTPL	20,534	2,443	0.03%	2,443	
AWEA Mechantronic Company Limited	Stock - FITTECH CO., LTD	Other related parties	Non-Current financial asset at FVTOCI	118,846	10,458	0.16%	10,458	

Note 1: If the invested company has no public market price, it shall be listed according to the net equity value.

Note 2: During the year of 1996, due to the value of the invested company has been impaired and there is little hope of recovery, the amount has been transferred fully to loss.

Table 3: TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

December 31, 2022 Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending balance	% to Total	
AWEA Mechantronic Company Limited	Awea Mechantronic (Suzhou) Ltd.	Indirect subsidiary	Sales	$ 287,814	12.60%	3 months after shipped	-	-	$35,351	4.71%	-
AWEA Mechantronic Company Limited	YAMA SEIKI USA,INC.	Subsidiary	Sales	$ 240,190	10.52%	3 months after shipped	-	-	$33,396	4.45%	-

Note 1: The products sold by the Company to related parties Awea Mechantronic (Suzhou) and YAMA SEIKI have different functions, so there are no other customers for comparison. The payment conditions, like for general customers, are determined in accordance with the contract.

Table 4: NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES (Excluding Information on Investment in Mainland China)

December 31, 2022 Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investor Company	Investee Company	Location	Main business	Original Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Share of Profits/ Losses of Investee (Note 1)	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
AWEA Mechantronic Company Limited	B-Way (Cayman) Co., Ltd.	Cayman Islands	International investment and International trade	$ 332,212	$ 332,212	10,665,029	100.00%	$ 718,246	$ 95,283	$ 95,278	(Note 1)
AWEA Mechantronic Company Limited	YAMA SEIKI USA,INC.	USA	Machinery sales and installation, International trade	53,968	53,968	584,192	28.58%	101,849	22,916	7,236	-
AWEA Mechantronic Company Limited	Yih Chuan Machinery Industry Co., Ltd.	Taiwan	Machinery sales and retail、product design	264,592	264,592	5,914,800	60.00%	173,920	(12,140)	(7,284)	(Note 1)
AWEA Mechantronic Company Limited	Huahan Leasing Co., Ltd.	Taiwan	Rental of machinery and equipment	7,333	7,333	666,667	13.33%	8,001	4,097	546	-
B-Way (Cayman) Co., Ltd.	Billion-Way (Cayman) Co., Ltd.	Cayman Islands	International investment and International trade	USD 12,830 (NTD 393,368)	USD 12,830 (NTD 393,368)	12,829,840	100.00%	733,801	85,859	85,859	(Note 1)
Yih Chuan Machinery Industry Co., Ltd.	AXTRON INT'L INVESTMENT CO., LTD	Marshall Islands, USA	international investment and International trade	200,000	200,000	50,000	100.00%	230,394	(7,257)	(7,257)	(Note 1)
AXTRON INT'L INVESTMENT CO.,TLD	AXTRON INT'L INVESTMENT LIMITED	Hong Kong	International investment and International trade	HKD 10 (NTD 39)	HKD 10 (NTD 39)	10,000	100.00%	230,394	(7,257)	(7,257)	(Note 1)

Note 1: already written-off.

Table 5: INFORMATION ON INVESTMENT IN MAINLAND CHINA
December 31, 2022

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

1. Chinese Invested Company Name, Primary Business Activities, Paid-in Capital, Investment Method, Inflow and Outflow of Funds, Ownership Percentage, Investment Book Value, and Repatriation of Investment Gain/Loss:

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/ Losses (Note 2)	Carrying Amount as of Balance as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Shanghai Zhuwei Mechantronic Co., Ltd.	Machinery sales and installation, business management consultation, and International trade	USD 2,500 (NTD 76,650) (Note 3)	2	USD 2,494 (NTD76,466) (Note 3)	-	-	USD 2,494 (NTD 76,466) (Note 3)	$ 3,148	100%	$ 3,667	$143,541	USD 15,438 (NTD 458,016) (Note 3)
Awea Mechantronic (Suzhou) Ltd.	Machinery sales and installation, and International trade	USD 11,400 (NTD 349,524) (Note 3)	2	USD 10,400 (NTD318,864) (Note 3)	-	-	USD 10,400 (NTD 318,864) (Note 3)	81,807	100%	81,807	583,296	USD 2,306 CNY 49,580 (NTD 285,977)
Yih Chuan Machinery (Jiaxing) Industry Co., Ltd.	Machinery sales, manufacturing and installation, and International trade	USD 2,510 (NTD 76,957) (Note 3)	2	USD 2,510 (NTD76,957) (Note 3)	-	-	USD 2,510 (NTD 76,957) (Note 3)	(7,257)	100%	(7,257)	230,394	-

2. Upper Limit for reinvestment in Mainland China:

Investee Company	Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	$ 395,330 (Note 3) (USD 12,894)	$ 426,174 (Note 3) (USD 13,900)	$ 1,951,606 (Note 5)
Yih Chuan Machinery Industry Co., Ltd.	$ 76,957 (Note 3) (USD 2,510)	$ 76,957 (Note 3) (USD 2,510)	$ 173,278(Note 5)

Note 1: The investment methods are divided into the following three types, just indicate the type:

（1）Directly go to Mainland China to invest

（2）Reinvest in mainland China through companies in third regions

（3）Other methods

Note 2: investment profit or loss is recognized based on financial reports audited of the same period.

Note 3: Amount in New Taiwan Dollar is exchanged according to the exchange rate on balance sheet date.

Note 4: Dawea Mechantronic (Suzhou) Ltd. merged with Awea Mechantronic (Suzhou) Ltd. in September 2020, and Awea Mechantronic (Suzhou) Ltd. is the existing company after the merger. This merger case has been approved and put on record by the Investment Commission, MOEA in July 2021 through letter No. 11000165350.

Note 5: The upper limit on investment in mainland China is determined by sixty percent (60%) of the Company's consolidated net worth.

3. Significant transaction items with direct or indirect investees in Mainland China: see Table 4.

Table 6: INFORMATION ON MAJOR SHAREHOLDERS
December 31, 2022

Major Shareholders	Total Shares Owned	Ownership Percentage
GOODWAY MACHINE CORP.	47,912,311	49.60 %
YANG, TE-HUA	9,031,403	9.34 %
JIAJIN INVESTMENT CO., LTD.	6,256,388	6.47 %
FUBON LIFE INSURANCE CO., LTD.	5,406,500	5.59 %

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INDEPENDENT AUDITORS' REPORT

The board of Directors and Shareholders
AWEA Mechantronic Company Limited

Opinion

We have audited the accompanying consolidated financial statements of AWEA Mechantronic Company Limited and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated financial 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, according to our auditing result and other auditors' report, the accompanying consolidated financial statements prepared, in all material aspects, in accordance with the Regulations Governing the Preparation of Financial Reports by Security Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and ISC Interpretations (ISC) endorsed and issued into effect by the Financial Supervisory Commission of Republic of China, and can fairly present the consolidated financial position of the Company as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the ears then ended.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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 in our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of 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, according to our professional judgement, were of most significance in the audit of the Company's 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, and in forming our opinion thereon, and we do not

provide a separate opinion on these matters.

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

Revenue Recognition

The Company's main source of revenue is the sales of machining center machine, and the revenue recognized in 2022 is NT$2,965,844 (in Thousands), accounting for about 96% of total operating income. And since the sales locations include Taiwan, Mainland China, Italy, United States and other markets, the sales conditions are not the same. Therefore, it is necessary to determine the timing of the transfer of the ownership risk and rewords of the sold goods according to customers' order or contract documents. Since the timing and amount of revenue recognition have significance of impact to financial statements, we listed revenue recognition as one of the key audit matters.

For accounting policies related to revenue recognition, please refer to Note 4 to the consolidated financial statements.

We evaluated the rationality of sales revenue recognition, executed the cut-off tests and internal control tests to understand the Company's sales revenue recognition processes and the design and implementation of related control systems. In addition, we performed related tests of controls to the sales and collection cycle, sampled sales contracts to confirm the accuracy of accounting system data, checked and adjusted the general ledger system data and sales system, and evaluated whether the timing of revenue recognition is handled in accordance with related statements.

Valuation of Inventory

The company is mainly engaged in the design, manufacture, and sale of special purpose machine, automation equipment, and computer-controlled machine tools. As of December 31, 2022, the total inventory and allowance of loss for market price decline and obsolete and slow-moving inventories are NT$2,028,951 and NT$421,944 (in thousands), respectively. Inventories of the Company are measured by cost and net realizable value, and recorded allowance of loss for market price decline and obsolete and slow-moving inventories for inventories exceeding certain shelf life or individuals identified as obsolete. Due to fierce competition of parts market and the different speed of different parts obsolescence, the risks of loss for market price decline and obsolete is higher. The obsolete inventory items and the net realizable value method applied for their evaluation often involve subjective judgements, hence are highly uncertain. Considering the inventory and the allowance of loss for market price decline and obsolete and slow-moving inventories are in significance of impact to financial statements, we listed the allowance of loss for market price decline and obsolete and slow-moving inventories as one of the key audit matters.

For inventory related policies, and key sources of evaluation and assumption

of the inventory, please refer to Noe 4 and 5 to the consolidated financial statements, respectively.
We understand, evaluate, and test the design and implementation of inventory related internal controls. Obtain the evaluation data for inventory by the lower of cost and net realizable value prepared by managements, sampled the estimated pricing data to the latest sales record to assess the basis and reasonability of the management's estimation of net realizable value. We also acquire inventory aging report to assess the appropriateness the policy to record the allowance of loss for market price decline and obsolete and slow-moving inventories.

Other Items
In the above mentioned consolidated financial statements, companies invested using equity method, YAMA SEIKI USA, INC and Huahan Leasing Co., Ltd., are not audited by us but entrusted other auditors to audit by the company. As of December 31, 2022 and 2021, the balance of investment using equity method are NT$109,850 and NT$96,604 (in thousands), respectively, both accounting for 2% of total assets. For the years ended December 31, 2022 and 2021, the proportion for these subsidiaries invested using equity method and the profit or loss of associates and joint ventures are NT$7,782 and NT$4,712 (in thousands), respectively, both accounting for 2% of the profit before tax.
We have also audited the individual financial statements of AWEA Mechantronic Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unqualified opinion with Other Items section for reference.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is 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 that 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 based on 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 Company 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 Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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 Jui-Kuei Chen and Chang Yun Yi.

EnWise CPAs & Co.
Taichung, Taiwan
Republic of China

March 13, 2023

AWEA Mechantronic Company Limited

CONSOLIDATED BALANCE SHEETS

December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

Code	Items	Notes	31-Dec-22 Amount	%	31-Dec-21 Amount	%
	CURRENT ASSETS					
1100	Cash and cash equivalents	4 and 6	$ 1,132,171	17	$ 937,652	15
1110	Current financial assets at fair value through profit or loss	4 and 6	377,002	5	172,417	3
1150	Notes receivable, net	4 and 6	381,640	6	247,478	4
1160	Notes receivable due from related parties, net	4 and 7	4,274	-	3,765	-
1170	Accounts receivable, net	4 and 6	457,612	7	526,533	9
1180	Accounts receivable due from related parties, net	4 and 7	33,566	-	13,810	-
1200	Other receivables		10,766	-	9,628	-
1210	Other receivables due from related parties	7	-	-	174	-
1220	Current tax assets	4	143	-	732	-
130x	Inventories	4 and 6	1,607,007	24	1,549,646	25
1410	Prepayments	7	57,859	1	75,973	1
1470	Other current assets	8	542,186	8	321,502	5
11xx	Total current assets		4,604,226	68	3,859,310	62
	NONCURRENT ASSETS					
1517	Non-current Financial assets at fair value through other comprehensive income	4 and 6	10,458	-	16,829	-
1550	Investments accounted for using equity method	4 and 6	109,850	2	96,604	3
1600	Property, plant and equipment	4, 6, 7 and 8	1,797,473	26	1,872,994	30
1755	Right-of-use assets	4, 6 and 8	132,035	2	146,084	2
1780	Intangible assets	4 and 6	10,368	-	12,043	-
1840	Deferred income tax assets	4 and 6	101,283	1	148,210	2
1915	Prepayments for business facilities		300	-	3,964	-
1920	Guarantee deposits paid		7,146	-	12,931	-
1931	Long-term notes receivable, net	4	12,115	1	29,673	1
1937	Overdue receivables	4 and 6	-	-	-	-
1990	Other non-current assets		6,544	-	8,638	-
15xx	Total non-current assets		2,187,572	32	2,347,970	38
1xxx	Total assets		$ 6,791,798	100	$ 6,207,280	100

Please refer to the accompanying notes to the consolidated financial reports.

AWEA Mechantronic Company Limited

CONSOLIDATED BALANCE SHEETS

December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

Code	Items	Notes	31-Dec-22 Amount	%	31-Dec-21 Amount	%
	CURRENT LIABILITIES					
2100	Short-term loans	6 and 8	$ 1,954,949	29	$ 1,335,781	22
2110	Short-term notes and bills payable	6	289,641	4	259,907	4
2130	Current contract liabilities	4 and 6	225,013	3	220,951	4
2150	Notes payable		393,849	6	518,234	8
2160	Notes payable to related parties	7	514	-	17,034	-
2170	Accounts payable		201,312	3	278,516	5
2180	Accounts payable to related parties	7	799	-	591	-
2200	Other accounts payable	6	128,889	2	139,559	2
2220	Other payables to related parties	7	2,007	-	1,476	-
2230	Current tax liabilities	4	64,623	1	27,390	1
2250	Current provisions	4 and 6	12,445	-	12,934	-
2280	Current lease obligations payable	4, 6, and 7	11,420	-	11,606	-
2310	Advance receipts	7	934	-	12	-
2399	Other current liabilities		2,099	-	1,242	-
21xx	Total current liabilities		3,288,494	48	2,825,233	46
	NON-CURRENT LIABILITIES					
2540	Long-term borrowings	6 and 8	-	-	62,672	1
2570	Deferred tax liabilities	4 and 6	112,224	2	121,459	2
2580	Non-current lease liabilities	4, 6, and 7	918	-	12,764	-
2630	Long-term deferred revenue		10,793	-	11,698	-
2640	Non-current net defined benefit liability	4 and 6	8,991	-	12,794	-
2645	Guarantee deposits		2,183	-	4,173	-
25xx	Total non-current liabilities		135,109	2	225,560	3
2xxx	Total Liabilities		3,423,603	50	3,050,793	49
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
3100	Share capital	6				
3110	Ordinary share		965,942	14	965,942	16
3200	Capital surplus	6				
3211	Capital surplus, additional paid-in capital arising from ordinary share		6,124	-	6,124	-
3213	Capital surplus, additional paid-in capital arising from bond conversion		57,468	1	86,447	1
3240	Capital surplus, gain on sale of fixed assets		4	-	4	-
3280	Other additional paid-in capital		31,920	-	31,920	1
3300	Retained earinings	6				
3310	Legal reserve		527,176	8	513,898	8
3320	Special reserve		98,077	1	98,077	2
3350	Unappropriated earnings		1,595,597	24	1,366,883	22
3400	Other equity interest	6				
3410	Exchange differences on translation of foreign financial statements		(18,699)	-	(36,109)	(1)
3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		(10,933)	-	4,040	-
31xx	Total equity attributable to shareholders of parent		3,252,676	48	3,037,226	49
36xx	Non-controlling interests	6	115,519	2	119,261	2
3xxx	Total equity		3,368,195	50	3,156,487	51
	Total liability and equity		$ 6,791,798	100	$ 6,207,280	100

Please refer to the accompanying notes to the consolidated financial reports.

AWEA Mechantronic Company Limited

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The years ended December 31, 2022 and 2021

In Thousands of New Taiwan Dollars, Except Earnings Per Share

Code	Items	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	NET REVENUE	6 and 7	$ 3,100,517	100	$ 3,630,956	100
5000	COST OF REVENUE	6 and 7	(2,432,617)	(78)	(2,951,020)	(81)
5900	GROSS PROFIT		667,900	22	679,936	19
5920	(Un)Realized profit on sales		(4,900)	-	1,924	-
5950	Gross profit, net		663,000	22	681,860	19
	OPERATING EXPENSES					
6100	Marketing		(188,205)	(6)	(217,903)	(6)
6200	Management		(128,520)	(4)	(125,687)	(4)
6300	Research and development		(61,671)	(2)	(60,627)	(2)
6450	Expected credit loss (gain)		13,621	-	(11,444)	-
6000	Total operating expenses		(364,775)	(12)	(415,661)	(12)
6900	INCOME FROM OPERATIONS		298,225	10	266,199	7
	NON-OPERATING INCOME AND EXPENSES					
7100	Interest income		15,972	1	4,226	-
7010	Other income	6	46,011	2	35,444	1
7020	Other gains and losses	4 and 6	117,800	4	(58,340)	(2)
7050	Finance cost	6	(26,002)	(1)	(14,441)	-
7060	Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method		7,782	-	4,712	-
7000	Total non-operating income and expenses		161,563	5	(28,399)	(1)
7900	INCOME BEFORE INCOME TAX		459,788	15	237,800	6
7950	INCOME TAX EXPENSE	4 and 6	(110,501)	(4)	(115,767)	(3)
8200	NET INCOME		349,287	11	122,033	3
	OTHER COMPREHENSIVE INCOME (LOSS)					
8310	Items that will not be reclassified subsequently to profit or loss:					
8311	Remeasurement of defined benefit obligation		3,296	-	(1,035)	-
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income		(13,848)	-	5,303	-
8349	Income tax benefit (expense) related to items that will not be reclassified subsequently		(659)	-	207	-
8360	Items that may be reclassified subsequently to profit or loss:					
8361	Exchange differences arising on translation of foreign operations		23,155	-	24,490	1
8399	Income tax benefit (expense) related to items that may be reclassified subsequently		(4,631)	-	(4,898)	-
8300	Other comprehensive income (loss), net of income tax		7,313	-	24,067	1
8500	TOTAL COMPREHENSIVE INCOME		$ 356,600	11	$ 146,100	4
8600	NET INCOME (LOSS) ATTRIBUTABLE TO:					
8610	Shareholders of the parent		$ 354,143	11	$ 130,860	3
8620	Non-controlling interests		(4,856)	-	(8,827)	-
			$ 349,287	11	$ 122,033	3
8700	TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
8710	Shareholders of the parent		$ 360,342	11	$ 155,464	4
8720	Non-controlling interests		(3,742)	-	(9,364)	-
			$ 356,600	11	$ 146,100	4
	EARNINGS PER SHARE					
9750	Basic earnings per share		$ 3.67		$ 1.35	
9850	Diluted earnings per share		$ 3.65		$ 1.35	

Please refer to notes to the individual financial reports.

AWEA Mechantronic Company Limited

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

The years ended December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

Items	Equity Attributable to Shareholders of the Parent								Non-Controlling Interests	Total Equity
	Capital Stock		Retained Earnings			Others				
	Common Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity Attributable to Shareholders of the Parent		
BALANCE, JANUARY 1, 2021	$ 965,942	$ 172,792	$ 475,653	$ 98,077	$ 1,465,540	$ (56,238)	$ 1,481	$ 3,123,247	$ 128,625	$ 3,251,872
Appropriations of earnings:										
Legal capital reserve	-	-	38,245	-	(38,245)	-	-	-	-	-
Cash dividends to shareholders from common stock	-	-	-	-	(193,188)	-	-	(193,188)	-	(193,188)
Cash dividends to shareholders from capital surplus	-	(48,297)	-	-	-	-	-	(48,297)	-	(48,297)
Net income	-	-	-	-	130,860	-	-	130,860	(8,827)	122,033
Other comprehensive income (loss)	-	-	-	-	(828)	20,129	5,303	24,604	(537)	24,067
Total comprehensive income (loss)	-	-	-	-	130,032	20,129	5,303	155,464	(9,364)	146,100
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	2,744	-	(2,744)	-	-	-
BALANCE, DECEMBER 31, 2021	965,942	124,495	513,898	98,077	1,366,883	(36,109)	4,040	3,037,226	119,261	3,156,487
Appropriations of earnings:										
Legal capital reserve	-	-	13,278	-	(13,278)	-	-	-	-	-
Cash dividends to shareholders from common stock	-	-	-	-	(115,913)	-	-	(115,913)	-	(115,913)
Cash dividends to shareholders from capital surplus	-	(28,979)	-	-	-	-	-	(28,979)	-	(28,979)
Net income	-	-	-	-	354,143	-	-	354,143	(4,856)	349,287
Other comprehensive income (loss)	-	-	-	-	2,637	17,410	(13,848)	6,199	1,114	7,313
Total comprehensive income (loss)	-	-	-	-	356,780	17,410	(13,848)	360,342	(3,742)	356,600
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	1,125	-	(1,125)	-	-	-
BALANCE, DECEMBER 31, 2022	$ 965,942	$ 95,516	$ 527,176	$ 98,077	$ 1,595,597	$ (18,699)	$ (10,933)	$ 3,252,676	$ 115,519	$ 3,368,195

Please refer to the accompanying notes to the consolidated financial statements.

AWEA Mechantronic Company Limited

CONSOLIDATED STATEMENTS OF CASHFLOWS

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	$ 459,788	$ 237,800
Adjustment for:		
Depreciation expense	115,080	117,382
Amortization expense	2,965	2,406
Expected credit losses recognized (reversal) on investments in debt instruments	(13,621)	11,444
Interest expense	26,002	14,441
Interest income	(15,972)	(4,226)
Dividend revenue	(18,114)	(1,724)
Share of profit (loss) of associates and joint ventures accounted for using equity method,	(7,782)	(4,712)
Gain on disposal or retirement of property, plant and equipment	(211)	(1,499)
Loss on disposal or retirement of intangible assets	-	48
Unrealized (realized) gain from sale	4,900	(1,924)
Other income	(1,081)	(1,063)
Profit from lease modification	(283)	(88)
Gains on disposals of investments	(2,095)	-
Loss (gain) on valuation of financial asset	11,149	(7,073)
Changes in operating assets and liabilities:		
Notes receivable	(134,978)	109,807
Notes receivable from related parties	(509)	(2,783)
Account receivables	88,299	7,459
Account receivables from related parties	(19,617)	32,232
Other receivables	2,777	(3,763)
Other receivables from related parties	174	(119)
Inventories	(57,361)	(203,306)
Prepayments	18,114	17,707
Other current assets	(255)	9,169
Overdue receivables	(6,784)	2,494
Long-term notes receivable	19,191	5,969
Contractual liabilities	4,062	(641)
Notes payable	(124,385)	218,303
Notes payable from related parties	(16,520)	16,124
Accounts payable	(77,204)	19,441
Accounts payable from related parties	208	(4,289)
Other payables	(9,489)	(35,024)
Other payables from related parties	531	(96)
Provisions	(513)	(11,896)
Advance receipts	922	(719)
Other current liabilities	857	(155)
Net defined benefit liability	(507)	(578)
Cash generated from operations	247,738	536,548
Interest received	12,058	4,226
Income tax paid	(37,909)	(62,093)
Net cash generated by operating activities	221,887	478,681

(Continued)

AWEA Mechantronic Company Limited

CONSOLIDATED STATEMENTS OF CASHFLOWS

The years ended December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

	2022	2021
(Continued)		
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of financial assets at fair value through profit or loss	(236,175)	(159,812)
Proceeds from disposal of financial assets at fair value through profit or loss	22,536	-
Acquisitions of financial assets at fair value through other comprehensive income	(11,268)	(11,549)
Proceeds from disposal of financial assets at fair value through other comprehensive income	3,791	8,540
Acquisitions of investments accounted for using equity method	-	(7,333)
Acquisitions of property, plant and equipment	(22,340)	(58,104)
Proceeds from disposal of property, plant and equipment	3,740	3,519
Acquisitions of intangible assets	(1,246)	(4,639)
Decrease in prepayments for business facilities	3,664	3,228
Decrease (increase) in guarantee deposits paid	5,785	(1,686)
Decrease (increase) in other non-current assets	2,094	(3,097)
Dividends received	18,114	1,724
Increase in other financial assets	(220,429)	(42,719)
Net cash used in investing activities	(431,734)	(271,928)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	619,168	227,313
Increase (decrease) in short-term notes payable	29,734	(229,893)
Increase (decrease) in long-term borrowings	(62,672)	61,405
Repayment of the principal portion of lease liabilities	(11,410)	(14,914)
Increase (decrease) in guarantee deposits received	(1,990)	1,688
Cash dividends paid	(25,793)	(13,894)
Interest paid	(144,890)	(241,485)
Net cash generated (used) in financing activities	402,147	(209,780)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,219	32,871
NET INCREASE IN CASH AND CASH EQUIVALENTS	194,519	29,844
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	937,652	907,808
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,132,171	$ 937,652

Please refer to the accompanying notes to the consolidated financial statements.

1.GENERAL

AWEA Mechantronic Company Limited (the "Company") was incorporated on July 16, 1986. The main business of the Company is the design, manufacture and sales of special-purpose machines, automation equipment and computer-controlled machine tools.

On September 6, 2000, the Company's shares were approved for listing by the approval letter (89) Shentzu No. 025773 of Taiwan Stock Exchange (TWSE) and started listing and trading on TWSE centralized order market on September 11, 2000.

2.DATE AND PROCEDURE FOR APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 13, 2023.

3.APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(1) The impact of adoption of the newly issued and revised International Financial Reporting Standards (IFRS) approved by the Financial Supervisory Commission (FSC)：

Since 2022, the Company has fully adopted IFRS approved by FSC and effective since 2022 to prepare financial statements. The related new, revised or amended standards and interpretations are as below:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds Before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts: Cost of Fulfilling a Contract"	January 1, 2022
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022

The Company assessed that the application of the above-mentioned newly recognized IFRS will not have material impact on the consolidated financial statements.

(2) The impact of not yet applying of IFRSs endorsed by the FSC:

The table below listed the new, revised or amended standards and interpretations endorsed by the FSC with effective date starting 2023:

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

Disclosure of Accounting Policies

The amendment improved the disclosure of accounting policies to provide more useful information to the investors and other users of the financial statements.

Definition of Accounting Estimates

This amendment is to directly define accounting estimates, and to make other amendments for the accounting policies, changes of accounting estimates and errors to

help companies differentiate changes of accounting policies and changes of accounting estimates.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction

This amendment is to limit the scope of exemption for deferred income tax recognition in income tax, so that the exemption will not be applicable to transactions that generate the same amount of taxable and deductible temporary difference at original recognition.

The Company assessed that the above-mentioned new, revised or amended standards and interpretations will not have material impact on the consolidated financial statements.

(3) The impact of the IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC:

The table below listed the new, revised or amended standards and interpretations issued and published by IASB but not yet endorsed by FSC:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Pending IFRS Committee decision
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent" and "Non-current Liabilities with Covenants"	January 1, 2023
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent" and "Non-current Liabilities with Covenants"	January 1, 2024

The Company anticipated that the above-mentioned newly published or amended standards will not have material impact to the consolidated financial statements.

4.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that the consolidated financial statements adopted are listed as below. Except for the illustration of accounting changes in Note 3 and 4, all the accounting policies below are applied consistently to all periods presented in the consolidated financial statements.

(1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by FSC.

(2) Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis, except for important items in the balance sheets listed below:

1. Financial assets at fair value through profit or loss;
2. Financial assets at fair value through other comprehensive income;
3. Net defined benefit liability, which is based on the fair value of pension fund asset minus the present value of defined benefit obligations.

(3) Functional Currency and Reporting Currency

The functional currency of each entity within the consolidated company is the currency of the primary economic environment in which it operates. This consolidated financial report is presented in the functional currency of the company, which is the New Taiwan Dollar (NTD). All financial information expressed in NTD is presented in thousands of New

Taiwan Dollars (NTD thousand).

(4) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of AWEA Mechantronic Company Limited and entities controlled by AWEA Mechantronic Company Limited (its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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 on consolidation.

The detail information of the subsidiaries at the end of reporting period was as follows:

Name of Investor	Name of Subsidiaries	Main Businesses and Products	Percentage of Ownership	
			December 31, 2022	December 31, 2021
AWEA Mechantronic Co., Ltd.	B-Way (Cayman) Co., Ltd.	International investment and trade	100%	100%
AWEA Mechantronic Co., Ltd.	Yih Chuan Machinery Industry Co., Ltd.	Industrial machinery manufacture and trade	60%	60%
B-Way (Cayman) Co., Ltd.	Billion-Way (Cayman)Co., Ltd.	International investment and trade	100%	100%
Billion-Way (Cayman)Co., Ltd.	Shanghai Zhuwei Mechantronic Co., Ltd.	Machinery sale and installation and international trade	100%	100%
Billion-Way (Cayman)Co. ,Ltd.	Awea Mechantronic (Suzhou) Ltd.	Machinery sale and installation and international trade	100%	100%
Yih Chuan Machinery Industry Co., Ltd.	AXTRON INT'L INVESTMENT CO., LTD	International investment and trade	100%	100%
AXTRON INT'L INVESTMENT CO., LTD	AXTRON INT'L INVESTMENT LIMITED	International investment and trade	100%	100%
AXTRON INT'L INVESTMENT LIMITED	Yih Chuan Machinery (Jiaxing) Industry Co., Ltd.	Machinery sale and installation and international trade	100%	100%

(5) Classification of Current and Noncurrent Assets and Liabilities

1. Assets that meet one of the following conditions are classified as current assets, and all assets that are not current assets are classified as non-current assets:

(1) The asset expected to realize, or intended to be sold or consumed, during its normal operating cycle;
(2) The asset is held primarily for transaction purposes;
(3) The asset is expected to be realized within twelve months of the reporting period; or
(4) The asset is cash or cash equivalent unless there are other restrictions on exchanging the asset or using it to settle liabilities at least twelve months after the reporting period.

2. Liabilities that meet one of the following conditions are classified as current liabilities, and all liabilities that are not current liabilities are classified as non-current liabilities:
(1) The liability is expected to be settled within normal operating cycle;
(2) The liability is held primarily for transaction purposes;
(3) The liability is expected to be settled within twelve months after the reporting period; or
(4) The liability without an unconditional right to defer settlement for at least twelve months after the reporting period. The terms of the liability, which may, at the option of the counterparty, result in its liquidation through the issuance of equity instruments do not affect its classification.

(6) Foreign Currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currencies are recognized at the rates of exchange prevailing at the dates of the transactions.

The exchange differences are recognized as profit or loss in the reporting period in which they occurred.

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 inequity.

(7) Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents are investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the aforementioned definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are listed in cash equivalents.

(8) Financial Instruments

Accounts receivable are originally recognized when incurred. All the other financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets (other than trade receivables that do not contain a significant financial component) or financial liabilities not measured at fair value through profit or loss are or Derecognition of financial liabilities

iginally measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of them. Accounts receivable that does not contain significant financial

components are measured at transaction prices.

1. Financial Assets

At the time of original recognition, financial assets are classified into financial assets measured at amortized cost, financial assets at FVTPL, and financial assets at FVTOCI. Only when the Company changes its business model for managing financial assets will it reclassify all affected financial assets from the first day of the next reporting period.

(1) Financial assets measured at amortized cost

Financial assets that meet both of the following conditions and are not designated as measured at fair value through profit or loss are measured at amortized cost:

A. The financial asset is held under the business model for the purpose of collecting contractual cash flow.

B. The contractual terms of the financial asset generate cash flows on specified dates that are exclusively for the payments of principal and interest on the principal amount outstanding.

Subsequent amortization of these assets is measured at the original recognized amount plus or minus the cumulative amortization amount calculated using the effective interest method and adjusting any allowance for losses. Interest income, foreign exchange gain or losses, and impairment loss are recognized in profit or loss. In case of delisting, the gain or loss is recognized in profit or loss.

(2) Financial assets at FVTPL

Financial assets that are neither measured at amortized cost as above nor at fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. In order to eliminate or significantly reduce the improper accounting ratio at the time of original recognition, the Company may irrevocably designate financial assets that meet the conditions of measuring at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss. These assets are subsequently measured at fair value, and the net profit or loss are recognized as profit or loss.

(3) Financial assets at FVTOCI

On initial recognition, the Company may irrevocably designate investments in equity investments that is not held for trading as at FVTOCI. This decision is made on an instrument-by-instrument basis.

Debt instruments are subsequently measured at fair value. Interest income calculated using the effective interest method, and foreign exchange gains and losses and impairment gains or losses on investments in debt instruments at FVTOCI are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when these debt instruments are disposed.

Investments in equity instruments are subsequently measured at fair value. Dividend income, unless clearly represents a recovery of part of the cost of the investment, is recognized in profit or loss. The remaining net gain or loss is recognized in other comprehensive income and is not reclassified to profit or loss.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss at the date when the Company's right to receive the dividends is established, normally means the ex-dividend date.

(4) Impairment of financial assets

A loss allowance for expected credit loss is recognized by the Company for financial assets measured at amortized cost, including cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, and other financial assets.
The following financial assets are measured at an amount equal to expected credit loss within 12 months, the rest are measured at an amount equal to lifetime expected credit losses:

A. Debt securities are considered to have low credit risk on reporting date; and
B. the credit risk on other debt securities and bank deposits (i.e., the risk of default during the expected life of the financial instrument) has not increased significantly since initial recognition.

The allowance for losses on accounts receivable and contract assets is measured at an amount equal to lifetime expected credit losses.
When determining whether the credit risk has increased significantly since the original recognition, the Company considers reasonable and substantiated information (obtainable without undue cost or investment), including qualitative and quantitative information, and based on the Company's historical experience, credit ratings, and analysis from forward-looking information.
The expected credit loss during the lifetime refers to the expected credit loss arising from all possible default events during the expected duration of the financial instrument.
Twelve-month expected credit losses refer to the expected credit losses arising from possible default events of a financial instrument within 12 months after the reporting date (or a shorter period if the expected lifetime of the financial instrument is shorter than 12 months).
The longest period for measuring expected credit losses is the longest contractual period over which the Company is exposed to credit risk.
Expected credit loss is the probability-weighted estimate of credit loss during the expected lifetime of a financial instrument. Credit losses are measured as the present value of all cash shortfalls, which is the difference between the cash flows that the Company can receive under the contract and the cash flows that the Company expects to receive. Expected credit losses are discounted at the financial asset's effective interest rate.
The Company assesses whether financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income are credit-impaired at each reporting date. A financial asset is credit-impaired when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred. Evidence that the financial asset is credit-impaired includes below item’s observable information:

A. Significant financial difficulties of the borrower or issuer;
B. Default, such as delay or overdue more than 90 days;
C. Concessions granted by the Company to the borrower that would not have been considered by the Company for economic or contractual reasons related to the borrower's financial difficulties;
D. Borrower is likely to file for bankruptcy or other financial restructuring; or
E. Absence of an active market for the financial asset due to financial difficulties.

An allowance for loss of financial asset measured at amortized cost is deducted from the book value of the asset. An allowance for a debt instrument investment at fair value through other comprehensive income is recognized in other

comprehensive income (without reducing the book value of the asset), and the amount of the recognition or reversal of the allowance is recognized in profit or loss.

When the Company cannot reasonably expect to recover all or part of the financial assets, it directly reduces the total book value of its financial assets. The Company analyzes the timing and the number of write-offs individually on the basis of whether it is reasonably expected to be recoverable. The Company does not anticipate a material reversal of the amount written off. However, written-off financial assets are still enforceable to comply with the Company's procedures to recover overdue amounts.

(5) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity, or when it neither transfers substantially all the risks and rewards of ownership nor retain controls of the financial asset.

If the Company makes a transaction to transfer financial assets and it retains all or substantially all the risks and rewards of ownership of the transferred assets, the assets will continue to be recognized in the balance sheets.

(9) Financial Liabilities and Equity Instruments

1. Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3.Financial liabilities

Financial liabilities are not held for transactions and are not designated to be subsequently measured as at fair value through profit or loss, including notes payable, accounts payable and other payables. When originally recognized, it is measured at fair value plus directly attributable transaction costs. The subsequent evaluation adopts the effective interest rate method to measure at amortized cost, and the interest expenses not capitalized as asset costs are included in the non-operating income and expenses.

4. Derecognition of financial liabilities

The merging Company derecognizes financial liabilities when the Company’s obligations are discharged, cancelled or they expire.

When derecognizing financial liability, the difference between its book value and total amount paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized as profit or loss, and listed under non-operating income and expenses.

5. Offset of financial assets and liabilities

Financial assets and liabilities are offset and listed on the balance sheets in net amount only when the merging company has legal rights to offset them and intends to settle net or to realize assets and liquidate liabilities at the same time.

(10) 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.

(11) Investments Accounted for Using Equity Method

Investments accounted for using the equity method include investments in subsidiaries, associates, and joint ventures.

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor a joint venture. Significant influence refers to the power to participate in the investee's financial and operating policy decisions, but not the power to control or jointly control such policy decisions.

A joint venture means that the Company and other entities engage in economic activities under joint control through contractual agreement, meaning that strategic financial and operational decisions related to the joint venture must obtain the unanimous consensus of the shared controllers. If another entity is established in accordance with the joint venture agreement, and each joint venture controller has the interests in it, the entity is a jointly controlled entity.

Except for assets classified as held for sale, the operating results and assets and liabilities of associate companies and joint ventures are included in the financial statements using the equity method. With the equity method, investments in associate companies and joint ventures are initially recognized at cost in the balance sheets and are subsequently adjusted according to changes in the Company's share of the investee's net assets. When the Company's share of losses from associate companies and joint ventures exceeds its equity in the associate companies, additional losses are recognized only within the scope of the Company's statutory obligations, constructive obligations, or payments made on behalf of the associate companies.

The portion of the acquisition cost exceeding the net fair value share of the Company's identifiable assets and liabilities of the associated companies and joint ventures on the acquisition date is recognized as goodwill and is included in the book value of the investment. If the share of the net fair value of identifiable assets and liabilities of associated companies and joint ventures on the acquisition date exceeds the acquisition cost, it will be recognized as profit immediately after reassessment.

When assessing impairment, the Company regards the overall book value of the investment including goodwill as a single asset and compares the recoverable amount (the higher of the value in use or the fair value minus the cost of sale) with the book value to conduct an impairment test. The recognized impairment loss will be included in the book value of the investment. A reversal of any impairment loss is recognized to the extent of subsequent increases in the recoverable amount of the investment.

If the Company does not subscribe to additional shares issued by associates or joint ventures according to existing ownership proportion, which leads to changes of shareholding percentage and results in changes of equity net worth, the increased or decreased amount will be adjusted to capital surplus and investments using equity methods. However, if the ownership interest in the associates is reduced by not subscribing or obtaining shares according to the shareholding ratio, the amount recognized in other comprehensive profit and loss related to the associates will be reclassified according to the reduced proportion, and the basis of accounting should be the same as if the associates directly disposed the related assets or liabilities.

When there are transactions between the consolidated entities and related companies or joint ventures, unrealized gains and losses are eliminated proportionally upon consolidation.

(12) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and

accumulated impairment. Costs include any costs that are directly attributable to the construction, acquisition of the item of property, plant and equipment, any other directly attributable costs of bringing the asset to a usable condition for its intended purpose, and costs of dismantling, relocation, and restoration of original location. The aforementioned costs include renewal costs for replacing part of the plant and equipment and necessary interest expenses arising from the construction contract.

Property, plant and equipment in construction are carried at cost less any recognized impairment loss. The cost includes professional service fees. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other identical categories of property, plant and equipment, commences when the assets are available for their intended use.

Self-owned land is not recognized for depreciation.

When a major item of property, plant and equipment needs to be restored periodically, the Company treats the item as an individual asset and recognizes it as depreciation with a specific useful life and specific depreciation method. Major overhaul cost will be considered as replacing cost and listed as part of the book value of property, plant and equipment if meeting the recognition condition. Other repairing and maintenance fees are listed in profit or loss. If meeting the conditions, the present value of decommissioning cost after the asset is used will be included in the cost of the asset.

If the cost of each part of property, plant and equipment is significant relative to the total cost of the item, each part is depreciated separately and treated as a separate item (significant component) of property, plant and equipment.

An item or material part of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Depreciation is recognized in profit or loss over the estimated useful lives of each component of an item of property, plant and equipment on a straight-line method as it best reflects the expected pattern of consumption of the asset's future economic effects.

Depreciation is computed using the straight-line method mainly over the following estimated useful lives:

Buildings	5 to 51 years
Machinery	2 to 16 years
Mold	2 to 3 years
Transportation equipment	2 to 6 years
Computer communication equipment	4 years
Office equipment	3 to 5 years
Business equipment	2 to 7 years
Lease improvement	5 years
Other equipment	2 to 11 years

Depreciation is recognized to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the estimated useful lives. Estimated useful life, residual value and depreciation method are reviewed at the end of each reporting period, and the effect of any change in estimate is treated on a

deferred basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(13) Leases

1. Lease judgement

The Company assess whether the contract is or contains a lease on the date of establishment of the contract.

2.The Company as lessor

The Company recognizes the right-of-use asset and lease liability on the lease commencement date. The right-of-use asset is measured at cost, which includes the original measurement amount of the lease liability, adjusting any lease payments made on or before the lease commencement date, and adding all Original direct costs incurred and estimated costs of dismantling, removing, and restoring the site or the subject asset, less any lease incentives received.

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. In addition, the Company regularly assesses whether the right-of-use asset has been impaired and deals with any impairment loss that has occurred and adjusts the right-of-use asset when the lease liability is remeasured.

The lease liability is initially measured at the present value of the unpaid lease payments at the start date of the lease. If the implied interest rate of the lease is easy to determine, the discount rate will be the interest rate; if it is not easy to determine, the Company's incremental borrowing rate will be used. Normally, the Company uses its incremental borrowing rate as discount rate.

Lease payments that are included in lease liability includes:

(1) Fix payment, including substantiative fix payment;

(2) Changing lease payment that depends on an index or rate using the index or rate on the leasing start date for original measurement.

Lease liability interests are recognized with effective interest method and will be reevaluate when below situations happened:

(1) Index or rate which is for deciding lease payment changes that leads to changes in future lease payments;

(2) Estimation for whether to extend or end the option is changed and therefore changes the lease duration estimation;

(3) Payment amount changes to expected guarantee for residual;

(4) Estimation for options of target assets to purchase is changed;

(5) Leasing target, scope or other terms changed.

When the lease liability is remeasured due to the aforementioned changes in the index or rate used to determine the lease payment, changes in the residual value guarantee amount, and changes in the evaluation of the purchase, extension or termination options, the book value of the right-of-use asset is adjusted accordingly, and when the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect partial or full termination of the lease, and the difference between this and the remeasurement amount of the lease liability is

recognized in profit or loss.

The Company expresses the right-of-use assets and lease liabilities that do not meet the definition of investment real estate as separate line items in the balance sheet.

For the short-term lease of business equipment and other equipment leases and the lease of low-value underlying assets, the Company chooses not to recognize the right-of-use assets and lease liabilities but recognizes the relevant lease payments as expenses on a straight-line basis during the lease period.

A sale and leaseback transaction are assessed in accordance with IFRS 15 to assess whether the transfer of assets to the buyer-lessor meets the requirements for sale. If it is judged to be treated as a sale, the asset will be delisted and the part of the rights that have been transferred to the buyer and lessor will be recognized in the relevant profit or loss. The accounting treatment model of the lessee is applicable to the leaseback transaction, and the right-of-use asset is measured according to the original account amount of the leased back part. If it is judged not qualified as sale, the transferred asset shall continue to be recognized and the consideration received shall be recognized as a financial liability.

3.The Company as lessee

In transactions where the Company is the lessee; lease contract is classified according to whether it transfers almost all the risks and rewards of the ownership of the underlying asset on the date of establishment of the lease. If yes, then it's classified as a finance lease, otherwise it is classified as operating lease.

When evaluating, the Company considers relevant specific indicators including whether the lease period covers the main part of the economic life of the underlying asset.

If the Company is a sublease lessor, it handles master lease and sublease transactions separately, and evaluates the classification of sublease transactions based on the right of use generated by the master lease. If the head lease is a short-term lease and the recognition exemption applies, the sub-lease transaction should be classified as an operating lease.

(14) Intangible Assets

1. Goodwill

Goodwill arising on the acquisition of a subsidiary is measured at cost less accumulated impairment losses.

2. Other intangible assets

Intangible assets acquired by the Company with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses.

Amortization is recognized using the straight-line method over the following estimated useful lives:

Computer software	The economic life or contract period

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(15) Impairment of Non-financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets (excluding inventory, contractual assets, and deferred tax assets), 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.

For the purposes of impairment testing, a group of assets whose cash inflows are largely independent of those of other individual assets or groups of assets is the smallest

identifiable group of assets. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that are expected to benefit from the benefits of the combination.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than it carrying amount, an impairment loss is recognized.

Impairment losses are recognized immediately in profit or loss for the current period, and firstly reduce the carrying amount of the cash-generating unit's apportioned goodwill, and then reduce the carrying amount of each asset in proportion to the carrying amount of other assets in the unit.

An impairment loss recognized for goodwill is not reversed in subsequent periods. Non-financial assets other than goodwill are reversed only to the extent that the asset's book value (less depreciation or amortization) would have been determined had no impairment loss been recognized in prior years.

(16) Provision

Provisions are recognized due to the current obligations from past events, resulting in that the Company will have high possibilities to flow out resources with economic benefits to pay off the obligation in the future, and the amount of the obligation can be reliably estimated.

The amount recognized as a liability provision is the best estimate of the expenditures required to settle the obligation at the end of the reporting period, considering the risks and uncertainties of the obligation. If the liability provision is measured by the estimated cash flows required to settle the present obligation, its book value is the present value of those cash flows.

(17) Revenue Recognition

Revenue is measured by the consideration to which goods or services are transferred and to which they are expected to be entitled. The Company recognizes revenue when performance obligations are satisfied.

1. Sale of Goods

   The Company recognizes revenue when control of the product is transferred to the customer. Control of product is considered transferred when the product has been delivered to the customer, the customer can fully decide the sales channel and price of the product, and there is no unfulfilled obligation that will affect the customer's acceptance of the product. Delivery happened when the product is delivered to specific locations, and the risks of obsolete and loss is transferred to the customer, and when the customer has accepted the product according to sales contract, the terms of acceptance have expired, or the Company has the objective evidence supporting that all terms of acceptance are met.

   The Company recognizes accounts receivable when the goods are delivered, because the Company has the unconditional right to receive the consideration at that point in time.

2. Financial Composition

   The Company expects that the time interval between the time point of all customer contracts to transfer goods or services to the customer and the time point when the customer pays for the goods or services will not exceed one year. Therefore, the Company does not adjust the time value of money of the transaction price.

(18) Government Subsidy

The Company will comply with the conditions attached to the government grant and will recognize it only when the grant can be received.

(19) Employee Benefits

1. Defined contribution plan

   Contribution obligations that are part of defined contribution pension plans are recognized as an expense during the period of service performed by the employee. Prepaid appropriations are recognized as an asset to the extent that they will result in a return of cash or a reduction in future payments.

2. Defined benefit plan

   The Company's net obligation to the defined benefit plan is calculated by converting the number of future benefits earned by the employee's service in the current or previous period into the present value and deducting the fair value of the plan assets.

   The defined benefit obligation is actuarial zed annually by a qualified actuary using the projected unit benefit method. When the calculation result is likely to be beneficial to the Company, the recognized asset is limited to the present value of any economic benefit that can be obtained in the form of returning the allocation from the plan or reducing future allocations to the plan. The calculation of the present value of economic benefits considers any minimum funding requirements.

   Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. The Company determines the net interest expense (income) of the net defined benefit liability (asset) using the net defined benefit liability (asset) and discount rate determined at the beginning of the annual reporting period. Net interest expense and other expenses for defined benefit plans are recognized in profit or loss.

   Changes in benefits associated with prior service costs or curtailment benefits or losses arising from program modifications or curtailments are recognized immediately in profit or loss. The Company recognizes the liquidation profit and loss of the defined benefit plan when the liquidation occurs.

3. Short-term employee benefits

   Short-term employee benefit obligations are recognized as expenses when services are rendered. If the Company has a current statutory or constructive payment obligation due to the past service provided by the employee, and the obligation can be reliably estimated, the amount is recognized as a liability.

(20) Borrowing Cost

Borrowing costs directly attributable to the acquisition of an asset are included as part of the cost of the asset until substantially all activities necessary to bring the asset to its intended state for use or sale have been completed.

Aside from the aforementioned, all other borrowing costs are recognized as profit or loss within the year in which it occurred.

(21) Taxation

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

Current income tax including the income tax payable or tax refund receivable, which is calculated based on the taxable income (loss) of the current year, and any adjustments of tax payable and tax refund receivable in previous years whose amount is the best estimate of the amount expected to be paid or received based on the statutory tax rate or substantive legislative tax rate on the reporting date.

Deferred income tax is recognized by measuring the temporary difference between the

carrying amount of assets and liabilities at the financial reporting date and their tax base. Unused tax losses, unused income tax credits carried forward, and deductible temporary differences are recognized as deferred tax assets to the extent that future taxable income is likely to be available for use, and will be reevaluate at every reporting date where relevant income tax benefits will be adjusted to the extent that it is not likely to be realized, or reverse the original reduced amount within the scope that it is likely to have sufficient taxable income.

The Company only allows offsets of deferred tax asset and deferred tax liability when both conditions below are met:

1. Has the statutory enforcement power to offset current income tax assets and current income tax liabilities; and
2. Deferred tax asset and liabilities are related to one of the following taxpayers who are levied income tax by the same tax authority：
   (1) Same tax entity; or
   (2) Different tax entity, but each subject intends to settle current income tax liabilities and assets on a net basis, or realize assets and settlement simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

(22) Earnings per share

The Company presents basic and diluted earnings per share attributable to equity holders of the Company's common stock. The Company's basic earnings per share is calculated by dividing the profit or loss attributable to the Company's common stockholders by the weighted average number of common shares outstanding in the current period. Diluted earnings per share is calculated by adjusting the profit and loss attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding, respectively, after adjusting the impact of all potential dilutive ordinary shares.

(23) Operating Segment Information

An operating segment is the part of the consolidated Company that is engaged in activities that may generate revenue and incur expenses, including those related to transactions between other parts within the consolidated Company. The operating results of all operating segments are regularly reviewed by the chief operating decision-maker of the consolidated Company to make decisions on allocating assets to the divisions and evaluating their performance. Consolidated financial information is available for each operating segment.

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

The Company has considered the economic implications of COVID-19, Ukrainian-Russian conflict, and inflation on critical accounting estimates and the management will continue to review estimates and underlying assumptions, and changes in accounting estimates will be recognized in the period of change and in the affected future periods.

In preparing this separate financial report, management must make judgements, estimates and assumptions. It will affect the adoption of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual result may be different with estimations.

For the uncertainty of assumptions and estimates, there are major risks that will cause major adjustments in the next year. The relevant information is as follows.

Uncertainty in the following assumptions and estimates has a material risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year

and has already reflected the impact of the COVID-19 pandemic. See below:

(1) Allowance for Losses on Accounts Receivable

The allowance for loss of the Company's accounts receivable is estimated based on the assumptions of default risk and expected loss rate. The Company considers historical experience, current market conditions and forward-looking estimates on each reporting date to determine the assumptions to be used and the input values selected when calculating the impairment. Please refer to Note 6(4) for details on related assumptions and input value.

(2) Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value, and the Company estimates the net realizable value of inventory for normal waste, obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined mainly based on assumptions of future demand within a specific time horizon, therefore major changes may occur due to rapid changes in the industry.

(3) Impairment of investment using equity method

When there is any indication of impairment that an investment using the equity method may have been impaired and the carrying amount cannot be recovered, the Company immediately assesses the impairment of the investment. The Company assesses the impairment based on the future cash flow forecast of the invested company, including the sales growth rate and capacity utilization rate estimated by the internal management of the invested company, and analyzes the rationality of the relevant assumptions.

(4) Impairment of Tangible Assets and Intangible Assets Other than Goodwill

In the process of evaluating the potential impairment of tangible assets and intangible assets other than goodwill, the Company determines the independent cash flows, useful lives, expected future revenue and expenses related to the specific asset groups with the consideration of the nature of semiconductor industry. Any change in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

(5) Recognition and Valuation of Provisions

The provision for product warranty liabilities is estimated when the product sales revenue is recognized and is estimated based on the quantity of products that are still in the warranty repair period, the historical and expected repair rate of such products, and the estimated unit repair cost. The Company continues to review the estimation basis and revise it when appropriate. Any change in the above estimation basis may have a significant impact on the estimation of product warranty liability reserves.

(6) Realization of Deferred Income Tax Assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available for deductible temporary differences in the future. Assessment of the realization of the deferred tax assets requires subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

(7) Measurement of Defined Benefit Obligations

The defined benefit costs and net defined benefit liabilities (assets) that should be recognized in the defined benefit retirement plan are actuarially evaluated using the projected unit benefit method, and the actuarial assumptions adopted include discount rate, employee turnover rate and future salary increase rate, etc. Changes in these assumptions due to changes in market and economic conditions may materially affect the amount of expenses and liabilities recognized. Please refer to Note 6 (17) for the description of the

major actuarial assumptions and sensitivity analysis adopted by the actuarial.

6.ILLUSTRATION OF IMPORTANT ACCOUNTING ITEMS

(1) Cash And Cash Equivalents

	December 31, 2022	December 31, 2021
Cash	$ 2,873	$ 3,029
Deposits in banks	1,129,298	934,623
	$ 1,132,171	$ 937,652

(2) Financial Assets at Fair Value Through Profit or Loss

Current:

Mandatorily measured at FVTPL	December 31, 2022	December 31, 2021
Domestic listed (counter) stocks	$ 380,865	$ 165,131
Adjustments	(3,863)	7,286
	$ 377,002	$ 172,417

Non-Current:

Mandatorily measured at FVTPL	December 31, 2022	December 31, 2021
Domestic listed (counter) stocks	$ 27	$ 27
Adjustments	(27)	(27)
	$ -	-

1. Profit and loss of financial assets measured at FVTPL

Mandatorily measured at FVTPL	2022	2021
Evaluation (loss) profit	$ (11,149)	$ 7,073
Profit of disposal	$ 2,095	$ -
Dividend income	$ 16,926	$ 1,437

2. The Company has not pledged financial assets at fair value through profit or loss.
3. Aforementioned equity instrument are held for trading purposes, so they are measured at fair value through profit or loss.
4. The Company invested FRF5,000 (around NT$27 thousand) in French agent AUTECH EUROPE in 1990, whose total capital is FRF100,000. In 1996, the value of the invested company had been reduced, and there was little hope of recovery, the total investment amount was transferred as a loss.

(3) Non-current Financial Assets at Fair Value Through Other Comprehensive Income

Measured at FVTOCI	December 31, 2022	December 31, 2021
Domestic listed (counter) stocks	$ 21,391	$ 12,789
Adjustments	(10,933)	4,040
	$ 10,458	$ 16,829

1.The Company holds theses equity instruments for long-term strategic investments, therefore designated the investments as measured at FVTOCI.

2.The Company disposed equity investments with fair value of NT$3,808 (in thousands) and NT$8,578(in thousands), respectively, in 2022 and 2021, with the accumulated disposal benefits of NT$1,125(in thousands) and NT$2,744 (in thousands) , respectively. The Company has transferred the accumulated disposal benefits from other interests to retained earnings.

3. Profit and loss of financial assets measured at FVTOCI:

Measured at FVTOCI	2022	2021
Dividend income recognized as profit or loss		
Hold at the end of the period	$ 1,188	$ 287
Delisted within the period	-	-
	$ 1,188	$ 287
Changes in fair value at other comprehensive income (loss)	$ (13,848)	$ 5,303
Accumulated interest transferred to retained earnings due to delisting	$ 1,125	$ 2,744

4.The Company has not pledged financial assets at fair value through other comprehensive income.

(4) Notes and Accounts Receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 386,323	$ 251,345
Less: Loss allowance	(4,683)	(3,867)
Net	$ 381,640	$ 247,478

	December 31, 2022	December 31, 2021
Accounts receivable	$ 468,846	$ 557,144
Less: Loss allowance	(11,234)	(30,611)
Net	$ 457,612	$ 526,533

The payment term granted to customers is due 30 - 90 days from the invoice date, and the account receivable are not interest-bearing.

The Company adopts the simplified approach of IFRS 9 to recognize the allowance loss of accounts receivable based on the expected credit loss during the duration.

The expected credit loss during the duration is calculated using the provision matrix, which considers the customer's past default record, current financial situation, and industrial economic situation. As the Company's historical credit loss experience shows that there is no significant difference in the loss patterns of different customer groups, the provision matrix does not further distinguish customer groups, and only determines the expected credit loss rate based on the number of days overdue of accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect the recoverable amount, the Company will write off

the relevant accounts receivable directly, but will continue to pursue, and the recovered amount due to the pursuit activities will be recognized in profit or loss.

The Company measures loss allowance for notes and accounts receivable according to below provision matrix:

	December 31, 2022		
	Total book value	Loss allowance (expected credit loss in the duration)	Cost after amortization
Not past due	$ 811,590	$ (6,104)	$ 805,486
Past due within 30 days	12,382	(248)	12,134
Past due within 31-180 days	15,109	(388)	14,721
Past due within 181-365 days	5,603	(1,352)	4,251
Past due more than a year	10,485	(7,825)	2,660
Total	$ 855,169	$ (15,917)	$ 839,252

	December 31, 2021		
	Total book value	Loss allowance (expected credit loss in the duration)	Cost after amortization
Not past due	$ 719,421	$ (6,338)	$ 713,083
Past due within 30 days	10,338	(265)	10,073
Past due within 31-180 days	14,999	(308)	14,691
Past due within 181-365 days	44,568	(11,607)	32,961
Past due more than a year	19,163	(15,960)	3,203
Total	$ 808,489	$ (34,478)	$ 774,011

The Company's expected credit loss rate for abovementioned intervals (excluding abnormal payments whose loss are rated 100%) are: not past due and past due within 90 days is within 1%, past due within 365 days is within 5%, and past due more than 365 days will be 5% - 80%.

Movements of loss allowance for notes and account receivables:

	2022	2021
Balance, beginning of	$ 34,478	$ 20,027
Provision (Reversal)	2,172	14,485
Write off	(20,803)	-
Exchange rate impacts	70	(34)
Balance, end of year	$ 15,917	$ 34,478

(5) Inventories

	December 31, 2022	December 31, 2021
Products	$ 5,242	$ 4,432
Raw materials	579,565	526,494
Work in process	916,835	854,587
Finished goods	105,365	164,133
	$ 1,607,007	$ 1,549,646

1. Expenses related to inventories within the year

	2022	2021
Cost of goods sold	$ 2,362,128	$ 2,878,255
Inventory depreciation and obsolete loss	41,547	42,580
Inventory scrap	2,352	6,533
Inventory loss	2,294	1,664
Income from sale of scrap	(1,205)	(1,175)
Costs related to idle capacity	25,501	23,163
	$ 2,432,617	$ 2,951,020

2. The Company has not pledged inventories on December 31, 2022 and 2021.

(6) Investments Accounted for Using Equity Method

	December 31, 2022	December 31, 2021
Associates	$ 109,850	$ 96,604

Associates consisted of the following:

Associates	Principal Activities	Place of Incorporation and peration	Carrying amount		% of Ownership and Voting Rights Held by the Company	
			December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
YAMA SEIKI USA,INC.	Design and production of CNC machine tools with linkage of more than three axes, CNC systems, servo devices and related components, and maintenance and sales of precision CNC machine tools	US	$ 101,849	$ 89,149	28.58%	28.58%
Huahan Leasing Co., Ltd.	Rental of machinery	Taiwan	8,001	7,455	13.33%	13.33%
			$ 109,850	$ 96,604		

(1) The Company invested $1,700 thousand USD in YAMA SEIKI USA, INC. through the resolution of the Board of Directors on December 23, 2010, engaging in the operation of parts and accessories of machine tools, sales and installation of mechanical appliances, and international trade.

(2) The Company invested NT$7,333 thousand in Huahan Leasing Co., Ltd. through the resolution of the Board of Directors on August 2021, engaging in machinery rental business.

(3) The Company's portion of profit and loss and other comprehensive income and loss of associates subsidiaries that adopted the equity method in 2022 and 2021 were recognized based on the financial reports of the associates audited by accountants during the same period.

(7) Property, plant and equipment

	December 31, 2022	December 31, 2021
Self-owned land	$ 536,761	$ 536,761
Buildings	1,045,193	1,094,808
Machinery equipment	149,012	178,880
Tooling equipment	6,304	5,885
Transportation Equipment	15,187	15,221
Computer communication equipment	8,833	2,968
Business equipment	1,463	1,321
Lease Improvement	5,989	8,282
Other equipment	-	21
Equipment to be checked and construction in progress	19,195	19,388
Self-owned land	9,536	9,459
	$ 1,797,473	$ 1,872,994

	January 1, 2022	Additions	Disposals	Reclassification	Ex-rate impact	December 31, 2022
Cost						
Self-owned land	$ 536,761	$ -	$ -	$ -	$ -	$ 536,761
Buildings	1,592,374	-	-	-	6,371	1,598,745
Machinery equipment	413,581	1,892	(19,896)	(10,210)	3,057	388,424
Tooling equipment	51,161	3,560	(412)	-	59	54,368
Transportation Equipment	67,279	5,362	(1,846)	-	211	71,006
Computer communication equipment	12,578	7,313	(309)	-	121	19,703
Office equipment	8,357	707	(3,124)	-	50	5,990
Business equipment	17,802	1,010	-	-	-	18,812
Lease Improvement	749	-	-	-	-	749
Other equipment	50,376	1,045	(1,083)	10,210	372	60,920
Equipment to be checked and construction in progress	9,459	60	-	-	17	9,536
	$ 2,760,477	$ 20,949	$ (26,670)	$ -	$ 10,258	$ 2,765,014

	January 1, 2022	Depreciation	Disposals	Reclassification	Ex-rate impact	December 31, 2022
Accumulated depreciation						
Buildings	$ 497,566	$ 54,359	$ -	$ -	$ 1,627	$ 553,552
Machinery equipment	234,701	25,761	(16,714)	(5,858)	1,522	239,412
Tooling equipment	45,276	3,159	(412)	-	41	48,064
Transportation Equipment	52,058	5,386	(1,780)	-	155	55,819
Computer communication equipment	9,610	1,464	(285)	-	81	10,870
Office equipment	7,036	574	(3,123)	-	40	4,527
Business equipment	9,520	3,303	-	-	-	12,823
Lease Improvement	728	21	-	-	-	749
Other equipment	30,988	5,529	(828)	5,858	178	41,725
	$ 887,483	$ 99,556	$ (23,142)	$ -	$ 3,644	$ 967,541
Net	$ 1,872,994					$ 1,797,473

	January 1, 2021	Depreciation	Disposals	Reclassification	Ex-rate impact	December 31, 2021
Cost						
Self-owned land	$ 536,761	$ -	$ -	$ -	$ -	$ 536,761
Buildings	1,390,870	-	-	203,236	(1,732)	1,592,374
Machinery equipment	409,388	2,684	(3,617)	6,659	(1,533)	413,581
Tooling equipment	48,620	3,540	(965)	-	(34)	51,161
Transportation Equipment	67,948	6,469	(7,027)	-	(111)	67,279
Computer communication equipment	12,135	667	(166)	-	(58)	12,578
Office equipment	8,205	176	-	-	(24)	8,357
Business equipment	17,706	96	-	-	-	17,802
Lease Improvement	749	-	-	-	-	749
Other equipment	46,988	3,901	(346)	-	(167)	50,376
Equipment to be checked and construction in progress	180,730	39,948	-	(209,895)	(1,324)	9,459
	$ 2,720,100	$ 57,481	$ (12,121)	$ -	$ (4,983)	$ 2,760,477

	January 1, 2021	Depreciation	Disposals	Reclassification	Ex-rate impact	December 31, 2021
Accumulated depreciation						
Buildings	$ 450,143	$ 48,170	$ -	$ -	$ (747)	$ 497,566
Machinery equipment	205,341	28,558	(2,202)	4	3,000	234,701
Tooling equipment	40,950	5,219	(868)	-	(25)	45,276
Transportation Equipment	52,275	6,430	(6,559)	-	(88)	52,058
Computer communication equipment	8,389	1,418	(159)	-	(38)	9,610
Office equipment	6,323	733	-	-	(20)	7,036
Business equipment	5,763	3,757	-	-	-	9,520
Lease Improvement	670	58	-	-	-	728
Other equipment	27,026	4,353	(311)	-	(80)	30,988
	$ 796,880	$ 98,696	$ (10,099)	$ 4	$ 2,002	$ 887,483
Net	$ 1,923,220					$ 1,872,994

1. Please refer to Note 8 for property, plant and equipment pledged for borrowing.
2. On December 31, 2022 and 2021, the Company's land was partly agricultural land, and the amount temporarily registered in the name of another person was NT$88,529 thousand. The Company has obtained a certificate of other rights for the land.

(8) Lease Arrangement

1. Right-of-use assets

	December 31, 2022	December 31, 2021
Land	$ 129,803	$ 141,490
Buildings	2,232	4,594
	$ 132,035	$ 146,084

	January 1, 2022	Depreciation	Disposals	Reclassification	Ex-rate impact	December 31, 2022
Cost						
Land	$ 182,835	$ 603	$ -	$ 25,080	$ 2,357	$ 210,875
Buildings	5,334	694	(1,634)	-	-	4,394
	$ 188,169	$ 1,297	$ (1,634)	$ 25,080	$ 2,357	$ 215,269

	January 1, 2022	Depreciation	Disposals	Reclassification	Ex-rate impact	December 31, 2022
Accumulated depreciation						
Land	$ 41,345	$ 14,102	$ -	$ 25,080	$ 545	$ 81,072
Buildings	740	1,422	-	-	-	2,162
	$ 42,085	$ 15,524	$ -	$ 25,080	$ 545	$ 83,234
Net	$ 146,084					$ 132,035

	January 1, 2021	Depreciation	Disposals	Reclassification	Ex-rate impact	December 31, 2021
Cost						
Land	$ 183,858	$ -	$ -	$ -	$ (1,023)	$ 182,835
Buildings	23,088	5,334	(23,088)	-	-	5,334
Transportation equipment	308	-	(308)	-	-	-
	$ 207,254	$ 5,334	$ (23,396)	$ -	$ (1,023)	$ 188,169

	January 1, 2021	Depreciation	Disposals	Reclassification	Ex-rate impact	December 31, 2021
Accumulated depreciation						
Land	$ 27,669	$ 13,734	$ -	$ -	$ (58)	$ 41,345
Buildings	8,668	4,952	(13,116)	236	-	740
Transportation equipment	308	-	(308)	-	-	-
	$ 36,645	$ 18,686	$ (13,424)	$ 236	$ (58)	$ 42,085
Net	$ 170,609					$ 146,084

2. Lease liabilities

	December 31, 2022	December 31, 2021
Current	$ 11,420	$ 11,606
Non-current	918	12,764
	$ 12,338	$ 24,370

3. Material terms of right-of-use assets

The Company leases many assets with lease terms of 3 to 10 years. The Company does not have purchase options to acquire the assets at the end of the lease terms.

The Company leases land in the People's Republic of China for product manufacturing for a period of 50 years. The lease payment is paid in one lump sum when the contract is signed, and the Company does not have the right to purchase the land at the end of the lease terms.

4. Other lease information

	2022	2021
Expenses relating to short-term and low-value assets leases	$ 1,199	$ 2,239
Total cash outflow for leases	$ 11,410	$ 14,914

(9) Intangible Assets

	111.12.31	110.12.31
Goodwill	$ 642	$ 642
Software	9,726	11,401
	$ 10,368	$ 12,043

	January 1, 2022	Depreciation	Disposals	Reclassification	Ex-rate impact	December 31, 2022
Cost						
Goodwill	$ 642	$ -	$ -	$ -	$ -	$ 642
Software	23,494	1,246	-	-	81	24,821
	$ 24,136	$ 1,246	$ -	$ -	$ 81	$ 25,463

	January 1, 2022	Depreciation	Disposals	Reclassification	Ex-rate impact	December 31, 2022
Accumulated amortization						
Software	$ 12,093	$ 2,965	$ -	$ -	$ 37	$ 15,095
	$ 12,093	$ 2,965	$ -	$ -	$ 37	$ 15,095
Net	$ 12,043					$ 10,368

	January 1, 2021	Depreciation	Disposals	Reclassification	Ex-rate impact	December 31, 2021
Cost						
Goodwill	$ 642	$ -	$ -	$ -	$ -	$ 642
Software	23,112	4,639	(4,211)	-	(46)	23,494
	$ 23,754	$ 4,639	$ (4,211)	$ -	$ (46)	$ 24,136

	January 1, 2021	Depreciation	Disposals	Reclassification	Ex-rate impact	December 31, 2021
Accumulated amortization						
Software	$ 13,871	$ 2,406	$ (4,163)	$ -	$ (21)	$ 12,093
	$ 13,871	$ 2,406	$ (4,163)	$ -	$ (21)	$ 12,093
Net	$ 9,883					$ 12,043

(10) Net Overdue Receivables

	December 31, 2022	December 31, 2021
Overdue receivables	$ 9,732	$ 19,424
Less: Allowance for uncollectible accounts	(9,732)	(19,424)
	$ -	$ -

(11) Other current financial assets

	December 31, 2022	December 31, 2021
Repatriated Offshore Funds	$ 353,397	$ 317,381
Restricted assets – bank deposits	188,170	3,758
	$ 541,567	$ 321,139

The repatriated offshore funds of the Group approved by National Taxation Bureau, Ministry of Finance according to Regulations Governing the Management Repatriated Offshore Funds will be submitting an investment plan to the Ministry of Economic Affairs within one year of the day when the funds are deposited into the designated foreign exchange deposit account in accordance with Article 8 of the regulation. The investment plan was approved by approval letter no. 111020433960 on September 23, 2021.

(12) Short-Term Loans

	December 31, 2022	December 31, 2021
Secured loans	$ 509,949	$ 310,781
Credit loans	1,445,000	1,025,000
	$ 1,954,949	$ 1,335,781
Interest interval	1.3123%-4.9000%	0.5451%-5.0025%

Please refer to Note 8 for guarantees.

(13) Short-term Notes Payable

	December 31, 2022	December 31, 2021
Short-term notes payable	$ 290,000	$ 260,000
Less: Discounts on notes payable	(359)	(93)
	$ 289,641	$ 259,907
Interest interval	1.30%-1.78%	0.60%-0.63%

(14) Other Payables

	December 31, 2022	December 31, 2021
Other expenses payable	$ 101,697	$ 116,916
Employee compensation payable	16,000	12,000
Compensation due to directors and supervisors	1,800	1,800
Dividends payable	491	491
Payable on equipment and projects	2,379	3,769
Others	6,522	4,583
	$ 128,889	$ 139,559

(15) Current provisions

	December 31, 2022	December 31, 2021
Warranty	$ 5,272	$ 4,355
Employee benefits	7,173	8,579
	$ 12,445	$ 12,934

	January 1, 2022	Additions	Reversals	Ex-rate impact	December 31, 2021
Warranty	$ 4,355	$ 917	$ -	$ -	$ 5,272
Employee benefits	8,579	18	(1,448)	24	7,173
	$ 12,934	$ 935	$ (1,448)	$ 24	$ 12,445

	January 1, 2022	Additions	Reversals	Ex-rate impact	December 31, 2021
Warranty	$ 7,927	$ -	$ (3,572)	$ -	$ 4,355
Employee benefits	16,914	154	(8,478)	(11)	8,579
	$ 24,841	$ 154	$ (12,050)	$ (11)	$ 12,934

1. The provision for warranty is based on the sales contract, and the management of the Company makes the best estimate based on the historical experience of the product.
2. Provision for employee benefit refers to the Company's current legal or constructive payment obligations due to past service provided by employees, and when the obligations can be reliably estimated, the amount is recognized as liabilities.

(16) Long-term Loans

Nature of loan	Year due	December 31, 2022	December 31, 2021
Secured loans	118	$ -	$ 62,672
Sum		-	62,672
Less: due within a year		-	-
Total		$ -	$ 62,672
Interest interval		-	0.3800~3.9000%

Please refer to Note 8 for guarantees provided.

(17) Employee Benefits

1. Defined benefit plans

The Company has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

The present value of defined benefit obligation is calculated by a qualified actuary. The main assumptions of the actuarial on the measurement date are listed below:

(1) Assumptions of the actuarial on the measurement date:

	December 31, 2022	December 31, 2021
Discount rate	1.400%	0.750%
Expected salary adjustment rate	2.500%	2.500%

(2) The amount of pension expenses recognized in the consolidated comprehensive income statement for the defined benefit plan is listed as follows:

	2022	2021
Current service cost	$ 235	$ 288
Net interest expense	273	147
Interest income from plan assets	(180)	(106)
Recognized in profit or loss	328	329
Remeasurement		
Actuarial loss arising from experience adjustments	743	1,002

Actuarial loss arising from changes in demographic assumptions	-	1,974
Actuarial gain arising from changes in financial assumptions	(1,858)	(1,517)
Return on plan assets	(2,181)	(424)
Recognized in other comprehensive income	(3,296)	1,035
Total	$ (2,968)	$ 1,364

The pension costs of the aforementioned defined benefit plans were recognized in profit or loss by the following categories:

	2022	2021
Cost of revenue	$ 624	$ 654
Marketing expenses	71	93
General and administrative expenses	62	87
Research and development expenses	70	72
Others	(499)	(577)
	$ 328	$ 329

(3) The amounts arising from the defined benefit obligation of the Company were recognized in the consolidated balance sheets by the following categories:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 28,824	$ 36,351
Fair value of plan assets	(19,833)	(23,557)
Net defined benefit liability	$ 8,991	$ 12,794

(4) Movements in the present value of the defined benefit obligation were as follows:

	2022	2021
Balance, beginning of year	$ 36,351	$ 43,218
Current service cost	235	288
Interest expense, net	273	147
Remeasurement:		
Actuarial loss arising from experience adjustments	743	1,002
Actuarial loss arising from changes in demographic assumptions	-	1,974

Actuarial gain arising from changes in financial assumptions	(1,858)	(1,517)
Benefits paid from plan assets	(6,920)	(8,761)
Balance, end of year	$ 28,824	$ 36,351

(5) Movements in the fair value of the plan assets were as follows:

	2022	2021
Balance, beginning of year	$ 23,557	$ 30,881
Interest income	180	106
Remeasurement:		
Return on plan assets	2,181	424
Contributions from employer	835	907
Benefits paid from plan assets	(6,920)	(8,761)
Balance, end of year	$ 19,833	$ 23,557

The Company expected to allocate NT$835 thousand within a year after December 31, 2022.

2. Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Act, the Company has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts.

Shanghai Zhuwei Mechantronic Co., Ltd., Awea Mechantronic (Suzhou) Ltd., and Yih Chuan Machinery Industry (Jiaxing) Co., Ltd. adopted defined contribution plan, in which the companies allocate pension fund monthly to employees' personal pension insurance accounts. The accounts are completely separate from the companies and will transfer with employee when they leave the companies. The amount that should be allocated is listed as the current expense. B-Way (Cayman) Co., Ltd、Billion-Way (Cayman) Co., Ltd、AXTRON INT'L INVESTMENT CO., LTD and AXTRON INT'L INVESTMENT LIMITED do not have full time employee, therefore there is no respective pension plans.

Accordingly, the Company recognized expenses of NT$20,276 thousand and NT$16,699 thousand for the years ended December 31, 2022 and 2021, respectively.

(18) Capital Stock

On December 31, 2022, the authorized common stock capital is NT$1,000,000 thousand, the paid-in capital is NT$965,942 thousand, with a par value of NT$10 per share, divided into 96,594,171 shares.

(19) Capital Surplus

1. According to the provisions of the Company Law, the capital surplus shall not be used except for making up for the Company's losses and appropriating capital. If the Company does not use the surplus reserve to make up for capital losses and if there is still a deficiency, it may not use the capital reserve to make up for it.
2. In accordance with the provisions of the Company Law, the premium obtained from the issuance of stocks exceeding the par value and the capital surplus obtained from the receipt of gifts may be used to make up for losses. Replenishment of capital is limited to a certain percentage of paid-in capital every year. In addition, changes in

ownership interests in subsidiaries are recognized to offset losses.

(20) Retained Earnings

The statutory surplus reserve shall be appropriated until its total amount reaches the total paid-in capital. The legal capital reserve may be used to offset a deficit or be distributed as dividends in cash or stocks for the portion more than 25% of the paid-in capital if the Company incurs no loss.

The Company recognize and reverse special reserve according to No. 1090150022 letter issued from FSC and "Applicable questions and answers for the provision of special surplus reserve after the adoption of IFRSs". If there is a subsequent reversal of the balance of the deduction of other shareholders' equity, the surplus may be distributed based on the reversal.

According to the Company's Articles of Incorporation, the Company's net profit after the annual final accounts, in addition to paying taxes and making up for previous years' losses according to law, should set aside 10% as a legal reserve and a special reserve according to law, then adding the undistributed earnings of the previous year to its balance and retaining part of the balance for the funds needed for enterprise growth, the Board of Directors will draw up a earning distribution proposal and submit it to the shareholders' meeting for resolution on distribution.

The Company's shareholders' regular meeting passed resolutions of earning distribution plans on June 15, 2022 and August 18, 2021, respectively, as follows:

	Earning distribution plan		Cash dividends per share (NT$)	
	2021	2020	2021	2020
Legal reserve	$ 13,278	$ 38,245		
Distribution:				
Capital surplus	28,979	48,297	$ 0.3	$ 0.5
Cash dividends	115,913	193,188	1.2	2.0

Aforementioned earning distribution is no different from the board resolutions of the Company on March 15, 2022 and March 17, 2021.

For the distribution of profits proposed by the Board of Directors and resolutions of the shareholders' meeting, please visit the "Market Observation Post System" of Taiwan Stock Exchange.

The appropriations of 2022 yearly earnings approved by the Company's Board of Directors' resolution on March 13, 2023 is as below:

	Earning distribution plan	Cash dividends per share (NT$)
	2022	2022
Legal reserve	$ 35,790	
Distribution:		
Cash dividends	154,551	1.6

The earning distribution plan of 2022 is still waiting for shareholders' meeting resolution expected on June 7, 2023.

(21) Others

The exchange difference in the translation adjustment of foreign operations' financial

statements refers to the relevant exchange differences arising from the translation of the functional currency to the Company's expression currency (i.e., New Taiwan Dollars) of foreign operations' net assets, and is listed directly under other comprehensive income. The other comprehensive income recognized in the year ended December 31, 2022 and 2021 are NT$18,524 thousand and NT$19,592 thousand, respectively.

(22) Non-controlling Interest

	2022	2021
Balance, beginning of year	$ 119,261	$ 128,625
Portions of non-controlling interest		
Net income (loss)	(4,856)	(8,827)
Other comprehensive income	1,114	(537)
Balance, end of year	$ 115,519	$ 119,261

(23) Operating Income

	2022	2021
Total operating income	$ 3,108,963	$ 3,641,711
Less: sales returns and discounts	(8,446)	(10,755)
	$ 3,100,517	$ 3,630,956

	2022	2021
Sale of product	$ 2,957,565	$ 3,417,479
Maintenance and other income	142,952	213,477
	$ 3,100,517	$ 3,630,956

1.Revenue breakdown

Major sales market by geography:

	2022	2021
Domestic	$ 806,651	$ 1,019,178
Foreign		
Asia	1,483,083	1,921,006
America	377,286	281,598
Europe	427,914	401,651
Other countries	5,583	7,523
	$ 3,100,517	$ 3,630,956

2. Contract balance

(1) The changes in the contract liability balances primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment.

	December 31, 2022	December 31, 2021
Contract liabilities	$ 225,013	$ 220,951

(2) Revenue of the year from the beginning balance of contract liability:

	2022	2021
Sales revenue	$ 201,348	$ 205,408

(24) Other Income

	2022	2021
Rental income	$ 11,570	$ 11,237
Dividend income	18,114	1,724
Other income	16,327	22,483
	$ 46,011	$ 35,444

(25) Other Gain or Loss

	2022	2021
Foreign exchange gain (loss)	$ 127,208	$ (66,718)
Net gain or loss on disposals of property, plant and equipment	211	1,499
Proceeds from disposal of financial assets	2,095	-
Net (loss) gain on financial instruments at FVTPL	(11,149)	7,073
Others	(565)	(194)
	$ 117,800	$ (58,340)

(26) Finance Cost

	2022	2021
Interest expense from bank loans	$ 25,834	$ 14,106
Interest expense from lease liabilities	168	335
	$ 26,002	$ 14,441

(27) Employee Benefits, Depreciation and Amortization Expense

	2022		
	Recognized in cost of revenue	Recognized in operating expenses	Total
Employee benefits expense			
Salary expense	$ 221,718	$ 149,619	$ 371,337
Labor and health insurance expense	20,787	12,855	33,642
Pension expense	13,174	7,929	21,103
Director's remuneration	-	2,440	2,440
Other employee benefit	7,324	6,471	13,795

expenses			
Depreciation expense	87,623	27,457	115,080
Amortization expense	517	2,448	2,965

	2021		
	Recognized in cost of revenue	Recognized in operating expenses	Total
Employee benefits expense			
Salary expense	$ 235,637	$ 136,226	$ 371,863
Labor and health insurance expense	20,182	12,559	32,741
Pension expense	10,913	6,692	17,605
Director's remuneration	-	3,715	3,715
Other employee benefit expenses	7,493	6,598	14,091
Depreciation expense	89,227	28,155	117,382
Amortization expense	228	2,178	2,406

On December 31, 2022 and 2021, the Company has 594 and 637 employees, respectively, and 5 of which are non- part-time employee directors.

According to the Company’s Articles of Incorporation, the Company shall allocate profit sharing of no less than 3% - 8% to employees and no more than 2% to directors. The Company's subordinate employees who meet certain conditions may be allocated the above-mentioned employee remuneration, and the conditions and methods shall be determined by the Board of Directors. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance.

The Company estimated employee remuneration at NT$16,000 thousand and directors and supervisors' remuneration at NT$1,800 thousand for the year ended December 31, 2022. The basis of the estimation is based on the experience of actual distribution, considering the net profit of the current period and the ratio stipulated in Company’s Articles of Incorporation, and recognized as the operating cost or operating expenses of the year. If there is a discrepancy between the actual distribution amount and the estimated amount in the next year, it shall be treated as a change in accounting estimate, and the difference shall be recognized as profit or loss for the next year. Related information can be found on Market Observation Post System.

The Company recognized employee remuneration at NT$12,000 thousand and directors and supervisors' remuneration at NT$1,800 thousand for the year ended December 31, 2021. Related information can be found on Market Observation Post System. Actual amount distributed is no different from the estimation.

The Company’s salary policies (including directors, supervisors, managers, and employees) are as below:

1. Directors’ compensation

   The Company's general directors and independent directors' compensation policy is determined according to their responsibilities, risks, invested time and other factors. According to the Company’s Articles of Incorporation, the compensation of the chairman, vice chairman and directors of the Company shall be determined by the Board of Directors according to the degree of participation in the operation of the Company and the value of their contribution, as well as the average level of domestic

and foreign industries. The Company's Articles of Incorporation also stipulate that directors' compensation shall not exceed 2% of the annual profit.

2. Compensation to the supervisors
   The Company replaced supervisor system with the audit committee since June 2020.
3. Compensation to the managers
   Compensation to the managers is determined by the position, contribution, company's operation performance of the Company of the year, and considers future risk. It is reviewed by Compensation Committee and sent to Board of Directors for resolution.
4. Compensation to the employees
   Compensation to the employees includes monthly payment and unscheduled performance bonus, year-end bonus, and employee compensation based on the Company's profitability. The Company's Articles of Incorporation stipulate that employees' compensation should be no less than 3% - 8% of annual profit.
   The competitive compensation to the employees of subsidiaries (oversea) is determined not only according to local labor market, but also distribute annual bonus according to local regulations, industry practice, and each subsidiary's performance as a whole, to encourage employee's contribution and their growth with the Company.

(28) Income Tax

1. Income tax expense
   Income tax expense of the year ended December 31, 2022 and 2021 consisted of the following:

	2022	2021
Current income tax expense:		
Recognized in the current year	$ 75,692	$ 54,663
Income Tax on Repatriation of Overseas Surplus	-	43,030
Adjustments on prior years	735	3,813
Deferred income tax expense:		
The origination and reversal of temporary differences	34,074	14,261
Income tax expense	$ 110,501	$ 115,767

(1) Income tax expense recognized in profit or loss of the year ended December 31, 2022 and 2021 was as follows:

	2022	2021
Income before tax	$ 459,788	$ 237,800
Income tax expense at the statutory rate	$ 91,957	$ 47,560
Tax effect of adjusting items:		
Non-included items in determining taxable income	28,042	999
Effect of different applicable tax rates of the parent company and the subsidiaries	(27,560)	17,722
Tax-exempt income	(16,747)	(11,618)
Income tax on repatriation of overseas Surplus	-	43,030
Adjustments on prior years	735	3,813
Net change in deferred income tax		
Temporary differences	34,074	14,261

Income tax expense recognized in profit or loss	$ 110,501	$ 115,767

(2) Income tax expense recognized in other comprehensive income and loss of the year ended December 31, 2022 and 2021 was as follows:

	2022	2021
Items are not reclassified to profit or loss subsequently		
Remeasurement of defined benefit plan	$ 659	$ (207)
Items may be reclassified to profit or loss subsequently		
Exchange difference on translation of financial statements of foreign operations	$ 4,631	$ 4,898

2. The analysis of deferred income tax assets and liabilities was as follows:

	Deferred income tax assets	
	December 31, 2022	December 31, 2021
Allowance for bad debts exceeded	$ 3,285	$ 8,734
Unrealized exchange losses	(21,495)	8,580
Unrealized loss on inventories	82,583	74,935
Unrealized sales profit	6,765	5,784
Unrealized no vacation bonus	1,309	1,522
Unrealized warranty expense	1,054	871
Loss write-off	18,625	18,977
Pension exceeded and actuarial loss	1,785	2,544
Exchange difference on translation of financial statements of foreign operations	7,302	11,933
Investment offset - resource poor areas	-	14,250
Others	70	80
	$ 101,283	$ 148,210

	Deferred income tax liabilities	
	December 31, 2022	December 31, 2021
Subsidiaries, associates and joint venture profit and loss share	$ 112,224	$ 121,459
	$ 112,224	$ 121,459

Year ended December 31, 2022	Balance, beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Ex-rate impact	Balance, end of the year
Temporary differences					
Allowance for bad debts exceeded	$ 8,734	$ (5,885)	$ -	$ 436	$ 3,285
Unrealized exchange losses	8,580	(30,075)	-	-	(21,495)
Unrealized loss on inventories	74,935	6,418	-	1,230	82,583
Unrealized sales profit	5,784	981	-	-	6,765
Unrealized no vacation bonus	1,522	(219)	-	6	1,309
Unrealized warranty expense	871	183	-	-	1,054
Loss write-off	18,977	(352)	-	-	18,625
Pension exceeded and actuarial loss	2,544	(100)	(659)	-	1,785
Exchange difference on translation of financial statements of foreign operations	11,933	-	(4,631)	-	7,302
Investment offset - resource poor areas	14,250	(14,250)	-	-	-
Others	80	(10)	-	-	70
Total deferred income tax assets	$ 148,210	$ (43,309)	$ (5,290)	$ 1,672	$ 101,283
Subsidiaries, associates and joint venture profit and loss share	$ 121,459	$ (9,497)	$ -	$ -	$ 111,962
Unrealized exchange income or loss	-	262	-	-	262
Total deferred income tax liabilities	$ 121,459	$ (9,235)	$ -	$ -	$ 112,224

Year ended December 31, 2021	Balance, beginning of the year	Recognized in profit or loss	Recognized in other comprehen sive income	Ex-rate impact	Balance, end of the year
Temporary differences					
Allowance for bad debts exceeded	$ 6,716	$ 2,177	$ -	$ (159)	$ 8,734
Unrealized exchange losses	7,257	1,323	-	-	8,580
Unrealized loss on inventories	67,795	4,706	-	2,434	74,935
Unrealized sales profit	6,564	(780)	-	-	5,784
Unrealized no vacation bonus	3,200	(1,695)	-	17	1,522
Unrealized warranty expense	1,585	(714)	-	-	871
Loss write-off	16,372	2,605	-	-	18,977
Pension exceeded and actuarial loss	2,477	(116)	183	-	2,544
Exchange difference on translation of financial statements of foreign operations	16,831	-	(4,898)	-	11,933
Investment offset - resource poor areas	21,761	(7,511)	-	-	14,250
Others	3,935	(3,935)	-	-	-
Loss write-off	91	(11)	-	-	80
Total deferred income tax assets	$ 154,584	$ (3,951)	$ (4,715)	$ 2,292	$ 148,210
Subsidiaries, associates andjoint venture profit and loss share	$ 111,149	$ 10,310	$ -	$ -	$ 121,459
Adjustments to actuarial reports	24	-	(24)	-	-
Total deferred income tax liabilities	$ 111,173	$ 10,310	$ (24)	$ -	$ 121,459

3. Investment offset related information:
   The Company chooses to apply Article 10-1.1 of the Statute for Industrial Innovation for investment credits in research and development expenses and offsets current year income tax payable within the limit of 15% of the amount of research and development expenses declared in the current year that comply with the relevant regulations.
   The Company chooses to apply investment credits related to company or limited partnership investment in smart machines, 5th-generation mobile networks, and cyber security products and offset current year income tax payable within 5% of the expenditure amount of cyber security products declared.
4. On December 31, 2022, according to the Statute for Upgrading Industries, estimated tax amount that can be deducted from income tax of the Company has been fully deducted this year.
5. The Company's income tax settlement declaration as of 2019 has been approved by the competent taxation agency.

(29) Earnings Per Share

	Year ended December 31, 2022		
	Amount	Weighted average number of shares outstanding (thousand shares)	EPS (in NT dollars)
Basic EPS			
Net profit attributable to ordinary shareholders of the parent company	$ 354,143	96,594	$ 3.67
Diluted EPS			
Net profit attributable to ordinary shareholders of the parent company	$ 354,143	96,594	
Effects of all dilutive potential common shares – employee compensation	-	516	
Net income available to common shareholders plus effects of potential common shares	$ 354,143	97,110	$ 3.65

	Year ended December 31, 2021		
	Amount	Weighted average number of shares outstanding (thousand shares)	EPS (in NT dollars)
Basic EPS			
Net profit attributable to ordinary shareholders of the parent company	$ 130,860	96,594	$ 1.35
Diluted EPS			
Net profit attributable to ordinary shareholders of the parent company	$ 130,860	96,594	
Effects of all dilutive potential common shares – employee compensation	-	361	
Net income available to common shareholders plus effects of potential common shares	$ 130,860	96,955	$ 1.35

If the Company can choose to distribute compensate to employees with stock or cash, when calculating diluted EPS, employee compensation in the form of stock will be

calculating diluted EPS with the weighted average number of outstanding shares that includes the potential common stocks when they have a dilutive effect. When calculating diluted EPS, the net value of the potential common stock on the balance sheet date is used as the basis for judging the number of issued shares. When calculating the diluted EPS before the next year's shareholders' meeting resolution on the number of shares issued for employee compensation, the dilution effect of these previous ordinary shares should continue to be considered.

(30) Capital Management

In consideration of the industry dynamics, the future development of the Company, and the environmental changes, the Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs and dividend payments to maintain its existing operations and give back to shareholders while taking into account the interests of other stakeholders, and maintain an optimal capital structure to enhance shareholder value in the long run.

The management of the Company regularly reviews the capital structure and considers the possible costs and risks involved. In general, the Company adopts a prudent risk management strategy.

(31) Additional Cash Flow Information

Investment activities with only partial cash payments:

	2022	2021
Additions of property, plant and equipment	$ 20,949	$ 57,481
Add: Payable on equipment, beginning of the year	3,769	4,392
Interest capitalization	-	-
Less: Payable on equipment, end of the year	(2,378)	(3,769)
Cash paid in the year	$ 22,340	$ 58,104

7. RELATED PARTY TRANSACTIONS

(1) Parent Company and the ultimate controlling party

Goodway Machine Corp. is the ultimate controlling party of the group that the Company is in.

(2) Related party name and Relationship

Related Party Name	Relationship with the Company
Goodway Machine Corp.	Ultimate parent company
YAMA SEIKI USA,INC.	Associates
Goodway Machine Corp. (Wujiang)	Associates
Huahan Leasing Co., Ltd.	Associates
Allrich Cnc, Ltd.	Substantial related parties
HUNG JIU MACHINE CO., LTD.	Substantial related parties

Yang Wenxu Charity Foundation	Substantial related parties
Turvo International Co., Ltd.	Other related parties
Boldwin Bio Co., Ltd.	Other related parties
AXTRON INVESTMENT CO., LTD	Other related parties
FITTECH CO., LTD.	Other related parties

(3) Significant transactions with the related parties

The transactions, balance income and expenses between the Company and its subsidiaries are all written off when consolidated. Therefore, they are not disclosed in the Notes. Transaction between the Company and other related parties:

1. Sales

	2022	2021
Parent	$ 1,396	$ 4,648
Associates	296,207	179,715
Substantial related parties	-	-
Other related parties	1	39,610
	$ 297,604	$ 223,973

The specifications of the products sold by the Company to related parties are different, so there are no other customers for comparison. The Company's sales to related parties and general customer collection conditions are determined in accordance with the contract.

2. Purchases

	2022	2021
Parent	$ 396	$ 15,139
Associates	247	8,206
Substantial related parties	3,573	4,889
	$ 4,216	$ 28,234

Transition price of purchase from related parties are close to general transactions.

3. Net notes receivable

	December 31, 2022	December 31, 2021
Parent	$ 1,030	$ 1,623
Associates	3,244	-
Other related parties	-	2,142
	$ 4,274	$ 3,765

4. Net accounts receivable

	December 31, 2022	December 31, 2021
Parent	$ 170	$ 240
Associates	33,396	13,570
	$ 33,566	$ 13,810

5. Other receivables

	December 31, 2022	December 31, 2021
Parent	$ -	$ 174

6. Notes payable

	December 31, 2022	December 31, 2021
Parent	$ 146	$ 16,848
Substantial related parties	368	186
	$ 514	$ 17,034

7. Accounts payable

	December 31, 2022	December 31, 2021
Parent	$ 40	$ 101
Substantial related parties	759	490
	$ 799	$ 591

8. Other payables

	December 31, 2022	December 31, 2021
Parent	$ 1,178	$ 1,023
Associates	819	442
Other related parties	10	11
	$ 2,007	$ 1,476

9. Prepayments

	December 31, 2022	December 31, 2021
Parent	$ 29	$ 1,050
Other related parties	48	48
	$ 77	$ 1,098

10. Advance receipts

	December 31, 2022	December 31, 2021
Parent	$ 1,045	$ 160
Associates	9,550	426
	$ 10,595	$ 586

11. Current lease liabilities

	December 31, 2022	December 31, 2021
Parent	$ 1,190	$ 1,770

12. Non-current lease liabilities

	December 31, 2022	December 31, 2021
Parent	$ 499	$ 2,833

13. Property transactions

(1) Acquisition of property, plant and equipment

	2022	2021
Parent	$ -	$ 148
Other related parties	-	4,069
	$ -	$ 4,217

(2) Disposal of property, plant and equipment

		2022	
	Items	Proceeds	Gains
Parent	Machinery equipment	$ 23	$ 8

		2021	
	Items	Proceeds	Gains
Parent	Transportation equipment	$ 1,095	$ 1,095

14. Leases

Rent income	2022	2021
Parent	$ 1,110	$ 960

Rent expense	2022	2021
Parent	$ 120	$ 840
Substantial related parties	-	3,104
	$ 120	$ 3,944

15. Others

Other income	2022	2021
Parent	$ 461	$ 628
Associates	84	60
	$ 545	$ 688

Interest income	2022	2021
Substantial related parties	$ -	$ 5

Manufacturing expenses	2022	2021
Parent	$ 770	$ 1,753
Associates	7	-
Substantial related parties	-	880
Other related parties	66	81
	$ 843	$ 2,714

Marketing expense	2022	2021
Parent	$ 2,392	$ 1,109
Associates	10	288
Other related parties	77	65
	$ 2,479	$ 1,462

Management expense	2022	2021
Parent	$ 44	$ -
Associates	5,691	5,092
Substantial related parties	-	146
	$ 5,735	$ 5,238

Research and development expense	2022	2021
Other related parties	$ -	$ 15

16. Compensation of key management personnel

	2022	2021
Short-term employee benefits	$ 15,382	$ 17,874
Post-employment benefits	400	515
	$ 15,782	$ 18,389

The compensation to directors and other key management personnel were determined by the Compensation of the Company in accordance with the individual performance and the Company performance.

8.PLEDGED ASSETS

Detailed list of pledged assets of the Company is as below:

Assets	December 31, 2022	December 31, 2021
Property, plant and equipment – land	$ 377,341	$ 377,341
Property, plant and equipment – buildings	754,425	791,593
Other current assets – restricted bank deposits	188,170	-
Right-of-use assets - land use rights	94,032	95,929
	$ 1,413,968	$ 1,264,863

9.SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingent liabilities and unrecognized commitments of the Company as of the end of the reporting period were as follows:

(1) The endorsement guarantee notes issued by the Company are NT$6,699 thousand.
(2) The endorsement guarantee notes received from customers are NT$84,656 thousand.
(3) The endorsement guarantee note received by the Company from the manufacturer for leasing solar photovoltaics is NT$21,180 thousand.
(4) The Company received endorsement guarantee notes of NT$80,000 thousand for loan from its subsidiary – Yih Chuan Machinery Industry Co., Ltd.
(5) The Company entrusted First Commercial Bank to open performance guarantee of NT$2,000 for the imported goods to be released first and then pay tax to the Customs.
(6) The Company entrusted First Commercial Bank to open performance guarantee of $233USD thousand mainly for commodity import.

10. LOSSES FROM MAJOR DISASTERS: None

11. MAJOR SUBSEQUENT EVENTS: None

12. OTHERS

Financial instruments

(1) Fair value of financial instruments

Book value of financial instruments not measured by fair value (including cash equivalent, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term loans, short-term notes payable, notes payable, accounts payable, other payables, bonds payable, long-term loans and guarantee deposits received) is a reasonable approximation of fair value. Bonds payable (including put option due or execute within one year) and long-term loans' interest rates are close to market rate, so the carrying amount should be a reasonable basis for estimating fair value. Please refer to Note 12 (6) for fair value of financial instrument measured by fair value.

(2) Financial risk management objectives

The Company manages its exposure to foreign currency risk, interest rate risk, equity price risk, credit risk and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance. The plans for material treasury activities are reviewed by the Board of Directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Company must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

(3) Market risks

The Company is exposed to the financial market risks, primarily changes in foreign currency exchange rates, interest rates and equity investment prices. A portion of these risks is hedged.

1. Foreign currency risk

Part of the Company's cash inflows and outflows are in foreign currency, so there is a natural hedging effect. The Company's exchange rate risk management is for the purpose of avoiding risks, not for the purpose of profit.

The management strategy for exchange rate risk is to examine the net positions of assets and liabilities in various currencies periodically and conduct risk management to the net positions.

At the reporting date, the book value of the Company's monetary assets and liabilities denominated in foreign currencies were as follows:

In thousands of New Taiwan Dollar and foreign currencies

	December 31, 2022					
				Sensitivity analysis		
	Foreign currencies	Exchange rate (Note)	NT Dollar	Rate of change	Profit or loss impact	Equity impact
Financial assets						
Monetary items						
USD	57,809	30.66	1,772,424	5%	88,621	-
EUR	3,014	32.52	98,015	5%	4,901	-
RMB	8,906	4.383	39,035	5%	1,952	-
AUD	1	20.73	21	5%	1	-
Non-monetary items						
USD	-	-	-	-	-	-
Financial liabilities						
Monetary items						
USD	150	30.66	4,599	5%	230	-
JPY	2,869	0.2304	661	5%	33	-
RMB	90	4.383	394	5%	20	-
Non-monetary items						
USD	1,551	30.66	47,554	-	-	-

In thousands of New Taiwan Dollar and foreign currencies

	December 31, 2021					
				Foreign currencies		
	Foreign currencies	Exchange rate (Note)	NT Dollar	Rate of change	Profit or loss impact	Equity impact
Financial assets						
Monetary items						
USD	43,608	27.63	1,204,889	5%	60,244	-
EUR	4,332	31.12	134,812	5%	6,741	-
RMB	27,166	4.319	117,330	5%	5,867	-
AUD	1	19.98	20	5%	1	-
Non-monetary items						
USD	2,006	27.63	55,426	-	-	-
Financial liabilities						
Monetary items						
USD	817	27.63	22,574	5%	1,129	-
EUR	1	31.12	31	5%	2	-
JPY	7,866	0.2385	1,876	5%	94	-
RMB	119	4.319	514	5%	26	-
Non-monetary items						
USD	2,022	27.63	55,868	-	-	-
RMB	290	4.319	1,253	-	-	-

Note. Using exchange rate of the balance sheets date.

2. Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments due to changes in market interest rates. The Company is exposed to interest rate risks primarily in relation to its bank loans.

Assuming that the floating rate loan at the end of the reporting period is held throughout the reporting period, when the interest rate increases by 1%, the Company's net profit will decrease by NT$22,446 thousand.

3. Other price risk

The Company is exposed to equity price risk arising from financial assets at FVTPL and at FVTOCI.

Assuming a decrease of 10% in prices of the equity investments at the end of the reporting period for the years ended December 31, 2022 and 2021, the profit and loss would have decreased by NT$38,746 thousand and NT$18,925 thousand, respectively.

(4) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Company. The Company is exposed to credit risks from operating activities, primarily accounts receivable, and from investing activities like deposits with banks. Credit risk is managed separately for business related and financial related exposures.

1. Business related credit risk

The Company has established the procedures to maintain the quality of accounts

receivable and conduct management and credit risk analysis for each new customer in accordance with the internally specified credit policy. Internal risk control is to evaluate customer credit quality by considering its financial status, past experience and other factors.

The risk assessment of an individual customer is based on the consideration of the customer's financial status, credit rating agency rating, the Company's internal credit rating, historical transaction records and current economic conditions, and many other factors that may affect the customer's ability to pay. The Company will also use certain credit enhancement tools, such as credit insurance, at appropriate times to reduce the credit risk of specific customers.

As of December 31, 2022 and 2021, the Company's ten largest customers accounted for 60% and 54% of accounts receivable, respectively. The Company considers the concentration of credit risk for the remaining accounts receivable not material.

2. Financial credit risk

The credit risk of bank deposits is measured and monitored by the financial department of the Company. Since the Company's transaction partners and other parties to the contract are all credit-worthy banks, financial institutions with investment grade and above, and government agencies, there are no major concerns about the performance of the contract, and therefore major credit risk observed.

(5) Liquidity risk management

The objective of liquidity risk management is to ensure the Company has sufficient cash and cash equivalents and sufficient lines of credit to fund its business operations and maintain adequate financial flexibility.

The table below summarizes the maturity profile of the Company's financial liabilities based on expiry date and contractual undiscounted payments:

	December 31, 2022				
	1 to 3 months	4 to 6 months	7 months to 1 year	More than a year	Total
Non-derivative financial liabilities					
Short-term loans	$ 1,556,298	$ 256,038	$ 142,613	$ -	$ 1,954,949
Short-term notes payable	289,641	-	-	-	289,641
Notes payable (including related parties)	315,393	78,970	-	-	394,363
Accounts payable (including related parties)	200,289	282	234	1,306	202,111
Other payables (including related parties)	130,896	-	-	-	130,896
Provision	12,445	-	-	-	12,445
Lease liabilities (including related parties)	2,845	2,851	5,724	918	12,338
Long-term loans (including long-term loans due within one year or within one business cycle)	-	-	-	-	-
Guarantee deposits received	2,183	-	-	-	2,183
	$ 2,509,990	$ 338,141	$ 148,571	$ 2,224	$ 2,998,926

	December 31, 2021				
	1 to 3 months	4 to 6 months	7 months to 1 year	More than a year	Total
Non-derivative financial liabilities					
Short-term loans	$ 940,000	$ 235,000	$ 160,781	$ -	$ 1,335,781
Short-term notes payable	259,907	-	-	-	259,907
Notes payable (including related parties)	423,469	111,024	775	-	535,268
Accounts payable (including related parties)	278,061	306	84	656	279,107
Other payables (including related parties)	141,035	-	-	-	141,035
Provision	12,934	-	-	-	12,934
Lease liabilities (including related parties)	2,891	2,898	5,817	12,764	24,370
Long-term loans (including long-term loans due within one year or within one business cycle)	-	-	-	62,672	62,672
Guarantee deposits received	4,173	-	-	-	4,173
	$ 2,062,470	$ 349,228	$ 167,457	$ 76,092	$ 2,655,247

(6) Fair value of financial instruments

1. Please refer to Note 12(1) for financial assets and liabilities not measured by fair value.
2. Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

(1) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market refers to markets that meets all the following conditions: the commodities traded in the market are homogeneous, and willing buyers and sellers can be found in the market at any time and price information is available to the public.

(2) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

(3) Level 3 fair value measurements are not based on inputs for the asset or liability that are based on observable market data.

There is no transition between level 1 and 2 during the year ended December 31, 2022 and 2021.

There is no transition into or out of level 3 during the year ended December 31, 2022 and 2021.

3. The method and assumption that the Company applied to measure fair value are as below:

(1) Fair value of financial assets and liabilities with standard terms and conditions and are traded in active market is determined by referencing market quotations.

(2) Fair value of other financial liabilities is determined by the generally accepted evaluation model based on discounted cash flow analysis.

4. Fair value hierarchy

The following table presents the Company's financial assets and liabilities measured at fair value:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed (counter) stocks	$ 377,002	$ -	$ -	$ 377,002
Financial assets at FVTOCI				
Listed (counter) stocks	10,458	-	-	10,458
	$ 387,460	$ -	$ -	$ 387,460

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed (counter) stocks	$ 172,417	$ -	$ -	$ 172,417
Financial assets at FVTOCI				
Listed (counter) stocks	16,829	-	-	16,829
	$ 189,246	$ -	$ -	$ 189,246

13. ADDITIONAL DISCLOSURES

(1) Significant transactions:

1. Financings provided: See Table 1 attached;
2. Endorsement/guarantee provided: None;
3. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): See Table 2 attached;
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 properties at costs of at least NT$300 million or 20% of the paid-in capital: None;
6. Disposal of individual real estate properties 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 of at least NT$100 million or 20% of the paid-in capital: See Table 3 attached;
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None;
9. Information about the derivative financial instruments' transaction: See Note 12;
10. The business relationship between the parent and the subsidiaries and significant transactions between them: See Table 4.

(2) Information on reinvestment business: See Table 5 attached;

(3) Information on investment in mainland China：See Table 6 attached.

(4) Information of major shareholder : See Table 7 attached.

Table 1：FINANCINGS PROVIDED

December 31, 2022 Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Note 4)	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
0	AWEA Mechantronic Company Limited	Yih Chuan Machinery Industry Co., Ltd.	Other receivables from related	Yes	230,000	80,000	70,000	1.8% ~ 1.925%	The need for short-term financing	7,911	Operating capital	-	promissory note	80,000	325,268	1,301,070
1	Shanghai Zhuwei Mechantronic Co., Ltd.	Awea Mechantronic (Suzhou) Ltd.	Other receivables from related	Yes	87,680	87,680	87,660	3.8%	The need for short-term financing	-	Operating capital	-	-	-	145,953	145,953
1	Shanghai Zhuwei Mechantronic Co., Ltd.	Yih Chuan Machinery (Jiaxing) Industry Co., Ltd.	Other receivables from related parties	Yes	7,451	7,451	7,451	3.65%	The need for short-term financing	-	Operating capital	-	-	-	145,953	145,953

Note 1: information of the numbering column:

(1) Issuer is No. 0.

(2) Invested companies are listed in order from No.1.

Note 2: financing limit to individual counterparty is no more than 10% of net value of the current period, and the total amount of financing should be no more than 40% of net value of the current period.

Note 3: Maximum balance of financing for the period.

Note 4: The maximum balance for the period and ending balance represent the amounts approved by the Board of Directors.

Table 2: MARKETABLE SECURITIES HELD (excluding investments in subsidiaries, associates and joint ventures)

December 31, 2022 Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2022				Note
				Share units	Carrying Value	Percentage of Ownership	Fair Value (Note 1)	
AWEA Mechantronic Company Limited	Stock - AUTECH EUROPE	-	Non-Current financial asset at FVTPL	50	- (Note 2)	5.00%	-	
AWEA Mechantronic Company Limited	Stock - P-DUKE TECHNOLOGY CO., LTD.	-	Current financial asset at FVTPL	1,063,852	91,917	1.36%	91,917	
AWEA Mechantronic Company Limited	Stock - TURVO INTERNATIONAL CO., LTD.	Other related parties	Current financial asset at FVTPL	2,607,000	263,307	4.32%	263,307	
AWEA Mechantronic Company Limited	Stock - EAGLE COLD STORAGE ENTERPRISE CO., LTD.	-	Current financial asset at FVTPL	675,000	14,850	0.57%	14,850	
AWEA Mechantronic Company Limited	Stock - TSMC	-	Current financial asset at FVTPL	10,000	4,485	-	4,485	
AWEA Mechantronic Company Limited	Stock - Zeng Hsing Industrial Co., Ltd.	-	Current financial asset at FVTPL	20,534	2,443	0.03%	2,443	
AWEA Mechantronic Company Limited	Stock - FITTECH CO., LTD	Other related parties	Non-Current financial asset at FVTOCI	118,846	10,458	0.16%	10,458	

Note 1: If the invested company has no public market price, it shall be listed according to the net equity value.

Note 2: During the year of 1996, due to the value of the invested company has been impaired and there is little hope of recovery, the amount has been transferred fully to loss.

Table 3: TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

December 31, 2022 Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending balance	% to Total	
AWEA Mechantronic Company Limited	Awea Mechantronic (Suzhou) Ltd.	Indirect subsidiary	Sales	$ 287,814	12.60%	3 months after shipped	-	-	$35,351	4.71%	-
AWEA Mechantronic Company Limited	YAMA SEIKI USA,INC.	Subsidiary	Sales	$ 240,190	10.52%	3 months after shipped	-	-	$33,396	4.45%	-

Note 1: The products sold by the Company to related parties Awea Mechantronic (Suzhou) and YAMA SEIKI have different functions, so there are no other customers for comparison. The payment conditions, like for general customers, are determined in accordance with the contract.

Table 4. INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

December 31, 2022 Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

No. (Note 1)	Company Name	Counterparty	Relationship with the Company (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 4)
0	AWEA Mechantronic Company Limited	Yih Chuan Machinery Industry Co., Ltd.	1	Sales revenue	7,911	(Note 3)	0.3%
0	AWEA Mechantronic Company Limited	Yih Chuan Machinery Industry Co., Ltd.	1	Purchases	22,603	(Note 3)	0.7%
0	AWEA Mechantronic Company Limited	Yih Chuan Machinery Industry Co., Ltd.	1	Notes receivable	29	(Note 3)	-
0	AWEA Mechantronic Company Limited	Yih Chuan Machinery Industry Co., Ltd.	1	Other receivables	70,042	(Note 3)	1.0%
0	AWEA Mechantronic Company Limited	Yih Chuan Machinery Industry Co., Ltd.	1	Notes payable	11,256	(Note 3)	0.2%
0	AWEA Mechantronic Company Limited	Yih Chuan Machinery Industry Co., Ltd.	1	Accounts payable	709	(Note 3)	-
0	AWEA Mechantronic Company Limited	Yih Chuan Machinery Industry Co., Ltd.	1	Interest income	1,004	(Note 3)	-
0	AWEA Mechantronic Company Limited	Yih Chuan Machinery Industry Co., Ltd.	1	Operating cost- after-sales service fee	75	(Note 3)	-
0	AWEA Mechantronic Company Limited	Awea Mechantronic (Suzhou) Ltd.	1	Sales revenue	287,814	(Note 3)	9.3%
0	AWEA Mechantronic Company Limited	Awea Mechantronic (Suzhou) Ltd.	1	Accounts receivable	35,350	(Note 3)	0.5%
0	AWEA Mechantronic Company Limited	Awea Mechantronic (Suzhou) Ltd.	1	Other payables	489	(Note 3)	-
0	AWEA Mechantronic Company Limited	Awea Mechantronic (Suzhou) Ltd.	1	Manufacturing -repair expense	229	(Note 3)	-
0	AWEA Mechantronic Company Limited	Awea Mechantronic (Suzhou) Ltd.	1	Sales -warranty expense	659	(Note 3)	-

0	AWEA Mechantronic Company Limited	Awea Mechantronic (Suzhou) Ltd.	1	Sales -repair expense	232	(Note 3)	-
0	AWEA Mechantronic Company Limited	Awea Mechantronic (Suzhou) Ltd.	1	Sales -other expense	175	(Note 3)	-
1	Awea Mechantronic (Suzhou) Ltd.	Shanghai Zhuwei Mechantronic Co., Ltd.	3	Other payables	87,660	(Note 3)	1.3%
1	Awea Mechantronic (Suzhou) Ltd.	Shanghai Zhuwei Mechantronic Co., Ltd.	3	Advance payment	26,298	(Note 3)	0.4%
1	Awea Mechantronic (Suzhou) Ltd.	Shanghai Zhuwei Mechantronic Co., Ltd.	3	Interest expense	1,390	(Note 3)	-
2	Shanghai Zhuwei Mechantronic Co., Ltd.	Yih Chuan Machinery (Jiaxing) Industry Co., Ltd.	3	Other receivables	7,451	(Note 3)	0.1%
3	Yih Chuan Machinery Industry Co., Ltd.	Yih Chuan Machinery (Jiaxing) Industry Co., Ltd.	3	Sales revenue	168	(Note 3)	-

Note 1: information of the numbering column:

1. Parent company is No. 0.
2. Subsidiaries are listed in order from No.1.

Note 2：There are 3 types of transactions with related party, and just mark the number as below:

1. Parent to subsidiary
2. Subsidiary to parent
3. Subsidiary to subsidiary

Note 3: Made according to the contract.

Note 4: The important transactions in this form can be determined by the Company based on the principle of materiality.

Table 5: NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES (Excluding Information on Investment in Mainland China)

December 31, 2022 Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investor Company	Investee Company	Location	Maian business	Original Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Share of Profits/ Losses of Investee (Note 1)	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
AWEA Mechantronic Company Limited	B-Way (Cayman) Co., Ltd.	Cayman Islands	International investment and International trade	$ 332,212	$ 332,212	10,665,029	100.00%	$ 718,246	$ 95,283	$ 95,278	(Note 1)
AWEA Mechantronic Company Limited	YAMA SEIKI USA,INC.	USA	Machinery sales and installation, International trade	53,968	53,968	584,192	28.58%	101,849	22,916	7,236	-
AWEA Mechantronic Company Limited	Yih Chuan Machinery Industry Co., Ltd.	Taiwan	Machinery sales and retail、product design	264,592	264,592	5,914,800	60.00%	173,920	(12,140)	(7,284)	(Note 1)
AWEA Mechantronic Company Limited	Huahan Leasing Co., Ltd.	Taiwan	Rental of machinery and equipment	7,333	7,333	666,667	13.33%	8,001	4,097	546	-
B-Way (Cayman) Co., Ltd.	Billion-Way (Cayman) Co., Ltd.	Cayman Islands	International investment and International trade	USD 12,830 (NTD 393,368)	USD 12,830 (NTD 393,368)	12,829,840	100.00%	733,801	85,859	85,859	(Note 1)
Yih Chuan Machinery Industry Co., Ltd.	AXTRON INT'L INVESTMENT CO., LTD	Marshall Islands, USA	international investment and International trade	200,000	200,000	50,000	100.00%	230,394	(7,257)	(7,257)	(Note 1)
AXTRON INT'L INVESTMENT CO.,TLD	AXTRON INT'L INVESTMENT LIMITED	Hong Kong	International investment and International trade	HKD 10 (NTD 39)	HKD 10 (NTD 39)	10,000	100.00%	230,394	(7,257)	(7,257)	(Note 1)

Note 1: already written-off

Table 6: INFORMATION ON INVESTMENT IN MAINLAND CHINA

December 31, 2022 Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

1. Chinese Invested Company Name, Primary Business Activities, Paid-in Capital, Investment Method, Inflow and Outflow of Funds, Ownership Percentage, Investment Book Value, and Repatriation of Investment Gain/Loss:

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/ Losses (Note 2)	Carrying Amount as of Balance as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Outflow						
Shanghai Zhuwei Mechantronic Co., Ltd.	Machinery sales and installation, business management consultation, and International trade	USD 2,500 (NTD 76,650) (Note 3)	2	USD 2,494 (NTD 76,466) (Note 3)	-	-	USD 2,494 (NTD 76,466) (Note 3)	$ 3,148	100%	$ 3,667	$143,541	USD 15,438 (NTD 458,016) (Note 3)
Awea Mechantronic (Suzhou) Ltd.	Machinery sales and installation, and International trade	USD 11,400 (NTD 349,524) (Note 3)	2	USD 10,400 (NTD 318,864) (Note 3)	-	-	USD 10,400 (NTD 318,864) (Note 3)	81,807	100%	81,807	583,296	USD 2,306 CNY 49,580 (NTD 285,977)
Yih Chuan Machinery (Jiaxing) Industry Co., Ltd.	Machinery sales, manufacturing and installation, and International trade	USD 2,510 (NTD 76,957) (Note 3)	2	USD 2,510 (NTD 76,957) (Note 3)	-	-	USD 2,510 (NTD 76,957) (Note 3)	(7,257)	100%	(7,257)	230,394	-

2. Upper Limit for reinvestment in Mainland China:

Investee Company	Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	$ 395,330 (Note 3) (USD 12,894)	$ 426,174 (Note 3) (USD 13,900)	$ 1,951,606 (Note 5)
Yih Chuan Machinery Industry Co., Ltd.	$ 76,957 (Note 3) (USD 2,510)	$ 76,957 (Note 3) (USD 2,510)	$ 173,278(Note 5)

Note 1: The investment methods are divided into the following three types, just indicate the type:

(1) Directly go to Mainland China to invest

(2) Reinvest in mainland China through companies in third regions

(3) Other methods

Note 2: investment profit or loss is recognized based on financial reports audited of the same period.

Note 3: Amount in New Taiwan Dollar is exchanged according to the exchange rate on balance sheet date.

Note 4: Dawea Mechantronic (Suzhou) Ltd. merged with Awea Mechantronic (Suzhou) Ltd. in September 2020, and Awea Mechantronic (Suzhou) Ltd. is the existing company after the merger. This merger case has been approved and put on record by the Investment Commission, MOEA in July 2021 through letter No. 11000165350.

Note 5: The upper limit on investment in mainland China is determined by sixty percent (60%) of the Company's consolidated net worth.

3. Significant transaction items with direct or indirect investees in Mainland China: see Table 4.

Table 7: INFORMATION ON MAJOR SHAREHOLDERS
December 31, 2022

Major Shareholders	Total Shares Owned	Ownership Percentage
GOODWAY MACHINE CORP.	47,912,311	49.60 %
YANG, TE-HUA	9,031,403	9.34 %
JIAJIN INVESTMENT CO., LTD.	6,256,388	6.47 %
FUBON LIFE INSURANCE CO., LTD.	5,406,500	5.59 %

14. OPERATING SEGMENTS INFORMATION

(1) The operating segments information for the years ended December 31, 2022 and 2021 are as below:

	December 31, 2022				
	Awea Taiwan	Awea (Suzhou)	Other segments	Adjustments and write-offs	Total
Revenue					
Revenue from outside customers	$ 1,987,934	$ 942,995	$ 169,588	$ -	$ 3,100,517
Inter-segment revenue	295,724	1,159	22,847	(319,730)	-
Interest income	16,006	809	1,550	(2,393)	15,972
Profit and loss shares of associates and joint ventures recognized using the equity method	95,775	-	-	(87,993)	7,782
Interest expense	19,897	4,717	3,781	(2,393)	26,002
Depreciation and amortization	74,288	32,516	13,450	(2,209)	118,045
Profit or loss before tax	439,857	108,716	(791)	(87,994)	459,788

	December 31, 2021				
	Awea Taiwan	Awea (Suzhou)	Other segments	Adjustments and write-offs	Total
Revenue					
Revenue from outside customers	$ 2,064,750	$ 1,102,489	$ 463,717	$ -	$ 3,630,956
Inter-segment revenue	427,680	1,685	25,031	(454,396)	-
Interest income	1,247	1,916	1,503	(440)	4,226
Profit and loss shares of associates and joint ventures recognized using the equity method	50,549	-	-	(45,837)	4,712
Interest expense	9,642	46	5,197	(444)	14,441
Depreciation and amortization	80,496	24,772	16,966	(2,445)	119,789
Profit or loss before tax	181,729	155,990	(54,600)	(45,319)	237,800

1. The total amount of inter-segment transactions that should be written off of the reporting revenue of operating segments for the years ended December 31, 2022 and 2021 are NT$319,730 thousand and NT$454,396, respectively.
2. The total amount of profit and loss excluding income tax of operating segments for the years ended December 31, 2022 and 2021 are NT$110,501 thousand and

NT$115,767 thousand, respectively.

There are 2 operating segments should be reported: Awea Taiwan and Awea Suzhou. The main business of Awea Taiwan is the design, manufacture and sales of special machines, automation equipment and computer-controlled machine tools. Awea Suzhou is engaged in the manufacturing and sales of mechanical appliances and the installation of mechanical appliances.

The Company has not apportioned income tax expenses to the reportable segments. The reported amount is consistent with the report used by the operating decision makers. The accounting policies of the operating segments are the same as the summary of important accounting policies described in Note 4. The profit and loss of the operating segments of the Company is based on the net profit before tax as the basis for evaluating performance. The Company regards the sale and transfer between segments as a transaction with a third party and measures it at the current market price.

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INDEPENDENT AUDITORS' REVIEW REPORT

The board of Directors and Shareholders
AWEA Mechantronic Company Limited

Introduction

We have reviewed the accompanying consolidated financial statements of AWEA Mechantronic Company Limited and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of March 31, 2023 and 2022, and the consolidated financial 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. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IAS") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of Republic of China. Our responsibility is to express a conclusion on the financial statements based on our review.

Scope of Review

Except for those described in the paragraph of "Basis for Qualified Opinion", we conducted our reviews in accordance with International Standard on Review Engagements ("ISRE") No.2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Opinion

As described in Note 4 (3) of the consolidated financial statements, the same-period financial statements of part of the non-material subsidiaries that are recognized in the consolidated financial statements were not reviewed by accountant. There total assets of March 31, 2023 and 2022 are NT$611,524 thousand and NT$ 689,604 thousand, accounting for 9% and 11% of the consolidated total assets, respectively; Total liabilities are NT$201,225 thousand and NT$236,829 thousand, accounting for 6% and 8% of the consolidated total liabilities, respectively. There total comprehensive income and loss of March 31, 2023 and 2022 are (NT$24,450) thousand and NT$11,270 thousand, accounting for (372)% and 13% of the total comprehensive income and loss, respectively.

In addition, as described in Note 6 (6) of the consolidated financial statements, the same-period financial statements of investment using equity method, Huahan Leasing Inc., Ltd., was not reviewed by accountant. The amount of the aforementioned long-term equity investment of March 31, 2023 and 2022 are NT$8,178 thousand and NT$7,579 thousand, accounting for 0% of the total assets of both period. The share of profits and losses of related companies recognized using the equity method of March 31, 2023 and 2022 are NT$177 thousand and NT$124 thousand, accounting for 1% and 0% of income before tax, respectively.

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Qualified Opinion

Based on our review and other accountants' review report (please refer to "Other Matters"), aside from the non-material subsidiaries and investments using the equity method mentioned in the "Basis for Qualified Opinion" paragraph, that if the financial statements of the consolidated financial statements are reviewed by accountants, there could be impact of adjustments to the consolidated financial statements, nothing has come to our attention that causes us to believe the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and 2022, and of its cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IAS") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of Republic of China.

Other Matters

As mentioned in Note 6(6) of the consolidated financial statements, company invested using equity method, YAMA SEIKI USA, INC. is not reviewed by us but entrusted other auditors to review by the company. Therefore, the in the review results of the above-mentioned consolidated financial statements, the amounts listed in the financial statements of the investee company are based on the review reports of other accountants. As of March 31, 2023 and 2022, the balance of investment using equity method are NT$101,522 and NT$96,044 (in thousands), respectively, both accounting for 2% of total assets. For the period ended March 31, 2023 and 2022, the proportion for these subsidiaries invested using equity method and the profit or loss of associates and joint ventures are NT$340 and NT$3,910 (in thousands), accounting for 2% and 5% of the profit before tax, respectively.

The engagement partners on the audits resulting in this independent auditors' report are Jui-Kuei Chen and Chang Yun Yi.

EnWise CPAs & Co.
Taichung, Taiwan
Republic of China

May 8, 2023

AWEA Mechantronic Company Limited

CONSOLIDATED BALANCE SHEETS

March 31, 2023, December 31, 2022, and March 31, 2022

(Reviewed only, not audited in accordance with generally accepted auditing standards)

In Thousands of New Taiwan Dollars

Code	Items	Notes	March 31, 2023		December 31, 2022		March 31, 2022	
			Amount	%	Amount	%	Amount	%
	CURRENT ASSETS							
1100	Cash and cash equivalents	4 and 6	$ 1,037,833	16	$ 1,132,171	17	$ 711,524	12
1110	Current financial assets at fair value through profit or loss	4 and 6	425,373	7	377,002	5	194,955	3
1150	Notes receivable, net	4 and 6	258,290	4	381,640	6	255,344	4
1160	Notes receivable due from related parties, net	4 and 7	1,638	-	4,274	-	862	-
1170	Accounts receivable, net	4 and 6	416,057	6	457,612	7	477,799	8
1180	Accounts receivable due from related parties, net	4 and 7	16,014	-	33,566	-	23,501	-
1200	Other receivables		4,896	-	10,766	-	7,405	-
1210	Other receivables due from related parties	7	640	-	-	-	1,228	-
1220	Current tax assets		144	-	143	-	-	-
130x	Inventories	4 and 6	1,602,322	24	1,607,007	24	1,684,408	28
1410	Prepayments	7	57,377	1	57,859	1	57,606	1
1470	Other current assets	8	573,091	9	542,186	8	332,544	6
11xx	Total current assets		4,393,675	67	4,604,226	68	3,747,176	62
	NONCURRENT ASSETS							
1517	Non-current Financial assets at fair value through other comprehensive income	4 and 6	11,376	-	10,458	-	19,809	-
1550	Investments accounted for using equity method	4 and 6	109,700	2	109,850	2	103,623	2
1600	Property, plant and equipment	4, 6, 7 and 8	1,777,920	27	1,797,473	26	1,862,283	31
1755	Right-of-use assets	4, 6 and 8	128,804	2	132,035	2	145,818	2
1780	Intangible assets	4 and 6	10,753	-	10,368	-	12,204	-
1840	Deferred income tax assets	4 and 5	132,124	2	101,283	1	129,294	2
1915	Prepayments for business facilities		300	-	300	-	3,964	-
1920	Guarantee deposits paid		5,855	-	7,146	-	7,135	-
1931	Long-term notes receivable, net	4	7,786	-	12,115	1	25,457	1
1937	Overdue receivables	4 and 6	-	-	-	-	-	-
1990	Other non-current assets		6,179	-	6,544	-	8,293	-
15xx	Total non-current assets		2,190,797	33	2,187,572	32	2,317,880	38
1xxx	Total assets		$ 6,584,472	100	$ 6,791,798	100	$ 6,065,056	100

Please refer to the accompanying notes to the consolidated financial reports.

AWEA Mechantronic Company Limited

CONSOLIDATED BALANCE SHEETS

March 31, 2023, December 31, 2022, and March 31, 2022

(Reviewed only, not audited in accordance with generally accepted auditing standards)

In Thousands of New Taiwan Dollars

Code	Items	Notes	March 31, 2023 Amount	%	December 31, 2022 Amount	%	March 31, 2022 Amount	%
	CURRENT LIABILITIES							
2100	Short-term loans	6 and 8	$ 1,832,709	28	$ 1,954,949	29	$ 1,449,217	24
2110	Short-term notes and bills payable	6	314,615	5	289,641	4	129,951	2
2130	Current contract liabilities	4, 6 and 7	201,726	3	225,013	3	227,342	4
2150	Notes payable		243,066	4	393,849	6	453,002	8
2160	Notes payable to related parties	7	1,923	-	514	-	657	-
2170	Accounts payable		261,195	4	201,312	3	232,810	4
2180	Accounts payable to related parties	7	424	-	799	-	430	-
2200	Other accounts payable	6	114,236	2	128,889	2	110,071	2
2220	Other payables to related parties	7	366	-	2,007	-	481	-
2230	Current tax liabilities	4	87,147	1	64,623	1	53,987	1
2250	Current provisions	4 and 6	12,271	-	12,445	-	11,854	-
2280	Current lease obligations payable	4, 6, and 7	8,909	-	11,420	-	11,178	-
2310	Advance receipts	7	1,195	-	934	-	725	-
2399	Other current liabilities		1,401	-	2,099	-	1,126	-
21xx	Total current liabilities		3,081,183	47	3,288,494	48	2,682,831	45
	NON-CURRENT LIABILITIES							
2540	Long-term borrowings	6 and 8	-	-	-	-	2,206	-
2570	Deferred tax liabilities	4 and 6	106,932	2	112,224	2	97,932	1
2580	Non-current lease liabilities	4, 6, and 7	584	-	918	-	9,372	-
2630	Long-term deferred revenue		10,578	-	10,793	-	11,861	-
2640	Non-current net defined benefit liability	4 and 6	8,989	-	8,991	-	12,792	-
2645	Guarantee deposits		1,442	-	2,183	-	1,769	-
25xx	Total non-current liabilities		128,525	2	135,109	2	135,932	1
2xxx	Total Liabilities		3,209,708	49	3,423,603	50	2,818,763	46
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT							
3100	Share capital	6						
3110	Ordinary share		965,942	15	965,942	14	965,942	16
3200	Capital surplus	6						
3211	Capital surplus, additional paid-in capital arising from ordinary share		6,124	-	6,124	-	6,124	-
3213	Capital surplus, additional paid-in capital arising from bond conversion		57,468	1	57,468	1	86,447	1
3240	Capital surplus, gain on sale of fixed assets		4	-	4	-	4	-
3280	Other additional paid-in capital		31,920	-	31,920	-	31,920	1
3300	Retained earinings	6						
3310	Legal reserve		527,176	8	527,176	8	513,898	8
3320	Special reserve		98,077	1	98,077	1	98,077	2
3350	Unappropriated earnings		1,610,315	24	1,595,597	24	1,430,499	24
3400	Other equity interest	6						
3410	Exchange differences on translation of foreign financial statements		(17,260)	-	(18,699)	-	(10,067)	-
3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		(9,475)	-	(10,933)	-	888	-
31xx	Total equity attributable to shareholders of parent		3,270,291	49	3,252,676	48	3,123,732	52
36xx	Non-controlling interests	6	104,473	2	115,519	2	122,561	2
3xxx	Total equity		3,374,764	51	3,368,195	50	3,246,293	54
	Total liability and equity		$ 6,584,472	100	$ 6,791,798	100	$ 6,065,056	100

Please refer to the accompanying notes to the consolidated financial reports.

AWEA Mechantronic Company Limited

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three Months Ended March 31, 2023 and 2022

(Reviewed only, not audited in accordance with generally accepted auditing standards)

In Thousands of New Taiwan Dollars, Except Earnings Per Share

Code	Items	Notes	Three Months Ended March 31, 2023 Amount	%	Three Months Ended March 31, 2022 Amount	%
4000	NET REVENUE	6 and 7	$ 538,803	100	$ 625,412	100
5000	COST OF REVENUE	6 and 7	(486,840)	(90)	(516,303)	(83)
5900	GROSS PROFIT		51,963	10	109,109	17
5920	(Un)Realized profit on sales		261	-	(260)	-
5950	Gross profit, net		52,224	10	108,849	17
	OPERATING EXPENSES					
6100	Marketing		(37,016)	(7)	(44,797)	(7)
6200	Management		(31,794)	(6)	(28,623)	(5)
6300	Research and development		(14,459)	(3)	(15,578)	(2)
6450	Expected credit loss (gain)		3,030	1	(723)	-
6000	Total operating expenses		(80,239)	(15)	(89,721)	(14)
6900	INCOME FROM OPERATIONS		(28,015)	(5)	19,128	3
	NON-OPERATING INCOME AND EXPENSES					
7100	Interest income		9,218	2	385	-
7010	Other income	6	8,546	2	11,398	2
7020	Other gains and losses	4 and 6	36,100	6	51,342	8
7050	Finance cost	6	(9,472)	(2)	(4,613)	(1)
7060	Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method		517	-	4,034	1
7000	Total non-operating income and expenses		44,909	8	62,546	10
7900	INCOME BEFORE INCOME TAX		16,894	3	81,674	13
7950	INCOME TAX EXPENSE	4 and 6	(13,363)	(2)	(18,696)	(3)
8200	NET INCOME		3,531	1	62,978	10
	OTHER COMPREHENSIVE INCOME (LOSS)					
8310	Items that will not be reclassified subsequently to profit or loss:					
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income		1,218	-	(2,027)	-
8360	Items that may be reclassified subsequently to profit or loss:					
8361	Exchange differences arising on translation of foreign operations		2,274	-	36,068	5
8399	Income tax benefit (expense) related to items that may be reclassified subsequently		(454)	-	(7,213)	(1)
8300	Other comprehensive income (loss), net of income tax		3,038	-	26,828	4
8500	TOTAL COMPREHENSIVE INCOME		$ 6,569	1	$ 89,806	14
8600	NET INCOME (LOSS) ATTRIBUTABLE TO:					
8610	Shareholders of the parent		$ 14,958	3	$ 62,491	10
8620	Non-controlling interests		(11,427)	(2)	487	-
			$ 3,531	1	$ 62,978	10
8700	TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
8710	Shareholders of the parent		$ 17,615	3	$ 86,506	14
8720	Non-controlling interests		(11,046)	(2)	3,300	-
			$ 6,569	1	$ 89,806	14
	EARNINGS PER SHARE					
9750	Basic earnings per share	4 and 6	$ 0.15		$ 0.65	
9850	Diluted earnings per share	4 and 6	$ 0.15		$ 0.64	

Please refer to notes to the individual financial reports.

AWEA Mechantronic Company Limited

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended March 31, 2023 and 2022

(Reviewed only, not audited in accordance with generally accepted auditing standards)

In Thousands of New Taiwan Dollars

Items	Equity Attributable to Shareholders of the Parent							Non-Controlling Interests	Total Equity
	Capital Stock		Retained Earnings			Others			
	Common Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity Attributable to Shareholders of the Parent		
BALANCE AT JANUARY 1, 2022	$ 965,942	$ 124,495	$ 513,898	$ 98,077	$ 1,366,883	$ (36,109)	$ 4,040	$ 3,037,226	$ 119,261	$ 3,156,487
Profit for the Three Months Ended March 31, 2022	-	-	-	-	62,491	-	-	62,491	487	62,978
Other Comprehensive Income or Loss for the Three Months Ended March 31, 2022	-	-	-	-	-	26,042	(2,027)	24,015	2,813	26,828
Total Comprehensive Income or Loss for the Three Months Ended March 31, 2022	-	-	-	-	62,491	26,042	(2,027)	86,506	3,300	89,806
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	1,125	-	(1,125)	-	-	-
Balance at March 31, 2022	$ 965,942	$ 124,495	$ 513,898	$ 98,077	$ 1,430,499	$ (10,067)	$ 888	$ 3,123,732	$ 122,561	$ 3,246,293
BALANCE, JANUARY 1, 2023	$ 965,942	$ 95,516	$ 527,176	$ 98,077	$ 1,595,597	$ (18,699)	$ (10,933)	$ 3,252,676	$ 115,519	$ 3,368,195
Profit for the Three Months Ended March 31, 2023	-	-	-	-	14,958	-	-	14,958	(11,427)	3,531
Other Comprehensive Income or Loss for the Three Months Ended March 31, 2023	-	-	-	-	-	1,439	1,218	2,657	381	3,038
Total Comprehensive Income or Loss for the Three Months Ended March 31, 2023	-	-	-	-	14,958	1,439	1,218	17,615	(11,046)	6,569
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(240)	-	240	-	-	-
Balance at March 31, 2023	$ 965,942	$ 95,516	$ 527,176	$ 98,077	$ 1,610,315	$ (17,260)	$ (9,475)	$ 3,270,291	$ 104,473	$ 3,374,764

Please refer to the accompanying notes to the consolidated financial statements.

AWEA Mechantronic Company Limited

CONSOLIDATED STATEMENTS OF CASHFLOWS

For the Three Months Ended March 31, 2023 and 2022

(Reviewed only, not audited in accordance with generally accepted auditing standards)

In Thousands of New Taiwan Dollars

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 16,894	$ 81,674
Adjustment for:		
Depreciation expense	28,446	29,500
Amortization expense	633	744
Expected credit losses recognized (reversal) on investments in debt instruments	(3,030)	723
Interest expense	9,472	4,613
Interest income	(9,218)	(385)
Dividend revenue	(28)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method,	(517)	(4,028)
Gain on disposal or retirement of property, plant and equipment	(178)	(57)
Unrealized (realized) gain from sale to related companies	(261)	260
Other income	(270)	(270)
Profit from lease modification	-	(1)
Gains on disposals of investments	86	47
Loss (gain) on valuation of financial asset	(45,414)	(4,347)
Changes in operating assets and liabilities:		
Notes receivable	125,785	(7,653)
Notes receivable from related parties	2,636	2,903
Account receivables	41,791	47,837
Account receivables from related parties	17,552	(9,790)
Other receivables	1,954	2,223
Other receivables from related parties	(640)	(1,054)
Inventories	4,685	(134,762)
Prepayments	482	18,367
Other current assets	(605)	42
Overdue receivables	(3)	(632)
Long-term notes receivable	4,664	4,726
Contractual liabilities	(23,287)	6,391
Notes payable	(150,783)	(65,232)
Notes payable from related parties	1,409	(16,377)
Accounts payable	59,883	(45,706)
Accounts payable from related parties	(375)	(161)
Other payables	(13,750)	(26,581)
Other payables from related parties	(1,641)	(995)
Provisions	(181)	(1,136)
Advance receipts	261	713
Other current liabilities	(698)	(116)
Net defined benefit liability	(2)	(2)
Cash generated (used) from operations	65,752	(118,522)
Interest received	13,133	385
Income tax paid	(27,356)	(2,749)
Net cash generated (used)by operating activities	51,529	(120,886)

(Continued)

AWEA Mechantronic Company Limited

CONSOLIDATED STATEMENTS OF CASHFLOWS

For the Three Months Ended March 31, 2023 and 2022

(Reviewed only, not audited in accordance with generally accepted auditing standards)

In Thousands of New Taiwan Dollars

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
(Continued)		
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of financial assets at fair value through profit or loss	(4,396)	(20,736)
Proceeds from disposal of financial assets at fair value through profit or loss	1,353	2,498
Acquisitions of financial assets at fair value through other comprehensive income	-	(8,798)
Proceeds from disposal of financial assets at fair value through other comprehensive income	300	3,790
Acquisitions of property, plant and equipment	(4,326)	(3,805)
Proceeds from disposal of property, plant and equipment	190	2,232
Acquisitions of intangible assets	(1,003)	(800)
Decrease in guarantee deposits paid	1,290	5,796
Dividends received	28	-
Increase in other financial assets	(30,300)	(10,943)
Decrease in other non-current assets	365	345
Net cash used in investing activities	(36,499)	(30,421)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	(122,240)	113,436
Increase (decrease) in short-term notes payable	24,974	(129,956)
Decrease in long-term borrowings	-	(60,466)
Decrease in guarantee deposits received	(741)	(2,404)
Lease liability principal repayments	(2,845)	(2,876)
Interest paid	(8,973)	(4,385)
Net cash used in financing activities	(109,825)	(86,651)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	457	11,830
NET INCREASE IN CASH AND CASH EQUIVALENTS	(94,338)	(226,128)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,132,171	937,652
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,037,833	$ 711,524

Please refer to the accompanying notes to the consolidated financial statements.

6. Financial impact from any financial turnover incurs to the company or its affiliated companies in recent year until closure date of annual report in case any.

n/a.

VII. Financial statement and governance review and risk management

1. Financial statement

Unit: thousand NTD

Statement \ Year	2022	2021	Difference		Remarks
			Amount	%	
Current Assets	4,604,226	3,859,310	744,916	19.30%	
Investment by equity law	109,850	96,604	13,246	13.71%	
Property, plant, equipment	1,797,473	1,872,994	(75,521)	-4.03%	
Intangible assets	10,368	12,403	(1,675)	-13.91%	
Other Assets	269,881	366,329	(96,448)	-26.33%	*1
Total Assets	6,791,798	6,207,280	584,518	9.42%	
Current Liabilities	3,288,494	2,825,233	463,261	16.4%	
Non-current Liabilities	135,109	225,560	(90, 451)	-40.10%	*2
Total Liabilities	3,423,603	3,050,793	372,810	12.22%	
Equity ratio attributable to shareholders of the parent company.	3,252,676	3,037,226	215,450	7.09%	
Capital stock	965,942	965,942	0	0.00%	
Legal reserve	95,516	124,495	(28, 979)	-23.28%	*3
Retained Earnings	2,220,850	1,978,858	241,992	12.23%	
Other equities	(29,632)	(32,069)	2,437	-7.60%	
Non-controlling equities	115,519	119,261	(3,742)	-3.14%	
Total Equity	3,368,195	3,156,487	211,708	6.71%	

*1: Other assets decrease due to exchange rate change that led to deferred income tax decrease.

*2: Non-current liabilities decreased due to long term loan decrease.

*3: Paid-in capital decrease due to cash allocation of paid-in capital.

2. Financial Performance

2.1 Comparison of governance analysis

Unit: thousand NTD

Statement \ Year	2022	2021	Difference	Ratio (%)	Remarks
Operating revenue	3,100,517	3,630,956	(530,439)	-14.61%	
Operating cost	(2,432,617)	(2,951,020)	518,403	-17.57%	
Gross profit	667,900	679,936	(12,036)	-1.77%	
(Un-)realised profit by affiliated companies	(4,900)	1,924	(6,824)	-354.68%	
Realised profit	663,000	681,860	(18,860)	-2.77%	
Operating cost	(364,775)	(415,661)	50,886	-12.24%	
Income from operations	298,225	266,199	32,026	12.03%	
Non-operating income and expenses	161,563	(28,399)	189,962	-668.90%	*1
Current net profit before tax	459,788	237,800	221,988	93.35%	*1
Tax fee	(110,501)	(115,767)	5,266	-4.55%	
Current net income	349,287	122,033	227,254	186.22%	*1
Other comprehensive income	7,313	24,067	(16,754)	-69.61%	*2
Total comprehensive income	356,600	146,100	210,500	144.08%	*1

Difference analysis in change of ratio:

*1. Non-operational income and cost, current net profit before tax, current net income, current comprehensive income total increase occurred due to exchange rate change that generated profit from exchange of foreign currency.

*2: Other comprehensive balance decreased mainly due to equities investment failing to invest in un-realised gains (losses) with equity instruments of evaluation via other comprehensive balance pursuant to fair value.

2.2 Sales forecast and basis: Proper disease control and economic stimulus programmes in the world in 2023 will encourage sales growth.

2.3 Impact and response plan for future business operation: We anticipate long-calling growth in global economy in 2023 under proper disease control. Finance and business will welcome margin. No response plan will be required.

3. Cash flow

3.1 Cash flow change analysis in recent 2022

Preliminary cash amount	Net cash flow from whole-year operation activities	Net cash flow from investment activities	Net cash flow from fundraising activities	Effect of exchange rate change to cash	Surplus amount	Surplus measures	
						Investment plan	Financial management
937,652	221,887	(431,734)	402,147	2,219	1,132,171	—	—

3.2 Rectification plan against insufficient fluidity: n/a.

3.3 Cash adequacy for the coming year :

Unit: thousand NTD

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
1,132,171	302,724	627,258	807,637	–	–

(1) Cash Flow Analysis for the Coming Year

(a)Operation activities: operation will be steady in future. Term of payable amount is fixed.

(b)Fundraising activities: mainly financial activities for business operation. No material changes other than repay of loan and estimated cash dividends allocation.

(2) Remedy and liquidity analysis to insufficient cash: n/a.

4. Effects of recent major capital cost to financial business

4.1 Source of material capital cost and capital: n/a

Unit: thousand NTD

Project	Source of actual or estimated fund	Actual or estimated completion date	Fund total required in 2022 and 2023	Actual or estimated fund allocation for 2022 and 2023	
				2022	2023
Dapumei Plant-Phase 2 (AWEA)	Self	2024	88,890	—	88,890

5. Recent investment policy, cause, rectification plan of earning or loss, and investment plan for the future year

n/a.

6. Risk items shall evaluate and analyse recent year and until closure date of annual report as following

6.1 Interest rate, exchange rate change, inflation effect to company income and future response measures:

(1) Interest rate:

The company evaluates interest rate on borrowings compared with market and maintains close contact with the bank to ensure beneficial rate. The interest rate change does not impact the company.

(2) Exchange rate

The company collects information on change in exchange rate, grasps exchange rate trend, judges exchange rate change for hedging measures or motorise foreign exchange deposit. We are in close contact with the bank for response measures against exchange rate change in order to avoid exchange rate risks.

(3) Inflation:

The company will pay attention to inflation and price products and raw material inventory accordingly.

6.2 Highly-risky, high leverage investment, loans to the others, endorsement, guarantee, and trading policy for derivatives products, cause and measures of earning or loss:

(1) The company's financial policy aims at healthy and steady principle. No highly risky, high leverage investment takes place.

(2) Lending Funds to Other Parties by the company in recent year by closure date of annual report as following:

31 Dec. 2022 Unit: thousand NTD (unless otherwise stated)

No. (*)	Lender	Borrower	Relations	Related?	Highest end amount (*3)	End amount (*3)	Expenditure	Interest rate range	Fund purpose	Financing amount	Short term financing purpose	Allowance for doubtful debts	Mortgage		lending fund and limits to specific party (*2)	Lending fund cap limits (*2)
													Item	Value		
0	AWEA	ExtronMachinery Industry Co., Ltd	Other payable-stakeholder	Y	230,000	80,000	70,000	1.80% ~ 1.925%	short-term financing requirement	7,911	Operation financing	-	Promissory note	80,000	325,268	1,301,070
1	Shanghai Zhuwei Machinery Co., Ltd.	AWEA (Suzhou) Co., Ltd.	Other payable-stakeholder	Y	87,680	87,680	87,660	3.8%	short-term financing requirement	-	Operation financing	-	-	-	145,953	145,953
1	Shanghai Zhuwei Machinery Co., Ltd.	AWEA (Suzhou) Co., Ltd.	Other payable-stakeholder	Y	7,451	7,451	7,451	3.65%	short-term financing requirement	-	Operation financing	-	-	-	145,953	145,953

31 March 2023 Unit: thousand NTD (unless otherwise specified)

No. (*)	Lender	Borrower	Relations	Related?	Highest end amount (*3)	End amount (*3)	Expenditure	Interest rate range	Fund purpose	Financing amount	Short term financing purpose	Allowance for doubtful debts	Mortgage		lending fund and limits to specific party (*2)	Lending fund cap limits (*2)
													Item	Value		
0	AWEA	YihChuan Machinery Industry Co., Ltd	Other payable-stakeholder	Y	80,000	80,000	70,000	1.925% ~ 2.05%	short-term financing requirement	97	Operation financing	-	Promissory note	80,000	327,029	1,308,116
1	Shanghai Zhuwei Machinery Co., Ltd.	AWEA (Suzhou) Co., Ltd.	Other payable-stakeholder	Y	87,680 (CNY20,000)	87,680 (CNY20,000)	88,120	3.65%	short-term financing requirement	-	Operation financing	-		-	149,116	149,116

1	Shanghai Zhuwei Machinery Co., Ltd.	AWEA (Suzhou) Co., Ltd.	Other payable-stakeholder	Y	7,451 (CNY1,700)	7,451 (CNY1,700)	7,490	3.65%	short-term financing requirement	-	Operation financing	-	-	-	149,116	149,116

*1: Number as following:
(1)Issuer: 0
(2)Number investees from 1 by company.
*2: Respective fund lending is limited to a 10% cap of current net value. Fund lending and total has a 40% cap of current net value.
*3: Remaining amount of maximum current fund lending to other is pursuant to exchange rate declared to Securities and Futures Bureau by the company by 31 March 2023.
*4: Maximum current fund lending and ratio are pursuant to exchange rate declared to Securities and Futures Bureau by the company by 31 March 2023, adopted by Board of Directors.

(3) Endorsement and guarantee by recent year and closure date of annual report as following:

Endorsement and guarantee for other parties by 31 March 2022: n/a.

Endorsement and guarantee for other parties by 31 March 2023: n/a.

(4) The company operates derivative products for hedging purpose of exchange rate. No material risk in market.

6.3 Future R &D Plan and estimated cost

(1) Recent R &D Plan target as following:

(a)Search and development of blue ocean market products

(b)R & D of high-added value performance and technique

(c)Development of low cost/feasible manufacture products for mass production to ensure current market competitiveness.

(d)Modular/stacked design to ensure productivity and reduce product cost.

(2) R & D cost:

The company invested 61, 671 thousand NTD in R & D in 2022 that accounts for 1.99% of revenue. The company will develop new products and research and develop new technique by comparable ratio to expand competitiveness in market.

6.4 Effects from and response measures against change in domestic and international important policy and law: The Company's management will obtain relevant information from time to time, and will promptly prepare necessary countermeasures to meet the Company's operational needs.

6.5 Effects from and response measures against technical change and industrial change: As our company always be aware of the evolution of technology and industry. Facing the marketing competition and threat from China, Eastern Europe and other third world country. We improve our production technology and quality of product, developing new model in order to avoid the price war, and developing high added value complex machines. So far, there’s no major impact for technology changes and industrial changes.

6.6 Effects from and response measures against change in corporate image in terms of corporate risk management: The Company's management philosophy is honest, prompt and thorough. Up to now, the Company has not experienced any significant impact on the Company due to the change in corporate image.

6.7 Expected benefit, potential risk, and response measures against merger: n/a.

6.8 Expected benefit, potential risk, and response measures against plant expansion: n/a.

6.9 Risks from and response measures against purchase and sales: the company takes diversification policy over suppliers and clients. No purchase or sales risks centralisation.

6.10 Effects, risks, and response measures against transferal or replacement of stocks by directors, supervisors or shareholders with a shareholding ratio over 10%: n/a.

6.11 Effects, risks, and response measures against change in governance: n/a.

6.12 Directors, supervisors, president, substantial in-charge, shareholders by company with a ratio over ten percent, or their belonging company with concluded or bound material litigation, non-litigation, or administrative appeal: n/a.

6.13 Other material risk and response measures: n/a.

7. Other important matters

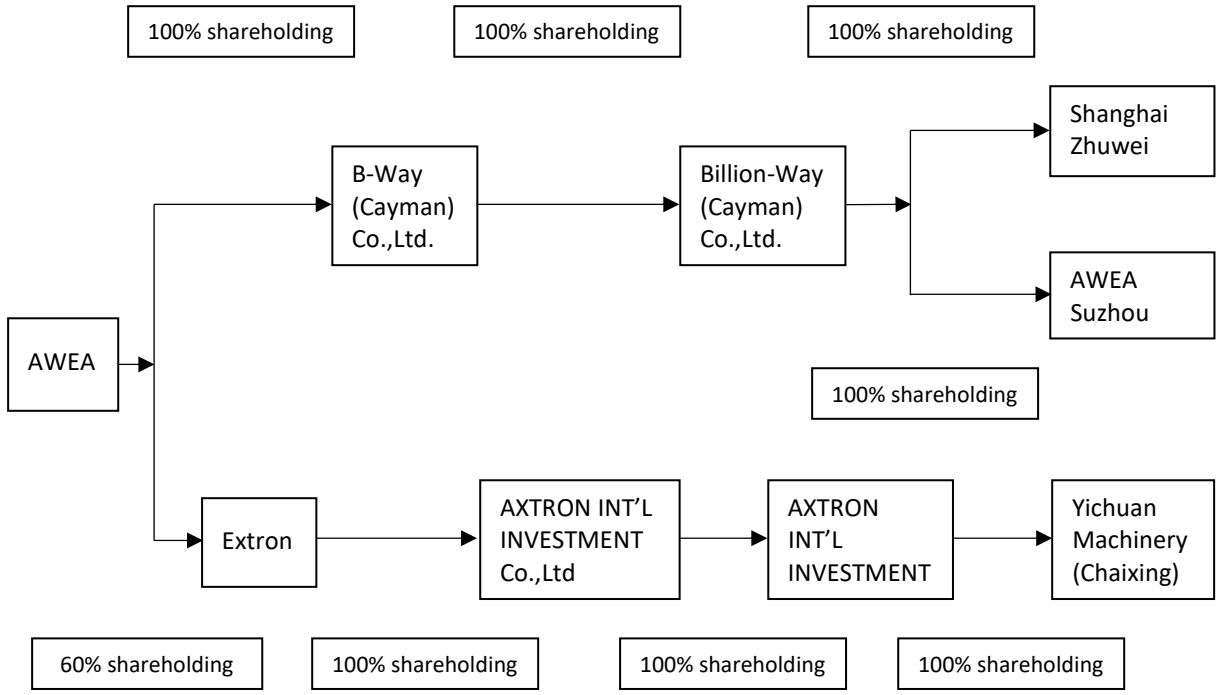
n/a.

VIII. Mentionable items

1. Affiliated companies

1.1 Consolidation report of Affiliated companies

(1) Organisation chart (by 30 April 2023)



(2) Affiliated companies

Date: 31 March 2023
Unit: thousand NTD; thousand USD

Company	Founded on	Address	Paid-in capital	Core business
B-WAY(Cayman) Co.,Ltd.	11 Jan. 2001	Cayman Islands, British Overseas Territory	NTD 332,212 thousand	International business and international trading
Billion-way(Cayman) Co.,Ltd.	11 Jan. 2001	Cayman Islands, British Overseas Territory	NTD390,032 thousand	International business and international trading
Shanghai Zhuwei Machinery Co., Ltd.	14 Feb. 2001	Songze Boulevard 7801, Qingpu Industrial Park, Shanghai City	USD2,500 thousand	Machinery sale, machinery installation, business governance consult, international trading
AWEA Suzhou Machinery Co., Ltd.	4 Sep. 2007	Dongtaihu Boulevard 4888, Wujiang economic technical development area	USD11,400 thousand	Machinery production and sale, machinery installation, international trading
Extron Machinery Co., Ltd.	03 Nov. 1972	2F., No. 13-1, Gongyequ 5th Rd., Xitun Dist., Taichung City	NTD98,580 thousand	Machinery production, product design, machinery wholesale, machinery retail

Company	Founded on	Address	Paid-in capital	Core business
AXTRON INT'L INVESTMENT CO.,LTD.	22 Nov. 2012	Trust Company Complex,Ajeltake Road,Ajeltake The registered address is Island,Majuro,Marshall Islands MH96960	NTD1,580 thousand	International investment and international trading
AXTRON INT'L INVESTMENT LIMITED	25 March 2013	7/F.,Chuang's Enterprises Building,382 Lockhart Road,Wanchai,Hong Kong	NTD41 thousand	International investment and international trading
Yichuan (Chiahxing) Co., Ltd.	27 Nov. 2000	Zhongshan W. Rd. Xuzhou Industrial Park 3198, Jiaxing City, Zhejiang Province	USD2,510 thousand	Machinery production and sale, machinery installation, international trading

(3) Shareholders having controlling and subordinate relation between them induced: n/a.

(4) Occupation included in overall business operation by affiliated companies
(a) Machine tools.
(b) Electronic machinery.
(c) International trades.

(5) Directors, supervisors, and presidents of affiliated companies

31 March 2023
Unit: share %

Affiliated company	Title	Name or Representative	Shareholding	
			Number of shares	Ratio
B-WAY(Cayman) Co.,Ltd.	In-charge	Yang Dehua	10,665,029	100%
Billion-way(Cayman) Co.,Ltd.	In-charge	Yang Dehua	12,829,840	100%
Shanghai Zhuwei Machinery Co., Ltd.	Legal person behalf and director	Wang Chenghsuan	−	100%
Shanghai Zhuwei Machinery Co., Ltd.	President	Yang Changchi	−	100%
Shanghai Zhuwei Machinery Co., Ltd.	Supervisor	Hsu Hongbin	−	100%
AWEA Suzhou Co., Ltd.	Legal person behalf and director	Wang Chenghsuan	−	100%

AWEA Suzhou Co., Ltd.	Director and president	Yang Changchi	－	100%
AWEA Suzhou Co., Ltd.	Director	Zeng Chiguan	－	100%
AWEA Suzhou Co., Ltd.	Director	Ye Rueming	－	100%
AWEA Suzhou Co., Ltd.	Supervisor	Hsu Hongbin	－	100%
Extron Machinery Co., Ltd.	In-charge	Goodway Machine Corp. Behalf: Yang Chengjun	3,943,200	40%
Extron Machinery Co., Ltd.	Director	Goodway Machine Corp. Behalf: Yang Dehua		
Extron Machinery Co., Ltd.	Director	Goodway Machine Corp. Behalf: Chen Bilian		
Extron Machinery Co., Ltd.	Supervisor	AWEA Behalf: Hsu Hongbin	5,914,800	60%
AXTRON INT'L INVESTMENT CO.,LTD	In-charge	Chen Bilian	－	100%
AXTRON INT'L INVESTMENT LIMITED	In-charge	Chen Bilian	－	100%
Yichuan Machinery (Chiaxing) Co., Ltd.	Legal person behalf	Chen Bilian	－	100%
Yichuan Machinery (Chiaxing) Co., Ltd.	Director	Zeng Chiguan	－	100%
Yichuan Machinery (Chiaxing) Co., Ltd.	Director	Yang Shangru	－	100%
Yichuan Machinery (Chiaxing) Co., Ltd.	Director	Kang Jianwen	－	100%
Yichuan Machinery (Chiaxing) Co., Ltd.	Supervisor	Yang Changchi	－	100%

(6) Affiliated company operation

31 December 2021
Unit: thousand NTD

Company	Capital	Asset total	Liabilities total	Net value	Operation revenue	Operation balance	Current balance (after tax)	EPS(NTD) (after tax)
B-WAY (Cayman) Co.,Ltd.	334,213	737,251	0	737,251	0	(291)	95,283	0.29
Billion-way (Cayman) Co.,Ltd.	406,355	733,801	0	733,801	0	(311)	85,859	0.21
Shanghai Zhuwei Co., Ltd.	83,058	150,490	4,537	145,953	0	(3,409)	3,148	Note
AWEA (Suzhou) Co., Ltd.	354,478	1,064,074	480,778	583,296	944,154	110,100	81,807	Note
Goodway Machine Corp.	98,580	375,553	86,756	288,797	41,117	(8,258)	(12,140)	(1.23)
AXTRON INT'L	1,580	230,394	0	230,394	0	0	(7,257)	(4.59)

Company	Capital	Asset total	Liabilities total	Net value	Operation revenue	Operation balance	Current balance (after tax)	EPS(NTD) (after tax)
INVESTMENT CO.,LTD.								
AXTRON INT'L INVESTMENT LIMITED	41	230,394	0	230,394	0	0	(7,257)	Note
Yichuan (Chiaxing) Co., Ltd.	82,781	325,792	95,399	230,393	151,316	(12,639)	(7,258)	Note

Note:Shanghai Zhuwei Machinery/AWEA(Zuzhou): currency unit is thousand RMB. EPS does not apply to Mainland Chinese companies.
Exchange rate: 1 RMB=4.383 NTD.

2. Private equity securities by recent year and closure date of annual report shall disclose date of adoption and number and amount by Board of Shareholders or Board of Directors, basis and rationale for the setting of the price, means of selecting the specified persons, reasons necessitating the private placement.: n/a.

3. Shareholding or share disposition by subsidiaries by recent year and closure date of annual report

n/a.

4. Other mentionable matters

n/a.

IX. Occurrence associated with Securities Exchange Act. Art. 36 Item 2 Paragraph 2, any event which has a material impact on shareholders' rights and interests or securities prices, by recent year and closure date of annual report.

n/a.