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APEX SCIENCE & ENGINEERING CORP.

2022

Annual Report (Translation)

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Notice to Reader:

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

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V. Overseas securities exchange where securities are listed and method of inquiry: None

VI. Company Website: <https://www.apexgrp.com.tw>

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Chapter 1 Letter to Shareholders

Dear shareholders,

Thank you for participating in our 2022 Annual Shareholders' Meeting. It is the supports and the endeavors of all Directors of Board, Supervisors, and employees that steadily push the Company towards our goals. Your continuous encouragements and efforts are the great momentum for APEX to pursue a brighter future.

2022 Operation results and our future plan are hereby presented as follows:

(I) 2022 Business results

1. Implementation Results of the Business Plan

The Company recorded a consolidated net operating revenue of NT\$2,951,661,000 a consolidated operating profit of NT\$207,025,000 a net income of NT\$208,414,000 and the earnings per share after tax of NT\$1.05 in 2022.

2. Executions of the budget:

The Company did not have a public financial forecast for 2022.

3. Analysis of financial revenue and profitability

Unit: NT\$1,000

Analysis Item	2022 (consolidated)		2021 (consolidated)	
Net Operating Revenue	2,951,661	100.00%	3,614,744	100.00%
Operating Costs	2,584,450	87.56%	3,409,834	94.33%
Gross Profit	367,211	12.44%	204,910	5.67%
Operating Expenses	160,186	5.43%	136,950	3.79%
Net Operating Profit (Loss)	207,025	7.01%	67,960	1.88%
Non-operating Income and Expenses	68,498	2.32%	71,188	1.97%
Net income (loss) before tax	275,523	9.33%	139,148	3.85%
Income tax profits (expenses)	(67,109)	(2.27%)	(33,141)	(0.92%)
Net income (loss)	208,414	7.06%	106,007	2.93%

4. Research development status

Engineering: We have been looking for opportunities of new and expansion projects for technology factories, as well as the improvement and optimization of construction technology required for residential and factory offices, as well as public works. Through the improvement of technology and the saving of construction costs, we will ensure the company's advantages in the industry and maximize its benefits.

Construction: We have invested in human resources to expand land development from the original model of buying and selling of lands, and joint construction to urban renewal for unsafe and old buildings. In addition to hiring well-known domestic architects and working with landscaping, interior decoration and other design teams for the planning and design of construction projects, we have also been striving to meet environmental protection, green building, and sustainable development goals, so that the quality of the Company's construction projects can win the trust of consumers and become a role model everywhere we contract.

Optoelectronics: In order to increase the product value and reduce costs, we've been constantly developing and improving LCM module products and updating technologies. We've also paid continual attention to the development of LED component technologies and put them into use so as to develop more efficient products.

Park Development: In addition to the existing development projects of the first and later stages of the Machouhou project in Chiayi County and the Qigu Science and Technology Industrial Park in Tainan City, we have also paying attention to future plans of governments at all levels for the establishment of industrial parks, and explore more opportunities for park development. We hope to enhance the company's visibility and advantages in the industry through the experience of each industrial park development project.

(II) Overview of 2023 Annual Business Plan

1. Business policies

By adhering to the management principles of improvement, deep-rooting, profit sharing and sustainable expansion, the Company shall provide high-quality services for customers with dedication.

Engineering: APEX only provides engineering services in Taiwan. Currently, there is still good demand for public and civil engineering services driven by government policies and local engineering needs. Especially when the government has spared no effort to promote environmental protection policies such as energy conservation, carbon reduction, and green energy power generation, the development of green energy industry projects has been greatly boosted. APEX is a leading provider of integrated engineering services that combine mechanical and electrical engineering with construction. We can expect a whole lot of business opportunities for public and civil engineering in the future.

Construction: Our real estate business is all in Taiwan, mainly in metropolitan areas such as Taipei City and New Taipei City. In recent years, as we are still striving to acquire new lands for construction, there have been no new projects so far. But APEX has never ceased to explore more construction opportunities. In the past, APEX used to acquire lands for construction projects through buying, selling, and joint construction. The first reason was because of less development time. Secondly, the evaluation of profit and loss was not affected by the lengthy land acquisition. However, due to the poor land supply and complex property rights in Taipei and New Taipei Metropolitan Area compared to other counties and cities, it is difficult to obtain an unconstructed lands suitable for development. Therefore, APEX lately has been looking for different ways of developing lands, such as the urban renewal for unsafe and old buildings.

APEX attaches great importance to the location of the construction project and has always been observant of consumers' needs for products at different times depending on their household and economic conditions. Looking to the future, as long as we can clearly define our market position, maintain good engineering quality, and propose product plans that meet customer needs, we can expect good sales results.

Optoelectronics: Both domestic and foreign sales of optoelectronic products are equally important, each accounting for about 50%. In the first two years and the first half of this year, due to strong demand for consumer products, the performance of the small and medium-sized

panel market has shown significant growth. However, affected by recent global turmoil, inflation, slower market demand, and inventory increase, our sales performance has shown a moderate growth. However, APEX is still actively investing in the export market, participating in large business exhibitions internationally to enhance our global visibility in the hope of acquiring more export orders.

Park Development: Currently, the park development projects undertaken by APEX as a contractor are in Chiayi County and Tainan City. In recent years, due to the return of Taiwanese businessmen and economic demand, there has been a significant increase in land demand for factories in various industries. In order to revitalize the economy and attract investment, county and city governments have made every effort to promote the establishment of industrial zones or industrial parks. With the accumulated advantages of its original real estate development and construction engineering business, APEX has expanded to the park development business. In the future, under the strong demand of the government's series of incentives for investment and encouraging manufacturers to set up factories back in Taiwan, we will certainly stand out in the park development business.

2. Expected sales quantity and its basis

Engineering: Private manufacturers are more generous in capital spending compared to the previous years, and the capital expenditure of manufacturers has seen an increase. As the government is also increasing domestic demand, public works and tenders will also continue to be released.

Construction: The Company will acquire high-quality construction land for investment and construction after continuous evaluation.

Optoelectronics: Apart from LED components and LCM modules, the Company will dig into the consumer electronic market. As new products will be launched and new business partners will join in, the Company will create more business opportunities as the overall economy rebounds.

Park Development: We have been marketing our existing development plans according to the timetable of the county and city governments, in order to accelerate land auction and facilitate the construction progress of the factory park to deliver the land as quickly as possible.

3. Important production and sales policy

- (1) Client-oriented service. Becoming the best consultant and facilitator for customers
- (2) Development of lands with potential commercial value; Granting it with characteristics through planning
- (3) Resource integration and business partners seeking.

(III) Our future development strategy and the impacts from external competitive environment, regulations and overall business environment.

As a professional leading provider of integration services, the Company has always been customer-oriented, researching, developing, innovating and improving quality through Customized Service, Education Training and Process Improvement to meet customers' expectation.

After years of continuous involvement in the fields of construction, building, and comprehensive mechanical and electrical contracting, the Company has gradually delivered results, and striving to take each step firmly towards the vision of "becoming a leader in the

development business focusing on building". Confronted with the fast-changing era, the Company will obtain mutual trust and dependency from and achieve balance among customers, employees, shareholders, third parties and sustainable operation in society, and create maximum synergy.

Into the post COVID-19 era with lockdowns having gradually being lifted around the world, it is estimated that the impact of the epidemic on the global economy will gradually decrease in 2023. However, due to geopolitical factors such as the Ukrainian Russian War and the confrontation between China and the United States, as well as unfavorable economic development factors such as rising prices, inflation, and industrial shortages of labor and materials, the economic outlook is still uncertain. The Company will respond cautiously in the future and actively strengthen its operating niche to reduce the impacts of external environmental changes.

Besides, the Company will actively practice sustainable development while engaged in enterprise operation in order to be in line with international development trend, improve national economic contribution and living quality of employees, communities and society with corporate citizenship, and facilitate competitive advantages based on sustainable development. We believe that years of business deployment and enhanced management, the Company will continue to improve and maintain a solid operation. With your supports and encouragements, we believe that we will continue to make progress and thrive.

President: Kuo, Kuo-Hua

Manager: Kuo, Kuo-Hua

Accounting manager: Wu, Hsiu-Lin

Chapter 2 Company Profile

I. Date of incorporation: August 9, 1976

II. Company History:

- 1976: Apex Science & Engineering Corp. was founded on August 9, with a registered capital of NT\$5 million.
- 1978: The Company increased the capital to NT\$15 million. We developed the first pulse-jet type air pollution control device in Taiwan.
- 1979: We completed the “Donggang River Pumping Station” of Taiwan Water Corporation, which was its largest pumping station back then.
- 1980: We completed the largest “Underground Storage Tank System Project” of the ROC Armed Forces, for which we were granted an award by the Combined Logistics Command Construction Section. We increased the total capital to NT\$30 million.
- 1981: We undertook the largest pumping station project in East Asia, i.e., the flood control project in Taipei - “Yuanshan Pumping Station”, jointly with Voith GmbH (formerly known as J. M. Voith).
- 1983: We undertook the Hydraulic Machinery Project of Feicui Reservoir jointly with ATB Group (Italy), including penstocks and sluice gates, which was the first turnkey bid project in Taiwan.
- 1986: We undertook the first largest commercial high-rise parking tower facility in Taiwan, i.e., the “High-rise Parking Tower Facility on Guangfu North Road, Taipei City”, jointly with IHI Corporation (Japan).
- 1987: We participated in the Swordfish-class submarine program of ROC Armed Forces (the Dutch-made RSV submarine program), for which we were granted an award by the Ministry of National Defense of the Republic of China as we made a significant contribution to the military strength of the Armed Forces.
- 1988: We undertook the Discharge Tower Project for LNG of China National Petroleum Corporation (CNPC) jointly with Burgess-Manning Inc. (US), as a pioneer in the field of special noise control projects in Taiwan.
- 1989: We undertook the Ultra-low Temperature (-162°C) LNG Thermal Insulation Project jointly with Willich Branch of Voith GmbH, which was a pioneering project in the construction field in Taiwan. We increased the capital to NT\$105 million.
- 1991: We undertook the “CNPC Oil Transfer Station Pipeline Project across Taichung Port” jointly with WesTech Engineering Inc. (US), which was the first port crossing pipeline project using the horizontal drilling method in Taiwan.
We undertook the “Fire Alarm System and Fire-fighting System Improvement Project of Talin Power Plant” of Taiwan Power Company.
We increased the total capital to NT\$195 million.
- 1992: We undertook the “Installation and Construction Project of CNPC Light Oil Plant Modernization Program”, which was the first project using a computer-based real-time light oil blending and optimization system in Taiwan.
We undertook the “Flare Tower #3 and Surface Combustion Tower #2 Construction Project” of CNPC.
We undertook the Utility System Facilities Project for the Fuhsing Brewery of Taiwan Tobacco and Liquor Corporation (formerly known as Taiwan Tobacco and Wine Monopoly Bureau).
The Securities and Futures Bureau, Securities Supervisory Commission (formerly known as Securities Regulatory Commission) of the Ministry of Finance, ROC, approved our application for public issuance, and we increased the paid-in capital to NT\$500 million.
- 1993: We purchased a premise on Nanjing East Road, Taipei City, and moved there in June.
We purchased a premise on Minquan 2nd Road, Kaohsiung City.
We undertook the Fermentation Plant Facilities Outsourcing Project for the Fuhsing Brewery of Taiwan Tobacco and Liquor Corporation.

- We undertook the Filtration Plant Facilities Project of Taiwan Tobacco and Liquor Corporation. Upon completion, Fuhsing Brewery became the most state-of-the-art brewery in the world.
- 1994: We undertook the Telemetry and Remote SCADA Systems Project of CPC Corporation as well as the Skyscraper Automation Project of Taiwan Land Development Corporation, reaching a milestone in the field of 5A automation skyscrapers.
We undertook cleanroom instrument control projects of high-tech companies in Hsinchu Science Park, including United Microelectronics Corporation, Taiwan Semiconductor Manufacturing Company Ltd. and Hualon Microelectronics Corp.
We undertook the Computer-integrated Manufacturing System Project for the Taichung Distillery of Taiwan Tobacco and Liquor Corporation, which was the largest and most modern CIM project in the food industry.
- 1995: Our earnings transfer to capital was audited and approved by the Securities and Futures Bureau, thereby increasing the paid-in capital to NT\$588 million.
We were approved to go public on November 25, 1995 by the Securities and Futures Bureau and Taiwan Stock Exchange Corporation.
We purchased staff dormitories at 4F, No. 32, Minshou Street, Kaohsiung City.
We undertook the Pontoon #2 Submarine Pipeline Replacement Project at Sharon and the Cogeneration Facilities Turnkey Project of CPC corporation.
- 1996: Our earnings transfer to capital and cash capital increase were audited and approved by the Securities and Futures Bureau, thereby increasing the paid-in capital to NT\$1,002,540,000.
We undertook the Electromechanical Equipment Project Phase I of the Second Kinmen Distillery.
We undertook electrical equipment projects for 8-inch wafer plants of United Microelectronics Corporation and other affiliated companies.
We purchased the construction vessel "APEX #1".
- 1997: Our earnings and capital surplus transfer to capital and cash capital increase were audited and approved by the Securities and Futures Bureau, thereby increasing the paid-in capital to NT\$1,642,895,600.
We invested in Hung Dian Technology Co., Ltd., engaged in development and operations management of the leisure and entertainment cities.
- 1998: Our capital surplus transfer to capital was audited and approved by the Securities and Futures Bureau, thereby increasing the paid-in capital to NT\$1,807,185,160.
We were certified in ISO 9001 by BVQI Taiwan Branch.
- 1999: Our capital surplus transfer to capital was audited and approved by the Securities and Futures Bureau, thereby increasing the paid-in capital to NT\$1,897,544,410.
We undertook the Incinerator #4 Construction Project for the Taiwan Taoyuan International Airport (formerly known as Chiang Kai-shek International Airport) of Civil Aeronautics Administration, Ministry of Transportation and Communications, ROC.
We undertook the Gasoline Benzene Reduction Facility Design, Equipment Supply and Installation and Construction Project for the Taoyuan Refinery of CPC Corporation.
- 2000: Our earnings and capital surplus transfer to capital was audited and approved by the Securities and Futures Bureau, thereby increasing the paid-in capital to NT\$1,992,421,660.
We undertook the Elevated Flare Tower #4 and Surface Combustion Tower Construction Project for the Taoyuan Refinery of CPC Corporation.
We undertook the Bottle Filling Machine #1 Full Line Replacement Project for the Chunghsing Brewery of Taiwan Tobacco and Liquor Corporation.
We undertook the Cleanroom Electrical Installation Project for Plant #2 of AU Optronics Corporation.
In order to protect shareholders' rights and interests and transfer shares to employees, we bought back 18,716,000 shares of the Company.
We established the Electronics Business Department, responsible for the trading business of electronic components.
We established the Opto Electronics Department and a plant for sale of downstream packaging products of LEDs (light-emitting diodes).

- 2001: After the resolution was passed at the shareholders' meeting and approved by the Ministry of Economic Affairs, ROC, APEX ENGINEERING CORP. was renamed as APEX SCIENCE & ENGINEERING CORP.
We founded a joint venture in Shaoxing, Zhejiang, i.e., Zhejiang Guyue Longshan Electronic Technology Development Co., Ltd., engaged in marketing of relevant SMD products.
- 2002: After audited and approved by the Securities and Futures Bureau, we started to issue shares in the electronic industry since January 1, 2003.
- 2003: We founded a joint venture in Shaoxing, Zhejiang, i.e., Hangzhou Feihua Optoelectronics Co., Ltd., engaged in production and marketing of IrED and LED wafers and other relevant products.
- 2004: a capital stock reduction of NT\$54 million was audited and approved by the Ministry of Economic Affairs, ROC, thereby decreasing the paid-in capital to NT\$1,793,421,660.
We undertook the Line III MEP Construction Project of Quanta Display Inc.
We undertook the Taichung Plant Electromechanical Project of AU Optronics Corp.
- 2005: The Electronic Marketing Division of the Opto Electronics Dept. was dismissed through a resolution of the Board of Directors in November, due to poor operating performance.
- 2006: We established the Construction Dept. and launched the “Raphael-the Royal Kingdom” Pre-sale Housing Project in Neihu District. In December, the acquisition of land in Datong District was approved by the Board of Directors, and contracts were signed with land holders in January and April of the following year.
We undertook the FAB6 Fire Pipeline Laying and CO2 System Project of Chimei Optoelectronics Corporation.
The term of the President Mr. Chih Chii-Gung ended, and the term of his successor Mr. Kuo Kuo-Hua started.
The term of the General Manager Mr. Chih Chii-Gung ended, and the term of his successor Mr. Kuo Kuo-Hua started.
- 2007: We undertook the Reforming Plants #5 and #6 Debottlenecking Project for Talin Refinery of CPC Corporation.
We undertook the New Plant Fire Protection Project for Zhunan Factory of Gintech Energy Corporation.
We undertook the New Fire Protection Project of the Research & Testing Center of Powerchip Semiconductor Manufacturing Corp.
We undertook the ASAHI III Gas Plant Electromechanical Project.
We undertook the CM07/SPIL 2 Pipeline Project of San Fu Chemical Co., Ltd.
We undertook the 30L Draught Beer Keg Packaging Project of Zhunan Brewery.
- 2008: In January, we launched the “Crillon Taipei” Pre-sale Housing Project in Datong District. In April, we acquired land plots in Neihu District, Taipei City by means of procurement with our funds and joint construction and sale in partitions.
We established the Fenghe Life House Physical Path, engaged in marketing of SPA products, building materials, sanitary ware and other relevant products.
We undertook the New Fire Protection Project of Eversol Corporation.
We undertook the Plant #8 Fire Protection Equipment and Pipeline Project of Chimei Optoelectronics Corporation.
We undertook the Plant #T2 Fire Protection System Project of Innolux Corporation.
We undertook the L7B and F12 Pipeline Fire Protection Project of AU Optronics Corp.
We undertook the L7B C/R Electrical Project of AU Optronics Corp.
We undertook the Instrumentation and Electrical System Project of Dragon Steel Corporation.
We undertook the Water Supply Monitoring System Improvement Project of the Taipei Water Department.
We undertook the Tatan Ultrasonic Leak Detection System Project of CPC Corporation.
We undertook the Real-time Propylene Detection System Project for Talin Refinery of CPC Corporation.
We undertook the Phase II Recondenser Two-stage Pump and Ancillary Equipment Cold Insulation Update Project of CPC corporation.

We undertook the Apartment Buildings Electrical and Plumbing Project of Rex-stone International Co., Ltd.

We invested in APEX LIFE INC. in the United States, engaged in the business of building materials, sanitary ware and relevant photoelectric products.

We invested in Fenghua Real Estate Agency (Holding) Company, engaged in real estate brokerage business.

2009: In May, we launched the "Best-Rich" Pre-sale Housing Project in Neihu District.

We acquired land plots in Wenshan District, Taipei City, by buying with our funds.

We undertook the Sodium Hypochlorite Electrolytic Production System Design-build Project of Taiwan Fertilizer Co., Ltd.

We undertook the Electromechanical Equipment Manufacturing and Installation Project for the Nitrophosphate Plant of Taiwan Fertilizer Co., Ltd.

We undertook the Storage Tank Construction and Installation Project for the Taichung Plant of Taiwan Fertilizer Co., Ltd.

We undertook the Blending Systems #3 and #4 Electrical Equipment Project for the Talin Refinery Gasoline Blending Plant of CPC Corporation.

We undertook the Third Tainan Plant New Construction Project of China Chemical & Pharmaceutical Co., Ltd. contracted by M+W Facility Engineering GmbH.

We undertook the Houli Park Wastewater Treatment Plant Phase I Stage III Project of Central Taiwan Science Park contracted by Chang Ji Construction Co., Ltd.

We undertook the Taichung Park Wastewater Treatment Plant Phase III Project of Central Taiwan Science Park contracted by Chang Ji Construction Co., Ltd.

2010: We undertook the Ammonium Sulfate Plant Design-Build Project for the Taichung Plant of Taiwan Fertilizer Co., Ltd.

We undertook the Hukou Gas Plant Special Mechanical Project of Air Products San Fu Co., Ltd.

We undertook the Combustion Tower #5 Debottlenecking Project for the Talin Refinery of CPC Corporation.

We undertook the AUO L8B Cleanroom Acid & Alkaline Exhaust and Water Drainage Project of United Microelectronics Corporation.

We undertook the Luzhou Pumping Station Reconstruction Project of the Water Resources Department, New Taipei City Government.

In August, we launched the "Riverside Scene Palace" Pre-sale Housing Project in Wenshan District.

We undertook the New Fire Protection Project Phase I for Plant B of Gintech Energy Corporation in Hsinchu Science Park.

Our earnings transfer to capital was audited and approved by the Financial Supervisory Commission, ROC of the Executive Yuan, thereby increasing the paid-in capital to NT\$1,865,158,520.

2011: We undertook the MISC Fire Protection System Project of TSEC Corporation.

We undertook the New Electromechanical Project for the 2B Plant of Danen Technology Corporation.

We successively acquired land plots in Zhongzheng District, Taipei City, by buying with our funds.

We undertook the New Plant Fire Protection Project for the Guanyin Plant of Eversol Corporation.

Our earnings transfer to capital was audited and approved by the Financial Supervisory Commission, ROC of Executive Yuan, thereby increasing the paid-in capital to NT\$1,939,764,860.

2012: We undertook the TSMC12 P6 Chilled Water and External Pipeline Project of M+W Facility Engineering GmbH.

We undertook the Center for Geriatrics and Gerontology Building Project of Kaohsiung Veterans General Hospital from the Veterans Affairs Council, ROC of the Executive Yuan.

We undertook the Nitric Acid Storage Tank Construction and Installation Project of Taiwan Fertilizer Co., Ltd.

In November, we launched the "Universal Hall" Pre-sale Housing Project on Roosevelt Road.

- 2013: We undertook the New Construction Project of Yongkang Drainage and Pumping Station. We undertook the Combined Project of Phase I New Construction Works of Rende Water Reclamation Plant in Tainan City and the Test Run Three Years after Completion. We undertook the Taichung Special Depot Reconstruction Works for the Air Force Parts and Attachments General Depot of Shuinan Airport Relocation Project. We undertook the Teaching Building Construction Project of National Taichung University of Education. We undertook the Combined Project of Phase II Expansion and Operation and Maintenance of Futian Water Resources Recycling Center in Taichung City. We undertook the Animal Feed Factory Construction Project of the Livestock Research Institute, COA of the Executive Yuan. We were commissioned to undertake the Development, Sale and Management Project of Chiayi County Machouhou Industrial Park Phase I. Our earnings transfer to capital was audited and approved by the Financial Supervisory Commission, thereby increasing the paid-in capital to NT\$2,036,753,100.
- 2014: We undertook the (Procurement) Project of 2Sets Mud Motors of CPC Corporation. We undertook the Donggang River Raw Water Pretreatment Project of Taiwan Water Corporation. We undertook the Instrument Control Equipment Manufacturing and Installation Project for the Superphosphate Plant at the Taichung Plant of Taiwan Fertilizer Co., Ltd. We undertook the PSB/CUB/OB/LAB Buildings and Guard Room Electrical Works for the FAB 12AP5&P6 Plants New Construction Project of United Microelectronics Corporation. We undertook the FAB 12A P5 STAGE 2 CUB Air Conditioning and Ventilation Project of United Microelectronics Corporation. We undertook the FAB 12A P5 STAGE 2 Fire Protection Project of United Microelectronics Corporation. We undertook the Blending Equipment Automation Turnkey Project in the Chiayi Lube Oil Plant Zone II of CPC Corporation. Our earnings transfer to capital was audited and approved by the Financial Supervisory Commission, thereby increasing the paid-in capital to NT\$2,240,428,410.
- 2015: We undertook the Offshore Oil Unloading Buoy #2 Partial Submarine Pipeline Replacement Project for the Taoyuan Refinery of CPC Corporation. We undertook the LTSP6 Fire Protection System Project of Innolux Corporation. We undertook the New BIO-ICT Building Turnkey Project of National Chiao Tung University Boai Campus. We undertook the Dormitory Building #3 Construction Project of National Chiao Tung University Guangfu Campus. Our earnings transfer to capital was audited and approved by the Financial Supervisory Commission, thereby increasing the paid-in capital to NT\$2,330,045,540. We successively acquired land slots on Jixian Road, Luzhou District, New Taipei City, by our own funds. We acquired 100% of the shares of Xindin Engineering Consultants Corp., and developed engineering consulting and management business to provide highquality integrated construction services.
- 2016: We undertook the Suhua Highway Nan'ao-Heping Section Electromechanical Project on Provincial Highway No. 9 for Suhua Improvement Engineering Office, Directorate General of Highways, Ministry of Transportation and Communications. We undertook the Suhua Highway Nan'ao-Heping Section Electromechanical Project (wires and materials of cables) on Provincial Highway No. 9 for Chunghwa Telecom Co., Ltd. Special procurement project (galvanized steel pipes, conduits and cable trays) (stainless steel pipes). We undertook the Phase I and Phase II Pipeline Integration Project for the Taichung Plant of CPC Corporation. We undertook the F15P6 MEP Package-1 (Loop 1) Project of M+W Facility Engineering

Gmbh.

We undertook the Wugu Pumping Station Generator, Trash-cleaning Machine and LV Equipment Procurement Project (including Installation) on National Freeway 1 for Northern Region Branch Office, Freeway Bureau, Ministry of Transportation and Communications.

We undertook the Wugu Pumping Station Pumping Unit and Instrument Control Equipment Procurement Project (including Installation) on National Freeway 1 for Northern Region Branch Office, Freeway Bureau, Ministry of Transportation and Communications.

2017: We undertook the AUO L8B GED2 Extension Project of M+W Facility Engineering Gmbh. We undertook the New Multi-purpose Building Project for National Taiwan University College of Engineering.

We launched the “MY UTOPIA” Pre-sale Housing Project in Luzhou District.

2018: We undertook the Helicopter Hangar Construction Project for the Construction and Planning Agency, MOI and National Airborne Service Corps, MOI in Kaohsiung.

We undertook the Taliaokeng Pumping Station Unit Upgrade Project (Phase I) for the New Taipei City Government in Xinzhuang District, New Taipei City.

We undertook the Huajiang Pumping Station and Jiangzicui Pumping Station Unit Upgrade Project of the New Taipei City Government in Banqiao District, New Taipei City.

We undertook the Wunchang Park Underground Parking Garage Construction Project of the Department of Transportation, Taoyuan in Taoyuan District, Taoyuan City.

We were commissioned to develop, use, make profit from, dispose and manage the later phase of Chiayi County Machouhou Industrial Park of the Chiayi County Government.

We undertook the Nitrophosphate Plant Construction and Installation Project of Peifeng Technology & Fertilizer. Co. Ltd. (a subsidiary of Taiwan Fertilizer Co., Ltd.).

We undertook the Steam Turbine Generator #4 System Turnkey Project for the Taoyuan Refinery of CPC Corporation.

2019: We canceled our treasury shares as audited and approved by the Financial Supervisory Commission, thereby decreasing the paid-in capital to NT\$2,287,135,540.

We undertook the Taichung Plant-Tongxiao Station 36-inch Onshore Gas Pipeline Project (Section C) for the L10501 Program of CPC Corporation.

2020: We completed and delivered the “MY UTOPIA” Real Estate Project in Luzhou.

We undertook the Project of a Batch of 36-inch API 5L X65 PSL1 Coated Steel Pipes and Bare Pipes of CPC Corporation.

We undertook the Guangfu Road Post Office New Construction Project in Changhua City.

2021: We undertook the Qigu Technology Industrial Park Development, Rent, Sale and Management Project commissioned by the Tainan City Government to public or private enterprises.

With the goal of creating a high quality and high standard industrial park, the park development Department was established. Invest and pay attention to relevant resources, in line with the development policies of local governments, in order to increase employment and promote economic development.

2022: We undertook the Turnkey Project for renovating Jingzhong Camp.

We undertook the Turnkey Project for the weak current and electrical system of the Second Administrative Center of New Taipei City Government.

We undertook the Turnkey Project for the Air Force K001 Camp.

We undertook the Turnkey Project for “the construction of the new Nanzi Branch Building in the Nanzi Technology Industrial Park of Mega International Commercial Bank Co., Ltd.”.

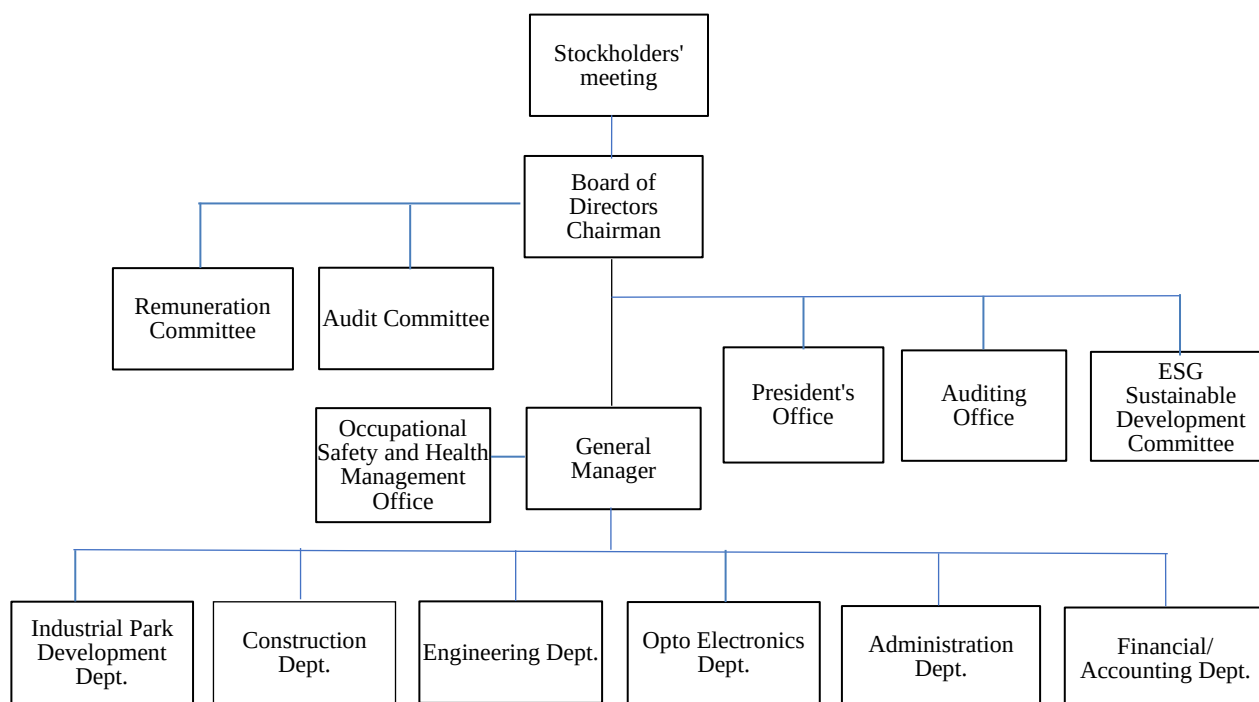
We established the ESG Sustainable Development Committee to actively participate in major issues of enterprise sustainability, such as strengthening corporate governance, paying attention to labor rights, improving customer service, promoting environmental protection, participating in social welfare, and implementing occupational safety and health education.

2023: We undertook the "MSFT TPE03 F04 Mechanical Pipeline System" Project for Microsoft Operations Taiwan Limited.

Chapter 3 Corporate Governance Report

I. Organizational System

(I) Organization Chart



(II) Department Functions

Department	Role
President's Office	Monitoring and planning of operating objectives, information management as well as planning and execution of legal affairs and governance affairs of the Company
Auditing Office	Oversees internal audit and procedural management
ESG Sustainable Development Committee	Promote ESG sustainable development of the Company
Occupational Safety and Health Management Office	Planning, implementation and maintenance of occupational safety and health policy
Construction Dept.	Construction planning of apartment buildings on self-owned land
Engineering Dept.	Acquisition and implementation of electromechanical, instruments and electronics and civil engineering bid projects of public and private enterprises
Opto Electronics Dept.	LCM display manufacturing and marketing
Industrial Park Development Dept.	Acquisition and implementation of public and private industrial zones, industrial parks' development, rental and sale, disposal and management of use proceeds, etc.
Administration Dept.	Planning and implementation of human resources and general affairs
Financial/Accounting Dept.	Accounting and financial affairs planning and fund management

II. Information on the Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

(I) Information of Directors

May 2, 2023

Title (Note 1)	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected	Term	Date First Elected (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education) (Note 4)	Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark (Note 5)
							Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)			Title	Name	Relationship	
Chairman	R.O.C.	Kuo, Kuo-Hua	Male 61 - 70 years old	2021.07.20	3 years	2006.06.14	16,124,177	7.05%	16,425,177	7.18%	647	0.00%	-	-	Department of Business Administration of Taipei University	President, Rex-stone International Co., Ltd. President, Kaida Development Co., Ltd. Vice President, Zhejiang Guyue Longshan Electronic Technology Development Co., Ltd. Director Representative, Reinforce Energy Corp.	Director Represent ative	Wang Chao- Kuei	Spouse	Note 5
Independent Director	R.O.C.	Chang, Pao- Tsai	Female 51 - 60 years old	2021.07.20	3 years	2015.06.11	57,200	0.03%	57,200	0.03%	-	-	-	-	Department of Radio of Shih Hsin University (formerly known as World College of Journalism) Bachelor's degree, Program for Presidents, Shanghai Jiao Tong University	President, Premier International Development Incorporation President, Cheer Elegant Corp. Taiwan Branch General Manager, 360d HR Consultancy Co., Ltd. Independent Director, PLANET Technology Corporation Independent Director, Brinno Inc.	None	None	None	None
Independent Director	R.O.C.	Hsiao, Sheng-Hsien	Male 51 - 60 years old	2021.07.20	3 years	2015.06.11	-	-	-	-	-	-	-	-	Bachelor of Commerce, Department of Accounting, National Taiwan University Master of Laws, Soochow University PhD in International Economic Law, University of International Business and Economics	CPA Partner and Principal, FORMOSA & CO., CPAS Independent Director and Member of the Remuneration Committee, Formosan Rubber Group Inc. Member of Civil Mediation Committee, Taiwan Taipei District Court	None	None	None	None
Independent Director	R.O.C.	Wu, Nai-Hua	Male 61 - 70 years old	2021.07.20	3 years	2015.06.11	-	-	-	-	-	-	-	-	National Chengchi University Master of Business Administration EMBA	President, ABEE Independent Director, Holy Stone Enterprise Co., Ltd.	None	None	None	None
Director	R.O.C.	Kaida Development Co., Ltd.	-	2021.07.20	3 years	2018.06.15	45,000	0.02%	1,040,000	0.45%	-	-	-	-	N/A	None	-	-	-	-
	R.O.C.	Representati ve: Wang Chao- Kuei	Female 51 - 60 years old	2021.07.20	3 years	2018.06.15	647	0.00%	647	0.00%	16,425,177	7.18%	-	-	Hsing Wu University	Director, Kaida Development Co., Ltd. Supervisor, Rex-stone International Co., Ltd.	Chairman	Kuo, Kuo-Hua	Spouse	None
Director	R.O.C.	Chou, His- Yang	Male 61 - 70 years old	2021.07.20	3 years	2018.06.15	139,920	0.06%	139,920	0.06%	-	-	-	-	Master of Business Administration, Barrington University (commonly known as University of Atlanta)	President, EVER-TRUST Management Consulting Co. Independent Director, Homenema Technology Incorporation	None	None	None	None
Director	R.O.C.	Lu, Fang- Yuan	Male 61 - 70 years old	2021.07.20	3 years	2018.06.15	100,000	0.04%	100,000	0.04%	-	-	-	-	Bachelor's degree, Department of Cooperative Economics, National Chung Hsing University	Supervisor, Guobin Construction Co., Ltd.	None	None	None	None

Note 1: Corporate shareholders should list the name and its representative respectively (if it is a representative of corporate shareholders, the name of which should be indicated), and the following Table 1 should be filled in.

Note 2: Please list the actual age, and express it by interval, such as 41-50 years old or 51-60 years old.

Note 3: State the time of first serving as a director or supervisor of the Company, and if there is any interruption, an explanation shall be provided.

- Note 4: Experience related to the current position, if having worked in an audit and certification accounting firm or related enterprise during the period mentioned above, the job title and the position responsible for shall be stated.
- Note 5: In case that the President and the General Manager or their equivalents (top managers) are assumed concurrently by the same person, or two persons who are spouses or relatives within 1 degree of kinship, the reason, rationality, necessity and corresponding measures (such as increasing the number of Independent Directors, and more than half of the Directors not concurrently serving as employees or managers) should be described:
The President of the Company also serves as the General Manager to enhance the operating efficiency and execution of decision-making. The President fully communicates with the Directors on the Company's operating status in general to implement corporate governance. The Company plans to increase the number of Independent Directors to enhance the functions of the Board of Directors and strengthen the supervision function. At present, the following specific measures are in place:
1. The Independent Directors carry out full discussion in the functional committees and puts forward suggestions for the Board of Directors' reference to enhance the functions of the Board.
 2. More than half of the Board members are not serving as employees or managers of the Company concurrently.

Table 1: Major Shareholders of Institutional Shareholders

May 2, 2023

Name of Institutional Shareholder (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)
Kaida Development Co., Ltd.	Kuo, Kuo-Hua (49.25%), Wang, Chao-Kuei (15.63%), Kitai Construction & Development, Inc. (13.25%), Kuo, Chun-Hao (9.5%), Kuo, Shih-Yu (9.5%), Kuo, Hsin-Chi (2.87%)

Note 1: If the director or supervisor is a representative of corporate shareholders, the name of which shall be filled in.

Note 2: Fill in the names of major shareholders of corporate shareholders (their shareholding ratio is the top ten) and their shareholding ratios. If its major shareholder is a legal person, the following Table 2 shall be filled in.

Note 3: If corporate shareholders is not a company organization, the name and shareholding ratio of shareholders that should be disclosed in the preceding paragraph are the names of investors or donors (please refer to the announcement of our court for inquiry) and their capital contribution or contribution ratio. If the donor has passed away, it should be marked "deceased"..

Table 2. Major Shareholders of Institutional Shareholders with Corporations as Their Major Shareholders

May 2, 2023

Name of legal person (Note 1)	Major Shareholder (Note 2)
Kitai Construction & Development, Inc.	Hung, Ching-Sen (8.84%), Tai, Yu-Chin (8.53%), Lien, Shih-Fang (7.12%), Chang, Sheng-Chun (4.08%), Hsu, Yen-Hsi (3.66%), Shih, I-Lieh (3.20%), Hsu, Yang-Ai-Chu (2.93%), Lin, Kuei-Chen (2.88%), Lin, Pi-Yueh (2.88%), Liu, Chin-Ying(2.57%)

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

Note 2: Fill in the names of major shareholders of the legal person (their shareholding ratio is the top ten) and their shareholding ratios.

Note 3: If corporate shareholders is not a company organization, the name and shareholding ratio of shareholders that should be disclosed in the preceding paragraph are the names of investors or donors (please refer to the announcement of our court for inquiry) and their capital contribution or contribution ratio. If the donor has passed away, it should be marked "deceased"..

(II)

1. Disclosure of information on professional qualifications of directors and independence of independent directors:

Name \ Qualifications	Professional Qualification and Work Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Director Kuo, Kuo-Hua	Education: Master of Department of Business Administration of Taipei University Experience: President, Fenghe Development Co., Ltd. President, Kaida Development Co., Ltd. Current: President, Apex Science & Engineering Corp President, Rex-stone International Co., Ltd. President, Kaida Development Co., Ltd. Vice President, Zhejiang Guyue Longshan Electronic Technology Development Co., Ltd. Director Representative, Reinforce Energy Corp.	1. Including but not limited to whether I, my spouse and relatives within the second degree are directors, supervisors or employees of the Company or its affiliated enterprises: Yes 2. Number and proportion of shares held by myself, my spouse and relatives within the second degree (or in the name of others): 16,425,824 shares, with a shareholding ratio of 7.18% 3. Whether served as a director, supervisor or employee of a company with a specific relationship with the Company (refer to the establishment of independent directors of public companies and measures to be followed, Item 5-8 of Paragraph1, Article 3): No. 4. Amount of remuneration obtained for providing business, legal affairs, finance, accounting and other services of the Company or its affiliated enterprises in the last two years: No. 5. The "Declaration of Directors" has been issued	
Director Kaida Development Co., Ltd. Representative: Wang, Chao-Kuei	Education: Bachelor of Accounting, Hsing Wu University Experience: President, Chang Ji Construction Co., Ltd. Director, Kaida Development Co., Ltd. Supervisor, Rex-stone International Co., Ltd. Current: Director, Apex Science & Engineering Corp. Director, Kaida Development Co., Ltd. Supervisor, Rex-stone International Co., Ltd.	1. Including but not limited to whether I, my spouse and relatives within the second degree are directors, supervisors or employees of the Company or its affiliated enterprises: Yes 2. Number and proportion of shares held by myself, my spouse and relatives within the second degree (or in the name of others): 1,040,000 shares, with a shareholding ratio of 0.45%. 3. Whether served as a director, supervisor or employee of a company with a specific relationship with the Company (refer to the establishment of independent directors of public companies and measures to be followed, Item 5-8 of Paragraph1, Article 3): No. 4. Amount of remuneration obtained for providing business, legal affairs, finance, accounting and other services of the Company or its affiliated enterprises in the last two years: No. 5. The "Declaration of Directors" has been issued	

Name \ Qualifications	Professional Qualification and Work Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Director Chou, His-Yang	Education: Doctor of Barrington University Experience: Chairman of the 7th and 8th sessions of the Association of Enterprise Management Consultants of the Republic of China. The Fifth Vice Chairman of the Tax Accounting Education Foundation of the Republic of China Current: President, EVER-TRUST Management Consulting Co. Independent Director, Homenema Technology Incorporation Director, Apex Science & Engineering Corp.	1. Including but not limited to whether I, my spouse and relatives within the second degree are directors, supervisors or employees of the Company or its affiliated enterprises: No 2. Number and proportion of shares held by myself, my spouse and relatives within the second degree (or in the name of others): 139,920 shares, with a shareholding ratio of 0.06%. 3. Whether served as a director, supervisor or employee of a company with a specific relationship with the Company (refer to the establishment of independent directors of public companies and measures to be followed, Item 5-8 of Paragraph1, Article 3): No. 4. Amount of remuneration obtained for providing business, legal affairs, finance, accounting and other services of the Company or its affiliated enterprises in the last two years: No. 5. The "Declaration of Directors" has been issued	
Director Lu, Fang-Yuan	Education: Bachelor's degree, Department of Cooperative Economics, National Chung Hsing University Experience: Director, Chang Ji Construction Co., Ltd. Current: Supervisor, Guobin Construction Co., Ltd. Director, Apex Science & Engineering Corp.	1. Including but not limited to whether I, my spouse and relatives within the second degree are directors, supervisors or employees of the Company or its affiliated enterprises: No 2. Number and proportion of shares held by myself, my spouse and relatives within the second degree (or in the name of others): 100,000 shares, with a shareholding ratio of 0.04% 3. Whether served as a director, supervisor or employee of a company with a specific relationship with the Company (refer to the establishment of independent directors of public companies and measures to be followed, Item 5-8 of Paragraph1, Article 3): No. 4. Amount of remuneration obtained for providing business, legal affairs, finance, accounting and other services of the Company or its affiliated enterprises in the last two years: No. 5. The "Declaration of Directors" has been issued	
Independent Director Convener of the Audit Committee Member of Remuneration	Education: Juris Doctor in International Economic Law, University of International Business and Economics (China) Master, Law Institute of Law School, Soochow University Bachelor, Department of Accounting, School of Business, National Taiwan	1. Including but not limited to whether I, my spouse and relatives within the second degree are directors, supervisors or employees of the Company or its affiliated enterprises: No	1

Name / Qualifications	Professional Qualification and Work Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Committee Hsiao, Sheng-Hsien	University Experience: CPA Partner and Principal, FORMOSA & CO., CPAS Senior Legal Adviser of Shanfa Law Firm Senior consultant, Myriad Attorneys at Law. Mediation member, Civil Division, Taipei District Court Current: CPA Partner and Principal, FORMOSA & CO., CPAS Independent Director, Formosan Rubber Group Inc. Independent Director, Apex Science & Engineering Corp. * A member of the Audit Committee, has expertise in accounting or finance, has professional qualification as an accountant, and is currently the CPA Partner and Principal, FORMOSA & CO., CPAS, and has no circumstances in Article 30 of the Company Law.	2. Number and proportion of shares held by myself, my spouse and relatives within the second degree (or in the name of others): 0 3. Whether served as a director, supervisor or employee of a company with a specific relationship with the Company (refer to the establishment of independent directors of public companies and measures to be followed, Item 5-8 of Paragraph1, Article 3): No. 4. Amount of remuneration obtained for providing business, legal affairs, finance, accounting and other services of the Company or its affiliated enterprises in the last two years: No. 5. The "Declaration of Independent Directors" has been issued	
Independent Director Member of the Audit Committee Convener of the Remuneration Committee Chang, Pao-Tsai	Education: Bachelor's degree, Program for Presidents, Shanghai Jiao Tong University Department of Radio of Shih Hsin University (formerly known as World College of Journalism) Experience: General Manager, Shanghai Fengfu Investment Consulting Management Co., Ltd. President, Premier International Development Incorporation General Manager, 360d HR Consultancy Co., Ltd. Current: President, Premier International Development Incorporation General Manager, 360d HR Consultancy Co., Ltd. President, Cheer Elegant Corp. Taiwan Branch Independent Director, PLANET Technology Corporation Independent Director, Brinno Inc. Independent Director, Apex Science & Engineering Corp.	1. Including but not limited to whether I, my spouse and relatives within the second degree are directors, supervisors or employees of the Company or its affiliated enterprises: No 2. Number and proportion of shares held by myself, my spouse and relatives within the second degree (or in the name of others): 57,200 shares, with a shareholding ratio of 0.03%. 3. Whether served as a director, supervisor or employee of a company with a specific relationship with the Company (refer to the establishment of independent directors of public companies and measures to be followed, Item 5-8 of Paragraph1, Article 3): No. 4. Amount of remuneration obtained for providing business, legal affairs, finance, accounting and other services of the Company or its affiliated enterprises in the last two years: No. 5. The "Declaration of Independent Directors" has been issued	1
Independent Director Member of the Audit Committee Member of Remuneration Committee Wu, Nai-Hua	Education: Master of Business Administration (EMBA), National Chengchi University Bachelor of Chemical Engineering, National Cheng Kung University Experience: Vice General Manager, Upking International Co., Ltd. Current: President, ABEE Independent Director, Holy Stone Enterprise Co., Ltd. Independent Director, Apex Science & Engineering Corp.	1. Including but not limited to whether I, my spouse and relatives within the second degree are directors, supervisors or employees of the Company or its affiliated enterprises: No 2. Number and proportion of shares held by myself, my spouse and relatives within the second degree (or in the name of others): 0 3. Whether served as a director, supervisor or employee of a	1

Name / Qualifications	Professional Qualification and Work Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		company with a specific relationship with the Company (refer to the establishment of independent directors of public companies and measures to be followed, Item 5-8 of Paragraph1, Article 3): No. 4. Amount of remuneration obtained for providing business, legal affairs, finance, accounting and other services of the Company or its affiliated enterprises in the last two years: No. 5. The "Declaration of Independent Directors" has been issued	

Note 1: Qualifications and experience: The professional qualifications and experience of individual directors and supervisors shall be stated. If they are members of the Audit Committee and have expertise in accounting or finance, their accounting or financial background and work experience, and whether there are no cases in Article 30 of the Company Law shall also be stated.

Note 2: For independent directors, their independence shall be stated, including but not limited to whether I, my spouse, and relatives within the second degree are directors, supervisors, or employees of the Company or its affiliated enterprises; The number and proportion of shares held by myself, my spouse and relatives within the second degree (or in the name of others); Whether a director, supervisor or employee of a company with a specific relationship with the Company ((refer to Article 3, Paragraph 1, Items 5-8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to Be Observed); Amount of remuneration obtained for providing business, legal affairs, finance, accounting and other services of the Company or its affiliated enterprises in the last two years.

2. Diversity and independence of the board of directors:

(1) Diversification of the Board of Directors: the diversification policies, objectives and achievement of the Board of Directors shall be stated. Diversification policy includes, but is not limited to, the selection criteria of directors, the professional qualifications and experience required by the board of directors, gender, age, nationality and culture, etc., and the specific objectives of the Company and their achievement are stated in the aforementioned policy.

According to the Articles of Association, the Company has seven directors with a term of three years, including four directors and three independent directors. The election of directors adopts the candidate nomination system, and the acceptance method of candidate nomination shall be handled in accordance with Article 192-1 of the Company Law. After the qualification examination and resolution of the board of directors are passed, it shall be submitted to the shareholders' meeting for election.

In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, Article 20 of the "Corporate Governance Best Practice Principles", which was revised in 2017, formulated the diversification policy of board members as follows: the composition of board members should consider diversification, except that the directors who are also company managers should not exceed one third of the board seats, and appropriate diversification policies should be formulated according to their own operation, operation type and development needs, which should include but not be limited to the following two major standards:

- 1) Basic conditions and values: gender, age, nationality, culture, etc. Among them, the ratio of female directors should reach one-third of the number of directors.
- 2) Knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience, etc.

Members of the board of directors should generally possess the necessary knowledge, skills and qualities to perform their duties. In order to achieve the ideal goals of corporate governance, the Board of Directors as a whole should have the following capabilities:

- 1) Operational judgment ability.
- 2) Accounting and financial analysis ability.
- 3) Operating management ability.
- 4) Crisis management skills.
- 5) Industrial Knowledge.
- 6) International market view.
- 7) Leadership.
- 8) Decision-making ability.

Individual directors' implementation of diversity policy of board members:

Title	Name	Basic Composition									Industrial experience				Professional competence				
		Nationality	Gender	A Concurrent Employee of the Company	Age			Seniority of Independent Director			Construction	Electronics technology	Finance	Management service	Business and risk management	Information technology	Human resource management	Accounting and financial analysis	Law
					51~60	61~70	71~80	Less than 3 years	3~9 Years	More than 9 years									
Chairman	Kuo, Kuo-Hua	R.O.C.	Male	V		V					V	V	V		V	V			
Director	Kaida Development Co., Ltd. Representative: Wang, Chao-Kuei	R.O.C.	Female	V	V						V							V	
Director	Chou, His-Yang	R.O.C.	Male			V								V	V			V	
Director	Lu, Fang-Yuan	R.O.C.	Male			V					V		V		V				
Independent Director	Chang, Pao-Tsai	R.O.C.	Female		V				V			V		V			V		
Independent Director	Wu, Nai-Hua	R.O.C.	Male			V			V			V			V	V			
Independent Director	Hsiao, Sheng-Hsien	R.O.C.	Male		V				V		V			V				V	V

The current Board of Directors of the Company has 7 directors (including 3 independent directors), who should have the abilities such as operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market view, leadership and decision-making ability, etc, and should have industry experience and professional ability. And the directors have various professional abilities: those who are good at leadership, operational judgment, crisis management and have an international market view include President Kuo, Kuo-Hua and Independent Director Wu, Nai-Hua; those who are good at industry knowledge include Director Lu, Fang-Yuan; those who are good at human resources and administrative management include Independent Director Chang, Pao-Tsai and Director Wang, Chaokuei; those who are good at legal and accounting affairs and have accountant qualification include Independent Director Hsiao, Sheng-Hsie; those who are good at business management and economics and finance include Director Chou, His-Yang.

The average term of office of directors of the Company is 8 years, and all independent directors have no more than 3 consecutive terms. All of the directors should have the nationality in the Country, and the composition proportion includes 3 independent directors accounting for 43%; 2 directors with employee status accounting for 29%. The age distribution range of directors includes 3 directors aged 51-60 and 4 directors aged 61-70. In addition to the foregoing, the Company also pays attention to gender equality in the composition of the Board of Directors. The target ratio of female directors accounts for one-third of the Board seats. The current Board members include 2 female members (one of which is an independent director), and female director ratio has reached 29%, and it will continue to strive to increase the number of female directors in the future.

The orientation, complementary and implementation of the diversity of directors has generally included the standards set out in Article 20 of the "Corporate Governance Best Practice Principles"; in the future, the diversity policy will be revised in a timely manner according to the operation, type of operation and development needs of the Board, including but not limited to two orientation standards including basic conditions and values, professional knowledge and skills, etc., to ensure that members of the Board should generally have the knowledge, skills and qualities necessary to perform their duties.

- (2) Independence of the board of directors: state the number and proportion of independent directors, and explain that the board of directors is independent, and provide reasons to explain whether there are no situations specified in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Law, including the situation that there are spouses and relatives within the second degree between directors, supervisors or between directors and supervisors.

According to the Articles of Association, the Company has 7 directors with a term of three years, including 4 directors and 3 independent directors, and the number of independent directors accounts for 42% of all directors. The election of directors adopts the candidate nomination system, and the acceptance method of candidate nomination shall be handled in accordance with Article 192-1 of the Company Law. After the qualification examination and resolution of the board of directors are passed, it shall be submitted to the shareholders' meeting for election.

On July 20, 2021, the shareholders' general meeting of the Company re-elected the directors in an all-round way. Four directors were elected: Kuo, Kuo-Hua, Chou, His-Yang, Kaida Development Co., Ltd. (Miss Wang, Chaokuei was appointed as its representative on July 20, 2021), Lu, Fang-Yuan, and three independent directors: Hsiao, Sheng-Hsien, Chang, Pao-Tsai and Wu, Nai-Hua. The qualifications of the above seven directors were examined and approved by the board of directors on March 25, 2021, and a willing consent and declaration were issued. In addition, when the Company selected three independent directors, they were examined in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", so as to confirm their independence, and a checklist of the qualifications of independent directors (at the time of selection) was issued.

After reviewing the list of directors of the Company, the disclosures in the annual report of the shareholders' meeting and the information reported by insiders two years before the election, except that director Kuo, Kuo-Hua and director Wang, Chaokuei, the representative of Kaida Development Co., Ltd. are spouses, between other directors, independent directors and between directors and independent directors, there is no kinship relationship within the second degree, and there are no situations specified in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Law.

The Board of Directors of the Company is committed to continuously evaluating the independence of directors, taking into account all relevant factors, including: whether the relevant directors can continuously ask constructive questions for the management and other directors, whether the opinions expressed are independent of the management or other directors, and whether their words and deeds are appropriate inside and outside the Board of Directors. The behavior of the company's directors and independent directors can meet expectations and show the above characteristics under appropriate circumstances. Besides, except for director Kuo, Kuo-Hua and director Wang, Chaokuei, the representative of Kaida Development Co., Ltd., who are spouses and concurrently serve as the general manager and employees of the Company, other directors and all independent directors are independent of the Company, accounting for 71% of the total number of board members. After evaluating the above situation, it is considered that the board of directors of the Company is independent.

(III) Information on the President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

May 2, 2023

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)			Title	Name	Relationship	
President	R.O.C.	Kuo, Kuo-Hua	Male	2006.6.28	16,425,177	7.18%	647	0.00%	-	-	Department of Business Administration of Taipei University	President, Rex-stone International Co., Ltd. President, Kaida Development Co., Ltd. Vice President, Zhejiang Guyue Longshan Electronic Technology Development Co., Ltd. Director Representative, Reinforce Energy Corp.	None	None	None	(Note 1)
General Manager, Business Dept.	R.O.C.	Peng, Shr-Bo	Male	2014.5.1	-	-	-	-	-	-	Chinese Culture University	None	None	None	None	None
Vice General Manager, Business Dept.	R.O.C.	Peng, Wu-Yuan	Male	2005.12.14	-	-	-	-	-	-	Oriental Institute of Technology	None	None	None	None	None
Vice General Manager, Business Dept.	R.O.C.	Chen, Te-Yuan	Male	2019.2.25	36,036	0.02%	-	-	-	-	National Chin-Yi University of Technology	None	None	None	None	None
Vice General Manager, Business Dept.	R.O.C.	Huang, Han-Tang	Male	2023.03.20	-	-	-	-	-	-	National Taiwan University	None	None	None	None	None
Senior Manager	R.O.C.	Chiu, Wen-Chuan	Male	2017.1.1	46,842	0.02%	-	-	-	-	Department of Chemistry, Fu Jen Catholic University	None	None	None	None	None

Note 1: In case that the President and the General Manager or their equivalents (top managers) are assumed concurrently by the same person, or two persons who are spouses or relatives within 1 degree of kinship, the reason, rationality, necessity and corresponding measures (such as increasing the number of Independent Directors, and more than half of the Directors not concurrently serving as employees or managers) should be disclosed:

The President of the Company also serves as the General Manager to enhance the operating efficiency and execution of decision-making. The President fully communicates with the Directors on the Company's operating status in general to implement corporate governance. The Company plans to increase the number of Independent Directors to enhance the functions of the Board of Directors and strengthen the supervision function. At present, the following specific measures are in place:

1. The Independent Directors carry out full discussion in the functional committees and puts forward suggestions for the Board of Directors' reference to enhance the functions of the Board.
2. More than half of the Board members are not serving as employees or managers of the Company concurrently.

(IV) Remuneration paid to Directors, Supervisors, General Managers and Vice General Managers in the most recent fiscal year

1. Remuneration paid to Directors and Independent Directors (Individual Disclosure of Names and Remuneration Items)

December 31, 2022 Unit: NT\$ 1,000

Title	Name	Remuneration Paid to Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (Note 10)		Relevant Remuneration Received by Directors who Are Also Employees								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (Note 10)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company (Note 11)
		Base Compensation (A) (Note 2)		Severance pay and pension (B)		Directors (C) (Note 3)		Business Execution Expenses (D) (Note 4)				Salary, Bonus, and Allowance (E) (Note 5)		Severance Pay and Pension (F)		Employee Remuneration (G) (Note 6)						
		The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company		All Companies in Consolidated Financial Statements (Note 7)		The Company	All Companies in Consolidated Financial Statements	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	Kuo, Kuo-Hua	0	0	0	0	1,982	1,982	120	120	2,102 1.02%	2,102 1.02%	3,531	4,947	0	0	14,863	0	15,063	0	20,496 9.90%	22,112 10.69%	None
Director	Kaida Development Co., Ltd.	0	0	0	0	661	661	120	120	781 0.38%	781 0.38%	0	0	0	0	0	0	0	0	781 0.38%	781 0.38%	None
	Representative: Wang, Chao-Kuei	0	0	0	0	0	0	0	0	0 0	0 0	886	1,722	46	75	153	0	253	0	1,085 0.90%	2,050 1.37%	None
Director	Chou, His-Yang	0	0	0	0	661	661	120	120	781 0.38%	781 0.38%	0	0	0	0	0	0	0	0	781 0.38%	781 0.38%	None
Director	Lu, Fang-Yuan	0	0	0	0	661	661	120	120	781 0.38%	781 0.38%	0	0	0	0	0	0	0	0	781 0.38%	781 0.38%	None
Independent Director	Chang, Pao-Tsai	0	0	0	0	661	661	360	360	1,021 0.49%	1,021 0.49%	0	0	0	0	0	0	0	0	1,021 0.49%	1,021 0.49%	None
Independent Director	Wu, Nai-Hua	0	0	0	0	661	661	360	360	1,021 0.49%	1,021 0.49%	0	0	0	0	0	0	0	0	1,021 0.49%	1,021 0.49%	None
Independent Director	Hsiao, Sheng-Hsien	0	0	0	0	661	661	360	360	1,021 0.49%	1,021 0.49%	0	0	0	0	0	0	0	0	1,021 0.49%	1,021 0.49%	None

1. Please explain the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working time:
The remuneration of Independent Directors of the Company will be determined on the basis of the Directors' performance evaluation results. In addition, the Remuneration Committee shall review the degree of participation and contribution of each Director in the Company's operation. Based on the fairness of performance risks and the remuneration as well as the Company's operation performance, the Committee shall submit their opinions to the Board of Directors for resolution.

2. Other than disclosures in the table above, remuneration paid to Directors for providing services (e.g., providing consulting services as a non-employee) for all companies in consolidated financial statements in the most recent year: None.

Note 1: Directors' names shall be identified one by one (institutional shareholders shall be identified by their names and representatives individually). General Directors and Independent Directors shall be listed separately and the amount of various payments shall be disclosed in summary. If a Director also serves as a General Manager or Vice General Manager, this form and the following form (3-1), or following form (3-2-1) and (3-2-2) should be completed.

Note 2: Remuneration to the Directors in the most recent fiscal year, including the Director's salary, allowances, severance pay, various bonuses, incentive payments, etc.

Note 3: Remuneration to the Directors approved by the Board of Directors for allocation in the most recent fiscal year.

Note 4: Professional service fees paid to the Directors in the most recent fiscal year (including traveling expense, special allowances, subsidies, provision of such tangible objects as a dormitory and car, etc.). If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation.

Note 5: The salary, duty allowance, severance pay, bonuses, rewards, transportation allowance, special allowance, various allowances, and provision of such tangible objects as a dormitory and car received by the Directors who acted as employees concurrently (including the General Manager, Vice General Manager, other managers and employees) in the most recent year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation. Any salary listed under IFRS 2 "Share-based Payment", including employee stock options, new restricted employee shares and cash capital increase by stock

subscription, shall also be included in remuneration.

Note 6: If the Directors who acted as employees concurrently (including the General Manager, Vice General Manager, other managers and employees) received remuneration as employees (including stocks and cash dividends) in the most recent year, the employee remuneration approved by the Board of Directors for allocation in the most recent year shall be disclosed. If it is impossible to estimate the same, the amount to be allocated this year shall be calculated based on what was actually allocated last year, and the form 1-3 shall be completed.

Note 7: The aggregate of the remuneration paid to the Company's Directors by all companies included into the consolidated financial reports (including the Company) shall be disclosed.

Note 8: For the aggregate of the remuneration paid to each Director by the Company, the Director's name shall be disclosed in the relevant space of the table.

Note 9: The aggregate of the remuneration paid to each Director of the Company by the companies included into the consolidated financial reports (including the Company) shall include the Director's name disclosed in the relevant space of the table.

Note 10: The earnings after tax shall refer to the earnings after tax identified in the parent company only or individual financial statement for the most recent fiscal year.

Note 11: a. To specify whether the Company's Directors have received remuneration from investees beyond subsidiaries (if none, please fill in "None").

b. If the Company's Directors have received remuneration from investees beyond subsidiaries, please include the same into Section I in the table and change the heading of the section into "Parent company and all investees".

c. The remuneration shall refer to the remuneration, compensation, employee bonus and professional practicing fees received by the Company's Directors who acted as the Directors, Supervisors or managers of investees other than subsidiaries or the parent company.

* The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

2. Compensation of Supervisors: Not applicable. The Company has established an Audit Committee on June 15, 2018.
3. Remuneration of the General Manager and Vice General Manager (Disclose Names in a summary according to the Range of Remuneration)

December 31, 2022 Unit: NT\$ 1,000

Title	Name	Salary (A)(Note 2)		Severance pay and pension (B)		Bonus and Allowance (C) (Note 3)		Employee Remuneration (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 8)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company (Note 9)
		The Company	All Companies in Consolidated Financial Statements (Note 5)	The Company	All Companies in Consolidated Financial Statements (Note 5)	The Company	All Companies in Consolidate d Financial Statements (Note 5)	The Company		All Companies in Consolidated Financial Statements (Note 5)		The Company	All Companies in Consolidated Financial Statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
General Manager	Kuo, Kuo-Hua	7,099	8,215	282	282	2,994	3,294	15,400	0	15,600	0	25,775 12.46%	27,391 13.24%	None
Business Dept President	Peng, Shr-Bo													
Business Dept Vice President	Peng, Wu-Yuan													
Business Dept Vice President	Chen, Te-Yuan													

Note: The retirement pension listed above is the employee profit sharing expense to be allocated.

Range of Remuneration

Range of Remuneration Paid to the President and Vice Presidents	Number of General Managers and Vice General Managers	
	APEX Science & Engineering Corp. (Note 6)	All Companies in Consolidated Financial Statements (Note 7)E
Less than NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Peng, Wu-Yuan	Peng, Wu-Yuan
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Peng, Shr-Bo, Chen, Te-Yuan	Peng, Shr-Bo, Chen, Te-Yuan
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	-	-
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	-	-
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	Kuo, Kuo-Hua	Kuo, Kuo-Hua
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) ~ NT\$100,000,000	-	-
Over NT\$100,000,000	-	-
Total	4 persons	4 persons

Note 1: The name of General Manager or Vice General Managers shall be identified individually, and the various payments shall be disclosed aggregately. If a Director also serves as a General Manager or Vice General Manager, this form and the above form (1-1), or (1-2-1) and (1-2-2) should be completed.

Note 2: Please specify the salary, duty allowance and severance paid to the presidents and vice presidents in the most recent year.

Note 3: Please specify the bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car, as well as other remunerations, received by the presidents and vice presidents in the most recent year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature

and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation. Any salary listed under IFRS 2 "Share-based Payment", including employee stock options, new restricted employee shares and cash capital increase by stock subscription, shall also be included in remuneration.

- Note 4: Please specify the employee bonus (including stocks and cash dividends) to be allocated to the General Managers and Vice General Managers as approved by the Board of Directors for allocation in the most recent fiscal year. If it is impossible to estimate the same, the amount to be allocated this year shall be calculated based on that allocated physically last year, and the form 1-3 shall be completed.
- Note 5: Please disclose the aggregate of the remuneration paid to the Company's General Managers and Vice General Managers by all companies included into the consolidated financial reports (including the Company).
- Note 6: The aggregate of the remuneration to each General Managers or Vice General Manager by the Company shall include the General Manager's or Vice General Manager's name disclosed in the relevant space of the following table.
- Note 7: The aggregate of the remuneration paid to each of the Company's General Managers and Vice General Managers by the companies included into the consolidated financial reports (including the Company) shall include the General Managers and Vice General Managers' names disclosed in the relevant space of the following table.
- Note 8: The earnings after tax shall refer to the earnings after tax identified in the parent company only or individual financial statement for the most recent fiscal year.
- Note 9:
- To specify whether the Company's General Managers and Vice General Managers have received remuneration from investees beyond subsidiaries (if none, please fill in "None").
 - If the Company's General Managers and Vice General Managers have received remuneration form investees beyond subsidiaries, please include the same into Section E in the table and change the heading of the section into "Parent company and all investees".
 - The remuneration shall refer to the remuneration, compensation, employee bonus and professional practicing fees received by the Company's General Managers and Vice General Managers who acted as the Directors, Supervisors or managers of investees other than subsidiaries.

* The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

4. Names of managers allocating employee remuneration and allocation status

December 31, 2022 Unit: NT\$ 1,000

	Title	Name	Stock Amount	Cash Amount	Total	Ratio of Total Amount to Net Income (%)
Managers	General Manager	Kuo, Kuo-Hua	0	15,845	15,845	7.66%
	General Manager, Business Dept.	Peng, Shr-Bo				
	Vice General Manager, Business Dept.	Peng, Wu-Yuan				
	Vice General Manager, Business Dept.	Chen, Te-Yuan				
	Senior Manager	Chiu, Wen-Chuan				
	Finance and Accounting Manager	Wu, Hsiu-Lin				
	Chief Corporate Governance Officer	Huang, Chieh				

Note: The table is prepared according to total amount of 2022 employee remuneration (NT\$23,782 thousand) approved by the Board of Directors in 2023 calculated by respective managers' salary and percentage of days in service in the prior year.

5. Remuneration to the Five Highest Remunerated Management Personnel (Individual Disclosure of Names and Remuneration Items) (Note 1)

December 31, 2022 Unit: NT\$ 1,000

December 31, 2022 (Unit: NT\$ 1,000)

Title	Name	Salary (A) (Note 2)		Severance pay and pension (B)		Bonus and Allowance (C) (Note 3)		Employee Remuneration (D) (Note 4)				Ratio of Total Remuneration (A+B+C+D) to Net Income (Note 8)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		The Company	All Companies in Consolidated Financial Statements (Note 5)	The Company	All Companies in Consolidated Financial Statements (Note 5)	The Company	All Companies in Consolidated Financial Statements (Note 5)	The Company		All Companies in Consolidated Financial Statements (Note 5)		The Company	All Companies in Consolidated Financial Statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
General Manager	Kuo, Kuo-Hua	2,419	3,535	0	0	1,111	1,411	14,863	0	15,063	0	18,393 8.89%	20,009 9.67%	None
Business Dept President	Peng, Shr-Bo	1,812	1,812	108	108	968	968	227	0	227	0	3,115 1.50%	3,115 1.50%	None
Business Dept Vice President	Chen, Te- Yuan	1,644	1,644	99	99	780	780	178	0	178	0	2,701 1.31%	2,701 1.31%	None
Senior Manager	Chiu, Wen- Chuan	1,140	1,140	70	70	1,111	1,111	142	0	142	0	2,463 1.19%	2,463 1.19%	None
Business Dept Vice President	Peng, Wu-Yuan	1,224	1,224	76	76	135	135	133	0	133	0	1,568 0.76%	1,568 0.76%	None

- Note 1: Management personnel mentioned in the "five highest remunerated management personnel" means the managerial officer of the Company. The definition of managerial officer follows the scope defined by FSC Tai-Tsai-Cheng-San-Tzu Letter No.0920001301 dated on March 27, 2003. The calculation of "five highest remuneration" includes total amount of salary, severance pay and pension, bonuses and allowances, and employee compensation received from all companies within the consolidated financial statement (A+B+C+D) and ranked by amount. If a Director also serves as any supervisor beforementioned, this form and the above form (1-1) should be completed.
- Note 2: Please specify the salary, duty allowance and severance paid to the five highest remunerated management personnel in the most recent year.
- Note 3: Please specify the bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car, as well as other remunerations, received by the five highest remunerated management personnel in the most recent year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation. Any salary listed under IFRS 2 "Share-based Payment", including employee stock options, new restricted employee shares and cash capital increase by stock subscription, shall also be included in remuneration.
- Note 4: Please specify the employee bonus (including stocks and cash dividends) to be allocated to the five highest remunerated management personnel as approved by the Board of Directors for allocation in the most recent fiscal year. If it is impossible to estimate the same, the amount to be allocated this year shall be calculated based on actual allocation of last year, and the form 1-3 shall be completed.
- Note 5: Total amount of compensation paid by all companies within the consolidated financial statement (including the Company) to the five highest remunerated management personnel shall be disclosed.
- Note 6: The earnings after tax shall refer to the earnings after tax identified in the parent company only or individual financial statement for the most recent fiscal year.
- Note 7: a. The amount of remuneration received from invested company other than the Company's subsidiaries or parent company by the five highest remunerated management personnel of the Company shall be disclosed in this column (if none, please fill in "None").
b. Remuneration in this case refers to remuneration, bonuses (including employee, director, or supervisor bonuses), and allowances received by the five highest remunerated management personnel of the Company as the directors, supervisors, or managerial officers of invested companies other than subsidiaries or parent company.
- * The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

- (V) Specify and compare the salaries to Directors, Supervisors, General Managers and Vice General Managers of the Company from the Company and companies included in the consolidated financial statements in proportion to the earnings after tax in the individual or standalone financial statements in the most recent two fiscal years, and specify the policies, standards, combinations, procedure of decision-making in respect of remunerations and their connection to business performance and future risks.

- (1) Ratio of total remuneration paid to earnings after tax in the individual or standalone financial statements

Title	Ratio of total remuneration paid to earnings after tax in the individual or standalone financial statements in 2021		Ratio of total remuneration paid to earnings after tax in the individual or standalone financial statements in 2022	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director	4.36%	4.56%	3.63%	3.63%
Supervisor	(Note 1)	Note 1	Note 1	Note 1
General Manager and Vice General Manager	18.51%	19.91%	12.46%	13.24%

Note 1: The "Audit Committee" was set up to replace the Supervisors after the Directors were elected at the 2018 Regular Shareholders' Meeting.

Note 2: Comparison of the remuneration of directors (including independent directors), the President, and vice presidents as a percentage of net income after tax :

The remuneration paid by APEX and all companies in the consolidated financial statement to directors, President, and vice presidents in 2022 totaled NT\$34,899 thousand (accounting for approximately 16.87% of the net income after tax in 2022).

The total amount of remuneration paid in 2022 was NT\$25,139,000, an increase of 38.82% compared to 2021. Among them, the increase in the total amount of remuneration is mainly due to the fact that the profit in 2022 was NT\$297,269,682, which was an increase of 103.39% compared with the profit in 2021 which was NT\$146,158,659. Therefore, the appropriation amount of director's remuneration and employee remuneration increased from NT\$14,616 thousand to NT\$29,727 thousand.

- (2) The remuneration of the Directors of the Company is clearly stipulated in Article 23 `of the Articles of Incorporation. If profits have been gained in the current year, 8% shall be allocated for employees' remuneration and no more than 2% shall be allocated for the Directors' remuneration, subject to the review of the Remuneration Committee. The amounts shall not be paid until they have been submitted to the Board of Directors for discussion and approved by the Board, and the same shall be reported at the shareholders' meeting.

The remuneration of the General Managers and Vice General Managers is based on the "Remuneration Committee Charter" and "Remuneration Management Regulations" as the basis for evaluation, subject to the review of the Remuneration Committee and submission to the Board of Directors for discussion and approval.

- (3) Connection to business performance and future risks:

Operating performance has a direct impact on the remuneration, and the remuneration is subject to adjustment according to the operating performance and evaluation of future risks.

III. Implementation of Corporate Governance

(I) Implementation Information of Board of Directors

A total of 8 (A) Board meetings were held during the most recent fiscal year. The attendance of the Directors was as follows:

Title	Name	Attendance in person (B)	Attendance by Proxy	Attendance Rate(%) 【B/A】	Remark
Chairman	Kuo, Kuo-Hua	8	0	100	
Director	Kaida Development Co., Representative: Wang, Chao-Kuei	8	0	100	
Director	Chou, His-Yang	8	0	100	
Director	Lu, Fang-Yuan	8	0	100	
Independent Director	Hsiao, Sheng-Hsien	7	1	87.5	
Independent Director	Wu, Nai-Hua	7	1	87.5	
Independent Director	Chang, Pao-Tsai	8	0	100	

Other matters to be recorded:

- With regard to the implementation of the Board of Directors, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all independent directors' opinions and the Company's handling of such opinions shall be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act:

Date	Session	Summary of motions	Independent Directors' opinions	The Company's response
2022/01/22	2022 1st	Proposed to revise the Company's "Sustainable Development Best Practice Principles" and part of the "Corporate Governance Best Practice Principles"	Approved as proposed	Implemented as per the resolution
2022/03/24	2022 2nd	Discussed the distribution of Directors' remuneration approved by the Remuneration Committee of the Company in 2021	Approved as proposed	Implemented as per the resolution
		Discussed the Company's distribution of remuneration to Directors and employees in 2021	Approved as proposed	Implemented as per the resolution
		The Company 2021 Financial Statements (including consolidated Financial Statements) and Business Report	Approved as proposed	Implemented as per the resolution
		Distribution of earnings for 2021	Approved as proposed	Implemented as per the resolution
		The amendment to partial provisions in the Company's "Articles of Incorporation"	Approved as proposed	Implemented as per the resolution
		Amendment to partial provisions in the Company's "Rules of Procedure for Shareholders Meetings"	Approved as proposed	Implemented as per the resolution
		Revise some provisions of the company's "procedures for disposing of assets acquired or Disposed of"	Approved as proposed	Implemented as per the resolution
		Amend part of the "Corporate Governance Best Practice Principles" of the company	Approved as proposed	Implemented as per the resolution
		Discussed related matters on convening 2022 Regular Shareholders' Meeting	Approved as proposed	Implemented as per the resolution
		Related matters on accepting shareholder	Approved as	Implemented as per

Date	Session	Summary of motions	Independent Directors' opinions	The Company's response
		proposals for Regular Shareholders' Meeting	proposed	the resolution
		Review of the effectiveness of the Company's 2021 Internal Control System and provision of the Statement on Internal Control System	Approved as proposed	Implemented as per the resolution
2022/05/12	2022 3rd	2022 Q1 Financial Statement	Approved as proposed	Implemented as per the resolution
2022/07/12	2022 4th	Amendment to the Company's Internal Control System	Approved as proposed	Implemented as per the resolution
		The Company plans to purchase our shares and transfer them to our employees in accordance with relevant regulations	Approved as proposed	Implemented as per the resolution
2022/08/11	2022 5th	2022 Q2 Financial Statement	Approved as proposed	Implemented as per the resolution
		Remuneration Distributed to Corporate Director Representative as Employee and Manager in cash in 2021	Approved as proposed	Implemented as per the resolution
		Distribution of 2021 remuneration of Directors in cash	Approved as proposed	Implemented as per the resolution
		Amendment to the Company's 2022 Rules on First Repurchase of Shares and Transfer to Employees	Approved as proposed	Implemented as per the resolution
2022/09/14	2022 6th	Report on the Completion of the First Repurchase of Company Shares by the Company in 2022	Approved as proposed	Implemented as per the resolution
		Discussed related matters on setting the ex-dividend date for cash dividend distribution in 2022 and adjusting the interest rate	Approved as proposed	Implemented as per the resolution
2022/11/10	2022 7th	2022 Q3 Financial Statement	Approved as proposed	Implemented as per the resolution
		The Company's Independence and Competence Assessment of CPAs	Approved as proposed	Implemented as per the resolution
		Proposed to revise the Company's internal control system and establishment of a responsible unit for major internal information	Approved as proposed	Implemented as per the resolution
		Proposed to revise the Rules of Procedure for Board of Directors Meetings	Approved as proposed	Implemented as per the resolution
		Proposed to draft "Code of Practice of Risk Management"	Approved as proposed	Implemented as per the resolution
		Proposed to draft the "2023 Annual Audit Schedule"	Approved as proposed	Implemented as per the resolution
		Propose to change the salary of "Corporate Director Representative as Employee" and "Managers"	Approved as proposed	Implemented as per the resolution
2022/12/23	2022 8th	Proposed to revise the "Corporate Governance Best Practice Principles"	Approved as proposed	Implemented as per the resolution
		Distribution of 2022 year-end bonus to "Corporate Director Representative as Employee" and "Managers"	Approved as proposed	Implemented as per the resolution
		Proposal to change the special custodian of the Company's registration seal with Company Registration Authority (i.e. "Department of Commerce, Ministry of Economic Affairs")	Approved as proposed	Implemented as per the resolution
2023/03/13	2023 1st	Review of the effectiveness of the Company's 2022 Internal Control System and provision of the Statement on Internal Control System	Approved as proposed	Implemented as per the resolution
		Proposed to draft and revise the Company's Internal Control System	Approved as proposed	Implemented as per the resolution
		Amend part of "Corporate Governance Best Practice Principles" and part of "Sustainable Development Best Practice Principles"	Approved as proposed	Implemented as per the resolution
		Discussed the distribution of Directors'	Approved as	Implemented as per

Date	Session	Summary of motions	Independent Directors' opinions	The Company's response
		remuneration approved by the Remuneration Committee of the Company in 2022	proposed	the resolution
		Discussed the Company's distribution for Directors and employees in 2022	Approved as proposed	Implemented as per the resolution
		The Company 2022 Financial Statements (including consolidated Financial Statements) and Business Report	Approved as proposed	Implemented as per the resolution
		Distribution of earnings for 2022	Approved as proposed	Implemented as per the resolution
		Surplus Conversion for Capital Increase and issuance of new shares	Approved as proposed	Implemented as per the resolution
		Proposal for the Election of One Independent Director by the Company.	Approved as proposed	Implemented as per the resolution
		Related matters on the nomination of independent director candidates and approval of nominees by the Board of Directors of the Company	Approved as proposed	Implemented as per the resolution
		The Lifting of Restrictions on Non-Competes for New Independent Directors of the Company.	Approved as proposed	Implemented as per the resolution
		Related matters on convening 2023 Regular Shareholders' Meeting	Approved as proposed	Implemented as per the resolution
		Related matters on accepting shareholder proposals for Regular Shareholders' Meeting	Approved as proposed	Implemented as per the resolution
		Related matters on accepting shareholders nominations in the list of candidates	Approved as proposed	Implemented as per the resolution
		Appointment and Remuneration of CPAs for 2023	Approved as proposed	Implemented as per the resolution
		Cancellation of treasury shares and establishment of a benchmark date for capital reduction	Approved as proposed	Implemented as per the resolution

(2) Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above: None.

2. Regarding recusals of Directors from voting due to existence of personal interests, the names of the Directors, contents of motions, reasons for recusal and results of voting shall be specified:

(1) 2022 1st Regular Meeting on January 22, 2022

Content of motion: Distribution of 2021 year-end bonus to managers

Abstaining Director: Kuo, Kuo-Hua and Representative Wang, Chao-Kuei of Kaida Development Co., Ltd.

Reasons for avoidance of interest conflicts and participation in voting: As President Kuo Kuo-Hua and Representative Wang Chao-Kuei of Kaida Development Co., Ltd. and Attendees without voting rights: Director Huang, Chieh and Director Wu, Xiu-Ling had interests in relevant matters regarding the concerned party, they did not participate in the discussion and voting to avoid conflicts of interests. The rest Directors present passed the proposal without objection.

(2) 2022 5th Regular Meeting on August 11, 2022

Contents of the motion: Remuneration Distributed to Corporate Director Representative as Employee and Manager in cash in 2021

Abstaining Director: Kuo, Kuo-Hua, representative Wang, Chao-Kuei of Kaida Development Co., Ltd.

Reasons for avoidance of interest conflicts and participation in voting: As President Kuo Kuo-Hua and Representative Wang Chao-Kuei of Kaida Development Co., Ltd. and Attendees without voting rights: Director Huang, Chieh and Director Wu, Xiu-Ling had

interests in relevant matters regarding the concerned party, they did not participate in the discussion and voting to avoid conflicts of interests. The rest Directors present passed the proposal without objection.

(3) 2022 7th Regular Meeting on November 10, 2022

Contents of the motion: Propose to submit a case for change to the salary of “Corporate Director Representative as Employee” and “Managers”

Abstaining Director: Kuo, Kuo-Hua and Representative Wang, Chao-Kuei of Kaida Development Co., Ltd.

Reasons for avoidance of interest conflicts and participation in voting: As President Kuo Kuo-Hua and Representative Wang Chao-Kuei of Kaida Development Co., Ltd. and Attendees without voting rights: Director Huang, Chieh and Director Wu, Xiu-Ling had interests in relevant matters regarding the concerned party, they did not participate in the discussion and voting to avoid conflicts of interests. The rest Directors present passed the proposal without objection.

(4) 2022 8th Regular Meeting on December 23, 2022

Contents of the motion: 2022 year-end bonus distributed to “Corporate Director Representative as Employee” and “Managers”

Abstaining Director: Kuo, Kuo-Hua and Representative Wang, Chao-Kuei of Kaida Development Co., Ltd.

Reasons for avoidance of interest conflicts and participation in voting: As President Kuo Kuo-Hua and Representative Wang Chao-Kuei of Kaida Development Co., Ltd. and Attendees without voting rights: Director Huang, Chieh and Director Wu, Xiu-Ling had interests in relevant matters regarding the concerned party, they did not participate in the discussion and voting to avoid conflicts of interests. The rest Directors present passed the proposal without objection.

3. The cycles, periods, scope, method and contents of self and peer evaluation on the performance of the Board of Directors of the listed company shall be disclosed. The form of implementation of the Board evaluation shall be completed.

Evaluation of the Board

Frequency (Note 1)	Evaluation Period (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
Once a year	January 1, 2022 to December 31, 2022	1. Board of Directors 2. Directors 3. Audit Committee 4. Remuneration Committee	Self assessment	1. Assessment on operation of the Board of Directors (1) Their engagement in the Company's operations (2) Improvement in the quality of decision making by the Board (3) The composition and structure of the Board (4) The election of the Directors and their continuing professional education (5) Internal control system (6) Emphasis on compliance with various laws and codes of practice (7) Maintenance of confidentiality of relevant internal information of the Company obtained when performing duties 2. Self-evaluation by the directors (1) Their grasp of the Company's goals and missions (2) Their recognition of Director's responsibilities (3) Their engagement in the Company's operations (4) Their internal relationship management and communication (5) Their professionalism and continuing professional education (6) Internal control system 3. Operation of the Audit Committee (1) Their engagement in the Company's operations (2) Recognition of audit committee responsibilities (3) Improvement in the quality of decision making by the Audit Committee (4) Composition and member selection of the Audit Committee (5) Internal control system (6) Emphasis on compliance with various laws and codes of practice (7) Maintenance of confidentiality of relevant internal information of the Company obtained when performing duties 4. Evaluation and Operation of Remuneration Committee (1) Their engagement in the Company's operations (2) Recognition of Remuneration committee responsibilities (3) Improvement in the quality of decision making by the Remuneration Committee (4) Composition and member selection of the Remuneration Committee (5) Emphasis on compliance with various laws and codes of practice (6) Maintenance of confidentiality of relevant internal information of the Company obtained when performing duties

Note 1: Specify the implementation cycle of the Board of Directors evaluation, for example: once a year.

Note 2: Specify the period of the Board of Directors evaluation, for example: from January 1, 2019 to December 31, 2019.

Note 3: The scope of the evaluation covers the respective performances of the Board, individual directors, and functional committees.

Note 4: The evaluation methods include self-evaluation of the Board of Directors, self-evaluation of the Board members, peer evaluation, appointment of external professional institutions or experts, or other appropriate methods.

Note 5: The evaluation contents include at least the following items according to the scope of evaluation:

- (1) The evaluation of the Board performance includes at least participation in the operation of the company, the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control.
- (2) The evaluation of the Board member performance includes at least alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control.
- (3) The evaluation of the functional committee performance includes at least participation in the operation of the company, awareness of the duties of the functional committee, the quality of decisions made by the functional committee, makeup of the functional committee and election of its members, and internal control.

4. Targets set to strengthen the functions of the Board of Directors (such as the establishment of an audit committee and improvement of information transparency, etc.) during the current year and past year and the assessment of the implementation:

The Company set up a "Remuneration Committee" in 2011. In addition, during the election of Directors and Supervisors at the 2015 Regular Shareholders' Meeting, 3 Independent Directors were elected, with all Independent Directors serving as the Remuneration Committee members. The Company established an Audit Committee to replace supervisors after Directors were elected at the 2018 Regular Shareholders' Meeting. Video and audio recording was conducted throughout all meetings of the Board, and all duties of the Board were duly performed in accordance with relevant laws and regulations.

(II) Operation of the Audit Committee:

A total of 5 (A) meetings were held by the Committee during the most recent fiscal year. The attendance of the Independent Directors was as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A) (Note1, Note 2)	Remark
Independent Director	Hsiao, Sheng-Hsien	5	0	100	
Independent Director	Wu, Nai-Hua	5	0	100	
Independent Director	Chang, Pao-Tsai	5	0	100	

Note 1: The resignation date for any independent director resigning before the end of the fiscal year shall be specified in the Remark column. The attendance rate (%) shall be calculated based on the number of meetings held by the Audit Committee and the number of attendance during the member's tenure.

Note 2: If independent directors are re-elected before the end of the Year, the succeeding and preceding independent directors shall be listed and indicated as "succeeding", "preceding" or "re-elected" in the Remark column, as well as the date of re-election. The attendance rate (%) shall be calculated based on the number of meetings held by the Audit Committee and the number of attendance during the member's tenure.

Other matters to be recorded:

1. With regard to the operation of the Audit Committee, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company's response to such resolutions shall be specified.

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Date	Session	Summary of motions	Opinion of the Audit Committee	The Company's handling of the opinions of the Audit Committee
2022/03/24	2022 1st	The Company 2021 Financial Statements (including consolidated Financial Statements) and Business Report	Approved as proposed	Implemented as per the resolution
		Distribution of earnings for 2021	Approved as proposed	Implemented as per the resolution
		Review of the effectiveness of the Company's 2021 Internal Control System and provision of the Statement on Internal Control System	Approved as proposed	Implemented as per the resolution
		Revise some provisions of the company's "procedures for disposing of assets acquired or Disposed of"	Approved as proposed	Implemented as per the resolution
2022/05/12	2022 2nd	2022 Q1 Financial Statement	Approved as proposed	Implemented as per the resolution
2022/07/12	2022 3rd	Amendment to the Company's Internal Control System	Approved as proposed	Implemented as per the resolution
		The Company plans to purchase our shares and transfer them to our employees in accordance with relevant regulations	Approved as proposed	Implemented as per the resolution
2022/08/11	2022 4th	2022 Q2 Financial Statement	Approved as proposed	Implemented as per the resolution
		Amendment to the Company's 2022 Rules on First Repurchase of Shares and Transfer to Employees	Approved as proposed	Implemented as per the resolution
2022/11/10	2022 5th	2022 Q3 Financial Statement	Approved as proposed	Implemented as per the resolution
		The Company's Independence and Competence Assessment of CPAs	Approved as proposed	Implemented as per the resolution
		Amendment to the Company's internal control system and establishment of a responsible unit for major internal information	Approved as proposed	Implemented as per the resolution
		Draft the "2023 Annual Audit Schedule"	Approved as proposed	Implemented as per the resolution
2023/03/13	2023 1st	Review of the effectiveness of the Company's 2022 Internal Control System and provision of the Statement on Internal Control System	Approved as proposed	Implemented as per the resolution
		Proposed to draft and revise the Company's Internal Control System	Approved as proposed	Implemented as per the resolution
		The Company 2022 Financial Statements (including consolidated Financial Statements) and Business Report	Approved as proposed	Implemented as per the resolution
		Distribution of earnings for 2022	Approved as proposed	Implemented as per the resolution
		Surplus Conversion for Capital Increase and issuance of new shares	Approved as proposed	Implemented as per the resolution
		Appointment and Remuneration of CPAs for 2023	Approved as proposed	Implemented as per the resolution
		Propose to pre-approve the provision of non assurance services by CPAs, their firms, and affiliated companies to the Company and its subsidiaries	Approved as proposed	Implemented as per the resolution

- (2) Other matters not approved by the Audit Committee but approved by two-thirds or more of all directors: None.

2. Regarding recusals of independent directors from voting due to conflicts of interest, the names of the independent directors, contents of motions, reasons for recusals, and results of voting shall be specified: None.

3. Communication between the Independent Directors, the internal Chief Audit Officer, and CPAs (including the key items, methods, and results of audit of finances and operations)

- (1) Summary of communication between Independent Directors and the internal Chief Audit Officer:

Date	Summary of communication
2022/03/24	1. Internal Audit Report from November 2021 to February 2022 2. Review of the effectiveness of the Company's 2021 Internal Control System and provision of the Statement on Internal Control System 3. Amendment to partial provisions in the Company's "Acquiring or Disposing of Asset Processing Program"
2022/05/12	Internal Audit Report from March to April, 2022
2022/07/12	1. Internal Audit Report from May to June, 2022 2. Amendment to the Company's Internal Control System
2022/08/11	Internal Audit Report of July, 2022
2022/11/10	1. Internal Audit Report from August to October, 2022 2. Amendment to the Company's internal control system and establishment of a responsible unit for major internal information 3. Draft the "2023 Annual Audit Schedule"
2023/03/13	1. Internal Audit Report from November 2022 to February 2023 2. Review of the effectiveness of the Company's 2022 Internal Control System and provision of the Statement on Internal Control System 3. Proposed to draft and revise the Company's Internal Control System

- (2) Summary of communication between Independent Directors and CPAs:

Date	Summary of communication
2022/03/24 2022 1st Audit Committee (Pre-meeting)	Communication on financial report audit by the end of 2021
2022/08/11 2022 4th Audit Committee (Pre-meeting)	Communication with Audit Committee on financial report audit on the consolidated financial report for the first half of 2022 (There are no Directors or management personnel present at this meeting)
2023/03/13 2023 1st Audit Committee (Pre-meeting)	Communication with the governing body on completed cases in 2022 1. Consolidated and Individual Financial Report - Report Types and Audit Findings 2. Key Auditing Matters 3. Explanation of significant changes and differences in the consolidated financial statements 4. Other communication matters 5. Independence 6. Sharing updates on major laws and regulations 7. Audit quality indicators and IESBA Code (There are no Directors or management personnel present at this meeting)

- (3) Engagement of Supervisors in operation of the Board of Directors: Not applicable. The Company established an Audit Committee on June 15, 2018.

(IV) Implementation Status of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established the "Rules and Procedures of the Shareholders' Meeting", "Rules and Procedures for Board of Directors Meetings", "Internal Operating Procedure on Processing Important Information", "Internal Control System", "Procedures for Acquisition or Disposal of Assets", "Operating Procedures for Fund Loans" and other guidelines and regulations on corporate governance, and the implementation of such operating procedures has met the requirements of the aforesaid principles. The Company has established the "Corporate Governance Best-practice Principles" according to the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and disclosed the principles on the Company's website.	No material difference
II. Shareholding structure & shareholders' rights				
(I) Does the company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations?	✓		(I) The Company shall convene shareholders' meetings in accordance with relevant laws and regulations, and provide comprehensive rules for such meetings. For the matters to be resolved at shareholders meetings, the Company shall faithfully implement resolutions adopted at the meetings in accordance with the rules for the meetings. In addition, the Company has appointed spokespersons to address the suggestions or problems proposed by shareholders, and also disclosed the contact information in the annual report and the Company's website for shareholders' convenience.	No material difference
(II) Does the company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	✓		(II) The Company stays abreast of the shareholding ratios of Directors, Supervisors, managers and major shareholders whom hold 10% (or above) of the shares, and reports changes in shareholding and enforcement and release of stock pledges on a monthly basis as specified.	No material difference
(III) Does the company establish and execute a risk management and firewall system within its affiliates?	✓		(III) The Company has established the "Operating Procedures for Supervising of Subsidiaries", "Operating Procedures for Fund Loans and Endorsement Guarantee", "Procedures for Acquisition or Disposal of Assets" and other relevant internal regulations as the basis for the management of business and financial operations of	No material difference

Evaluation Item	Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(IV) Does the company establish internal rules against insiders using undisclosed information to trade in securities?	✓		affiliated companies. The Company has also established the "Internal Operating Procedure on Processing Important Information" to avoid improper leakage of information and ensure the consistency and correctness of information released to the public. Relevant regulations have also been complied with to establish risk control and firewall mechanisms. (IV) The Company has prepared the "Ethical Corporate Management Best Practice Principles", which stipulates that the Company's employees shall not use any undisclosed information they know to conduct insider trading, nor disclose it to others so as to prevent others from using such information to engage in insider trading. The Company has also prepared the "Internal Operating Procedure on Processing Important Information", which clearly normalizes the publication of important news and handling of important internal information disclosure and specifies relevant measures, which have been simultaneously disclosed on the Com.	No material difference
III. Composition and responsibilities of the Board of Directors (I) Is the composition of the Board of Directors determined by taking appropriate policy based on diversity and ensure the actual implementation.	✓		(I) According to the Articles of Association, the Company has seven directors with a term of three years, including four directors and three independent directors. The election of directors adopts the candidate nomination system, and the acceptance method of candidate nomination shall be handled in accordance with Article 192-1 of the Company Law. After the qualification examination and resolution of the board of directors are passed, it shall be submitted to the shareholders' meeting for election. In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, Article 20 of the "Corporate Governance Best Practice Principles", which was revised in 2017, formulated the diversification policy of board members as follows: the composition of board members should consider diversification, except that the directors who are also company managers should not exceed one third of the board seats, and appropriate diversification policies should be formulated according to their own operation, operation type and development needs, which should include but not be limited to the following two major	No material difference

Evaluation Item	Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			standards: I. Basic conditions and values: gender, age, nationality, culture, etc. Among them, the ratio of female directors should reach one-third of the number of directors. II. Knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience, etc. Members of the board of directors should generally possess the necessary knowledge, skills and qualities to perform their duties. In order to achieve the ideal goals of corporate governance, the Board of Directors as a whole should have the following capabilities: I. Operational judgment ability. II. Accounting and financial analysis ability. III. Operating management ability. IV. Crisis management skills. V. Industrial Knowledge. VI. International market view. VII. Leadership. VIII. Decision-making ability. The current Board of Directors of the Company has 7 directors (including 3 independent directors), who should have the abilities such as operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market view, leadership and decision-making ability, etc, and should have industry experience and professional ability. And the directors have various professional abilities: those who are good at leadership, operational judgment, crisis management and have an international market view include President Kuo, Kuo-Hua and Independent Director Wu, Nai-Hua; those who are good at industry knowledge include Director Lu, Fang-Yuan; those who are good at human resources and administrative management include Independent Director Chang, Pao-Tsai and Director Wang, Chaokuei; those who are good at legal and accounting affairs and have accountant qualification include Independent Director Hsiao, Sheng-Hsie; those who are good at business management and economics and finance include	

Evaluation Item	Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(II) Does the company voluntarily establish other functional committees in addition to the legally-required Remuneration Committee and Audit Committee?		✓	Director Chou, His-Yang. The average term of office of directors of the Company is 8 years, and all independent directors have no more than 3 consecutive terms. All of the directors should have the nationality in the Country, and the composition proportion includes 3 independent directors accounting for 43%; 2 directors with employee status accounting for 29%. The age distribution range of directors includes 3 directors aged 51-60 and 4 directors aged 61-70. In addition to the foregoing, the Company also pays attention to gender equality in the composition of the Board of Directors. The target ratio of female directors accounts for one-third of the Board seats. The current Board members include 2 female members (one of which is an independent director), and female director ratio has reached 29%, and it will continue to strive to increase the number of female directors in the future. The orientation, complementary and implementation of the diversity of directors has generally included the standards set out in Article 20 of the "Corporate Governance Best Practice Principles"; in the future, the diversity policy will be revised in a timely manner according to the operation, type of operation and development needs of the Board, including but not limited to two orientation standards including basic conditions and values, professional knowledge and skills, etc., to ensure that members of the Board should generally have the knowledge, skills and qualities necessary to perform their duties. (II) Considering the Company's current operating conditions, the size of the Board of Directors and the number of independent directors, Remuneration Committee and Audit Committee have been set up according to laws and regulations at this stage. Each business also has an internal control management mechanism and has set up project, operation, and decision-making meetings. Important issues are assessed through these meetings to provide the Board with consideration in carrying out its supervisory duty. The rest of the functional committees will be set up according to the future business needs of the enterprise.	The Company currently has set a remuneration committee and an audit committee according to laws and regulations, and the rest of the functional committees will be set up according to the future business needs of the enterprise.
(III) Does the company establish standards and methods to	✓		(III) On March 27, 2019, the Board of Directors of the Company passed the "Measures for Self-assessment or Peer Assessment of the Board	No material difference

Evaluation Item	Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?			of Directors", which clearly stipulated that after the end of each year, the Company should conduct performance self-assessment for the operation of the Board, self-assessment of the Board's members (by self or peer), performance self-assessment of Audit Committee and performance self-assessment of Remuneration Committee. The Company completed the assessment for the Board and the members of 2022 in January 2023, and the Meeting of the Board held in March 2023 reported the assessment results. The items to be measured for the Company considers its situation and needs evaluation by the Board include the following five aspects: I. Their engagement in the Company's operations. II. Improvement in the quality of decision making by the Board. III. The composition and structure of the Board. IV. The election of the Directors and their continuing professional education. V. Statement on Internal Control. The items to be measured for the performance assessment of Directors (self or peer assessment) include the following six aspects: I. Their grasp of the Company's goals and missions. II. Their recognition of Director's responsibilities. III. Their engagement in the Company's operations. IV. Their internal relationship management and communication. V. Their professionalism and continuing professional education. VI. Statement on Internal Control. The items to be measured for the performance assessment of functional committees include the following five aspects: I. Their engagement in the Company's operations. II. Their awareness of responsibilities. III. Improvement in the quality of decision making by the committee. IV. Composition and member selection of the committee. V. Statement on Internal Control. The indexes of performance assessment of the Board shall be determined based on the operations and needs of the Company and	

Evaluation Item	Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			shall be suitable and appropriate for the assessment, subject to regular reviews and constructive comments of the Remuneration Committee. Scoring criteria may be modified and adjusted based on the Company's needs. The weighted scoring method may be adopted based on the aspects of assessment. When electing or nominating members of the Board of Directors, the Company shall base its election on the assessment results of the performance of the Board and shall base its determination of an individual Director's remuneration on the assessment results of his or her performance. The results of performance assessment of the Board in 2022 are as follows: I. In accordance with: The Company's "Measures for the Performance Assessment of the Board of Directors" II. Frequency: The Board of the company shall conduct internal board performance assessment annually in accordance with assessment procedures and assessment indicators of the Company's "Measures for the Performance Assessment of the Board of Directors" The performance assessment of the Board of the Company should be carried out at least once every three years by an external professional independent organization or an external team of experts and scholars. The results of the internal and external performance assessment of the Board shall be completed before the end of the first quarter of the following year. III. Period: January 1, 2022 to December 31, 2022. IV. Scope: It covers the respective performances of the Board, individual directors, and functional committees. V. Assessment method: To be carried out in a self-assessment method. (I) Self-assessment of the Board performance: To be self-	

Evaluation Item	Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof																								
	Yes	No	Description																									
			assessed by all Board members. The assessment aspects include five: participation in the Company's operations, improvement of the decision-making quality of the Board, composition and structure of the Board , selection and continuous education of directors, internal control and other items. (II) The self-assessment of the Board member performance includes six aspects: alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control, etc. (III) The self-assessment of the functional committee performance includes five aspects: participation in the operation of the Company, awareness of the duties of the functional committee, the quality of decisions made by the functional committee, makeup of the functional committee and election of its members, and internal control, etc. VI. Result: (I) Self-assessment of the Board performance: <table><tr><th>Measured Items</th><th>Number of items</th><th>Average Score</th></tr><tr><td>Their engagement in the Company's operations</td><td>12</td><td>4.93</td></tr><tr><td>Improvement in the quality of decision making by the Board</td><td>12</td><td>4.83</td></tr><tr><td>The composition and structure of the Board</td><td>7</td><td>4.51</td></tr><tr><td>The election of the Directors and their continuing professional education</td><td>7</td><td>4.61</td></tr><tr><td>Internal Control</td><td>7</td><td>4.92</td></tr><tr><td>Other Items</td><td>2</td><td>5.00</td></tr><tr><td>Total / Average Score</td><td>47</td><td>4.80</td></tr></table>	Measured Items	Number of items	Average Score	Their engagement in the Company's operations	12	4.93	Improvement in the quality of decision making by the Board	12	4.83	The composition and structure of the Board	7	4.51	The election of the Directors and their continuing professional education	7	4.61	Internal Control	7	4.92	Other Items	2	5.00	Total / Average Score	47	4.80	
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Evaluation Item	Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof																														
	Yes	No	Description																															
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			<table><tr><td>Measured Items</td><td>Number of items</td><td>Average Score</td></tr><tr><td>Their grasp of the Company's goals and missions</td><td>3</td><td>4.86</td></tr><tr><td>Their recognition of Director's responsibilities</td><td>3</td><td>5.00</td></tr><tr><td>Their engagement in the Company's operations</td><td>8</td><td>4.88</td></tr><tr><td>Their internal relationship management and communication</td><td>3</td><td>4.95</td></tr><tr><td>Their professionalism and continuing professional education</td><td>3</td><td>4.90</td></tr><tr><td>Internal Control</td><td>3</td><td>5.00</td></tr><tr><td>Total / Average Score</td><td>23</td><td>4.92</td></tr></table>			Measured Items	Number of items	Average Score	Their grasp of the Company's goals and missions	3	4.86	Their recognition of Director's responsibilities	3	5.00	Their engagement in the Company's operations	8	4.88	Their internal relationship management and communication	3	4.95	Their professionalism and continuing professional education	3	4.90	Internal Control	3	5.00	Total / Average Score	23	4.92					
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			Total / Average Score	23	4.92																													
			(III) Self-assessment of the Functional Committee performance:																															
			<table><tr><td rowspan="2">Measured Items</td><td colspan="2">Audit Committee</td><td colspan="2">Remuneration Committee</td></tr><tr><td>Number of items</td><td>Average Score</td><td>Number of items</td><td>Average Score</td></tr><tr><td>Their engagement in the Company's operations</td><td>4</td><td>5.00</td><td>4</td><td>5.00</td></tr><tr><td>Recognition of functional committee responsibilities</td><td>5</td><td>5.00</td><td>5</td><td>4.93</td></tr><tr><td>Improvement in the quality of decision making by the Functional committee</td><td>7</td><td>4.95</td><td>7</td><td>4.95</td></tr><tr><td>Composition and member</td><td>3</td><td>5.00</td><td>3</td><td>5.00</td></tr></table>			Measured Items	Audit Committee		Remuneration Committee		Number of items	Average Score	Number of items	Average Score	Their engagement in the Company's operations	4	5.00	4	5.00	Recognition of functional committee responsibilities	5	5.00	5	4.93	Improvement in the quality of decision making by the Functional committee	7	4.95	7	4.95	Composition and member	3	5.00	3	5.00
			Measured Items	Audit Committee			Remuneration Committee																											
				Number of items	Average Score	Number of items	Average Score																											
			Their engagement in the Company's operations	4	5.00	4	5.00																											
			Recognition of functional committee responsibilities	5	5.00	5	4.93																											
			Improvement in the quality of decision making by the Functional committee	7	4.95	7	4.95																											
Composition and member	3	5.00	3	5.00																														

Evaluation Item	Status (Note)					Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof																						
	Yes	No	Description																									
(IV) Does the company regularly evaluate the independence of the CPAs?	✓		<table><tr><td>selection of the functional committee</td><td></td><td></td><td></td><td></td></tr><tr><td>Internal Control</td><td>3</td><td>4.89</td><td>-</td><td>-</td></tr><tr><td>Other Items</td><td>2</td><td>5.00</td><td>2</td><td>5.00</td></tr><tr><td>Total / Average Score</td><td>24</td><td>4.97</td><td>21</td><td>4.97</td></tr></table>					selection of the functional committee					Internal Control	3	4.89	-	-	Other Items	2	5.00	2	5.00	Total / Average Score	24	4.97	21	4.97	No material difference
			selection of the functional committee																									
			Internal Control	3	4.89	-	-																					
			Other Items	2	5.00	2	5.00																					
			Total / Average Score	24	4.97	21	4.97																					
			VII. Conclusion:																									
			(I) Based on the above summary evaluation results, the performance assessment of the overall Board of Directors, its members, and functional committees all meet the assessment standards, indicating that the overall operation is still perfect. The Company will continue to improve the functions of the Board based on the results of this performance assessment to enhance the effectiveness of corporate governance.																									
			(II) The results of the performance assessment of the previous Board meeting have been submitted to the Remuneration and Remuneration Committee on March 13, 2023 for review and submitted to the Board of Directors report on March 13, 2023, as a basis for review and improvement; and it has been disclosed on the Company's website and annual report.																									
			(IV) On April 16, 2018, the Company passed the "Independence and Performance Evaluation Measures for Certified Accountants" by the Board of Directors, which has clearly stipulated that the Company regularly (at least once a year) to perform the evaluation of certified accountants, with reference to Article 47 of the Accountants Law and the Accountant Professional Ethic, Bulletin No. 10, it stipulates that an evaluation form for the independence and suitability of accountants would be formulated, and after the financial accounting unit completes the evaluation, the evaluation results would be submitted to the latest Board meeting for discussion. The independence and competency evaluation for 2022 has been finished by the Board of Directors and ratified in Nov. 10, 2022																									
			The items of independence and competence assessment of CPAs are as follows:																									

Evaluation Item	Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			(1) As of the most recent assurance operation, there is no CPA that hasn't been replaced for seven (7) years, (2) No CPA has any significant financial interest in any consignor. (3) CPAs shall avoid having any inappropriate relationship with the consignor. (4) CPAs shall ensure that their assistants are honest, fair and independent. (5) No CPA shall perform audit and assurance services on the financial statements of a company he/she has served within two (2) years before practicing. (6) No CPA shall permit others to practice under his/her name. (7) No CPA shall own any share of the Company or its affiliated companies. (8) There is no loan between any CPA and the Company or its affiliated companies. (9) No CPA shall have engaged in joint investments or benefit sharing with the Company or its affiliated companies. (10) No CPA concurrently serves as a regular employee of the Company or any of its affiliated companies or receive a fixed salary from them. (11) No CPA is involved in the decision-making process of the Company or its affiliated companies. (12) No CPA concurrently engages in other businesses that may lead to loss of independence. (13) No CPA is a spouse or a relative within the second degree of kinship to any management of the Company. (14) No CPA has received any commission related to his/her services. (15) As of now, No CPA has engaged in any matter that may result in disciplinary actions taken against him/her or damage to his/her independence. In addition, the following performance of CPAs has been evaluated: (1) Completion of the financial audit of each period for the Company as scheduled. (2) Completion of the financial audit of each period for invested	

Evaluation Item	Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			companies as scheduled. (3) Provision of financial and tax consulting services for the Company from time to time.	
IV. Does the company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)?	✓		I. In order to improve the efficiency of corporate governance, the Company has passed the resolution of the Board of Directors on November 12, 2020 that the director of the legal affairs department of Chairman Office will concurrently serve as the Company's corporate governance supervisor, and he/she has more than 3 years of experience in the supervisory position of public offering company law, which complies with setup regulations The Chief Corporate Governance Officer is responsible for corporate governance matters, guarantee of shareholders' rights and interests and improvement of the Board's functions, including but not limited to providing information required by Directors and Independent Directors to perform their functions, assisting Directors and Independent Directors in strict compliance with the law, handling matters related to Board meetings and shareholders' meetings according to the law, handling company registration and changes thereto, and preparing minutes of the Board meetings and shareholders' meetings. II. Performance of duties in 2022 is as follows: (I) Assisted Independent Directors and Directors in performing their duties, provided them with the necessary information, and assisted Directors in continuing education/training. (II) Assisted in agenda preparation for the meetings of the Audit Committee, Board meetings and shareholders' meetings and pass a resolution for legal compliance issues. (III) Purchase of the 2022 liability insurance for Directors. (IV) In order to implement corporate governance, performance assessments of the 2022 Board of Directors and the Directors have been carried out and reported at the Board meeting convened in March 2023. (V) Regarding business performance, it participated in the industry symposium held by Yuanta Securities on November 8, 2022, and regularly disclose necessary information to market investors, so that shareholders' rights and interests have been well protected.	No material difference

Evaluation Item	Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			(VI) A Regular Shareholders' Meeting was held in June 17, 2022, and the date of the meeting was registered and the notice of meeting, handbook and meeting minutes were prepared within the statutory time limit in accordance with the law. (VII) Articles of Incorporation were amended in the Regular Shareholders' Meeting on June 17, 2022, and the Company completed change of registration on August 8, 2022. (VIII) Proposed agendas for the Board meetings and informed the Directors 7 days prior to meetings; convened the meetings and provided meeting information; sent the meeting minutes after the meetings. (IX) Proposed agendas for the meetings of the Audit Committee and informed the members 7 days prior to meetings; convened the meetings and provided meeting information; sent the meeting minutes after the meetings.	
V. Does the company establish communication channels and a dedicated section on the company website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material CSR issues in a proper manner?	✓		Relevant departments and spokespersons are accessible to stakeholders (clients, employees, shareholders, suppliers, distributors and the community...) as the communication channels. The Company has disclosed the contact information on the official website, where a special section for stakeholders is provided. If they have any questions, they can contact us as needed at any time by telephone, fax or e-mail, all of which are smooth communication channels. Contact channels for stakeholders: I. Regarding employee relations Contact person: Manager Cui, Jing-Qing Tel: (02)2223-4099 #712 E-mail : stanley.tsui@apexgrp.com.tw II. Regarding shareholder and investor relations Spokesperson: Wu, Hsiu-Lin Tel: (02)2223-4099 #687 E-mail : Yvonne@apexgrp.com.tw Deputy spokesperson: Huang, Chieh Director Tel: (02)2223-4099 #655 E-mail : jayhuang@apexgrp.com.tw III. Regarding customer and supplier relations Contact person: Director Wan Xinda Tel: (02)2223-4099 #147	No material difference

Evaluation Item	Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			E-mail : edward_wen@apexgroup.com.tw	
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed Yuanta Securities Co., Ltd., a professional stock agency, to handle the affairs of the shareholders' meeting. All the affairs of the shareholders' meeting can be handled under the premise of being legal, effective and safe. It has also established an internal control system for stock affairs and the internal audit of stock affairs is reviewed on an annual basis.	No material difference
VII. Information disclosure				
(I) Does the company have a website to disclose the financial operations and corporate governance status?	✓		(I) The Company has established a corporate website and disclosed the information regarding the Company's financial, business and corporate governance status in a timely manner in accordance with the law. Website: http://www.apexgrp.com.tw	No material difference
(II) 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, and making the process of investor conferences available on the corporate website)?	✓		(II) The Company has designated dedicated personnel to collect the Company's information and disclose major issues, and has implemented the spokesperson and deputy spokesperson system. The Company has also released the information on investors' conferences for the purpose of full disclosure of information.	No material difference
(III) Does the company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?		✓	(III) The Company's 2022 annual financial report was reported on March 16, 2023, and Quarter 1, Quarter 2, and Quarter 3 financial reports of 2022 were reported on May 13, August 12, and November 11, 2022, respectively. The operation status of each month shall be declared before the 10th day of the following month.	The Company is currently reporting all financial information within the prescribed period.
VIII. Is there any other important information to facilitate a better understanding of the company's	✓		(I) Employee rights: The Company communicates with employee representatives by holding regular labor management meetings, and has set up a	No material difference

Evaluation Item	Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchase of liability insurance for directors and supervisors)?			contact channel for employee relations to listen to employees' ideas, care for employees and continuously improve employee satisfaction on a reasonable, practical and legal basis so as to improve the relationships with employees and ensure harmonious labor-management relations. (II) Employee wellness: In addition to the provision of regular physical examinations for employees, the Company also has purchased group insurance and travel insurance for all employees, arranged a variety of leisure activities after work (fitness equipment, basketball shooting machines, etc.) and provided employees with multiple learning channels. The Company has established an Employee Benefits Committee, which regularly organizes company trips and birthday parties, provides subsidies for club activities and various subsidies such as birthday gifts, marriage subsidy and maternity subsidy, and cares for employees' physical and mental health, benefits and career development. For relevant measures, refer to "V. Labor relations" in Chapter 5 of this Annual Report. (III) Investor relations: The Company has commissioned a professional stock services agency, Yuanta Securities Co., Ltd., to handle stock affairs and relevant matters and also established the spokesperson system. A contact channel for communication with shareholders and corporate investors has also been provided. (IV) Supplier relations: The Company adheres to the philosophy of coexistence and co-prosperity when dealing with suppliers. The competent authority is responsible for supervising and guiding manufacturers, and recognizing excellent manufacturers by giving awards every year. The channels for communication with suppliers are also diverse and effective. In addition, suppliers are also required to obey relevant regulations on issues such as environmental protection, safety or health, and to work together to promote corporate social responsibility. (V) Rights of stakeholders: The Company's stakeholders include employees, clients, shareholders, investors, suppliers, etc. By adhering to the	

Evaluation Item	Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			principles of maintaining good relationships with stakeholders and respecting and protecting their legitimate rights and interests, the Company provides sufficient information based on the concerns of all stakeholders to help them with their judgment and decision-making on the Company's operating and financial status. The Company can properly respond to changes in environmental trends and amendments to laws and regulations by cooperating with various units. In order to meet the stakeholders' expectations, the Company adopts various communication methods to ensure the completion of relevant tasks on the one hand, and to maintain smooth communication channels on the other hand. The business teams regularly provide relevant feedback information for future improvements or reference in planning. The Company has always been adhering to stable business strategies and financial operation to protect the stakeholders' rights and interests. Stakeholders' concerns are addressed by relevant departments. In addition, the Company also actively promotes corporate value and reputation, and strives to become an excellent sustainable enterprise. The Company gives returns to shareholders by distributing dividends, and maintains sound capital planning and a steady financial structure. Authentic, real-time and transparent information on operating and financial conditions is provided to investors. All announcement documents publicized in accordance with the regulations of the competent authority are disclosed in the market observation post system. When maintaining normal business development and maximizing shareholders' interests, the Company also continues to pay close attention to issues such as consumer rights, social environmental protection and public welfare, and attach importance to the Company's social responsibility. (VI) Directors' training records: In order to improve the Directors' expertise and skills, maintain operational stability and maximize benefits, the Company's Directors continue to take various courses, and the relevant details have been submitted in the market observation post system. (VII) Implementation of risk management policies and risk evaluation measures:	

Evaluation Item	Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			The Board members of the Company are from diverse backgrounds and possess different professional capabilities. Kuo, Kuo-Hua and Wu, Nai-Hua are specialized in leadership, operational decision-making, operations management and crisis management with international mindedness; Lu, Fang-Yuan, Chang, Pao-Tsai and Wang, Chao-Kuei are proficient in the knowledge of the industry, human resources and administrative management; Hsiao, Sheng-Hsien and Chou, His-Yang are specialized in legal affairs, economics and finance. Therefore, the Company can immediately identify various risks arising from operations and take appropriate measures. (VIII) Implementation of customer relations policies: In the field of engineering, the Company stays down to-earth and dedicates our efforts to the business by adhering to the business philosophy of "being extraordinary with professionalism and integrity", to lay a broad and stable technological foundation in construction, grow steadily day by day and achieve remarkable quality. By means of proper cost planning and control and dynamic project-specific management, the Company devotes ourselves to become a construction company that provides customers with integrated services such as feasibility studies, design and planning, procurement and manufacturing, construction and test run, and aftersales service. In the field of optoelectronics, the core of the Company's mission and vision is to become a professional solution supplier, saving customers' costs and creating win-win situations in business. The Company makes every effort to continuously innovate and develop skills and satisfy customer needs by understanding their needs and actively providing energy-saving and cost-efficient solutions to adapt to trends. In the field of architecture, by adhering to the business philosophy of "people orientation and integrity make sustainability", the Company is committed to "building humanized lifetime homes" and dedicated to designing sweet living rooms as if they were our homes, striving to meet customer needs with 100% satisfaction and zero need for aftersales service and fulfill the vision of becoming an excellent architect specialized in home design.	

Evaluation Item	Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			(IX) Purchase of liability insurance for directors : In order to provide a safe working environment for the directors of the Company, so that they can work hard for the company wholeheartedly without any worries, create maximum benefits for shareholders, and can effectively help the company to make up for losses, and make the company continue to operate steadily, since 2007, the Company has purchased liability insurance for directors and supervisors every year. As of the compilation date of the annual report, the latest insurance period is from May 29, 2022 to May 29, 2023 (Insurance Company: Fubon Insurance Co., Ltd, insured amount: NT\$162,500,000), and submitted a report to the Board of Directors on May 12, 2022.	
IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved. (not applicable if not included as a company to be evaluated) On November 12, 2020, the Company's Board of Directors passed a resolution that the Director of the Legal Affairs Division of the President's Office shall concurrently serve as the Company's Chief Corporate Governance Officer, responsible for corporate governance issues. The scope of authority and execution of duties of the Officer have been disclosed on the Company's website and in the Annual Report.				

Note: All implementation items both checked with "Yes" or "No" shall be described in the summary column.

(V) If a Remuneration Committee has been established, its composition, responsibilities and operation status shall be disclosed:

Composition	Responsibilities	Implementation Status
I. The Committee shall consist of at least three members (note: no less than three) appointed by the resolution of the Board of Directors. One of the members shall serve as the convener II. The term of the members of the Committee shall be the same as that of the Board of Directors by whom they were appointed. III. In the event that the number of members is less than three persons due to the dismissal of a member for any reason, the Company shall hold a Board meeting for re-election to fill the vacant seat within 3 months from the date of occurrence. IV. When the members of the Committee are appointed or changed, the Company shall file an announcement on the information declaration website designated by the competent authority within two days from the date of the fact. V. The members include: Convener Chang, Pao-Tsai and Independent Directors Hsiao, Sheng-Hsien and Wu, Nai-Hua.	I. To establish and regularly review the policies, systems, standards and structures of the performance assessment and remuneration of the Directors and managers. II. To regularly assess and determine the remuneration of the Directors and managers.	I. The Company's Remuneration Committee, composed of 3 members, was established on December 16, 2011. II. The term of the current Committee members: July 20, 2021 to July 19, 2024; 6 meetings have been held this year (2022), convener Chang, Pao-Tsai attended 6 times, with an attendance rate of 100%; Independent Directors Hsiao, Sheng-Hsien and Wu, Nai-Hua attended 5 times, with an attendance rate of 83.3%

I. Professional qualifications and independence analysis of the Remuneration Committee members

May 2, 2023

Qualifications Title (Note 1) Name		Professional Qualification and Work Experience (Note 2)	Independence Criteria (Note 3)	Number of Other Public Companies where the Individual Concurrently Serves as a Remuneration Committee Member
Independent Director (Convener)	Chang, Pao-Tsai	Education: Bachelor's degree, Program for Presidents, Shanghai Jiao Tong University Department of Radio of Shih Hsin University (formerly known as World College of Journalism) Experience: General Manager, Shanghai Fengfu Investment Consulting Management Co., Ltd. President, Premier International Development Incorporation General Manager, 360d HR Consultancy Co., Ltd. Current: President, Premier International Development Incorporation General Manager, 360d HR Consultancy Co., Ltd. President, Cheer Elegant Corp. Taiwan Branch Independent Director, PLANET Technology Corporation Independent Director, Brinno Inc. Independent Director, Apex Science & Engineering Corp.	1. Including but not limited to whether I, my spouse and relatives within the second degree are directors, supervisors or employees of the Company or its affiliated enterprises: No 2. Number and proportion of shares held by myself, my spouse and relatives within the second degree (or in the name of others): 57,200 shares, with a shareholding ratio of 0.03%. 3. Whether served as a director, supervisor or employee of a company with a specific relationship with the Company (refer to the establishment of independent directors of public companies and measures to be followed, Item 5-8 of Paragraph 1, Article 3): No. 4. Amount of remuneration obtained for providing business, legal affairs, finance, accounting and other services of the Company or its affiliated enterprises in the last two years: No. 5. The "Declaration of Independent Directors" has been issued	2
Independent Director	Hsiao, Sheng-Hsien	Education: Juris Doctor in International Economic Law, University of International Business and Economics (China) Master, Law Institute of Law School, Soochow University Bachelor, Department of Accounting, School of Business, National Taiwan University Experience: CPA Partner and Principal, FORMOSA & CO., CPAS Senior Legal Adviser of Shanfa Law Firm Senior consultant, Myriad Attorneys at Law. Mediation member, Civil Division, Taipei District Court Current: CPA Partner and Principal, FORMOSA & CO., CPAS Independent Director, Formosan Rubber Group Inc. Independent Director, Apex Science & Engineering Corp.	1. Including but not limited to whether I, my spouse and relatives within the second degree are directors, supervisors or employees of the Company or its affiliated enterprises: No 2. Number and proportion of shares held by myself, my spouse and relatives within the second degree (or in the name of others): 0 3. Whether served as a director, supervisor or employee of a company with a specific relationship with the Company (refer to the establishment of independent directors of public companies and measures to be followed, Item 5-8 of Paragraph 1, Article 3): No. 4. Amount of remuneration obtained for providing business, legal affairs, finance, accounting and other services of the Company or its affiliated enterprises in the last two years: No. 5. The "Declaration of Independent Directors" has been issued	1

Independent Director	Wu, Nai-Hua	Education: Master of Business Administration (EMBA), National Chengchi University Bachelor of Chemical Engineering, National Cheng Kung University Experience: Vice General Manager, Upking International Co., Ltd. Current: President, ABEE Independent Director, Holy Stone Enterprise Co., Ltd. Independent Director, Apex Science & Engineering Corp.	1. Including but not limited to whether I, my spouse and relatives within the second degree are directors, supervisors or employees of the Company or its affiliated enterprises: No 2. Number and proportion of shares held by myself, my spouse and relatives within the second degree (or in the name of others): 0 3. Whether served as a director, supervisor or employee of a company with a specific relationship with the Company (refer to the establishment of independent directors of public companies and measures to be followed, Item 5-8 of Paragraph 1, Article 3): No. 4. Amount of remuneration obtained for providing business, legal affairs, finance, accounting and other services of the Company or its affiliated enterprises in the last two years: No. 5. The "Declaration of Independent Directors" has been issued	1
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Note 1: Please specify the relevant working years, professional qualifications and experience and independence of each member of the Remuneration Committee in the form. If they are independent directors, please remark it and refer to related content in Appendix 1 Information on Directors and Supervisors (I) on Page 00. Please respectively fill in independent directors or others for identification (if it is a convener, please add a note).

Note 2: Professional Qualifications and Experience: State the professional qualifications and experience of individual remuneration committee members.

Note 3: Meeting independence conditions: state that the members of the Compensation and Remuneration Committee meets independence conditions, including but not limited to whether I, my spouse, or relatives within Secondary Next of Kin act as directors, supervisors or employees of the Company or its affiliated companies; The number and proportion of the Company's shares held by relatives within Secondary Next of Kin (or in the name of others); whether or not to act as a director, supervisor or employee in a company that has a specific relationship with the Company (please refer to Provisions of Article 6, Paragraph 1, Subparagraphs 5 to 8 of the Measures for the Establishment and Exercise of Powers of the Compensation and Remuneration Committee of Companies Listed on the Stock Exchange or Trading at the Business Office of a Securities Firm). The amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.

Note 4: For disclosure methods, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

II. Operational status of the Remuneration Committee

(I) There are a total of 3 members in the Remuneration Committee.

(II) The term of office of the current Remuneration Committee is from July 20, 2021 to July 19, 2024. A total of 6 meetings of the Remuneration Committee (A) were held Year, with the qualifications of members and attendance records as follows :

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A) (Note)	Remark
Convener	Chang, Pao-Tsai	6	0	100%	
Independent Director	Hsiao, Sheng-Hsien	5	1	83.3%	
Independent Director	Wu, Nai-Hua	5	1	83.3%	

Other matters to be recorded:

I. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: None.

II.	If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.				
III.	Discussions and resolutions of the Remuneration Committee and the Company's response to the members' opinions:				
	Date	Session	Summary of motions	Opinion of Remuneration Committee	The Company's handling of the opinions of the Remuneration Committee
	2022/01/22	2022 1st	Submit the performance bonus payment plan for managers of Optoelectronics Division	Approved as proposed	Implemented as per the resolution
			Revised the "Performance Award Method of Photoelectric Business Division" of our company	Approved as proposed	Implemented as per the resolution
			Distribution of 2021 year-end bonus to Corporate Director and Managers	Approved as proposed	Implemented as per the resolution
	2022/03/24	2022 2nd	Appropriation number and distribution ratio of directors' remuneration in 2021	Approved as proposed	Implemented as per the resolution
			The results of performance assessment of the Board in 2021	Approved as proposed	Implemented as per the resolution
	2022/05/12	2022 3rd	Submit the performance bonus payment plan for managers of Optoelectronics Division	Approved as proposed	Implemented as per the resolution
	2022/08/11	2022 4th	Remuneration Distributed to Corporate Director Representative as Employee and Manager in cash in 2021	Approved as proposed	Implemented as per the resolution
			Distribution of 2021 remuneration of Directors in cash	Approved as proposed	Implemented as per the resolution
			Submit the performance bonus payment plan for managers of Optoelectronics Division	Approved as proposed	Implemented as per the resolution
	2022/11/10	2022 5th	Submit the performance bonus payment plan for managers of Optoelectronics Division	Approved as proposed	Implemented as per the resolution
			Revised the "Performance Award Method of Photoelectric Business Division" of our company	Approved as proposed	Implemented as per the resolution
			Case for change to the salary of "Corporate Director Representative as Employee" and "Managers"	Approved as proposed	Implemented as per the resolution
	2022/12/23	2022 6th	Distribution of 2022 year-end bonus to "Corporate Director Representative as Employee" and "Managers"	Approved as proposed	Implemented as per the resolution
	2023/03/13	2023 1st	Submit the performance bonus payment plan for managers of Optoelectronics Division	Approved as proposed	Implemented as per the resolution
			Appropriation number and distribution ratio of directors' remuneration in 2022	Approved as proposed	Implemented as per the resolution
			The results of performance assessment of the Board in 2022	Approved as proposed	Implemented as per the resolution

Note: (1) The resignation date for any members of the Remuneration Committee resigning before the end of the fiscal year shall be specified in the Remark column. The attendance rate (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the number of attendance during the member's tenure °

(2) If members of the Remuneration Committee are re-elected before the end of the Year, the succeeding and preceding members shall be listed and indicated as "succeeding", "preceding" or "re-elected" in the Remark column, as well as the date of re-election. The attendance rate (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the number of attendance during the member's tenure.

III. Information on nominating committee members and operation
The Company does not have a Nomination Committee currently.

(VI) Implementation Status of Promoting Sustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Promoting Items	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the Company establish the governance framework for sustainable development or set up an exclusively (or concurrently) dedicated unit to implement sustainable development and have management appointed by the Board of Directors to be in charge of corporate social responsibility and to supervise the implementation status by the Board of Directors? (TWSE/TPEX Listed Companies should fill in the implementation status, which is not a matter of compliance or explanation.)	✓		On October 1, 2022, the Company established the ESG Sustainable Development Committee (hereinafter referred to as the Committee) under the President, which consists of six functional groups: "Corporate Governance", "Employee Care", "Customer Care", "Environmental Sustainability", "Social Participation", and "Occupational Safety and Health". Composition of committee members: The President serves as the Chairman, the director of corporate governance serves as the Deputy Chairman, and an executive secretary position is established; Each functional group is convened by relevant department heads to coordinate the affairs of each group. The committee held a major thematic meeting in October 2022 in accordance with the GRI guidelines and prepared a sustainability report annually in accordance with regulations. After the report was approved by the Chairman, it was submitted to the Board of Directors for review.	No material difference
II. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the business operations and formulate relevant risk management policies or strategies based on the materiality principle? (Note 2) (TWSE/TPEX Listed Companies should fill in the implementation status, which is not a matter of compliance or explanation.)		✓	On November 13, 2014, the company's Code of Practice on Corporate Social Responsibility was reviewed and approved by the Board of Directors, and was published on the Company's bulletin board, intranet folder and company website. On January 22, 2022, the Code was revised into the "Sustainable Development Best Practice Principles", to regulate the Company's structure for promoting sustainable development.	Will be implemented step by step according to regulations

Promoting Items	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
III. Environmental issues (I) Does the company establish an environmental management system proper to its industry's characteristics?	✓		1. To meet the government's environmental sustainability policy, we made the "Sustainable Development Best Practice Principles", and replaced a small number of water-saving equipment according to the code. 2. In order to reduce the carbon emissions from treatment of waste and recycled materials, we called on colleagues to reduce and dispose of waste as guided by the Building Management Committee.	No material difference
(II) Does the company endeavor to improve efficiency of energy resources and use renewable materials that have low impact on the environment?	✓		1. In order to reduce energy waste and improve its efficiency, the Company reduces the use of electricity within a specific period of time of the day to save energy. Encourage colleagues to enter and exit the building by stairway instead of elevators to save public resources. 2. Cherish renewable and non-renewable resources, classify and recycle garbage and waste to meet the government's resource recycling policy. Recycle and use single sided waste paper to print non-important documents to avoid waste of paper.	No material difference
(III) Does the company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures with respect to climate change?		✓	The Company continues to pay attention to the potential risks and opportunities of climate change to the corporate now and in the future. We will conduct business activities in consideration of impacts of climate change.	Relevant specifications will be made when necessary.
(IV) Does the Company calculate the amount of greenhouse gas emissions, water consumption, and waste production in the past two years and formulate policies to cut down greenhouse gases and water consumption or other waste	✓		The overall inspection and verification schedule of the Group's greenhouse gas is controlled by the Board of Directors. Since 2022, the Company has been promoting overall inspection on the greenhouse gas. In addition to collecting greenhouse gas emission data in accordance	No material difference

Promoting Items	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
management?			with ISO 14064-1, we also manages the headquarters' energy consumption, water use, and waste volume.	
IV. Social issues (I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		1. The Company has formulated and announced human rights policies, and all operations are handled in accordance with the Labor Standards Act and relevant labor laws and regulations. 2. The Company has formulated and announced employee regulations and prevention, appeal and investigation measures against sexual harassment as reviewed and approved by the competent authority in order to protect the employees' legitimate interests and workplace safety.	No material difference
(II) Does the company appropriately reflect the business performances or achievements in the employee remuneration policy (including salary, annual leave and other benefits)?	✓		1. The Company clearly stipulates various employee welfare measures in the work rules and the "Measures for Subsidies and Condolences for Marriage, Childbirth, Injury or Death resulting from natural disasters or accidents", and notifies them during the education and training of new employees. Relevant measures are also publicly posted on the Company's internal website. 2. Regularly convene labor management coordination meetings and welfare committees to discuss and adjust employee welfare measures; According to the Company's Articles of Incorporation, the Company allocates 8% profit as employee compensation.	No material difference
(III) Does the company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	✓		1. The Company's offices are all equipped with qualified fire protection facilities and public safety equipment in accordance with laws and regulations. In addition to periodically checking relevant equipment internally, we also had regulatory authorities to conduct inspection to ensure safety of	No material difference

Promoting Items	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			the workplace. 2. We has also established appropriate safety and health management plans for the Company's external construction sites in accordance with laws, owner contracts, and company standards, and assign dedicated personnel to handle relevant operations. 3. The Company held annual safety and health education and disaster prevention training.	
(IV) Does the company establish effective career development and training plans for its employees?	✓		The Company has established education and training management measures and external training implementation points. Each unit supervisor designs appropriate education and training plans based on actual needs and the company's future operational planning, to establish effective career ability development training for colleagues.	No material difference
(V) Does the company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services, etc and set up relevant consumer or customer protection policies and complaint procedures?	✓		The Company has prepared regulations on education and training management and specified the key points for implementation of external training. The responsible person of each unit has developed suitable education and training plans based on actual needs and the Company's future operations planning, to provide effective career development training for employees.	No material difference
(VI) Does the company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?	✓		The Company has established customer complaint procedures for all operations, and has set up a consumer service hotline and an email box for the exclusive purpose, so that the after-sales service for all products are provided by dedicated persons. The marketing and labeling of products and services of the Company are performed in accordance with relevant laws, regulations and international norms. The Company carries out inspections for new suppliers in accordance with relevant regulations and, if necessary, visits the suppliers' premises for field surveys or commissions an	No material difference

Promoting Items	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			external institution to do so. When signing a contract with a supplier, the Company gives consideration to our policies on corporate social responsibility. In case of any violation that has a significant impact on the environment and society, the Company will deal with it as per the contract.	
V. Does the company refer to internationally-used standards or guidelines for the preparation of reports such as sustainability reports to disclose non-financial information? Are the reports certified or assured by a third-party accreditation body?	✓		Starting from 2022, the Company's sustainability report will be prepared in accordance with the regulations of the competent authority and with reference to the GRI guidelines. The sustainability report of 2022 was not planned for verification.	No material difference
VI. If the company has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," describe the implementation and any deviations from such principles:				
VII. Other important information that helps to understand the implementation of sustainable development: The Company's Code of Practice on Corporate Social Responsibility was made on November 13, 2014. The first amendment was made on Nov. 11, 2016. The second amendment was made on Mar. 27, 2020. The third amendment was made on Jan. 22, 2022 and the name of the Code was changed to "Sustainable Development Best Practice Principles". The fourth amendment was made on Mar. 13, 2023.				

Note 1: If "Yes" is ticked in the field "Implementation Status", please explain the key policies, strategies and measures taken and the current progress; if "No" is ticked, please specify the reasons and explain any policy, strategy and measure planned for the future. However, regarding the promotion of Item 1 and 2, TWSE/TPEX Listed Companies should specify the governance and supervisory framework for sustainable development, including but not limited to management policies, strategy and goal formulation, and review measures. They should also describe their risk management policies or strategies for environmental, social, and corporate governance issues in operation, and review how those policies and strategies have been implemented.

Note 2: Materiality principle refers to environmental, social and corporate governance issues that have material impact on the Company's investors and other stakeholders.

Note 3: For disclosure methods, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

(VII)Implementation Status of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(I) Does the company establish the ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board to implement the policies?	✓		The Company shall clearly specify ethical corporate management best practice principles which require all the employees, including the Board of Directors and the management to actively implement ethical corporate management, and shall carry out these policies in internal management and external commercial activities.	No material difference
(II) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		It is stipulated in the Company's Ethical Corporate Management Best Practice Principles that bribery, provision of illegal political contributions, improper charitable donations or sponsorship, provision or acceptance of unreasonable gifts, hospitality or other improper interests, infringes on business secrets, trademark rights, patent rights, copyrights and other intellectual property rights, engagement in unfair competition, and unethical acts where products and service will directly or indirectly damage the interests, health and safety of consumers or other stakeholders during R&D, procurement, manufacturing, provision or sales, are prohibited. The Company also have taken preventive measures and conducted education and publicity to implement the ethical corporate management policy.	No material difference
(III) Does the company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?	✓		The Company's Integrity Management Code, which includes plan for prevention of dishonest behavior plan, operating procedures and behavior guidelines, punishment for violation and complaint system, etc., and needs to be reviewed and revised according to the company's operation at any time. In addition, in accordance with the various operations, the Company formulates systems such as "Operational Procedures for	No material difference

Evaluation Item	Status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			Internal Material Information Processing" and "Rules for the Board of Directors" as relevant norms for the implementation of the Integrity Management Code and implements it.	
II. Fulfillment of ethical corporate management				
(I) Does the company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	✓		In order to make sure ethical corporate management is well implemented, the Company will refuse to deal with business partners recorded with unethical conduct, or shall strictly specify ethics-related clauses in business contracts with them.	No material difference
(II) Does the company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and report to the Board of Directors the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)?		✓	To strengthen ethical corporate management, the Company now has the President's Office formulate its ethical corporate management policies and prevention programs and supervise their implementation procedures.	In the future, the company will set up a full-time unit to promote corporate integrity management as needed.
(III) Does the company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		According to Article 15 of the Rules and Procedures for Board of Directors Meetings, in the event that a director or the legal person he or she represents is the stakeholder of an agenda item, such director shall disclose important details about his or her interests at the current meeting and refrain from discussion or vote on that matter. He or she shall be recused during discussion or vote on the matter and shall not exercise the right to vote on behalf of any other directors of the Board.	No material difference
(IV) Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit?	✓		Where the spouse, a relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matter under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter. The Company has established effective accounting	No material difference

Evaluation Item	Status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(V) Does the company regularly hold internal and external training on ethical corporate management?	✓		systems and internal control systems in accordance with the Ethical Corporate Management Best Practice Principles, in which the Audit Office shall devise relevant audit plans, conduct necessary audits and report audit results to the Board of Directors. By disclosing the Company's policy of ethical management in internal rules, annual reports and on the Company's websites, or announcing in external activities, the Company shall make its suppliers, customers or other business-related stakeholders fully aware of its principles and rules with respect to ethical corporate management.	No material difference
III. Operation of the whistle-blowing system				
(I) Does the company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?	✓		The Company encourages internal and external personnel to report dishonest or inappropriate behavior. A reward shall be given to the reporting person according to the severity of the reported violations. If internal personnel falsely report violations or make malicious accusations, they shall be punished according to disciplinary regulations. In severe cases, the person can be dismissed. The Company shall establish an independent whistle-blowing mailbox or hotline on its website and intranet and announce it publicly for internal and external personnel of the Company to submit reports.	No material difference
(II) Does the company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms?	✓		In the Ethical Corporate Management Best Practice Principles, the Company has established the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms.	No material difference
(III) Does the company provide protection for whistle-blowers against receiving improper treatment?	✓		When handling the personnel related to whistleblowing, the Company shall keep the identity of the whistle-blower and reported matters in secret in written statement, and shall allow anonymous whistle-blowing.	No material difference

Evaluation Item	Status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
IV. Enhanced disclosure of ethical corporate management information Does the company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS?	✓		The Company has disclosed its related governing rules and regulations on the Company's website and designate a special person to file an announcement onto MOPS on a regular or irregular basis.	No material difference
V. If the company has established the ethical corporate management best-practice principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe the implementation and any deviations from the Principles: none.				
VI. Other important information to facilitate better understanding of the Company's ethical corporate management: (e.g., review of and amendments to ethical corporate management policies) Ethical Corporate Management Best Practice Principles of the Company was established on December 18, 2012. The first amendment was made on Mar. 23, 2015. The second amendment was made on Nov. 13, 2018. The third amendment was made on Aug. 13, 2019. The fourth amendment was made on Mar. 27, 2020. The fifth amendment was made on Mar. 25, 2021.				

Note: All implementation items both checked with "Yes" or "No" shall be described in the summary column.

(VIII) Please disclose the method of access to the Company's Corporate Governance Best Practice Principles and related rules and regulations, if any:

In the "Investor Section" on the Company's website, the Company's Corporate Governance Best Practice Principles and related rules and regulations have been disclosed and may be updated from time to time for investors to download.

Website: http://www.apexgrp.com.tw/web/bbs/board.php?bo_table=investor&wr_id=11

(IX) Other information enabling better understanding of the Company's corporate governance, which shall be disclosed together: None.

(X) Status of Internal Control System

1. Statement on Internal Control

Apex Science & Engineering Corp.

Statement on Internal Control

Date: March 13, 2023

The Company hereby states the results of the self-evaluation of the internal control system for 2022 as follows:

- I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations for evaluating the internal control system identify five key components of managerial internal control: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.
- V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.
- VI. This statement is an integral part 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.
- VII. This statement was approved by the Board of Directors on March 13, 2023, and none of the seven directors in attendance objected to it and all consented to the content expressed in this statement.

APEX Science & Engineering Corp.

President: KUO, KUO-HUA

Signature

General Manager: Kuo, Kuo-Hua (Concurrent)

Signature

2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

(XI) Sanctions imposed on the Company or its personnel in accordance with the laws, or disciplinary actions taken by the Company against its personnel for any violation of internal control rules within the current fiscal year and as at the date of the Annual Report, as well as details of the sanctions, major deficiencies and subsequent improvements: None.

(XII) Major Resolutions of Shareholders' Meeting and Board of Directors During the Most Recent Fiscal Year Up to the Date of Publication of the Annual Report

Major resolutions of Shareholders' Meeting			
Date	Cause	Resolution	Implementation Status
2022/6/17 Regular Shareholders' Meeting	The 2021 Financial Statements (including consolidated financial statements) and Business Report of the Company are hereby acknowledged.	The proposal of the original Board of Directors was approved by voting.	Approved the 2021 Financial Statements (including consolidated financial statements) and Business Report of the Company.
	Distribution of earnings for 2021 is hereby acknowledged.	The proposal of the original Board of Directors was approved by voting.	The 2021 Surplus Distribution was distributed to shareholders in cash dividends of NT\$56,547,139 (NT\$0.25 per share, later changed to NT\$0.25223026 due to repurchase of treasury shares). The ex-dividend base date was on October 5, 2022, and the cash dividend distribution date was October 21, 2022 and all distributions were made on the same day.
	Please discuss the amendment to partial provisions in the Company's "Articles of Incorporation".	The proposal of the original Board of Directors was approved by voting.	It has been announced to the public information observation site and the Company's website on June 17, 2022, and obtained the approval letter for registration of amendments to the Articles of Association from the Ministry of Economic Affairs on August 8, 2022.
	Please discuss the amendment to partial provisions in the Company's "Rules and Procedures of the Shareholders' Meeting".	The proposal of the original Board of Directors was approved by voting.	It has been announced to the public information observation site and the Company's website on June 17, 2022.
	Proposed to amend part of the Company's "Procedures for Acquiring or Disposing of Assets".	The proposal of the original Board of Directors was approved by voting.	It has been announced to the public information observation site and the Company's website on June 17, 2022.

Major resolutions of Board of Directors		
Date	Cause	Resolution
2022/1/22 2022 1st	Distribution of 2021 year-end bonus for managers.	Chairman Kuo, Kuo-hua, who is also representative of Kaida Development Co., Ltd.: Wang, Chao-kuei, director of Kaida Development Co., Ltd, and director Huang, Chieh and Director Wu, Hsiu-Lin, did not participate in the discussion and voting due to matters related to the parties, and all the other directors present passed the motion without objection.
	Submit the performance bonus payment plan for managers of Optoelectronics Division.	The chairman consulted all the directors present and passed the motion without objection.
	Revised the "Performance Award Method of Photoelectric Business Division" of the Company.	The chairman consulted all the directors present and passed the motion without objection.
	Amendment to the Company's Internal Rules System.	The chairman consulted all the directors present and passed the motion without objection.
2022/3/24 2022 2nd	To discuss the distribution of directors' remuneration approved by the remuneration committee of the company in 2021	The chairman consulted all the directors present and passed the motion without objection.
	To discuss the company's distribution for directors and employees in 2021.	The chairman consulted all the directors present and passed the motion without objection.
	The Company 2021 Financial Statements (including consolidated Financial Statements) and Business Report	The chairman consulted all the directors present and passed the motion without objection.
	Distribution of earnings for 2021.	The chairman consulted all the directors present and passed the motion without objection.
	Amendment to partial provisions in the Company's "Articles of Incorporation".	The chairman consulted all the directors present and passed the motion without objection.
	Amendment to partial provisions in the Company's "Rules and Procedures of the Shareholders' Meeting".	The chairman consulted all the directors present and passed the motion without objection.
	Revise some provisions of the company's "procedures for disposing of assets acquired or Disposed of".	The chairman consulted all the directors present and passed the motion without objection.
	Proposed to amend part of "Corporate Governance Best Practice Principles".	The chairman consulted all the directors present and passed the motion without objection.
	Related matters on convening 2022 Regular Shareholders' Meeting	The chairman consulted all the directors present and passed the motion without objection.
	Related matters on accepting shareholder proposals for Regular Shareholders' Meeting.	The chairman consulted all the directors present and passed the motion without objection.
	Review of the effectiveness of the Company's 2021 Internal Control System and provision of "the Statement on Internal Control System"	The chairman consulted all the directors present and passed the motion without objection.
	Application for extension of line of credit from financial institutions.	The chairman consulted all the directors present and passed the motion without objection.
2022/5/12 2022 3rd	2022 Q1 Financial Statement.	The chairman consulted all the directors present and passed the motion without objection.
	Submit the performance bonus payment plan for managers of Optoelectronics Division.	The chairman consulted all the directors present and passed the motion without objection.
2022/7/12 2022 4th	Amendment to the Company's Internal Control System.	The chairman consulted all the directors present and passed the motion without objection.
	The Company intends to purchase our shares and transfer them to our employees in accordance with relevant regulations.	The chairman consulted all the directors present and passed the motion without objection.

Major resolutions of Board of Directors		
Date	Cause	Resolution
2022/8/11 2022 5th	2022 Q2 Financial Statement.	The chairman consulted all the directors present and passed the motion without objection.
	Remuneration Distributed to Corporate Director Representative as Employee and Manager in cash in 2021.	Chairman Kuo, Kuo-hua, who is also representative of Kaida Development Co., Ltd.: Wang, Chao-kuei, director of Kaida Development Co., Ltd, and director Huang, Chieh and Director Wu, Hsiu-Lin, did not participate in the discussion and voting due to matters related to the parties, and all the other directors present passed the motion without objection.
	Distribution of 2021 remuneration of directors in cash	The chairman consulted all the directors present and passed the motion without objection.
	Submit the performance bonus payment plan for managers of Optoelectronics Division.	The chairman consulted all the directors present and passed the motion without objection.
	Amendment to the Company's 2022 Rules on First Repurchase of Shares and Transfer to Employees	The chairman consulted all the directors present and passed the motion without objection.
	Application for extension of line of credit from financial institutions.	The chairman consulted all the directors present and passed the motion without objection.
	In order to meet the requirements of project performance bond guarantee and development costs in "The Development, Lease, Sale and Management Plan of Qigu Science and Technology Industrial Park" (hereinafter referred to as the Plan), the Company intends to apply for joint credit to the joint credit bank group organized by Taiwan Cooperative Bank.	The chairman consulted all the directors present and passed the motion without objection.
2022/9/14 2022 6th	Amendment to the Company's 2022 Rules on First Repurchase of Shares and Transfer to Employees.	The chairman consulted all the directors present and passed the motion without objection.
	Setting of ex-dividend date for cash dividend distribution in 2022 and other related matters.	The chairman consulted all the directors present and passed the motion without objection.
2022/11/10 2022 7th	2022 Q3 Financial Statement.	The chairman consulted all the directors present and passed the motion without objection.
	The Company's Independence and Competence Assessment of CPAs.	The chairman consulted all the directors present and passed the motion without objection.
	Proposed to revise the Company's internal control system and establishment of a responsible unit for major internal information.	The chairman consulted all the directors present and passed the motion without objection.
	Report on Amendment to the "Rules of Procedure for Board of Directors Meetings".	The chairman consulted all the directors present and passed the motion without objection.
	Proposed to draft "Code of Practice of Risk Management".	The chairman consulted all the directors present and passed the motion without objection.
	Proposed to draft the "2023 Annual Audit Schedule".	The chairman consulted all the directors present and passed the motion without objection.
	Application for extension of line of credit from financial institutions.	The chairman consulted all the directors present and passed the motion without objection.
	Revised the "Performance Award Method" for Photoelectric Business Division.	The chairman consulted all the directors present and passed the motion without objection.
	Submit the performance bonus payment plan for managers of Optoelectronics Division.	The chairman consulted all the directors present and passed the motion without objection.
	Submit case for change to salary of the "Corporate Director Representative as Employee" and "Manager".	Chairman Kuo, Kuo-hua, who is also representative of Kaida Development Co., Ltd.: Wang, Chao-kuei, director of Kaida Development Co., Ltd, and director Huang, Chieh and Director Wu, Hsiu-Lin, did not participate in the discussion and voting due to matters related to the parties, and all the other directors present passed the motion

		without objection.
Major resolutions of Board of Directors		
Date	Cause	Resolution
2022/12/23 2022 8th meeting	Application for extension of line of credit from financial institutions.	The chairman consulted all the directors present and passed the motion without objection.
	Proposed to amend part of Corporate Governance Best Practice Principles.	The chairman consulted all the directors present and passed the motion without objection.
	Distribution of 2022 year-end bonus to “Corporate Director Representative as Employee“ and ”Managers“.	Chairman Kuo, Kuo-hua, who is also representative of Kaida Development Co., Ltd.: Wang, Chao-kuei, director of Kaida Development Co., Ltd, and director Huang, Chieh and Director Wu, Hsiu-Lin, did not participate in the discussion and voting due to matters related to the parties, and all the other directors present passed the motion without objection.
	Proposal to change the special custodian of the Company's registration seal with Company Registration Authority (i.e. "Department of Commerce, Ministry of Economic Affairs").	The chairman consulted all the directors present and passed the motion without objection.
2023/3/13 2023 1st	Review of the effectiveness of the Company's 2021 Internal Control System and provision of the Statement on Internal Control System.	The chairman consulted all the directors present and passed the motion without objection.
	Amendment to the Company's Internal Control System.	The chairman consulted all the directors present and passed the motion without objection.
	Amend part of “Corporate Governance Best Practice Principles” and part of “Sustainable Development Best Practice Principles”	The chairman consulted all the directors present and passed the motion without objection.
	To discuss the distribution of directors' remuneration approved by the remuneration committee of the company in 2022.	The chairman consulted all the directors present and passed the motion without objection.
	To discuss the company's distribution for directors and employees in 2022.	The chairman consulted all the directors present and passed the motion without objection.
	Submit the performance bonus payment plan for managers of Optoelectronics Division.	The chairman consulted all the directors present and passed the motion without objection.
	The Company 2022 Financial Statements (including consolidated Financial Statements) and Business Report.	The chairman consulted all the directors present and passed the motion without objection.
	Distribution of earnings for 2022.	The chairman consulted all the directors present and passed the motion without objection.
	Surplus Conversion for Capital Increase and issuance of new shares.	The chairman consulted all the directors present and passed the motion without objection.
	Proposal for the Election of One Independent Director by the Company.	The chairman consulted all the directors present and passed the motion without objection.
	Related matters on the nomination of independent director candidates and approval of nominees by the Board of Directors of the Company.	The chairman consulted all the directors present and passed the motion without objection.
	The Lifting of Restrictions on Non-Competes for New Independent Directors of the Company.	The chairman consulted all the directors present and passed the motion without objection.
	Related matters on convening 2023 Regular Shareholders' Meeting.	The chairman consulted all the directors present and passed the motion without objection.
	Related matters on accepting shareholder proposals for Regular Shareholders' Meeting.	The chairman consulted all the directors present and passed the motion without objection.
	Related matters on accepting shareholders nominations in the list of candidates.	The chairman consulted all the directors present and passed the motion without objection.
	Appointment and Remuneration of CPAs for 2023.	The chairman consulted all the directors present and passed the motion without objection.
	Cancellation of treasury shares and establishment of a benchmark date for capital reduction.	The chairman consulted all the directors present and passed the motion without objection.

	Application for extension of line of credit from financial institutions.	The chairman consulted all the directors present and passed the motion without objection.
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(XIII) Any Dissenting Opinions Expressed by Directors or Supervisors with Respect to Major Resolutions Passed by the Board of Directors during the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report, where Said Dissenting Opinions Have Been Recorded or Prepared as a Written Declaration, the major content is:

Directors or independent directors have no objection to the adoption of important resolutions by the board of directors.

(XIV) A Summary of Resignations and Dismissals of the Chairman, President, Accounting Manager, Financial Manager, Chief Internal Auditor, Corporate Governance Officer or Research and Development Officer during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

IV. Information on visaing CPA Professional Fees

Unit: NT\$1,000

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Remark
PwC Taiwan	Liao, Fu-Ming	2022.01.01-2022.12.31	3,910	0	3,910	
	Chen, Ching-Chang					

Please specify the content of non-audit public service: None.

Note: If the company changes its accountant or accounting firm this year, please list the audit period, explain the reason of the change in the remarks column, and disclose the information of audit and non-audit fees paid in order. Non-audit fees and notes should be attached to explain the service content.

- (I) Disclosure of the amount and reasons for the decrease in audit fees where there has been a change in CPA firm and the audit fees are lower than the previous fiscal year: None.
- (II) Disclosure of the amount, percentage and reasons for the decrease in audit fees where the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by more than 10%: None.

V. Information on Replacement of CPAs:

(I) Former CPAs:

Date of Replacement	As passed upon the approval of the Board of Directors on August 11, 2020		
Replacement Reasons and Explanations	Due to internal restructuring of PwC Taiwan, the Company replaced the CPAs for financial reports from Chen, Ching-Chang and Chang, Shu-Chung to Liao, Fu-Ming and Chen, Ching-Chang starting from the second quarter of 2020.		
Termination by the Company or the CPAs	Party Condition	CPA	Client
	Termination by the Company	N/A	N/A
	Termination by the CPAs	N/A	N/A
Opinions (Other than Unmodified Opinions) in the Past 2 Years and Reasons	None		
Deviation form the Issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or steps
			Others
	None	V	
	Description		
Additional Disclosures (under Subparagraphs 1-4 to 1-7, Paragraph 6, Article 10 of the Guidelines)	None		

(II) Successive CPAs

Name of CPA Firm	PwC Taiwan
Name of CPA	Liao, Fu-Ming, Chen, Ching-Chang
Date of Appointment	As passed upon the approval of the Board of Directors on August 11, 2020
Inquiries into Accounting Treatments or Principles for Specific Transactions and Possible Opinions on Financial Statements before Appointment	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

(III) Former CPAs' reply to disclosures under Subparagraph 1 and Item 3, Subparagraph 2, Paragraph 6, Article 10 of these Regulations: None.

VI. The Chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the CPAs' Accounting Firm or an Affiliate of the Accounting Firm: None.

VII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report) by a Director, supervisor, Managerial Officer, or Shareholder with a Stake of More than 10%:

(I) Changes in equity :

Title	Name	2022		As of May 2	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
President and General Manager	Kuo, Kuo-Hua	298,000	0	3,000	0
Independent Director	Chang, Pao-Tsai	0	0	0	0
Independent Director	Hsiao, Sheng-Hsien	0	0	0	0
Independent Director	Wu, Nai-Hua	0	0	0	0
Director	Lu, Fang-Yuan	0	0	0	0
Director	Chou, His-Yang	0	0	0	0
Director	Kaida Development Co., Ltd. Representative: Wang, Chao-Kuei	994,000	0	1,000	0
General Manager, Business Dept.	Peng, Shr-Bo	0	0	0	0
Vice General Manager, Business Dept.	Peng, Wu-Yuan	0	0	0	0
Vice General Manager, Business Dept.	Chen, Te-Yuan	0	0	0	0
Vice General Manager, Business Dept.	Huang, Han-Tang	0	0	0	0
Senior Manager	Chiu, Wen-Chuan	0	0	0	0
Financial and Accounting Manager	Wu, Hsiu-Lin	0	0	0	0
Chief Corporate Governance Officer	Huang, Chieh	0	0	0	0
Major Shareholder	Chang Ji Construction Co., Ltd. Representative: Kuo, Chun-Hao	0	0	0	0

(II) Equity transfer information (transaction counterparty is a related person) : N/A

(III) Equity pledge information (transaction counterparty is a related person): N/A

VIII.Information about relationships among the Company's top ten shareholders.

April 27, 2023

Name	My Shareholding		Spouse & Minor Shareholding		Total Shareholding by Nominees		NAME AND RELATIONSHIP AMONG TOP TEN SHAREHOLDERS, WITH ANY ONE WHOM ARE RELATED PARTIES, SPOUSES OR, RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP. (NOTE 3)		Remark
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Name	Relationship	
Chang Ji Construction Co., Ltd.	28,124,802	12.29	-	-	-	-	-	-	
Representative: Kuo, Chun-Hao	-	-	-	-	-	-	Kuo, Kuo-Hua	Father and son	
Kuo, Kuo-Hua	16,425,177	7.18	647	-	-	-	Kuo, Chun-Hao	Father and son	
Chi, Qi-Guang	15,547,189	6.80	-	-	-	-	Dagang Investment Co., Ltd.	Representative	
Lin, Jian-Zhi	13,490,000	5.90	-	-	-	-	-	-	
Senior Engineering Inc.	7,618,268	3.33	-	-	-	-	-	-	
Representative: Huang, Yong-qing	-	-	-	-	-	-	Yingbei Investment Co., Ltd	Same Representative	
Yingbei Investment Co., Ltd	7,358,336	3.22	-	-	-	-	-	-	
Representative: Huang, Yong-qing	-	-	-	-	-	-	Senior Engineering Inc.	Same Representative	
Liao, Xue-Ping	7,328,000	3.20	-	-	-	-	-	-	
Huang, Yu-Xiu	4,377,536	1.91	-	-	-	-	-	-	
Dagang Investment Co., Ltd.	2,806,130	1.23	-	-	-	-	-	-	
Representative: Chi, Qi-Guang	15,547,189	6.80	-	-	-	-	Chi, Qi-Guang	Myself	
Xu, Jun-Lin	2,722,612	1.19	-	-	-	-	-	-	

Note 1: The top ten shareholders' names shall be identified separately in the case of institutional shareholders, the institutional shareholders' names and their representatives' names shall be identified separately.

Note 2: The ratios of shareholding are calculated in terms of own shareholdings, shareholdings of spouse & minor children or shareholdings of nominees.

Note 3: Relationships among the aforementioned shareholders including juristic and natural persons shall be disclosed according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IX. The total number of shares held in one same invested enterprise by the Company, the Company's directors, supervisors and managers, and any enterprises controlled either directly or indirectly by the Company, combined with total ratio of shareholding calculated.

May 2, 2023

Unit: Share, %

Invested enterprise	Ownership by the Company		Investment by directors, supervisors, managers, and enterprises controlled by the Company directly or indirectly		Total Ownership	
	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership
Xinding Engineering Consultants Corp.	8,000,000	100.00%	-	-	8,000,000	100.00%
Chang Ji Construction Co., Ltd.	54,320,000	90.53%	1,612,500	2.69%	55,932,500	93.22%
REINFORECE ENERGY CO.,LTD	2,810,000	100.00%	-	-	2,810,000	100.00%

Note: Investment using the equity method by the Company.

Chapter 4 Capital Overview

I. Capital and Shares

(I) Source of Stock

1. Category of shares issued during most recent fiscal year and up to the date of publication of the Annual Report:

Unit: share, NT\$1,000

Year/Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Stock	Written off with properties other than cash	Others
2014.6	10	350,000,000	3,500,000	228,713,554	2,287,135	Cancellation of 4,291,000 shares from treasury stock (Approval date: January 29, 2019, when the approval letter of change registration was received from the Ministry of Economic Affairs)	-	

May 2, 2023

Share Type	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total	
Registered common shares	228,713,554 listed shares	121,286,446 shares	350,000,000 shares	-

Note: Please specify whether the stock refers to TWSE or GTSM stock (the stock forbidden from being traded in TWSE or GTSM, if any, shall be identified).

2. Information about shelf registration: None

(II) Structure of shareholders

April 27, 2023

Structure \ Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign institutions and foreigners	Total
Number of people	-	-	163	30,831	40	31,034
Shares Held	-	-	55,435,702	170,650,952	2,626,900	228,713,554
Percentage of Ownership	-	-	24.24%	74.61%	1.15%	100%

(III) List of Major Shareholders

April 27, 2023

Serial Number	Account Numbers	Name of Major Shareholders	Shares Held	Percentage (%)
1	0018322	Chang Ji Construction Co., Ltd.	28,124,802	12.29
2	0026576	Kuo, Kuo-Hua	16,425,177	7.18
3	0000001	Chi, Qi-Guang	15,547,189	6.80
4	0074731	Lin, Jian-zhi	13,490,000	5.90
5	0018321	Senior Engineering Inc.	7,618,268	3.33
6	0030406	Yingbei Investment Co., Ltd	7,358,336	3.22
7	0057184	Liao, Xue-Ping	7,328,000	3.20
8	0010477	Huang, Yu-Xiu	4,377,536	1.91
9	0018134	Dagang Investment Co., Ltd.	2,806,130	1.23
10	0043168	Xu, Jun-Lin	2,722,612	1.19

(IV) Distribution of shares

1. Common stock:

April 27, 2023

Range of Shares	Number of Shareholders	Shares Held	Shareholding Ratio %
1 - 999	20,092	1,028,153	0.45%
1,000 - 5,000	5,176	10,983,772	4.80%
5,001 - 10,000	1,179	9,308,183	4.07%
10,001 - 15,000	474	6,000,705	2.62%
15,001 - 20,000	298	5,522,220	2.41%
20,001 - 30,000	261	6,652,351	2.91%
30,001 - 40,000	123	4,407,399	1.93%
40,001 - 50,000	91	4,248,713	1.86%
50,001 - 100,000	163	11,788,985	5.15%
100,001 - 200,000	95	14,062,060	6.15%
200,001 - 400,000	30	8,561,428	3.74%
400,001 - 600,000	17	8,377,846	3.66%
600,001 - 800,000	6	4,126,338	1.80%
800,001 - 1,000,000	4	3,464,457	1.51%
More than 1,000,001	25	130,180,944	56.94%
Total	31,034	228,713,554	100.00%

2. Preferred stock: None

(V) Market price, net worth, earnings and dividends per share and related information for the past two fiscal years

Unit: NT\$ 1000 shares

Item \ Year		2021	2022	As of May 2, 2023 in current year
Market Price Per Share	Highest market price	15.00	10.80	11.65
	Lowest market price	10.25	9.50	10.25
	Average market price	12.86	10.26	11.04
Net Worth per Share	Before distribution	15.13	15.90	15.90
	After distribution	14.88	(Note 9)	-
Earnings per Share	Number of Weighted average shares (with treasury stock deducted)	198,064	197,263	197,263
	Earnings per Share (Note 3)	0.52	1.05	1.05
Dividends Per Share	Cash	0.25	(Note 9)	-
	Stock dividends	Stock dividends appropriated from earnings	(Note 9)	-
		Stock dividends appropriated from capital surplus	-	-
	Accrued unpaid dividends (Note 4)		-	-
Return on Investment	Price-to-earnings ratio (Note 5)	22.96	9.74	-
	Price-to-dividend ratio (Note 6)	51.44	(Note 9)	-
	Cash dividend yield (Note 7)	1.94%	(Note 9)	-

* In the case of retained shares distribution or capital surplus shares distribution, please also disclose the information about the market price and cash dividend adjusted retroactively based on the quantity of shares as distributed.

Note 1: Please identify the highest market prices and the lowest market prices of the common shares in various years, and calculate the average market price for each year based on the trading value and turnover for each year.

Note 2: Please fill in the number of shares already issued by the end of the year and identify the status of distribution according to the resolution made by the shareholders' meeting held in the following year.

Note 3: If it is necessary to make adjustment retroactively due to stock dividends, please identify the earnings per share before and after adjustment.

- Note 4: If the terms and conditions under which the equity securities are issued provide that the stock dividends retained in the year may be accumulated until the year in which there are allocable earnings available, please separately disclose retained stock dividends accumulated by the end of year.
- Note 5: $\text{Price-earnings ratio} = \text{Average closing price per share in current year} / \text{Earnings per share}$
- Note 6: $\text{Price-dividend ratio} = \text{Average closing price per share in current year} / \text{Cash dividend per share}$
- Note 7: $\text{Cash dividend yield} = \text{Cash dividends per share} / \text{Average closing price per share for the year}$.
- Note 8: Please identify the net worth per share and the earnings per share available in the latest quarterly financial information audited (reviewed) by the CPA up to the date of publication of the Annual Report, and the information in the current year available up to the date of publication of the Annual Report in the other sections.
- Note 9: To be determined upon resolution by the Shareholders' Meeting.
- Note 10: As of the publication date of the annual report, the company's financial statements for the first quarter of 2023 have not been reviewed by CPAs.

(VI) Dividend policy and implementation status of the Company

1. Dividend policy of the company

In case there are profits after tax in the final settlement of the current year, the Company shall first offset the accumulated loss (including adjustment on nondistributed earnings) and retain 10% as legal surplus reserve in accordance with the law; however, when the legal surplus reserve reaches the total amount of paid-in capital of the Company, it is not subject to this limitation. The Company shall also appropriate or reverse special reserves in accordance with laws or regulations stipulated by the competent authorities. With regard to the earnings and undistributed earnings of same period (including adjustment on undistributed earnings), the Board of Directors shall submit an earnings distribution proposal to distribute dividends to shareholders, subject to the approval at the shareholders' meeting.

The industrial life cycle of the company is at the growth period. In order to coordinate the Company's long-term financial planning for sustainable management and stable growth, the dividend policy adopts the residual dividend policy. Besides, according to the Company's capital budget plan, stock dividends shall be first distributed to retain the required funds. If there is any surplus, then cash dividends can be distributed. If cash dividends can be distributed during the year, the cash dividends should be adjusted to no less than 5% of the total dividends.

2. Distribution of dividends proposed at the current shareholders' meeting:
The Company's 2022 profit distribution plan is proposed as follows:

APEX SCIENCE & ENGINEERING CORP.

Profit Distribution Table

2022

Currency Unit: NT\$

Earnings available for distribution at beginning of year	374,526,294
Add: 2022 Net income after tax	206,933,977
Less: Legal reserve (10%)	(20,693,397)
Add : Special reserves	3,702,782
Total earnings available for distribution	564,469,656
Distribution items	
Cash dividends for shareholders- NT\$0.4 per share	89,675,422
Stock dividends for shareholders- NT\$0.2 per share	44,837,710
Undistributed earnings at end of period	429,956,524

Note 1: Cash dividend will be distributed according to a ratio. The amount will be rounded down to NT\$1, and the aggregated amount of bonus less than NT\$1 will be distributed by designated personnel assigned by the President.

Note 2: All the earnings distribution of the year are provided from the distributable earnings after tax in 2022.

(VII)Effect on the operating performance and earnings per share of distribution of stock dividends proposed or adopted in the most recent shareholders' meeting:

		Unit: NTD; share	
Item		Year	2023 (Forecast)
Paid-in capital at the beginning of the period			2,287,135,540
This year's distribution of shares and interest	Cash dividend per share		NTD 0.4
	Surplus converted to capital increase, number of shares allocated per share		0.02 Share
	Number of shares allocated per share for capital reserve conversion and capital increase		-
Changes in business performance	Business interests		(Note)
	Increase (decrease) ratio of operating profit year-over-year		
	Net profit after tax		
	Increase (decrease) ratio of net profit after tax year-over-year		
	Earnings per share		
	Increase (decrease) ratio of earnings per share year-over-year		
	Annual average ROI (reciprocal of annual average cost to earnings ratio)		
Proposed earnings per share and earnings to	If the earnings are converted to	Proposed earnings per share	

earnings ratio	capital increase and fully allocated to cash dividends	Proposed annual average ROI	
	If capital surplus is not transferred to capital increase	Proposed earnings per share	
		Proposed annual average ROI	
	If capital surplus is not distributed in the form of cash dividends	Proposed earnings per share	
		Proposed annual average ROI	

Note: No financial forecast has been announced for this year, so it is not applicable.

(VIII) Remuneration to employees and directors

1. If the Company makes a profit in the year, it shall set aside 8% of the balance as remuneration to the employees and no greater than 2% of the balance as remuneration to directors. However, when there are accumulated losses (including adjustment on undistributed earnings), the Company shall reserve appropriate amounts for offsetting before making the remuneration.

The above remuneration to the employees may be allotted in cash or stock, and the eligible personnel shall include employees at subsidiaries that meet related requirements. The above remuneration to the directors shall be in cash.

Clauses in preceding two paragraphs shall be determined upon the resolution by the Board of Directors and reported to the Shareholders' Meeting.

2. The basis of the estimate of compensation to employees and directors, the basis of calculating the number of shares where stock bonuses are paid, as well as accounting treatment in case of deviation between the amount of actual payment and the estimate: Any deviation between the amount of actual payment and the estimate for the remuneration to employees and directors will be listed as profit or loss in 2022.

3. Information about distribution proposal of 2022 remuneration adopted by the Board of Directors:

- (1) Distribution of remuneration to employees and directors:

- a. Remuneration to employees in cash: NT\$23,781,574.
- b. Remuneration to employees in stock: None.
- c. Remuneration to directors: NT\$5,945,394.

If there is any discrepancy between that amount and the estimate for the fiscal year that these amounts are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

The amounts proposed to be distributed as remunerations to employees and directors in 2022 were NT\$23,781,574 and NT\$5,945,394 respectively, which had no discrepancy from those amounts recognized in 2022.

- (2) The amount of any employee compensation distributed in stock, and the percentage of that amount in the total sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation:

There is no stock distributed to employees during this period, so that this shall not apply.

4. Earnings of previous year allocated as bonus to employees and as remuneration to directors and supervisors:

The actual amounts allocated as remuneration to employees, directors and supervisors in

2021 were NT\$11,692,693 and NT\$2,923,173 respectively, which were equal to that originally proposed for distribution by the Board of Directors.

(IX) Repurchase of the Company's shares during the most recent fiscal year and up to the date of publication of the Annual Report:

May 2, 2023

Repurchase Stage	6th Repurchase	7th Repurchase
Purpose of repurchase	Transfer of shares to employees	Transfer of shares to employees
Preset time for repurchase	2020.3.31~2020.5.29	2022.7.13~2022.9.05
Estimated repurchase price range	NT\$ 7 to 12	NT\$ 7.5 to 12.5
Actual types and quantities of shares to be repurchased	Common stock:2,525,000 shares	Common stock:2,000,000 shares
Actual amount of repurchased shares	NT\$ 26,129,920	NT\$ 20,648,120
The ratio of the quantity bought back to the quantity scheduled to be repurchased (%)	42.08%	100%
Number of shares that have been canceled and transferred	0	0
Cumulative number of shares held in the company	Common stock : 2,525,000 shares	Common stock : 4,525,000 shares
The ratio of the cumulative number of shares held in the company to the total number of issued shares (%)	1.10	1.98

Note: The purpose of the sixth repurchase of treasury shares is to transfer employees. Due to the overdue transfer, the cancellation will be processed. The number of canceled shares is 2,525,000 shares, and the base date for capital reduction is set as May 29, 2023.

II. Issuance of corporate bonds:

Unit: NT\$1,000

Category of corporate bonds (Note 2)	First offering of secured ordinary bonds in 2021 (Note 5)
Issuance date	2021.11.09
Face Value	1,000
Location of issuance and transaction (Note 3)	Counter Trading Center
Par Value	At par value
Total amount	500,000
Interest rate	0.56%
Period	5 years Maturity date: 2026/11/09
Guarantor	Taiwan Cooperative Bank, Ltd.
Trustee	Taipei Fubon Commercial Bank Co., Ltd.
Underwriter	Taiwan Cooperative Securities Co. Ltd.
Legal counsel	None
CPA	None
Term of repayment	Repaid once upon maturity of five years
Outstanding principal	500,000
Redemption or early repayment clauses	None
Restrictions (Note 4)	None

Name of credit rating agency, rating date and rating of corporate bonds		N/A
With other rights	Converted (exchanged or subscribed) common stocks, overseas depository receipts or the price of other negotiable securities as of the date of the publication of the Annual Report.	N/A
	Issuance and conversion (exchange or subscription)	None
Potential dilutive effects on other shares and impact on the existing rights of shareholders due to regulations on issuance and conversion/exchange/subscription or terms of issuance		None
Name of trustee for exchange subject matter		None

Note 1: The issuance of corporate bonds includes public offering and private placement of corporate bonds that are still in the process. The public offering of corporate bonds in the process refers to those going into effect upon the approval of the Meeting; and the private placement of corporate bonds in the process refers to those passed upon the approval by the Board of Directors.

Note 2: The number of sections shall be adjusted subject to the actual number of processes completed.

Note 3: To be filled if corporate bonds are issued overseas.

Note 4: For example, restrictions on the distribution of cash dividends, foreign investments or requirement for maintaining the asset ratio at a certain level.

Note 5: The private placement, if any, shall be identified prominently.

Note 6: The information regarding corporate bond conversion, the information regarding corporate bond swap, the status of shelf registration for corporate bonds and the information regarding equity warrant bonds should be disclosed accordingly by category in the table.

III. Preferred Shares: None.

IV. Issuance of overseas depository receipts: None.

V. Employee stock options and new restricted shares for employees: None.

VI. Mergers and acquisitions, or as assignee of new shares issued by another company: None.

VII. Implementation of capital utilization plan

(I) Description of Plans

Up to the quarter prior to the date of publication of the Annual Report, each public offering or private placement plan of negotiable securities that has not been completed yet, or such plans that have been completed in the most recent 3 years but have not yet yielded the planned benefits: N/A.

(II) Implementation Status

Up to the quarter prior to the date of publication of the Annual Report, each public offering or private placement plan of negotiable securities that has not been completed yet, or such plans that have been completed in the most recent 3 years but have not yet yielded the planned benefits: N/A.

Chapter 5 Operational Highlights

I. Business Activities

(I) Scope of Business

1. Major business content of the company:

- | | | |
|----|---------|--|
| 1 | CA02050 | Manufacturing of valves |
| 2 | CA02060 | Manufacturing of metal containers |
| 3 | CB01010 | Manufacturing of machinery |
| 4 | CB01030 | Manufacturing of pollution prevention equipment |
| 5 | CB01990 | Manufacturing of other kinds of machinery |
| 6 | CC01010 | Manufacturing of power generation, transmission, and distribution equipment |
| 7 | CC01030 | Manufacturing of electric appliance and audio and video equipment |
| 8 | CC01040 | Manufacturing of lighting equipment |
| 9 | CC01050 | Manufacturing of data storage and processing equipment |
| 10 | CC01080 | Manufacturing of electronic components |
| 11 | CC01101 | Manufacturing of restrained telecom radio frequency equipments |
| 12 | CC01110 | Manufacturing of computers and peripheral equipment |
| 13 | CC01990 | Manufacturing of other electrical engineering and electronic machinery equipment |
| 14 | CD01020 | Manufacturing of rail vehicle and parts |
| 15 | CE01010 | Manufacturing of general instruments |
| 16 | CQ01010 | Manufacturing of molds and dies |
| 17 | CZ99990 | Manufacturing of other industrial products not elsewhere classified |
| 18 | E103101 | Environmental protection construction |
| 19 | E501011 | Tap water pipelines contractors |
| 20 | E502010 | Fuel pipe installation |
| 21 | E599010 | Pipe lines construction |
| 22 | E601010 | Electric appliance construction |
| 23 | E601020 | Electric appliance installation |
| 24 | E602011 | Refrigeration and air conditioning engineering |
| 25 | E603010 | Cable installation engineering |
| 26 | E603040 | Fire fighting equipments construction |
| 27 | E603050 | Automatic control equipment engineering |
| 28 | E603080 | Traffic signs installation engineering |
| 29 | E603090 | Lighting equipments construction |
| 30 | E603100 | Electric welding engineering |
| 31 | E603130 | Gas water heater installation |
| 32 | E604010 | Machinery installation |
| 33 | E605010 | Computer equipment installation |
| 34 | E701010 | Telecommunications engineering |
| 35 | E801010 | Indoor decoration |
| 36 | E801020 | Doors and windows construction |

37	E801030	Indoor light-gauge steel frame engineering
38	E801040	Glass installation engineering
39	E801070	Kitchen and bath facilities construction
40	E901010	Painting engineering
41	E903010	Anti-corrosion and anti-rust engineering
42	EZ03010	Furnace installation
43	EZ05010	Apparatus installation construction
44	EZ15010	Heat/cold insulation construction
45	EZ99990	Other engineering
46	F105050	Wholesale of furniture, bedding, kitchen utensils and fixtures
47	F106010	Wholesale of hardware
48	F106030	Wholesale of molds and dies
49	F106040	Wholesale of water containers
50	F106050	Wholesale of pottery, porcelain and glassware
51	F111090	Wholesale of building materials
52	F113020	Electric appliance wholesale industry
53	F113030	Wholesale of precision instruments
54	F113070	Wholesale of telecom instruments
55	F115020	Wholesale of ores
56	F118010	Wholesale of computer software
57	F119010	Wholesale of electronic materials
58	F120010	Wholesale of refractory materials
59	F205040	Retail sale of furniture, bedding, kitchen utensils and fixtures
60	F206010	Retail sale of hardware
61	F206030	Retail sale of molds and dies
62	F206040	Retail sale of water containers
63	F211010	Retail sale of building materials
64	F213010	Retail sale of electric appliance
65	F213040	Retail sale of precision instruments
66	F213060	Retail sale of telecom instruments
67	F215020	Retail sale of ores
68	F218010	Retail sale of computer software
69	F219010	Retail sale of electronic materials
70	F220010	Retail sale of refractory materials
71	F399990	Retail sale of others
72	F401010	International trade
73	F401021	Restrained telecom radio frequency equipments and materials import
74	H701010	Development, leasing and sales of residence and buildings
75	H701040	Specialized field construction and development
76	H701060	Construction and development of new towns and new communities

77	I103060	Management consulting
78	I301010	Information software services
79	I501010	Product design
80	I503010	Landscape and interior design
81	F301010	Department stores
82	F301020	Supermarkets
83	F399010	Convenience stores
84	F501050	Public houses and beer halls
85	F501060	Restaurants
86	G202010	Parking garage business
87	J701010	Electronic game arcades
88	J701020	Amusement parks
89	J801030	Athletics and recreational sports stadium
90	JA01990	Other automobile services
91	JB01010	Conference and exhibition services
92	JZ99080	Beauty and hairdressing services
93	ZZ99999	All kinds of business not prohibited or restricted by law,
94	D101060	except for those subject to special approval.
95	IG03010	Renewable energy self-use power generation equipment
		industry
		Energy technology services

2. Percentages of main products in business operation

Unit: NT\$1,000

Category of product	Sales performance in 2022	Percentage in total annual sales (%)
Electric Machinery	353,471	11.98%
Building materials construction	2,045,819	69.31%
Optoelectronics products	279,876	9.48%
Other Revenue	272,495	9.23%
Total	2,951,661	100.00%

3. Main products: See the business items for details.
4. New products planned to be developed or introduced
TFT A/D BOARD and capacitive touch screen.

(II) Overview of the Industry

1. Current status and development

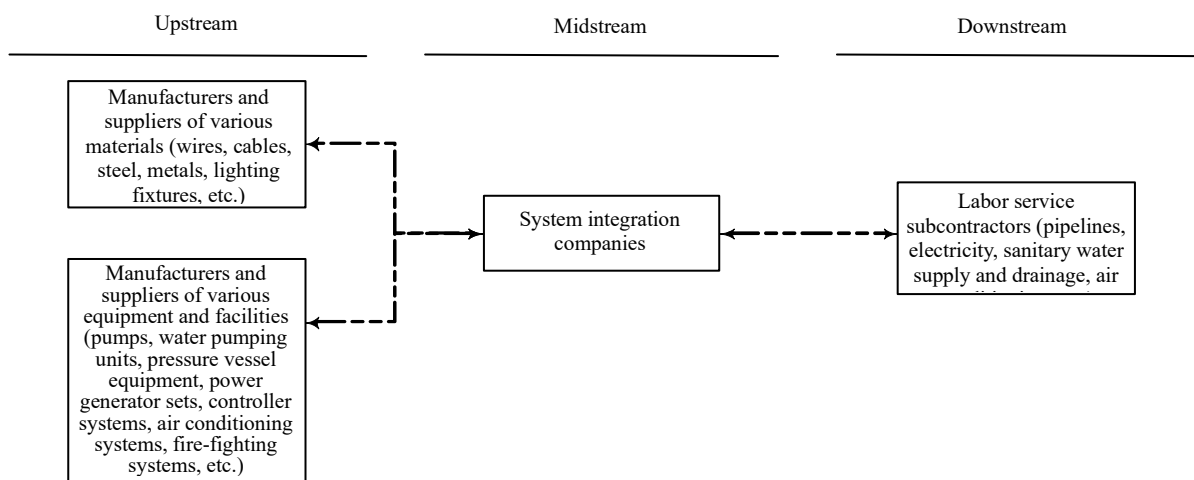
- (1) Engineering: The engineering industry is one of the basic industries of in Company, covering a wide range of industries, such as civil engineering, electromechanical, fire protection, and air conditioning. The government releases a considerable amount of public works every year in order to lay the foundation for national development, maintain people's livelihood and economy, and promote industrial operations. Of course, private enterprises also have plans to expand or build more factories to reduce production risks, expand production capacity, meet customer needs, and reduce production risks.

- (2) **Construction:** The housing price has been rising significantly in recent years because some of the urban population is moving to suburb areas with lower housing prices. The low interest rates on housing loans have led to a relative increase in people's willingness to buy houses. Although the cost of land is still high, builders of all types and scales are still actively acquiring land through purchase or urban renewal for unsafe and old buildings.
The government's recent implementation of policies to suppress housing prices to respond to the rising construction costs due to the lack of raw materials and labor and the rising interest rates arising from inflation. Also, international unrest such as the pandemic, cross-strait conflicts, and wars have slightly slowed down the rising housing prices.
- (3) **Optoelectronics:** In recent years, the performance of the optoelectronics industry has shown good growth due to strong demand for industrial and medical instruments and consumer digital products. Although there has been a recent slowdown in demand due to inventory increases in the European and American markets, trade confrontations between China and the United States, and the Russo Ukrainian War, which have had an international impact on industrial development, Taiwan has a complete and competitive industrial chain in the field of optoelectronics. Despite short-term unfavorable factors, it still has a lot of potential in the long run.
- (4) **Park development :** In recent years, due to regional factors such as trade conflicts between China and the United States and sovereignty disputes between the two sides of the Taiwan Strait, Taiwanese manufacturers who previously built factories in China have gradually returned; Due to factors such as the need for continued expansion and upgrading of various industries in Taiwan to maintain international competitiveness, the demand for land for industrial factories in Taiwan has doubled, so that the establishment of industrial parks has become a hot topic in various counties and cities.

2. Supply chain relationships among industry upstream, midstream and downstream

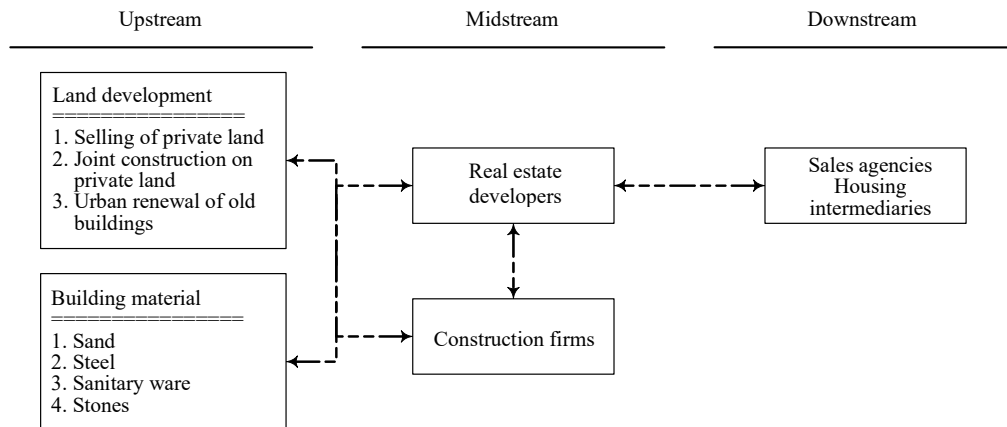
(1) Engineering

The upstream includes manufacturers and suppliers of various mechanical and electrical equipment, as well as manufacturers and suppliers of various engineering materials, while the downstream includes professional subcontractors of various engineering projects.



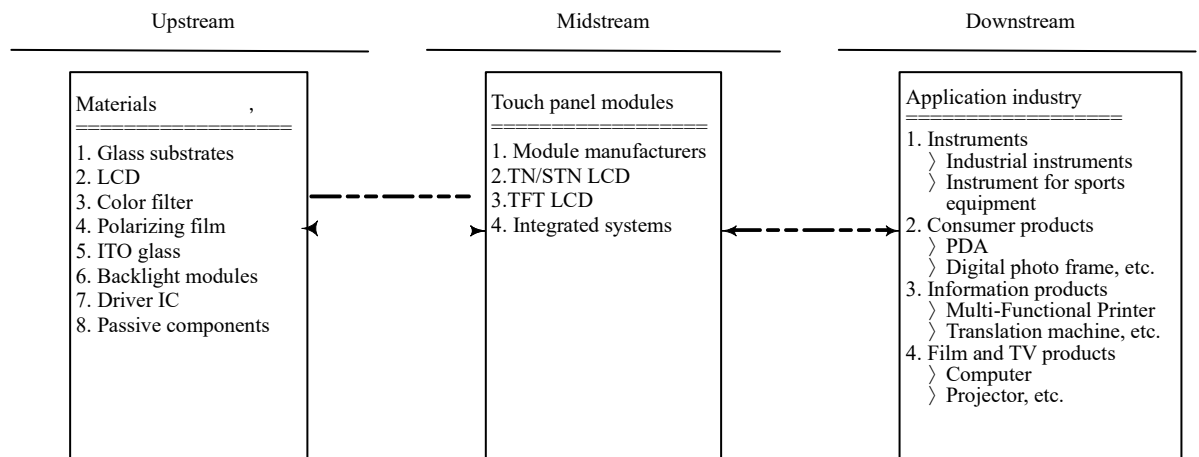
(2) Construction

The upstream and downstream relationship of the construction industry: Upstream refers to the development and acquisition of land, as well as the supply of construction materials such as steel bars, concrete, stone, and other building materials. Downstream refers to the sales stage, such as consignment sales during pre-sale or intermediary services after completion of the house.



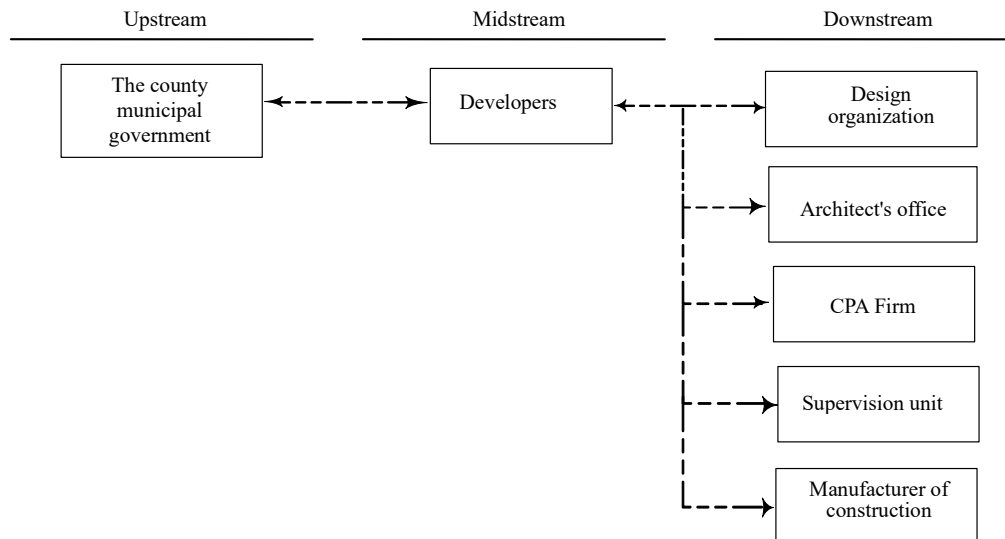
(3) Optoelectronics

Upstream suppliers are those who sell various materials such as glass substrates, LCDs, backlight modules, driver ICs, backlight components, etc. Downstream customers are those who sell instrument products, consumer products, information and TV/movie products.



(4) Park Development

Upstream refers to government agencies at all levels, while downstream includes design companies for industrial parks, manufacturers supervising or managing construction projects, and professional subcontractors of various sub projects.



3. Product development trends and competition landscape

- (1) Engineering: There are various types of engineering, and the integration of engineering from early planning to mid-term procurement and contracting, and even to later execution and construction all require professional and extensive experience to ensure the timely and high-quality development of a project. Based on factors such as industrial and technological development, and living needs, human beings are constantly promoting the breadth and depth of engineering. Only professional engineering manufacturers who can provide different engineering fields and integrate upstream and downstream services in the future can acquire large-scale engineering projects.
- (2) Construction: Today, buying a house is a huge economic burden for small families being the mainstream family type, so today's consumers are more budget-conscious in buying a house. They take into serious consideration the location of the construction project, layout planning, transportation conditions, public facilities arrangement, housing prices or interest rates, or even the brand, reputation, and contractual ability of the builder. So builders need to be more thoughtful and observant about the real need of the real estate market and product planning, so that the products they have launched in the same market segment can gain the favor of consumers.
- (3) Optoelectronics: Taiwan has established a complete industrial chain system and is quite advantageous in the field of modules. In the future, it will take an even more important position with the enhancement in R&D design and technologies.

- (4) Park development: At present, there are dechang, Liming, Shuntian, Taikai, Huayoulian, Jihao and other companies with development experience, which are competitive in the field of park development.

(III) Overview of Technologies and R&D Work

1. R&D expenditures in the most recent fiscal year

Unit: NT\$1,000

Year	2022 (consolidated)	As of March, 2023 in current year (consolidated)(Note)
Amount	2,751	

Note: As of the publication date of the annual report, the company's financial statements for the first quarter of 2023 have not been reviewed by CPAs.

2. R&D achievements and future R&D plans

Engineering: The Company has its R&D plans focusing on the improvement and optimization of the special technologies required for new and expansion projects of high-tech plants and utilities construction projects, so as to not only maintain our advantages in the industry through continuous improvement of technologies but also meet customers' needs for plant construction by continuously introducing technologies in terms of electromechanical, fire-fighting and other engineering fields.

Construction: We have hired well-known domestic architects and design teams for planning and design to facilitate project initiation and make our real estate projects regional benchmarks. In addition, we also have applied new architectural technologies and design to build higher-quality residences.

Optoelectronics: We continue to develop various types of modules to provide customers with more choices, such as handheld devices, home appliances and office equipment, including: IP phones, cash registers, parking toll systems, car navigation systems (GPS), instrument display panels, solar power equipment panels, audio panels, etc. In addition, we continue to cooperate with LCD glass factories to develop a series of TFT display color modules, which ranges from 1.44 inches to 27.6 inches to meet different customer needs.

1. R&D achievements:

- (1) Various kinds of electronic consumer products, such as panels and modules.
- (2) Various kinds of industrial instrument panels and modules.

2. Future R&D plans:

- (1) Enhancement of TFT backlight brightness
- (2) TFT A/D Board
- (3) Mono STN plus RS232 control interface modules

Park development: The research and development focus on industrial innovation regulations, promoting industrial upgrading regulations and incentives for civil participation in public construction and other national land activation laws analysis, through the amendment of laws and the implementation of the field operation, to ensure the company's industrial advantages, can effectively optimize services and promote

visibility of the Company.

(IV) Long-term and Short-term Business Development Plans

1. Engineering

Short-term: The domestic technology industry has gradually stabilized and has continued to expand in factories. In addition, we will continue to develop in specific fields such as petrochemical industry and utilities. In these two major fields, we will further continue to accumulate rich experience for turnkey projects to obtain competitive advantages, actively cultivate talents and seek for more business opportunities.

Long-term: Take a service-oriented attitude, and continue to develop various public and private projects. In addition, we will improve the overall business landscape in electromechanical and construction fields and enhance overall planning and design capabilities to maintain good quality and effective control of costs and project completion progress.

2. Construction

Short-term: The business development focuses on investment and construction of medium- and small-sized projects in Taipei Metro Area where has a market in stable demand.

Long-term: In order to utilize existing resources within the Company, expand business footprints and effectively control project quality and construction progress, the Company will still continue to improve plans on human resources training, cultivate professionals and attract excellent talents to join in to improve the Company's competitiveness; further provide perfect after-sales services to customers to build up good brand image and reputation; and thus increase customers' trust in us to improve the sales performance in the future.

3. Optoelectronics

Short-term: A Besides maintaining the sales performance in the monochrome LCD market, we also actively develop the markets of medium- and small-sized color LCDs and backlight modules.

Long-term: A. Open up various kinds of marketing models, actively expand the business scope and establish international marketing channels; participate in renowned international exhibitions and trade shows to raise the Company's awareness within the industry.

B. Take the advantage of existing R&D and technical talents, help customers with their professional demands in technologies, improve service quality, and create added value.

4. Park Development

Short-term: Actively undertaking two major development cases of Machouhou and Qigu.

Long-term: The Ministry of Economic Affairs, counties and municipalities are expected to handle development projects and reward private participation in public construction projects.

II. Analysis of Market and Production and Marketing Situation

(I) Market Analysis

1. Engineering

(1) Main service areas

Service areas of main products: The electromechanical engineering services cover the domestic market.

(2) Future supply and demand status and growth in the market

1) In order to boom the domestic economy, the government has established policies on the construction of public infrastructure and promoted private investment. We anticipate more business opportunities in the entire engineering industry.

2) With the opening-up of domestic public projects and rationalization of contracting and procurement systems, medium-sized engineering companies with the expertise in integration will take the lead in the competition. From the view of long-term development, domestic engineering contractors have been increasingly expanding their business scope in terms of capital, engineering staff and business volume. This change will be a better opportunity for the Company to expand its business market.

(3) Advantageous and disadvantageous factors in development prospects and countermeasures

A. Advantageous factors

1) The Company's capabilities to introduce applied technologies, integrate technologies and create technological innovations, through specialized project management, contribute to professional fields such as mechanical engineering, instrumentation, electronics and environmental protection engineering, which not only meet the increasingly diversified needs in the market, but also localize products and create high added value.

2) We specialize in machinery, instrumentation, electronics and environmental protection engineering, and have strong capabilities for project contracting.

The Company has continuously introduced technologies from advanced countries for 45 years and has cooperated with manufacturers from Germany, the UK, the United States, Canada, Australia, the Netherlands, Sweden and Japan, etc. We specialize in projects of machinery, instrumentation, electronics and environmental protection engineering, and has won unanimous recognition by all walks of life.

3) Over the past 45 years, we have accumulated rich experience in various kinds of projects.

4) Over the past 45 years since the establishment, the Company has undertaken a number of projects and accumulated rich experience, which enables us to effectively reduce costs and create a competitive advantage.

5) Through efficient and active project organization and management, we obtain vertical leadership and horizontal coordination systems to demonstrate the flexibility and resilience of the Company and create high productivity.

6) We provide owners with turnkey capabilities to reduce their burden.

The Company is a comprehensive engineering service company. Its scope of services covers the engineering consulting and general engineering business. Specific service items include evaluation, planning, design, procurement, construction, supervision, test run, maintenance and warranty, etc., which are provided as single window services in a turnkey package to reduce the risks of unclear responsibilities and difficulties in supervision that may arise from itemized commissioning by the owner.

- 7) We have established good and deep cooperative relationships with internationally renowned engineering companies and obtained strong technical support.

Over the past 45 years since the establishment, the company has established good relationships with major foreign engineering companies in Europe, the United States, Japan and Germany, and has also jointly contracted many domestically important projects and enjoys a high reputation. Therefore, many famous foreign manufacturers are willing to cooperate with us.

- 8) By integrating the existing background of electromechanical expertise with the civil engineering strengths from the Grade-A construction subsidiary Chang Ji, we enable to enhance competitiveness.

B. Disadvantageous factors and countermeasures

- 1) Limited domestic land resources, difficulty in land acquisition and high costs low down the private investment willingness and hinder the promotion and implementation of government public projects. Given all this, the Company is committed to not only improving diversification and high-tech technology, but also combining the strengths in terms of civil engineering to expand the scope of services.
- 2) Large foreign manufacturers from Europe, the United States, Japan and South Korea take the optimistic view of the domestic major engineering market and are aggressively entering the domestic market with their advantages in mechanical equipment and mature construction technology, which seriously threatens domestic engineering companies. The Company will develop close technical cooperation relationships with foreign manufacturers to win business through joint contracting, so as to increase more business opportunities.
- 3) Downstream contractors often bid at low prices, which causes the reasonable profit of a project to be eroded, and there are risks caused by uncertain milestone schedules of government public projects. The Company controls these risks under a specialized project management system.

2. Construction

- (1) Sales areas of main products or business

Sales areas of main products: The sales of construction business were conducted entirely in the domestic market in 2020.

- (2) Future supply and demand status and growth in the market

Considering the increasing difficulty in land acquisition, the land development in the future can be diversified in ways different from former housing construction industry that used to buy off the land or jointly construct buildings with the landlord, such as setting of surface rights, land trust, joint development, and urban renewal, etc. Urban renewal and private sponsored development projects have the greatest room for development particularly. Although the previous Wenlin Yuan renewal project obviously hinder the development process in the short term, the urban renewal of old and dangerous buildings is still the general development trend in Taipei Metro Area. In addition, as house buyers pay more and more attention to the living quality, the location of an individual building, the leisure planning and the space utilization have become important considerations for buyers when choosing a house. The Company's land development plan focuses on finding areas with good development potential, convenient transportation, and strong value-added potential. We believe that, as long as we position our products in the market well and improve the quality of buildings, we will surely create excellent sales results.

- (3) Advantageous and disadvantageous factors in development prospects and countermeasures
 - A. Advantageous factors
 - 1) Public infrastructure projects under construction, such as High Speed Rail and MRT, cause emerging areas to be developed along the lines, and the housing price also increases accordingly.
 - 2) Considering the economy is under stable recovery, coupled with gradually intensified cooperation between Taiwan and Mainland China, not only will the Taiwanese businessmen return to buy properties, but companies from the mainland will also purchase real estate for the need of investment or base establishment.
 - 3) One of basic needs of the people is to buy a house.
 - B. Disadvantageous factors and countermeasures
 - 1) As compared with the past, the increasing housing price, followed by the government's policies on luxury and mansion taxation to suppress housing prices and the inflation caused by increase of both oil and electricity prices, indeed causes house buyers to hesitate. The housing price has also stagnated. If the interest rates increase significantly in the future, the housing prices may continue to fall slightly. House prices have also stagnated and may continue to edge lower if interest rates rise sharply in the future.
 - 2) We just entered the industry and are facing intense competitions with many peers, and we have not established our brand awareness yet. The solution is to launch unique projects of high quality and cooperate with well-known companies to promote projects, thus establishing brand awareness and good reputation. In order to promote good quality, unique projects, and cooperation with well-known companies to promote projects, build brand awareness and good reputation.
3. Optoelectronics
 - (1) Sales areas of main products or business
Sales areas of main products: Optoelectronic products are both sold in Taiwan and overseas, with a sales volume of about 50% each.
 - (2) Future supply and demand status and growth in the market
In the LCM industry, the market demand for small- and medium-sized panels has gradually recovered, and the demand for consumer electronic products such as mobile phones and cameras has also gradually become stable. It is expected that, as the economy is gradually recovering, the relevant demand will continue to grow.
 - (3) Advantageous and disadvantageous factors in development prospects and countermeasures
 - A. Advantageous factors
 - 1) Various kinds of new application products are continuously launched to promote demand growth.
 - 2) We have been working on small and medium-sized LCD modules for many years and are well known for our products.
 - 3) We meet our customers' demand for diversified products by making use of our advantages in product development and technical expertise.
 - 4) With the powerful support from government policies and the gradual completion of laws and regulations, the entire industry is undergoing a rapid development process.
 - B. Disadvantageous factors and countermeasures: A large number of manufacturers, fierce price competition among manufacturers, and the decline in price and gross profit caused by continuous introduction of new products in

the market. The countermeasures are as follows:

- 1) Create new product development projects and accelerate the progress schedule to improve sales performance.
- 2) Improve the integration of resources within the industry, and reinforce the technical cooperation and development with manufacturers.
- 3) Actively develop unexplored application markets and expand customer base levels.
- 4) Enhance the improvement of products in order to raise product prices and reduce costs.
- 5) Consider the economic prosperity cautiously, and develop customers with positive actions.

4. Park Development

(1) Sales areas of main products or business

Our main products are mainly sold in Chiayi and Tainan.

(2) Future supply and demand status and growth in the market

Due to the return of Taiwan businessmen and the improvement of Taiwan's investment environment, the government has gradually opened up to the urgent need for land development. Each county and city government will develop the land by itself and cooperate with the development of the central science park. The policy orientation makes the land activities in Taisugar drive the development of the park in the future, which should bring infinite business opportunities to the industry.

(3) Advantageous and disadvantageous factors in development prospects and countermeasures

A. Advantageous factors

- 1) With the support of the central and local governments, the implementation of the policy guidance will be more smooth.
- 2) Stable economic recovery, Taiwan business return to set up the base needs, needs will be more urgent.

B. Disadvantageous factors and countermeasures

- 1) Raw materials soared.
- 2) There is a serious shortage of construction workers.

(II) Usage and Manufacturing Processes for Main Products

1. Key applications of main products

- (1) Engineering: Including petrochemical plant machinery, instrumentation and electronics turnkey projects, fertilizer plant systems engineering, construction of new high-tech factory buildings, extension projects, power and energy mechanical engineering, plant equipment engineering, tobacco, alcohol and food mechanical engineering, refrigeration, air conditioning and water supply and drainage projects, fire protection engineering, maritime engineering, port crossing pipeline projects, steel barrel gate engineering, long-distance pipelines (oil, gas and water supply) and vertical parking towers, computer monitoring, instrumentation, electric power, hydropower engineering, air pollution, water treatment, sewage treatment and solid waste disposal facilities and projects.

(2) Construction:

Main Products	Applications
Congregated residential buildings	Houses, shops, and underground parking lots
Industrial factory office buildings	Industrial and commercial factory offices

- (3) Optoelectronics: Mainly including electronics, electrical appliances, electrical products, communications (mobile phones, telephones), electronic billboards, back lights, solar power generation equipment, home appliances, medical, lighting and consumer products, etc.
- (4) Park development: industrial park development, land sales and management before handover.
- 2. Manufacturing processes
 - (1) Engineering
Feasibility evaluation → Cost estimation → Planning and design → Selection of equipment and materials → Detailed cost evaluation → Profit evaluation → Quotation setting → Bargaining and contract signing → Procurement and contracting → Cost control → Construction execution → Completion and inspection → Request for final payment → Warranty implementation
 - (2) Construction
Land development → Planning and design → Marketing planning → Project sales → Construction execution → Completion and Delivery → Building management → After-sale services
 - (3) Optoelectronics
 - 1) LED
Bracket type
Die bonding → Wire bonding → Molding → Wire cutting → Testing → Packaging
SMD type
Die bonding → Wire bonding → Stamping → Cutting → Testing → Packaging
 - 2) LCM
Preparation of materials → Assembling → Testing → Packaging
 - (4) Park Development
Land acquisition → planning and design → advertising bank sales promotion → construction → simultaneous delivery of land for factory establishment → management before handover → settlement of the whole case.

(III) Supply Situation for Major Raw Materials

- 1. Engineering
 - (1) Special equipment and materials: Imported from Europe, the U.S. and Japan.
 - (2) Special machinery and equipment: Part of the special machinery is designed by ourselves, and another part of them is imported or leased from Europe and the U.S.
- 2. Construction
 - (1) Land: Newly developed areas with good development potential in well located places, or the land lots gradually acquired from old communities and necessarily obtained through joint construction, and urban renewal.
 - (2) Construction projects: Cooperate with construction factories in stable operation, and strictly control the construction progress and the project quality.
 - (3) Materials: Building materials can be purchased from domestic or overseas suppliers, and their supply is in a safe state.
- 3. Optoelectronics
Current procurement situation: Due to the general price rise in raw materials and considering the cost burden, not only we are actively looking for other sources of supply and alternative raw materials, but also we require cost-down from suppliers to facilitate business market development. Right now, according to our business product plan, we purchase new application products such as TFT panels, VA, OLED, E-PAPER, etc.

4. Park Development (Case source)

- (1) Land: County government, central government. Mainly concentrated in the central and southern counties and cities, because of the low cost of land acquisition, can reduce the development cost investment pressure.
- (2) Construction projects: Cooperate with construction factories in stable operation, strictly control the construction progress and the project quality.
- (3) Advertising marketing: cooperate with experienced advertising agencies to actively promote multi-media marketing and increase awareness.
- (4) Design and planning: cooperate with domestic design and planning consulting companies and architects, cooperate with the park development plan, and actively obtain favorable sources of development projects.

(IV) Lists of customers who have accounted for more than 10% of the total purchases and sales in any given year within the most recent two years and their purchases and sales amounts and percentages.

1. List of sales customers:

Unit: NT\$1,000

	2021 (consolidated)				2022 (consolidated)				Up to the previous quarter in 2023 (consolidated)(Note)			
Items	Name	Amount	Percentage in yearly net sales (%)	Relationship with the Issuer	Name	Amount	Percentage in yearly net sales (%)	Relationship with the Issuer	Name	Amount	Ratio to net sales as of the previous quarter of the current year (%)	Relationship with the Issuer
	Chiayi County Government	972,494	26.9	-	Chiayi County Government	1,817,505	62.3	-	-	-	-	-
	Shuo Li PV Energy Co., Ltd.	887,146	24.5	-								
	CPC Corporation, Taiwan	525,528	14.5	-	Others	1,134,156	37.7	-				
	Others	1,229,576	34.1	-								
	Net sales	3,614,744	100		Net sales	2,951,661	100		Net sales	-	-	

Reason for the change:

As to the Company's construction projects, the sales customers are mainly public institutions and listed companies that undertake the construction projects; as to the construction marketing and sales, the sales customers are mainly natural persons; our main customer in 2022 was Chiayi County Government. There has been no significant change in nature.

Note: As of the publication date of the annual report, the company's financial statements for the first quarter of 2023 have not been reviewed by CPAs.

2. List of suppliers:

Unit: NT\$1,000

Items	2021 (consolidated)				2022 (consolidated)				Up to the previous quarter in 2023 (consolidated) (Note)			
	Name	Amount	Percentage in yearly net purchase (%)	Relationship with the Issuer	Name	Amount	Percentage in yearly net purchase (%)	Relationship with the Issuer	Name	Amount	Ratio to net sales as of the previous quarter of the current year (%)	Relationship with the Issuer
	Others	3,409,834	100	-	Shine Engineering Co., Ltd.	373,747	14.46	-	-	-	-	-
					Others	2,210,703	85.54	-				
	Net purchase	3,409,834	100		Net purchase	2,584,450	100		Net purchase	-	-	

Reason for the change:

In 2022, large proportion of purchase was mainly from Shine Engineering Co., Ltd who was undertaking the later phase development of Machouhou Industrial Park.

Note: As of the publication date of the annual report, the company's financial statements for the first quarter of 2023 have not been reviewed by CPAs.

(V) Production volume and value in the most recent 2 years (operating costs)

Unit: NT\$1,000/KPCS

Production Volume and Value Main Products	Year	2021 (consolidated)			2022 (consolidated)		
		Production Capacity	Production volume (increase)	Production Value	Production Capacity	Production volume (increase)	Production Value
Electric Machinery		-	-	727,665	-	-	362,528
Optoelectronics products		38,000	37,590	163,994	17,000	16,941	190,706
Building materials construction		-	-	2,501,757	-	-	2,013,872
Others		-	-	16,418	-	-	17,344
Total		38,000	37,590	3,409,834	17,000	16,941	2,584,450

Note 1: The production capacity refers to the production volume that can be completed with existing production equipment in normal operation after a company has measured and excluded all necessary downtime plans and holidays.

Note 2: As to the products that may be substituted by other products, the production capacity shall be calculated as combined and an explanation shall be provided in the note

(VI) Sales volume and value in the most recent 2 years (operating revenue)

Unit: NT\$1,000/KPCS

Main Products	Year	2021 (consolidated)				2022 (consolidated)			
	Value	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Electric machinery		-	648,084	-	-	-	353,471	-	-
Optoelectronics products		15,104	69,049	19,951	147,454	8,568	59,989	10,763	219,887
Building materials construction		-	2,546,912	-	-	-	2,045,819	-	-
Others		-	203,245	-	-	-	272,495	-	-
Total		15,104	3,467,290	19,951	147,454	8,568	2,731,774	10,763	219,887

III. Employees

Year		2021	2022	As of May 2, 2023
Number of Employees	Technical staff	22	21	22
	Administrative staff	96	95	94
	Total	118	116	116
Average Age		46.06	46.85	47.22
Average Service Year		9.69	10.28	9.9
Academic distribution ratio(%)	Master's	6.19	8.10	9
	Bachelor's	80.53	77.47	77.48
	High school	10.61	12.61	11.71
	Below high school	1.76	1.80	1.8

The employee analysis mentioned above is from APEX.

Year		2021	2022	As of May 2, 2023
Number of Employees	Technical staff	50	51	46
	Administrative staff	36	24	20
	Total	86	70	66
Average Age		46.29	45.87	47.36
Average Service Year		6.17	6.74	7.59
Academic distribution ratio(%)	Master's	7.06	5.33	4.55
	Bachelor's	83.53	82.67	81.82
	High school	9.41	12	13.64
	Below high school	0	0	0

The employee analysis mentioned above is from Chang Ji.

IV. Disbursements for Environmental Protection

There were no losses incurred by environmental pollution or penalties by competent authorities in the most recent fiscal year up to the date of publication of the Annual Report.

V. Labor Relations

- (I) Employee benefit plans, continuing education, training, and retirement systems and the status of their implementation, as well as the status of labor management agreements and measures for preserving employees' rights and interests:
- All employees of the Company are paid for labor insurance and national health insurance from the date of employment; and according to different job attributes and positions, they will also be paid for employers' accident liability insurance and group injury insurance ranging from NT\$2,000,000 to NT\$8,500,000; for colleges who are engaged in high-level management or financial-related work will be paid for additional liability insurance of NT\$162,500,000.
 - The Company has established the Employee Welfare Committee and allocated NT\$1,950,000 as the welfare fund since its establishment, with 0.075% appropriated from the operating income every month and fully deposited in bank yields; the construction subsidiary Chang Ji has allocated NT\$2,750,000 as the welfare fund since its establishment, with 0.075% appropriated from the operating income every month and fully deposited in bank yields.
 - The Company's employee welfare measures are as follows:
 - Benefits for marriage, maternity, injury, bereavement and etc.
 - Staff tourism.
 - Birthday vouchers or cash gifts every year.
 - Gifts or cash gifts for Labor Day, Women's Day, Dragon Boat Festival and Mid-Autumn Festival, etc.
 - A dinner party, gift vouchers or cash gifts and a party lottery event at the end of a year.
 - Provision of professional licenses and education training courses for required qualification.
 - Employee bonus (in accordance with laws and the Company's profit regulations)
 - Group health examination.
 - Childcare measures.
 - Welfare facilities: Nursing rooms, coffee machines, soda stream machines, massage

chairs, blood pressure monitors, staff dining rooms, electric heating insulation boxes, fitness equipment, ice machines, refrigerators, etc.

4. Education and training: A total of 39 employees were trained in 2022 for a total training hours of 479.5 hours.

Unit: hours

Training Department	Training Category	Female	Male	Total
Engineering Dept.	ESG Enterprise sustainability	16.5	5	21.5
	Engineering Quality Assurance		36	36
Opto Electronics Dept.	ESG Enterprise sustainability		16	16
	Occupation Safety		3	3
Administration Dept.	ESG Enterprise sustainability	21.5	8	29.5
	human resources	25.5		25.5
	Occupation Safety	3	12	15
Construction Dept.	ESG Enterprise sustainability	5.5	5	10.5
	Urban Reneal and Land Development	11.5	22	33.5
Financial/Accounting Dept.	ESG Enterprise sustainability	13		13
	Financial/Accounting	21		21
Industrial Park Development Dept.	ESG Enterprise sustainability	5.5	10.5	16
	Engineering Quality Assurance		7	7
President's Office	ESG Enterprise sustainability	9	102.5	111.5
	Administrative/Law		3	3
	Governance Officer		6	6
	Information security		58	58
	Auditing/Internal Control	9.5	9.5	19
Occupational Safety and Health Management Office	ESG Enterprise sustainability	8	5.5	13.5
	Administrative/Law		9	9
	Occupation Safety	12		12
Total		161.5	318	479.5

5. Retirement system

- (1) In order to take care of employees' retirement life, the company has made relevant regulations on labor retirement operation
- (2) According to the Labor Pension Act, from July 1, 2005, the Company has been appropriating an amount equivalent to 6% of monthly salary of each employee to their each special pension account designated by the Bureau of Labor Insurance each month.
- (3) According to the relevant provisions of the Labor Standards Act, 5% of the total monthly salary of each employee is appropriated as the employee's pension reserve fund and deposited into a special account in the Central Trust of China; and also the employee retirement pension is paid according to the provisions of the Labor Standards Act (which is now suspended). According to the Labor Pension Act, from July 1, 2005, the construction subsidiary Chang Ji has been appropriating an amount equivalent to 6% of monthly salary of each employee to their each special pension

account designated by the Bureau of Labor Insurance each month.

- (4) For retirees who have made outstanding contributions, we hire them as consultants to pass down their professional legacy.
6. Measures for preserving employees' rights and interests:
 - (1) Persons shall be selected and employed without discrimination on the basis of race, class, language, thought, religion, party affiliation, native place, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, physical and mental disability, zodiac sign, blood type or previous trade union membership.
 - (2) The Remuneration Committee is established to review whether the salaries and remunerations of managers and senior employees are paid in accordance with laws and regulations and has been reported to the Board of Directors in accordance with the regulations; an overall compensation policy and architecture shall be formulated in accordance with relevant labor laws and regulations, so as to attract, motivate, reward and retain outstanding talents.
 - (3) Working environment: The company combines factories and offices together in an entire office environment which is quiet and bright.
 - (4) Provide a smooth communication channel for employees to make constructive comments to the company at any time; In order to protect employees' working rights and interests, sexual harassment and sexual assault prevention and treatment measures, appeal and punishment measures are established in accordance with the regulations, providing a working environment free from sexual harassment and taking appropriate preventive, corrective and punishment measures.
 - (5) In 2019, occupational safety room was set up, which is arranged by special personnel for staff health consultation and hired professional doctors and nursing staff to receive staff health consultation and staff health maintenance regularly.
 - (6) Mailbox for receiving complaints on employees' rights protection:

Contact person:	Tel:	E-mail:
Manager Cui, Jing-Qing	(02)2223-4099 #622	stanley.tsui@apexgrp.com.tw
Commissioner Chen, Yun-Ju	(02)2223-4099#613	ruru80683@apexgrp.com.tw
Occupational Safety and Health Management Office:		
Director Lin, Rong-Zhu	(02)2223-4099 #634	a074162@apexgrp.com.tw

- (7) Working environment: The company combines factories and offices together in an entire office environment which is quiet and bright with no noise interference.
- (II) Losses sustained as a result of labor disputes (including labor inspection results in violation of provisions under the Labor Standards Act, which shall be clearly listed with disposal dates, disposal document numbers, legal or regulatory provisions violated, description of legal or regulator provisions violated, and punishment statements) in the most recent fiscal year and up to the date of publication of the Annual Report, and disclosure of an estimate of losses incurred to date and that may occur in the future, as well as indication of mitigation measures being or to be taken, or any fact of failure to estimate reasonably that shall be described, if any: None.

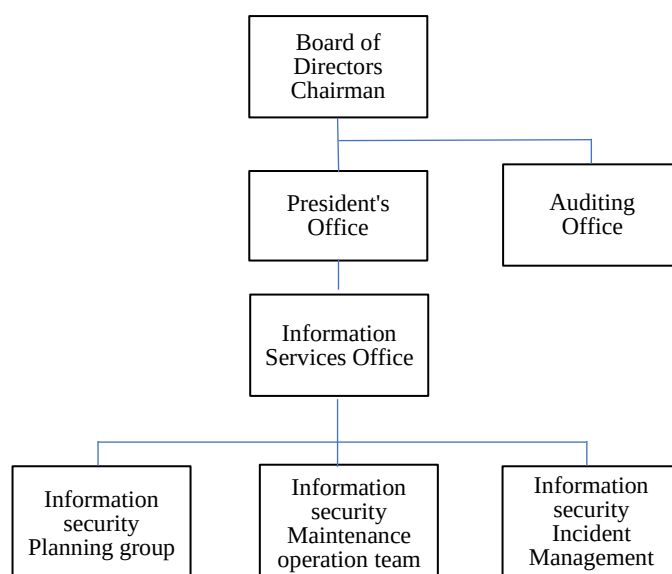
VI. Cyber security management:

- (I) Explain the cyber security risk management framework, cyber security policy, specific management plan and cyber security management resources.

1. cyber security risk management framework

The specialized unit of the company is the Information Service Department (under the office of the chairman), which has obtained the professional certificate of information security (ISO 27001 LA), and is responsible for formulating information security policies and relevant measures Plan and implement specific information security management measures, and the information supervisor shall report the implementation results of cyber security to the chairman regularly.

The audit office has included the "control of cyber and communication security inspection" into the annual audit plan according to the "Handling Guidelines for establishing internal Control System of publicly issued Companies". If any defect is found, relevant units will be asked to review and improve.



2. Information security policy

This policy is formulated to protect the information assets related to all computer systems of the company, including physical environment, hardware and software facilities, networks and data, from the risk of disclosure, damage or loss due to internal or external threats.

- (1) However, the company shall comply with relevant information security management measures stipulated by laws and regulations, and provide appropriate protection measures for the company's information assets to ensure their confidentiality integrity, availability and legal compliance.
- (2) Regularly assess the impact of various man-made and natural disasters on the company's information assets, and formulate disaster prevention measures and disaster recovery plans for important information assets and key businesses to ensure the company's business continuity.
- (3) Supervise the implementation of information security protection work, establish the concept of "information security, everyone's responsibility", enhance the awareness of information security among all departments and staff.
- (4) All staff members of the company and the vendors who use or connect to the information system of the company shall comply with the information security regulations of the company. If they violate the regulations of the company, they shall be punished according to the contract according to the circumstances of the company. In serious cases, they will be prosecuted by the relevant laws.

3. Specific information security management measures

Item	Description
The Internet control	Build the next generation firewall, block specific website classification, network applications, by special personnel to record analysis.
Antivirus software	Build anti-virus central control console for unified management, by special personnel to monitor abnormal events and virus code update status.
Software legal	A software asset management system shall be established, and the number of licensed software shall be checked regularly by special personnel.
Bug Fixes	Establish a Patch management system, and assign special personnel to track the Patch Patch deployment progress regularly.
Email	Adopt public cloud mail service, strengthen mail protection mechanism (prevent APT mail, virus, fraud and other junk mail).
Company Website	Deploy a multi-level defense mechanism to periodically scan and strengthen vulnerabilities to reduce the risk of hacker attacks.
Room environment	Set up independent air conditioning, fire extinguisher, uninterruptible power system (UPS), to control the access of specific personnel.
Room inspection	Daily check the availability of information services, data backup, equipment room environment (temperature and humidity), and device status.
Disaster Recovery	Back up the core system and data to the remote machine room every day, and conduct disaster recovery drills regularly.
Telecommuting	VPN access to the corporate network requires two-factor authentication, minimum access to information system services or access to the office computer.
Cyber safety inspection	Regular host and website vulnerability scanning, endpoint malware scanning, internal network packet analysis, social engineering exercises, etc.

4. Resource of cyber security management

- (1) Personnel: there are 2 personnel in the special unit of cyber security, including 1 director and 1 officer.
- (2) As: Import cyber security solutions, including NGFW, AntiVirus, cloud mail protection (AntiVirus, spam, and APT), MAC, Patch Management, AD Audit, Asset Management, and Log Management, NOC, and Virtualization Backup for security detection (host vulnerability scanning, internal network traffic anomaly detection, malware analysis, firewall view, etc.).
- (3) Budget: Approximately NT\$940,000 spent in 2022 (including new purchases and annual amortization).

- (II) Describe the losses, possible impacts and relevant measures incurred due to major cyber security incidents in the latest year and up to the date of annual report release. If it cannot be reasonably estimated, it shall state the circumstances in which it cannot be reasonably estimated: None.

VII. Important Contracts:

The parties to, main contents of, restrictions specified in, and the effectiveness and termination/cancellation dates of such supply and sales contracts, technical cooperation contracts, construction contracts, long-term loan contracts and other important contracts that affect the shareholders' equity as valid and existing as of the date of publication of the Annual Report shall be specified

Type of contract	Party	Contract duration	Contract Content	Restrictions
	Chiayi County Government	2013.05.07~2020.07.31	Chiayi County Machouhou Industrial Park Phase I	Overdue fine
	National Taiwan University	2018.01.12~2020.11.30	New Multi-purpose Building Project of National Taiwan University College of Engineering	Overdue fine
	Chiayi County Government	2018.10.12~2025.10.27	We were commissioned to develop, use, make profit from, dispose and manage the later phase of Chiayi County Machouhou Industrial Park of the Chiayi County Government	Overdue fine
	PeiFeng Technology & Fertilizer Co. Ltd.	2018.10.22~2020.02.13	Construction and Installation Project of Nitrophosphate Workshop	Overdue fine
	CPC Corporation, Taiwan	2018.12.03~2020.04.24	Steam Turbine Generator #4 System Turnkey Project for the Taoyuan Refinery	Overdue fine
	CPC Corporation, Taiwan	2019.08.09~2023.03.16	Taichung Plant-Tongxiao Station 36-inch Onshore Gas Pipeline Project for the L10501 Program	Overdue fine
	CPC Corporation, Taiwan	2020.09.15~2021.05.13	Project of a Batch of 36-inch API 5L X65 PSL1 Coated Steel Pipes and Bare Pipes	Overdue fine
	Chunghwa Post Co., Ltd.	2021.04.13~2023.06.29	Guangfu Road Post Office New Construction Project in Changhua City	Overdue fine
	Tainan City Government	2021.01.15~2027.01.15	Cigu Technology Industrial Park Development, Rental, Sales and Management Project commissioned by the Tainan City Government to public or private enterprises	Overdue fine
	Taichung Xinjian Engineering Office	2021.09.20~2023.03.10	Construction of basic operating facilities for Taichung Marine Ecological Museum	Overdue fine
	Department of Interior Construction and Department of Interior Fire Service	2022.01.22~2024.10.11	Strengthen the fire Department of the Interior ministry and the Environmental Protection Department training field project	Overdue fine
	Secretariat, New Taipei City Government	2022.10.25~2026.12.20	Turnkey Project for the weak current and electrical system of the Second Administrative Center of New Taipei City Government	Overdue fine
	Mega International Commercial Bank	2022.11.18~2025.08.25	Turnkey Project for the construction of the new Nanzi Branch Building in the Nanzi Technology Industrial Park of Mega International Commercial Bank	Overdue fine
	Ministry of Defense	2022.12.15~2024.05.30	Turnkey Project for the Air Force K001 Camp	Overdue fine
	Exyte Taiwan Co., Ltd	2023.03.15~2024.02.28	MSFT TPE03 F04 Mechanical Pipeline System Project	Overdue fine

Type of contract	Party	Contract duration	Contract Content	Restrictions
Longterm loan contract	Taiwan Cooperative Bank, Taiwan Business Bank, Chang Hwa Commercial Bank, Agricultural Bank of Taiwan, Hua Nan Commercial Bank, Land Bank of Taiwan	2019.10.30~2026.02.12	Syndicated loan contract	With certain financial ratios sustained
	Taiwan Cooperative Bank, Taiwan Business Bank, Bank of Taiwan, Bank of Kaohsiung, Shanghai Commercial & Savings Bank, Agricultural Bank of Taiwan, Chang Hwa Commercial Bank,	2022.10.07~2028.01.07	Syndicated loan contract	With certain financial ratios sustained

Chapter 6 Financial Information

I. Brief financial information for the past five fiscal years

(I) Condensed Balance Sheet and Statement of Comprehensive Income

1. Condensed Balance Sheet - IFRS - parent company only

Unit: NT\$1,000

Year Item		Financial Information for the Past Five Fiscal Years (Note 1)					As of March 31, 2023 Financial information (Note 3)
		2022	2021	2020	2019	2018	
Current Assets		7,209,175	6,288,374	5,448,729	6,000,497	8,396,049	
Property, Plant, and Equipment		102,866	99,769	100,181	90,343	90,596	
Intangible Assets		-	-	-	-	-	
Other Assets		958,940	1,013,771	821,802	898,953	929,970	
Total Assets		8,270,981	7,401,914	6,370,712	6,989,793	9,416,615	
Current Liabilities	Before distribution	4,605,961	3,880,892	3,298,143	3,611,630	6,205,454	
	After distribution	(註 2)	3,937,438	3,479,094	3,725,987	6,205,454	
Non-current Liabilities		529,405	525,216	18,444	512,856	510,677	
Total Liabilities	Before distribution	5,135,366	4,406,108	3,316,587	4,124,486	6,716,131	
	After distribution	(Note 2)	4,462,654	3,497,538	4,238,843	6,716,131	
Equity Attributable to Owners of the Parent		3,135,615	2,995,806	3,054,125	2,865,307	2,700,484	
Capital Stock		2,287,135	2,287,135	2,287,135	2,287,135	2,330,045	
Capital Surplus		275,698	269,332	249,009	234,909	235,851	
Retained Earnings	Before distribution	894,812	744,424	822,634	624,437	449,005	
	After distribution	(Note 2)	687,878	641,683	510,080	449,005	
Other Equity		(19,415)	(23,118)	(22,686)	(25,337)	(14,485)	
Treasury Stock		(302,615)	(281,967)	(281,967)	(255,837)	(299,932)	
Total Equity	Before distribution	3,135,615	2,995,806	3,054,125	2,865,307	2,700,484	
	After distribution	(Note 2)	2,939,260	2,873,174	2,750,950	2,700,484	

Note 1: Financial information has been audited by the CPAs.

Note 2: Earnings distribution for 2022 has not been resolved at the Regular Shareholders' Meeting.

Note 3: A consolidated financial statement was presented for Q1, 2023.

2. Condensed Statement of Comprehensive Income - IFRS - parent company only

Unit: NT\$1,000, (except earnings (loss) per share)

Item \ Year	Financial Information for the Past Five Fiscal Years (Note 1)					As of March 31, 2023 in current year Financial information (Note 2)
	2022	2021	2020	2019	2018	
Operating Revenue	886,005	1,289,101	3,905,707	4,497,293	554,737	
Gross Profit	332,770	144,855	425,280	338,818	(76,937)	
Operating profit and loss	190,840	30,263	249,283	210,032	(187,852)	
Non-operating Income and Expenses	76,703	101,280	51,167	27,889	(17,355)	
Income before Tax	267,543	131,543	300,450	237,921	(205,207)	
Income from Continuing Operations	206,934	102,741	315,653	175,432	(135,918)	
Loss from Discontinued Operations	-	-	-	-	-	
Net Income (Loss) for the current period	206,934	102,741	315,653	175,432	(135,918)	
Other comprehensive income for the period, after tax	3,703	(432)	4,512	(10,852)	(4,729)	
Total Comprehensive Income	210,637	102,309	320,165	164,580	(140,647)	
Earnings (Loss) per share (NT\$)	1.05	0.52	1.59	0.87	(0.68)	

Note 1: Financial information has been audited by the CPAs.

Note 2: A consolidated financial statement was presented for Q1, 2023.

3. Condensed Balance Sheet - IFRS - consolidated

Unit: NT\$1,000

Item \ Year		Financial Information for the Past Five Fiscal Years (Note 1)					As of March 31, 2023 Financial information (Note 2)
		2022	2021	2020	2019	2018	
Current Assets		8,726,566	7,495,143	7,038,920	7,495,168	10,006,311	
Property, plant and equipment		118,613	115,495	117,701	173,797	175,062	
Intangible Assets		-	-	-	-	-	
Other Assets		529,104	555,020	399,661	475,238	508,767	
Total Assets		9,374,283	8,165,658	7,556,282	8,144,203	10,690,140	
Current Liabilities	Before distribution	5,621,582	4,544,234	4,368,791	4,648,435	7,348,443	
	After distribution	(Note 3)	4,600,780	4,549,742	4,762,792	7,348,443	
Non-current Liabilities		529,916	537,094	46,399	512,855	512,136	
Total Liabilities	Before distribution	6,151,498	5,081,328	4,415,190	5,161,290	7,860,579	
	After distribution	(Note 3)	5,137,874	4,596,141	5,275,647	7,860,579	
Equity Attributable to Owners of the Parent		3,135,615	2,995,806	3,054,125	2,865,307	2,700,484	
Capital Stock		2,287,135	2,287,135	2,287,135	2,287,135	2,330,045	
Capital Surplus		275,698	269,332	249,009	234,909	235,851	
Retained Earnings	Before distribution	894,812	744,424	822,634	624,437	449,005	
	After distribution	(Note 3)	687,878	641,683	510,080	449,005	
Other Equity		(19,415)	(23,118)	(22,686)	(25,337)	(14,485)	
Treasury Stock		(302,615)	(281,967)	(281,967)	(255,837)	(299,932)	
Non-controlling Interests		87,170	88,524	86,967	117,606	129,077	
Total Equity	Before distribution	3,222,785	3,084,330	3,141,092	2,982,913	2,829,561	
	After distribution	(Note 3)	3,027,784	2,960,141	2,868,556	2,829,561	

Note 1: Financial information has been audited by the CPAs.

Note 2: As of the publication date of the annual report, the company's financial statements for the first quarter of 2023 have not been reviewed by CPAs.

Note 3: The distribution of surplus in 2022 has not yet been resolved by the shareholders' regular meeting.

4. Condensed Statement of Comprehensive Income - IFRS – consolidated

Unit: NT\$1,000, (except earnings (loss) per share)

Item \ Year	Financial Information for the Past Five Fiscal Years (Note 1)					As of March 31, 2023 Financial information (Note 2)
	2022	2021	2020	2019	2018	
Operating Revenue	2,951,661	3,614,744	5,217,591	5,623,832	1,070,737	
Gross Profit	367,211	204,910	485,403	390,550	(65,425)	
Operating Income	207,025	67,960	286,326	239,566	(204,369)	
Non-operating Income and Expenses	68,498	71,188	22,002	4,418	474	
Income before Tax	275,523	139,148	308,328	243,984	(203,895)	
Continuing Operations Unit						
Net Income for the current period	208,414	106,007	322,455	177,286	(135,144)	
Loss from Discontinued Operations	-	-	-	-	-	
Net Income (Loss) for the current period	208,414	106,007	322,455	177,286	(135,144)	
Other Comprehensive Income (after Tax)	3,709	(432)	4,512	(11,033)	(4,819)	
Total Comprehensive Income	212,123	105,575	326,967	166,253	(139,963)	
Net Income Attributable to The Parent Company Owner	206,934	102,741	315,653	175,432	(135,918)	
Net Income Attributable to Non-controlling Interests	1,480	3,266	6,802	1,854	774	
Comprehensive Income Attributable to Owners of the Parent	210,637	102,309	320,165	164,580	(140,647)	
Comprehensive Income Attributable to Non-controlling Interests	1,486	3,266	6,802	1,673	684	
Earnings (Loss) per share(NT\$)	1.05	0.52	1.59	0.87	(0.68)	

Note 1: Financial information has been audited by the CPAs.

Note 2: As of the publication date of the annual report, the company's financial statements for the first quarter of 2023 have not been reviewed by CPAs.

(II) Names of CPAs for the recent five years

Year	Name of CPA	Opinions
2018	Weng, Shih-jung, Chang, Shu-Chiung	Unmodified opinion
2019	Weng, Shih-jung, Chang, Shu-Chiung	Unmodified opinion
2020	Liao Fu-Ming, Chen Ching-Chang	Unmodified opinion
2021	Liao Fu-Ming, Chen Ching-Chang	Unmodified opinion
2022	Liao Fu-Ming, Chen Ching-Chang	Unmodified opinion

II. Financial analysis for the past five fiscal years - IFRS - parent company only

Analysis Item (Note 3) Year		Financial Analysis for the Past Five Fiscal Years (Note 1)					As of March 31, 2023 in current year Financial information (Note 2)	
		2022	2021	2020	2019	2018		
Financial structure (%)	Debt ratio	62.09	59.53	52.06	59.01	71.30		
	Ratio of long-term capital to property, plant, and equipment	3562.91	3529.17	3067.02	3739.26	3536.92		
Solvency (%)	Current ratio	156.52	162.03	165.21	166.14	137.76		
	Quick ratio	141.42	144.74	138.00	92.44	47.63		
	Interest coverage ratio	391.16	238.01	1159.07	413.2	(363.66)		
Operating ability	Accounts receivable turnover rate (times)	5.45	3.59	8.59	16.41	1.72		
	Average days for cash receipts	67.01	101.77	42.49	22.24	212.53		
	Inventory turnover rate (times)	3.60	3.51	2.42	2.62	2.13		
	Accounts payable turnover rate (times)	4.99	4.98	12.74	11.78	1.48		
	Average days for sale of goods	101.39	103.99	150.83	139.48	171.19		
	Property, plant, and equipment turnover rate (times)	8.74	12.89	41.00	49.71	6.12		
	Total assets turnover rate (times)	0.11	0.19	0.58	0.55	0.06		
Profitability	Return on total assets (%)	2.74	1.66	4.92	2.37	(1.33)		
	Return on equity (%)	6.75	3.40	10.66	6.30	(4.78)		
	Ratio of income before tax to paid-in capital (%)	11.70	5.75	13.14	10.40	(8.81)		
	Net profit margin (%)	23.36	7.97	8.08	3.90	(24.50)		
	Earnings per share (NT\$)	1.05	0.52	1.59	0.87	(0.68)		
Cash Flows	Cash flow ratio (%)	15.75	0.33	28.84	65.53	(44.12)		
	Cash flow adequacy ratio (%)	43.90	38.93	18.88	(48.45)	(108.2)		
	Cash reinvestment ratio (%)	18.79	(5.01)	28.94	73.94	(97.63)		
Leverage	Operating leverage	1.74	4.79	1.71	1.61	0.41		
	Financial leverage	1.06	1.96	1.07	1.13	0.88		
Please specify reasons of changes in various financial ratios for the past two fiscal years. (Analysis is not required if the change in increase or decrease is within 20%)								
1. Interest coverage ratio: The increase from the previous period was mainly from the increase in net income before tax and the decrease in interest expenses in the current period.								
2. Turnover of receivables and average days for cash receipts: the increase in turnover and the decrease in average days of cash received were mainly from the decrease in average accounts receivable in the current period.								

3. Turnover of Property, Plant, and Equipment: Compared with the previous period, the decrease was mainly from the decrease in net sales in this period.
4. Turnover of total assets: Compared with the previous period, the decrease was mainly from the decrease in net sales in this period.
5. Return on assets and equity: Compared with the previous period, the increase was mainly from the increase in net income before tax in this period.
6. Ratio of income before tax to paid-in capital and earnings per Share: Compared with the previous period, the increase was mainly from the increase in net income before tax in this period.
7. Net profit margin and earnings per share: Compared with the previous period, the increase was mainly from the increase in net profit after tax in this period.
8. Cash flow ratio: Compared with the previous period, the increase was mainly from the increase in net cash flow from operating activities in this period.
9. Cash reinvestment ratio: Compared with the previous period, the increase was mainly from the increase in net cash inflow from operating activities in this period.
10. Operating leverage and financial leverage: Compared with the previous period, the decrease was mainly from the decrease in the operating profits in this period.

Note 1: Financial information has been audited by the CPAs.

Note 2: A consolidated financial statement was presented for Q1, 2023.

Note 3: At the end of this form in the Annual Report, the calculation formulas shall be listed as follows:

1. Financial structure
 - (1) Debt ratio = Total liabilities/Total assets.
 - (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net value of property, plant, and equipment.
2. Solvency
 - (1) Current ratio = Current assets/Current liabilities.
 - (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
 - (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operating ability
 - (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/ Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
 - (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
 - (3) Inventory turnover rate = Cost of goods sold/Average inventories.
 - (4) Accounts payable (including accounts payable and notes payable generated from operations) turnover rate = Cost of goods sold/Average balance of accounts payable (including accounts payable and notes payable generated from operations) for each period.
 - (5) Average days for sale of goods = 365/Inventory turnover rate.
 - (6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.
 - (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
 - (1) Return on assets = [Income after tax + Interest expenses x (1 - Tax rate)]/Average total assets.
 - (2) Return on equity = Income after tax/Average total equity.
 - (3) Net profit margin = Income after tax/Net sales.
 - (4) Earnings per share = (Income attributable to owners of the parent - Preferred stock dividends)/Weighted average number of shares issued. (Note 4)
5. Cash Flows
 - (1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.
 - (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of capital expenditure, inventory additions and cash dividends).
 - (3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant, and equipment + Long term investment + Other non-current assets + Working capital). (Note 5)
6. Leverage:
 - (1) Operating leverage = (Net operating revenue - Variable operating costs & expenses)/Operating income (Note 6) .
 - (2) Financial leverage = Operating income/(Operating income - Interest expenses).

Note 4: Special attention shall be paid to the following matters when using the calculation formula of earnings per share mentioned above:

1. Shares outstanding are based on weighted average shares, but not based on year end shares outstanding.
2. In case of any cash capital increase or treasury stock transactions, the number of weighted average shares shall calculated during the circulated period.
3. In case of any capital increase from earnings or from capital surplus, when calculating the earnings per share of previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the period of the issuance of the capital increase.
4. If preferred shares are cumulative non-convertible preferred shares, dividends of the current year (no matter whether they are distributed) shall be subtracted from the net income after tax or added into the net loss after tax. If preferred shares are non-cumulative, preferred shares shall be subtracted from the net income after tax if any, but no adjustment is needed if there are losses.

Note 5: Special attention shall be paid to the following matters when measuring cash flow analysis:

1. Cash flows from operating activities refer to operating cash inflows from operating activities in the cash flow statement.
2. Capital expenditures refer to cash outflows from the capital investment every year.
3. Inventory increases are only included in case the period end balance is greater than the period beginning balance. If inventories decrease at the end of the year, then zero is applied.
4. Cash dividends includes common stock and preferred stock dividends.
5. The gross amount of property, plant and equipment refers to the total value of property, plant and equipment before depreciation.

Note 6: The issuer shall classify the operating costs and operating expenses as fixed or variable operating costs as per their nature. If it involves estimation or subjective judgment, they are classified based on rationality and consistency.

Note 7: Where corporate shares have no par value or where the par value per share is not NT\$10, any ratios to paid-in capital for calculations mentioned above shall be replaced with the equity ratio attributable to owners of the parent company in the balance sheet.

Financial analysis for the past five fiscal years - IFRS - Consolidated

Analysis Item (Note 3)		Year	Financial Analysis for the Past Five Fiscal Years (Note 1)					As of March 31, 2023 in current year (Note 2)
			2022	2021	2020	2019	2018	
Financial structure (%)	Debt ratio	65.62	62.23	58.43	63.37	73.51		
	Ratio of long-term capital to property, plant, and equipment	3163.82	3135.57	2708.13	2011.41	1904.94		
Solvency (%)	Current ratio	155.23	164.94	161.12	161.24	138.24		
	Quick ratio	127.04	136.68	138.51	98.98	57.20		
	Interest coverage ratio	378.25	235.50	903.82	380	(288)		
Operating ability	Accounts receivable turnover rate (times)	16.15	9.14	11.20	19.63	3.01		
	Average days for cash receipts	22.61	39.93	32.59	18.59	120.86		
	Inventory turnover rate (times)	3.60	3.51	2.42	2.62	2.13		
	Accounts payable turnover rate (times)	6.79	7.58	10.68	9.94	1.87		
	Average days for sale of goods	101.38	103.98	150.83	139.31	171.36		
	Property, plant, and equipment turnover rate (times)	25.22	31.30	35.80	32.24	6.11		
	Total assets turnover rate (times)	0.34	0.44	0.44	0.66	0.69		
Profitability	Return on total assets (%)	2.52	1.57	4.37	2.17	(1.09)		
	Return on equity (%)	6.61	3.41	10.53	6.10	(4.55)		
	Ratio of income before tax to paid-in capital (%)	12.05	6.08	13.48	10.67	(8.75)		
	Net profit margin (%)	7.06	2.93	6.18	3.15	(12.62)		
	Earnings per share (NT\$)	1.05	0.52	1.59	0.87	(0.68)		
Cash Flows	Cash flow ratio (%)	7.17	12.00	17.96	52.43	(38.16)		
	Cash flow adequacy ratio (%)	43.78	49.95	16.52	(46.72)	(111.75)		
	Cash reinvestment ratio (%)	9.63	11.07	22.52	71.24	(92.13)		
Leverage	Operating leverage	1.77	3.02	1.70	1.60	0.32		
	Financial leverage	1.08	1.47	1.10	1.16	0.86		
Please specify reasons of changes in various financial ratios for the past two fiscal years. (Analysis is not required if the change in increase or decrease is within 20%)								
1. Interest coverage ratio: Compared with the previous period, the increase was mainly from the increase in net income before tax and the decrease in interest expenses in this period.								
2. Turnover of receivables and average days for cash receipts: the increase in turnover and the decrease in average days of cash received were mainly from the decrease in average accounts receivable in the current period.								

3. Turnover of total assets: Compared with the previous period, the decrease was mainly from the decrease in net sales in this period.
4. Return on assets and equity: Compared with the previous period, the increase was mainly from the increase in net income before tax in this period.
5. Ratio of income before tax to paid-in capital: Compared with the previous period, the increase was mainly from the increase in net profit before tax in this period.
6. Net profit margin and earnings per share: Compared with the previous period, the increase was mainly from the increase in net profit after tax in this period.
7. Cash flow ratio: Compared with the previous period, the decrease was mainly from the decrease of net cash flow from operating activities and the increase in current liabilities in this period.
8. Operating leverage and financial leverage: Compared with the previous period, the decrease was mainly from the decrease in the operating profits in this period.

* If the Company has prepared a parent company only financial report, it shall prepare parent company only financial analysis.

* Companies which followed IFRS to prepare the financial information for less than five years shall otherwise prepare financial information in accordance with financial accounting standards in Taiwan.

Note 1: Financial information has been audited by the CPAs.

Note 2: As of the publication date of the annual report, the company's financial statements for the first quarter of 2023 have not been reviewed by CPAs.

Note 3: At the end of this form in the Annual Report, the calculation formulas shall be listed as follows:

1. Financial structure
 - (1) Debt ratio = Total liabilities/Total assets.
 - (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net value of property, plant, and equipment.
2. Solvency
 - (1) Current ratio = Current assets/Current liabilities.
 - (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
 - (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operating ability
 - (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
 - (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
 - (3) Inventory turnover rate = Cost of goods sold/Average inventories.
 - (4) Accounts payable (including accounts payable and notes payable generated from operations) turnover rate = Cost of goods sold/Average balance of accounts payable (including accounts payable and notes payable generated from operations) for each period.
 - (5) Average days for sale of goods = 365/Inventory turnover rate.
 - (6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.
 - (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
 - (1) Return on assets = [Income after tax + Interest expenses x (1 - Tax rate)]/Average total assets.
 - (2) Return on equity = Income after tax/Average total equity.
 - (3) Net profit margin = Income after tax/Net sales.
 - (4) Earnings per share = (Income attributable to owners of the parent - Preferred stock dividends)/Weighted average number of shares issued. (Note 4)
5. Cash Flows
 - (1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.
 - (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of capital expenditure, inventory additions and cash dividends).
 - (3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant, and equipment + Long term investment + Other non-current assets + Working capital). (Note 5)
6. Leverage:
 - (1) Operating leverage = (Net operating revenue - Variable operating costs & expenses)/Operating income (Note 6) .
 - (2) Financial leverage = Operating income/(Operating income - Interest expenses).

Note 4: Special attention shall be paid to the following matters when using the calculation formula of earnings per share mentioned above:

1. Shares outstanding are based on weighted average shares, but not based on year end shares outstanding.
2. In case of any cash capital increase or treasury stock transactions, the number of weighted average shares shall calculated during the circulated period.
3. In case of any capital increase from earnings or from capital surplus, when calculating the earnings per share of previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the period of the issuance of the capital increase.
4. If preferred shares are cumulative non-convertible preferred shares, dividends of the current year (no matter whether they are distributed) shall be subtracted from the net income after tax or added into the net loss after tax. If preferred shares are non-cumulative, preferred shares shall be subtracted from the net income after tax if any, but no adjustment is needed if there are losses.

Note 5: Special attention shall be paid to the following matters when measuring cash flow analysis:

1. Cash flows from operating activities refer to operating cash inflows from operating activities in the cash flow statement.
2. Capital expenditures refer to cash outflows from the capital investment every year.
3. Inventory increases are only included in case the period end balance is greater than the period beginning balance. If inventories decrease at the end of the year, then zero is applied.
4. Cash dividends includes common stock and preferred stock dividends.
5. The gross amount of property, plant and equipment refers to the total value of property, plant and equipment before depreciation.

Note 6: The issuer shall classify the operating costs and operating expenses as fixed or variable operating costs as per their nature. If it involves estimation or subjective judgment, they are classified based on rationality and consistency.

Note 7: Where corporate shares have no par value or where the par value per share is not NT\$10, any ratios to paid-in capital for calculations mentioned above shall be replaced with the equity ratio attributable to owners of the parent company in the balance sheet.

III. 2022 Audit Committee's audit report on statement of final accounts

APEX SCIENCE & ENGINEERING CORP.

Audit Committee's Audit Report

We hereby authorize the Board of Directors to submit the Company's 2022 Annual Business Report, financial statements (including consolidated financial statements), and profit distribution statement. The financial statements (including consolidated financial statements) have been audited by Liao, Fu-Ming and Chen, Ching-Chang, of PricewaterhouseCoopers Taiwan, and an audit report has been issued. The above statements and reports have been examined and reviewed by the Audit Committee and no irregularities were found. According to the Securities and Exchange Act and the Company Act, we hereby submit this report.

Best Regards

2023 Annual Shareholders' Meeting

APEX SCIENCE & ENGINEERING CORP.

Convener of Audit Committee: Hsiao, Sheng-Hsien

March 13, 2023

IV. Parent Company Only Financial Report duly audited by CPAs in the most recent fiscal year

Independent Auditors' Report

(2023) CSBZ No.22004243

To the Board of Directors and Shareholders of Apex Science & Engineering Corp.:

Audit opinions

We have audited the accompanying financial statements of APEX SCIENCE & ENGINEERING CORP. (the Company), which comprise the balance sheet as of Dec. 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinions

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 in 2022 and 2021. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements Section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended Dec.31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's parent company only financial statements for the year ended Dec. 31 2022 are stated as follows:

Recognition of construction revenue

Explanation of the matter

Please refer to Notes 4(z), 5(b) and 6(u) for explanation of the accounting policies of construction revenue recognition, significant accounting estimates and relevant items.

The Company's main business items include the engineering-related business, and the construction revenue is recognized according to the stage of completion during the engineering contract period. The stage of completion is calculated according to the percentage of cost incurred from the date of signing of each engineering contract to the end date of the report period against the total cost under the contract, and all engineering costs to be invested in contract awarding, materials and labor is estimated on the basis of the owner's planning by taking into account the works added or reduced due to changes in the scope of works and combining with the market condition fluctuations. As the total cost estimate would affect the stage of completion and recognition of construction revenue and it includes complicated items, usually involves subjective judgment and is highly uncertain, we considered the recognition of construction revenue as a key audit matter.

Corresponding audit procedures

We performed the following audit procedures on the particular aspects indicated by key audit matters:

We understood and evaluated the reasonableness of policies and procedures adopted for recognition of construction revenue.

We obtained the newly-increased engineering contract, confirmed the consistency between the total price used to calculate the construction revenue and the contractual stipulation, sampled and inspected the preliminary project budget checklist approved by the project management department and confirmed the consistency in basis used for estimate of the total cost and calculation of the stage of completion.

We verified the evidence documents of major works added or reduced in the corresponding period to confirm that changes in the estimate of the total cost have been recognized appropriately.

We obtained the details of cost invested in the corresponding period, sampled and inspected relevant vouchers, checked them against the items listed in accounts to confirm that the amount of cost used for calculation of the stage of completion is appropriate, and checked the accuracy of the percentage of completion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with 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 financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Taiwan

Liao Fu-Ming

CPA

Chen Ching-Chang

Financial Supervisory Commission

Approval document No.: Jin Guang Zheng Shen No.
1090350620
Jin Guang Zheng Shen No.
1060025060

Mar. 13, 2023

APEX SCIENCE & ENGINEERING CORP.
Parent Company Only Balance Sheet
For the Years Ended December 31, 2022 and 2011

Unit: NT \$1000

			December 31, 2022		December 31, 2021			
			Amount	%	Amount	%		
Assets			Notes					
Current assets								
1100	Cash and cash equivalents	6(a)	\$	183,927	2	\$	223,550	3
1136	Financial assets at amortized cost	6(b)						
	- current			61,856	1		-	
1140	Contract Assets - Current	6(u)		204,938	3		175,401	2
1150	Notes receivable, net	6(c)		1,693	-		3,298	-
1170	Accounts receivable, net	6(c)		92,832	1		150,036	2
1180	Accounts receivable from related parties, net	7		57,569	1		19,882	-
1200	Other accounts receivable	6(d)		3,664,990	44		3,293,268	45
1210	Other receivables from related parties	7		2,820	-		226	-
130X	Inventory	6(e) and 8		587,521	7		566,638	8
1410	Prepayments	6(f)		107,690	1		104,543	1
1470	Other current assets	6(g) and 8		2,243,339	27		1,751,532	24
11XX	Total current assets			7,209,175	87		6,288,374	85
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non-current	6(h)		5,647	-		7,044	-
1550	Investment accounted for using the equity method	6(i)		660,880	8		659,254	9
1600	Property, plant and equipment	6(j), 7 and 8		102,866	1		99,769	1
1755	Right-of-use assets			2,249	-		4,630	-
1760	Investment properties, net	6(k) and 8		64,849	1		65,259	1
1840	Deferred tax assets	6(bb)		60,142	1		113,398	2
1900	Other non-current assets	8		165,173	2		164,186	2
15XX	Total non-current assets			1,061,806	13		1,113,540	15
1XXX	Total assets		\$	8,270,981	100	\$	7,401,914	100

(To be continued on the next page)

APEX SCIENCE & ENGINEERING CORP.
Parent Company Only Balance Sheet
For the Years Ended December 31, 2022 and 2011

Unit: NT \$1000

Liabilities and equity			December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(i)	\$ 322,756	4	\$ 295,600	4
2110	Short term bills payable	6(m)	-	-	90,000	1
2130	Contract liabilities - current	6(u)	33,353	-	32,909	1
2150	Notes payable		177	-	3,069	-
2170	Accounts payable		78,077	1	123,652	2
2180	Accounts payable to related parties	7	2,263	-	14,485	-
2200	Other accounts payable		58,670	1	37,047	1
2230	Current tax liabilities		1,293	-	1,311	-
2280	Lease liabilities - current		1,841	-	2,420	-
2320	Long-term liabilities due within one year or one business cycle	6(p)	1,530,160	19	1,634,230	22
2399	Other current liabilities - others	6(n)	2,577,371	31	1,646,169	22
21XX	Total current liabilities		4,605,961	56	3,880,892	53
Non-current liabilities						
2530	Bonds payable	6(o)	497,673	6	497,081	7
2570	Deferred tax liabilities	6(bb)	31,177	-	25,353	-
2580	Lease liabilities - non-current		235	-	2,042	-
2600	Other non-current liabilities		320	-	740	-
25XX	Total non-current liabilities		529,405	6	525,216	7
2XXX	Total liabilities		5,135,366	62	4,406,108	60
Equity						
	Share capital	6(r)				
3110	Ordinary share capital		2,287,135	28	2,287,135	31
	Capital surplus	6(s)				
3200	Capital surplus		275,698	3	269,332	3
	Retained earnings	6(t)				
3310	Legal capital reserve		290,234	4	279,960	4
3320	Special surplus reserve		23,118	-	22,686	-
3350	Unappropriated earnings		581,460	7	441,778	6
	Other equity					
3400	Other equity		(19,415)	-	(23,118)	-
3500	Treasury stock	6(r)	(302,615)	(4)	(281,967)	(4)
3XXX	Total equity		3,135,615	38	2,995,806	40
	Major contingent liabilities and unrecognized contract commitments	9				
	Major subsequent events	11				
3X2X	Total liabilities and equity		\$ 8,270,981	100	\$ 7,401,914	100

The accompanying notes are an integral part of the financial report. Please read them together.

President: KUO, KUO-HUA

Manager: KUO, KUO-HUA

Accounting Manager: WU, HSIU-LIN

APEX SCIENCE & ENGINEERING CORP.
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021

Unit: NT \$1000
(Except for earnings per share)

	Item	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating income	6(u)	\$ 886,005	100	\$ 1,289,101	100
5000	Operating Costs	6(e)(z) (aa)	(553,235)	(63)	(1,144,246)	(89)
5900	Gross Profit		<u>332,770</u>	<u>37</u>	<u>144,855</u>	<u>11</u>
	Operating Expenses	6(z) (aa)				
6100	Selling and marketing expenses		(37,791)	(4)	(36,979)	(3)
6200	General and administrative expenses		(99,702)	(11)	(75,685)	(6)
6300	Research and development expenses		(2,751)	(1)	(1,831)	-
6450	Expected credit impairment loss	12(b)	(1,686)	-	(97)	-
6000	Total operating expenses		(141,930)	(16)	(114,592)	(9)
6900	Operating profit		<u>190,840</u>	<u>21</u>	<u>30,263</u>	<u>2</u>
	Non-operating Income and Expenses					
7100	Interest income	6(v)	32,381	4	61,263	5
7010	Other income	6(w)	6,727	1	7,602	-
7020	Other gains and losses	6(x)	10,295	1	(1,084)	-
7050	Finance costs	6(y)	(9,982)	(1)	(14,842)	(1)
7070	Share of profits and losses of subsidiaries, affiliated enterprises and joint ventures recognized by using the equity method	6(i)	<u>37,282</u>	<u>4</u>	<u>48,341</u>	<u>4</u>
7000	Total non-operating income and expenses		<u>76,703</u>	<u>9</u>	<u>101,280</u>	<u>8</u>
7900	Net profit before tax		<u>267,543</u>	<u>30</u>	<u>131,543</u>	<u>10</u>
7950	Income tax	6(bb)	(60,609)	(7)	(28,802)	(2)
8200	Net income for the period		<u>\$ 206,934</u>	<u>23</u>	<u>\$ 102,741</u>	<u>8</u>
	Other comprehensive income (loss)					
	Items that will not be reclassified subsequently to profit or loss					
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	6(h)	(\$ 1,397)	-	\$ 644	-
8330	Share of profits and losses of subsidiaries, affiliated enterprises and joint ventures recognized by using the equity method - Items that will not be reclassified subsequently to profit or loss	6(i)	52	-	-	-
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translating the financial statements of foreign operations	6(i)	<u>5,048</u>	<u>1</u>	(1,076)	-
8300	Other comprehensive income (net after tax)		<u>\$ 3,703</u>	<u>1</u>	(\$ 432)	-
8500	Total comprehensive income for the period		<u>\$ 210,637</u>	<u>24</u>	<u>\$ 102,309</u>	<u>8</u>
	Basic earnings per share	6(cc)				
9750	Basic earnings per share		<u>\$ 1.05</u>		<u>\$ 0.52</u>	
	Diluted earnings per share	6(cc)				
9850	Diluted earnings per share		<u>\$ 1.04</u>		<u>\$ 0.51</u>	

The accompanying notes are an integral part of the financial report. Please read them together.

President: KUO, KUO-HUA

Manager: KUO, KUO-HUA

Accounting Manager: WU, HSIU-LIN

APEX SCIENCE & ENGINEERING CORP.
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021

Unit: NT \$1000

		Capital surplus					Retained earnings			Other equity			
			Capital surplus - Differences between the price of acquisition or disposal of shares of subsidiaries and the book value		Capital surplus - interests in subsidiaries	Capital surplus - Others	Legal capital reserve	Special surplus reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Treasury stock	TOTAL
	Notes	Ordinary share capital	Capital surplus - Treasury stock										
<u>For the Year Ended December 31, 2021</u>													
Balance as of January 1, 2021		\$ 2,287,135	\$ 246,654	\$ 2,132	\$ 47	\$ 176	\$ 248,440	\$ 25,337	\$ 548,857	(\$ 12,755)	(\$ 9,931)	(\$ 281,967)	\$ 3,054,125
Net income for the period		-	-	-	-	-	-	-	102,741	-	-	-	102,741
Other comprehensive income for the period		-	-	-	-	-	-	-	-	(1,076)	644	-	(432)
Total comprehensive income for the period		-	-	-	-	-	-	-	102,741	(1,076)	644	-	102,309
Appropriation of earnings in 2020:	6(t)												
Provision for legal reserve		-	-	-	-	-	31,520	-	(31,520)	-	-	-	-
Reversal of special reserve		-	-	-	-	-	-	(2,651)	2,651	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(180,951)	-	-	-	(180,951)
Number of cash dividends on the Company's shares held by its subsidiary as treasury stocks	6(i)	-	20,370	-	-	-	-	-	-	-	-	-	20,370
Changes in percentage of ownership interests in subsidiaries	6(i)	-	-	-	(47)	-	-	-	-	-	-	-	(47)
Balance as of December 31, 2021		\$ 2,287,135	\$ 267,024	\$ 2,132	\$ -	\$ 176	\$ 279,960	\$ 22,686	\$ 441,778	(\$ 13,831)	(\$ 9,287)	(\$ 281,967)	\$ 2,995,806
<u>2022</u>													
Balance as of January 1, 2022		\$ 2,287,135	\$ 267,024	\$ 2,132	\$ -	\$ 176	\$ 279,960	\$ 22,686	\$ 441,778	(\$ 13,831)	(\$ 9,287)	(\$ 281,967)	\$ 2,995,806
Net income for the period		-	-	-	-	-	-	-	206,934	-	-	-	206,934
Other comprehensive income for the period		-	-	-	-	-	-	-	-	5,048	(1,345)	-	3,703
Total comprehensive income for the period		-	-	-	-	-	-	-	206,934	5,048	(1,345)	-	210,637
Appropriation of earnings in 2021:	6(t)												
Provision for legal reserve		-	-	-	-	-	10,274	-	(10,274)	-	-	-	-
Provision of special reserve		-	-	-	-	-	-	432	(432)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(56,546)	-	-	-	(56,546)
Number of cash dividends on the Company's shares held by its subsidiary as treasury stocks	6(i)	-	6,366	-	-	-	-	-	-	-	-	-	6,366
Treasury stock repurchase	6(r)	-	-	-	-	-	-	-	-	-	-	(20,648)	(20,648)
Balance as of December 31, 2022		\$ 2,287,135	\$ 273,390	\$ 2,132	\$ -	\$ 176	\$ 290,234	\$ 23,118	\$ 581,460	(\$ 8,783)	(\$ 10,632)	(\$ 302,615)	\$ 3,135,615

The accompanying notes are an integral part of the financial report. Please read them together.

President KUO, KUO-HUA

Manager: KUO, KUO-HUA

Accounting Manager: WU, HSIU-LIN

APEX SCIENCE & ENGINEERING CORP.
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

Unit: NT \$1000

	<u>Notes</u>	<u>For the Year Ended December 31, 2022</u>	<u>For the Year Ended December 31, 2021</u>
<u>Cash flows from operating activities</u>			
Net income before tax for the period		\$ 267,543	\$ 131,543
Adjustments for			
Losses of income and expenses			
Depreciation expenses (Investment properties included)	6(j)(k)(z)	2,643	2,506
Depreciation expenses of right-of-use assets	6(z)	2,242	2,099
Amortization expenses	6(z)	1,697	1,268
Amortization expenses of right-of-use assets	6(z)	139	138
Conversion of deferred sales expense into commission fee		-	10
Interest expenses	6(y)	9,982	14,842
Interest income	6(v)	(32,381)	(61,263)
Share of profits of subsidiaries, affiliated enterprises and joint ventures recognized by using the equity method	6(i)	(37,282)	(48,341)
Expected credit impairment loss	12(b)	1,686	97
Gain on disposal of property, plant and equipment	6(x)	(205)	(29)
Changes in operating assets and liabilities			
Net changes in operating assets			
Contract assets		(29,537)	40,040
Notes receivable		1,605	(1,720)
Notes receivable from related parties, net		-	39,830
Accounts receivable		55,518	334,216
Accounts receivable from related parties, net		(37,687)	-
Other accounts receivable		(740,420)	(1,858,256)
Other receivables from related parties		(2,594)	(226)
Inventory		(20,883)	239,950
Prepayments		(3,147)	(13,792)
Other current assets		4,200	415,441
Net changes in operating liabilities			
Contract liabilities		444	(64,744)
Notes payable		(2,891)	607
Accounts payable		(45,576)	(161,557)
Accounts payable to related parties		(12,222)	(15,793)
Other accounts payable		21,613	(29,852)
Other current liabilities		1,329,653	1,027,815
Other non-current liabilities		(420)	(155)
Cash generated from/(used in) operations		733,720	(5,326)
Cash collected from interest income		2,628	40,708
Cash paid for interest expenses		(9,380)	(14,131)
Income tax paid for the period		(1,547)	(8,573)
Net cash generated from operating activities		<u>725,421</u>	<u>12,678</u>

(To be continued on the next page)

APEX SCIENCE & ENGINEERING CORP.
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

Unit: NT \$1000

	<u>Notes</u>	<u>For the Year Ended December 31, 2022</u>	<u>For the Year Ended December 31, 2021</u>
<u>Cash flows from investing activities</u>			
Financial assets at amortized cost	6(b)	(\$ 61,856)	\$ -
Acquisition of property, plant and equipment	6(j)	(5,330)	(1,683)
Increase in restricted assets		(496,007)	(617,426)
Increase (decrease) in other non-current assets		(2,684)	87
Cash dividend payments of the invested company evaluated with the equity method	6(i)	47,122	16,296
Proceeds from disposal of property, plant and equipment		205	29
Net cash used in investing activities		(518,550)	(602,697)
<u>Cash flows from financing activities</u>			
Proceeds from short-term borrowings		1,724,339	3,039,358
Repayments of short-term borrowings		(1,697,183)	(3,132,530)
Increase (decrease) in short-term notes payable		(90,000)	65,000
Proceeds from long-term borrowings		1,767,040	1,554,670
Repayments of long-term borrowings		(1,871,110)	(708,620)
Issuance of corporate bonds	6(o)	-	500,000
Repayments of corporate bonds	6(o)	-	(500,000)
Repayment of the principal portion of lease liabilities		(2,386)	(2,255)
Cash dividends distributed	6(t)	(56,546)	(180,951)
Treasury stock repurchase	6(r)	(20,648)	-
Net cash generated from (used in) financing activities		(246,494)	634,672
Increase in cash and cash equivalents of the period		(39,623)	44,653
Balance of cash and cash equivalents at the beginning of the period		223,550	178,897
Balance of cash and cash equivalents at the end of the period		\$ 183,927	\$ 223,550

The accompanying notes are an integral part of the financial report. Please read them together.

President KUO, KUO-HUA

Manager: KUO, KUO-HUA

Accounting Manager: WU, HSIU-LIN

APEX SCIENCE & ENGINEERING CORP.
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2022 and 2021

Unit: NT \$1000
(Unless otherwise noted)

1. Company development and business scope

APEX SCIENCE & ENGINEERING CORP. (hereinafter referred to as "the company") was established on August 9, 1976, formerly known as "APEX Engineering Co., Ltd." and changed its name to "APEX SCIENCE & ENGINEERING CORP." in 2001. The main operating items are mechanical engineering, instrument, and electrical engineering, environmental engineering, manufacturing, trading of electronic-related products, and entrusting construction plants to build residential and commercial buildings, as well as development special zones. The Company's shares started for sale on Taiwan Stock Exchange Corporation from Nov. 1995.

2. Approval date and procedure of financial statements

The Independent Auditors' report was passed by Directors of board on March 13, 2023.

3. Application of newly promulgated and revised criteria and interpretation

a. Already adopted newly promulgated, revised and issued International Financial Reporting Standards recognized by Financial Supervisory Commission (FSC)

The following table sets forth the standards and interpretations of the new issuance, amendment, and revision of the international financial reporting standards applicable and effective in 2022 approved by the FSC:

<u>Newly promulgated/amended/revised standards and interpretations</u>	<u>The effective date of issuance by IASB</u>
Amendment to IFRS 3 "index of conceptual framework"	January 01, 2022
Amendment to IAS 16 "property, plant and equipment: price before reaching the intended state of use"	January 01, 2022
Amendment to IAS 37 "loss-making contracts - the cost of performing contracts"	January 01, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 01, 2022

The company has assessed that the above standards and interpretations have no significant impact on the company's financial position and financial performance.

- b. Have not adopted the impacts of newly promulgated International Financial Reporting Standards (and amendments) recognized by FSC

The following table collects standards and interpretations that have been promulgated newly, amended and revised in International Financial Reporting Standards effective in year 2023 recognized by FSC:

<u>Newly promulgated/amended/revised standards and interpretations</u>	<u>The effective date of issuance by IASB</u>
Amendment to IAS 1 "disclosure of accounting policies"	January 01, 2023
Amendment to IAS 8 "definition of accounting evaluation"	January 01, 2023
Amendment to IAS 12 "deferred income tax related to assets and liabilities arising from a single exchange"	January 01, 2023

The company has assessed that the above standards and interpretations have no significant impact on the company's financial position and financial performance.

- c. International Accounting Standards Board has promulgated the impacts of International Financial Reporting Standards, which hasn't been recognized by FSC

The following table collects standards and interpretations that have been promulgated newly, amended and revised in International Financial Reporting Standards effective recognized by FSC:

<u>Newly promulgated/amended/revised standards and interpretations</u>	<u>The effective date of issuance by IASB</u>
Amendments to IFRS 10 and IAS 28 "sale or investment of assets between investors and their affiliates or joint ventures"	To be decided by IASB
Amendment to IFRS 16 "Lease liabilities in sale-leaseback"	January 01, 2024
IFRS 17 "insurance contracts"	January 01, 2023
Amendments to IFRS 17 "insurance contracts"	January 01, 2023
Amendment to IFRS 17 "initial application of IFRS 17 and IFRS 9 - comparative information"	January 01, 2023
Amendment to IAS 1 "current or non-current classification of liabilities"	January 01, 2024
Amendment to IAS 1 "Non-current liabilities with contractual terms"	January 01, 2024

The company has assessed that the above standards and interpretations have no significant impact on the company's financial position and financial performance.

4. Summary description of crucial accounting policy

It describes below the major accounting policies adopted for the preparation of this independent financial report. Unless otherwise noted, such policies will apply during reporting period.

a. Declaration of conformity

This independent financial report is prepared under the standards for the preparation of financial reports of securities issuers.

b. Basis of preparation

- 1) This independent financial report is prepared at historical cost except for the following important items:

Financial assets at fair value through other comprehensive income

- 2) It requires the use of some significant accounting estimates in the preparation of financial reports that comply with the international financial reporting standards, international accounting standards, interpretation, and interpretation announcements (hereinafter referred to as IFRSs) approved by the FSC. The management also needs to use its judgment in applying the company's accounting policies. Please refer to note V for details for items involving high judgment or complexity, or items involving major assumptions and estimates of individual financial reports.

c. Foreign currency conversion

The items listed in the financial report of each independent in the company are measured in the currency of the main economic environment in which the independent operates (i.e. functional currency). This independent financial report is presented in the company's functional currency "New Taiwan dollar".

1) Foreign currency transaction and balance

- a) For foreign currency transaction, currency is converted into functional currency at spot exchange rate on trading day or measurement day. The difference occurred due to such transaction is recognized into current profits and losses.
- b) Monetary assets and debt balance at foreign currency are adjusted at spot exchange rate on Balance Sheets day. The conversion difference due to the adjustment is recognized into current profits and losses.
- c) Non-monetary assets and debt balance at foreign currency, which have been measured through profits and losses at fair value, are evaluated and adjusted at spot exchange rate on Balance Sheets day. The conversion difference due to the adjustment is recognized into current profits and losses. Non-monetary assets and debt balance at foreign currency, which have been measured through other comprehensive income/(loss) at fair value, are evaluated and adjusted at spot exchange rate on Balance Sheets day. The conversion difference due to the adjustment is recognized into other comprehensive income/(loss).

The conversion difference due to the adjustment is recognized into current profits and losses. Non-monetary assets and debt balance at foreign currency, which haven't been measured at fair value, are measured at historical rate on initial trading day.

- d) All other exchange gains and losses are reported in "other gains and losses" in the income statement.

2) Overseas operating agency

For all the Group's individuals whose functional currency differs from expressive currency, their operating results and financial conditions are converted into expressive currency in the following methods;

- a) Assets and liabilities listed in balance sheets are converted at closing rate on balance sheets statement day;
- b) Profits and losses recorded in Statements of Comprehensive Income are converted at average exchange rate for the period; and
- c) Conversion differences occurred are recorded into other comprehensive income/(loss).

d. Standards of classifying current and non-current assets and liabilities

- 1) It is usually longer than one year for the company's engineering projects period and land development operating. The assets and liabilities related to construction and construction contracts divide into current and non-current under the operating period, and the other assets and liabilities divide into one year.
- 2) Assets that meet one of the following conditions are classified as current assets:
 - a) Expected to be realized in normal business term or intended to be sold or consumed.
 - b) Held for the main purpose of transaction.
 - c) Expected to be realized within 12 months after balance sheets statement day.
 - d) Cash or cash equivalents, unless exchanged or used to pay off debts under limitations at over 12 months after balance sheets statement day.

The company classifies all assets that do not meet the above conditions as non-current.

- 3) Liabilities meeting one of the following conditions are classified into current liabilities:
 - a) Excepted to be paid off in normal business term.
 - b) Held for the main purpose of transaction.
 - c) Expected to be paid off within 12 months after balance sheets statement day.
 - d) Unable to defer the payoff term to at least 12 months after balance sheets statement day unconditionally. Liabilities clauses may depend on the counterparty's choice; payoff occurred due to the issuance of equity instrument does not affect the classification.

The company classifies all liabilities that do not meet the above conditions as non-current.

e. Accounts and notes receivable

- 1) Refers to accounts and notes that have the right to unconditionally receive the consideration amount in exchange for the transfer of goods or services according to the contract.
- 2) The discount has little impact on short-term accounts receivable and bills without interest payment, and the company measures them based on the original invoice amount.

f. Agency land development business

- 1) It is entrusted by the government to handle the development on its behalf, and some development cases are responsible for external sales.
- 2) During the agency period, the Company will pay for, on behalf of client, land expropriation compensation fee, construction cost, construction supervision and inspection and various development costs. And client will calculate the interests according to the costs already paid on its behalf, and pay to the Company on a period-by-period basis. The accounting treatment of the case costs of various agency land development business (industrial zone development, urban land rezoning and section expropriation) shall be handled in accordance with the entrusted development agreement and the contract with contractor; according to the actual construction progress and completion acceptance, corresponding costs and expenses are recognized. The service revenue from the agency shall list on a period-by-period basis in proportion to the input cost when entrusted to handle the operating of developing the industrial zone.
 - a) Costs attributable to contracts are reasonably identifiable.
 - b) Except for the confirmed disbursement that is recoverable, the remaining contract costs can be reasonably estimated.
 - c) The collectable agency fees (service revenue) can be reasonably determined.
- 3) The development cost is debited to "the land development funds receivable from the agent", while the land purchase price paid by the land purchasing manufacturer is credited to "other current liabilities - advance payment for the sale of industrial zone", which is offset with the land development funds receivable from the agent when the owner allocates the payment.

g. Financial assets impairment

The Company measures the allowance loss under the amount of 12-month expected credit loss if the credit risk has not increased significantly since the original list on each balance sheet date, after considering all reasonable and verifiable information (including forward-looking ones) on debt instrument investments at fair value through other comprehensive income/(loss) and financial assets at amortized cost. The allowance loss shall be measured under the expected amount of credit loss during the duration when the credit risk has increased significantly since the original recognition. The allowance for loss is measured under the amount of expected credit loss during the duration for accounts receivable or contract assets that do not include significant financial components.

h. Financial assets at fair value through other comprehensive income

- 1) Refer to one irrevocable choice at original recognition; this records fair value change invested with equity instrument not held for transaction into other comprehensive income/(loss); or meet the following conditions in debt instrument investment at the same time:
 - a) The financial assets are held under the operating model for the purpose of collecting and selling contractual cash flows.
 - b) Cash flows generated by the financial assets' contract terms on specified date, are solely used for payments of principal and outstanding principal interest.
- 2) The company adopts settlement date accounting for financial assets at fair value through other comprehensive income/(loss) under trading practices.
- 3) The company is measured at its fair value and transaction cost at the time of the initial list, and subsequently measured at fair value:

Changes in the fair value of equity instruments list in other comprehensive profits and losses. When delisting, the cumulative benefits or losses previously listed in other comprehensive income/(loss) shall not be reclassified as income/(loss) and transferred to retained earnings. When the right to receive dividends is established, the economic benefits related to dividends are likely to flow in, and the number of dividends measure reliably, the company lists dividend income in income/(loss). The company lists dividend income in income/(loss) when the right to receive dividends is established, the economic benefits related to dividends are likely to flow in, and the number of dividends measures reliably.

i. Financial assets at amortized cost

- 1) Those meeting all the following conditions:
 - a) The financial assets are held under the operating model for the purpose of collecting contractual cash flows
 - b) Cash flows generated by the financial assets' contract terms on specified date, are solely used for payments of principal and outstanding principal interest.
- 2) For financial assets at amortized cost that conforms to trading practices, the Company implements accounting on settlement day.
- 3) The Company measures interest income at its fair value plus transaction costs on initial recognition, and subsequently recognizes interest income and impairment loss over the liquidity period using the effective interest method under the amortization procedure, and recognizes its gain or loss in profit or loss when derecognized.

j. Financial assets are delisted

Financial assets will exclude when the company's contractual right to receive cash flows from financial assets expires.

k. Lease payment receivables/lease (tenant)

After deduction of tenant's incentives, operating rental income is amortized with straight line method over the lease term and recognized as profits or losses for the period.

l. Inventories

Inventories are measured by costs and net realizable value (see whichever is lower) and determined by weighted cost average method. The costs of finished goods and work-in-progress goods include raw materials, direct labor costs, other direct costs and manufacture-related expenses, but exclude borrowing costs. It adopts the item-by-item comparison method when comparing the lower cost and net realizable value. Net realizable value refers to the balance of the estimated selling price in the normal course of operating after deducting the relevant variable selling expenses.

m. Investments accounted for using the equity method - subsidiaries and associated enterprises

- 1) Subsidiaries refer to all independent (including special purpose independent) that the company has the right to dominate its financial and operating policies, generally holding more than 50% of its voting shares directly or indirectly. The company's investment in subsidiaries in independent financial reports evaluate with the equity method.
- 2) It has been written of the unrealized income/(loss) between the company and its subsidiaries. The accounting policies of the subsidiaries have been adjusted as necessary and are consistent with the policies adopted by the company.
- 3) The company lists the share of income/(loss) of subsidiaries after the acquisition as current income/(loss), and the share of other comprehensive income/(loss) after the acquisition as other comprehensive income/(loss). The company will continue to list the loss under the shareholding ratio if the loss share listed by the company for a subsidiary is equal to or exceeds the equity in the subsidiary.
- 4) Affiliated enterprises refer to all independents over whom the company has significant influence but no control, generally holding more than 20% of the voting shares directly or indirectly. The company's investment in affiliated enterprises is treated by the equity method and listed at cost when obtained.
- 5) The company lists the share of profits and losses obtained by related enterprises as current income/(loss), and the share of other comprehensive income/(loss) obtained by related enterprises as other comprehensive income/(loss). The company will not list further losses if the loss share of the company to any affiliated enterprise is equal to or exceeds its rights and interests in the affiliated enterprise (including any other unsecured receivables) unless the company has legal obligations, constructive obligations to the affiliated enterprise or has paid money on its behalf.

- 6) The company lists all equity changes as "capital surplus" under the shareholding ratio when there are equity changes in non-income/(loss) and other comprehensive income/(loss) of affiliated enterprises, and the shareholding ratio of affiliated enterprises is not affected.
- 7) Unrealized income/(loss) arising from transactions between the company and affiliated enterprises have been written off under their proportion of equity in affiliated enterprises; Unrealized losses are also written off unless evidence shows that the assets transferred by the exchange have been impaired. The accounting policies of affiliated enterprises have been adjusted as necessary to be consistent with the policies adopted by the company.
- 8) It is the same as that of the company for the accounting treatment of all amounts previously listed in other comprehensive income/(loss) related to the related enterprise when the company disposes of a related enterprise if it loses its significant impact on the related enterprise, and if it directly disposes of relevant assets or liabilities, that is, if the benefits or losses previously list as other comprehensive income/(loss) will be reclassified as income/(loss) when disposing of relevant assets or liabilities, the interest or loss is reclassified from equity into income/(loss) when the significant impact on the affiliated enterprise is lost. Only the amount previously listed in other comprehensive profits and losses shall transfer out in the above manner in proportion If it still has a significant impact on the affiliated enterprise.
- 9) The current income/(loss) and other comprehensive income/(loss) of independent financial reports shall be the same as the apportionment of current income/(loss) and other comprehensive income/(loss) to the owners of the parent company in the financial report prepared based on consolidation under the "standards for the preparation of financial reports by securities issuers", and the sovereign interests of independent financial reports shall be the same as the interests attributable to the owners of the parent company in the financial report prepared based on consolidation.

n. Property, plant and equipment

- 1) Acquisition costs are accounting basis for property, plant and equipment, with relevant interest capitalized during the period of construction.
- 2) It is likely to flow into the company for subsequent costs are included in the carrying amount of assets or listed as a separate asset only when the future economic benefits related to the project and the project cost can measure reliably. Book value of replaced part is excluded. When incurred, all other maintenance costs are recognized as profit or loss for the period.
- 3) The subsequent measurement of property, plant and equipment is based on the cost model. Except land, they are depreciated with straight-line method according to durable period. If each of property, plant and equipment is great, they should be separately depreciated.
- 4) The company examines the residual value, useful life, and depreciation method of various assets at the end date of each financial year. It shall be handled under the accounting estimation change provisions of International Accounting Standard No. 8 "changes and errors in

accounting policies and accounting estimates" from the date of change if the expected values of residual value and useful life are different from the previous estimates, or the expected consumption pattern of future economic benefits contained in the assets has changed significantly.

Assets' durable periods:

Houses and buildings	50 ~ 55 years
Building improvement	3 ~ 10 years
Machinery equipment	3 ~ 8 years
Transportation equipment	5 years
Office equipment	3 years

o. Lessee's lease transactions - the right-of-use assets/lease liabilities

- 1) Leased assets list as of right-of-use assets and lease liabilities on the date when they are available for use by the company. When the lease contract is for a short-term lease or a lease of a low-value asset, lease payments are recognized as an expense based on straight line method over the lease term.

- 2) As for the lease liability, the lease payment should be recorded by current value discounted according to the Group's incremental borrowing rate from the lease start day. The lease payment consists of fixed payments by subtraction of collectable lease incentives.

The subsequent interest method is measured by the amortized cost method, and the interest expense accrues during the lease period. The lease liability will reassess and the re-measurement will be adjusted to the right-of-use assets when the lease term or lease payment changes due to non-contract modification.

- 3) The right-of-use asset is recognized into cost from the lease start day; the cost includes the original measurement amount of the lease liability.

Cost model measurement is adopted subsequently; right-of-use assets' durable period expires, or lease term expires (see whichever is earlier) is recorded as depreciation costs. When lease liability is reassessed, the right-of-use assets will be adjusted for remeasurement.

p. Investment property

Investment property is recognized into costs, and subsequently measured with the cost model. Except land, to be depreciated with straight-line method; durable period is 55 years.

q. Impairment of non-financial assets

The company estimates the recoverable amount of assets with signs of impairment on the balance sheet date. The impairment loss list is when the recoverable amount is lower than its book value. A recoverable amount refers to the fair value of an asset less the cost to sell or its value in use, whichever is higher. The impairment loss reverses when the impairment of listed assets in previous years does not exist or decreases except for goodwill, but the booking amount of the assets increased by the reversal of the impairment loss does not exceed the booking amount of the assets after deducting depreciation or amortization if the impairment loss does not list.

r. Borrowing

It refers to the long-term and short-term funds borrowed from banks. The company measures the amount after deducting the transaction cost from the fair value at the time of initial recognition. Subsequently, any difference between the price after deducting the transaction cost and the redemption value is measured within the borrowing period at the amortized cost with the effective interest method.

s. Accounts and notes payable

Accounts and notes payable are obligations payable for obtaining goods or services from suppliers in the normal course of business. It is measured at fair value at the time of original recognition, and subsequently at amortized cost with the effective interest method. Due to insignificant subsequent impacts of discounting, short-term accounts payable with unpaid interest, are measured at original invoice subsequently.

t. Ordinary bonds payable

Ordinary corporate bonds payable issued by the company shall measure at the fair value fewer transaction costs at the time of initial recognition, and the difference between the fair value and the redemption value shall list as the excess or discount of corporate bonds payable, and shall list as an addition or deduction of corporate bonds payable; Subsequently, the effective interest method adopts to list the amortized cost as the current income/(loss) during the bond circulation period as the adjustment item of "finance costs".

u. Delisting of financial liabilities

The company excludes financial liabilities when the obligations contained in the contract perform, cancel or expire.

v. Employee benefit

1) Short-term employee benefit

Short-term employee benefit is measured at expected paid non-discounting amount, and recorded as fees in providing related service.

2) Pension

Defined benefit plan

- a) The net obligation under a defined benefit plan is calculated by discounting the amount of future benefits earned by the employee from current or past service and subtracting the fair value of the planned assets from the present value of the defined benefit obligation on the balance sheet day. The defined net benefit obligation is calculated annually by actuary using the projected unit benefit method, and the discount rate is determined with reference to the market yield of high-quality company bonds on the balance sheet day consistent with the currency and period of the defined benefit plan; countries without market depth use the market yield on government bonds (on the balance sheet day).
- b) Actuarial profits and losses arising from defined benefit plans are recognized as other comprehensive income/(loss) in the period in which they occur
- c) If the early-stage service cost is immediately obtainable, the related expenses will be recognized as profit or loss immediately; if not immediately obtainable, it will be recognized as profit or loss on a straight-line basis over the average obtainable period.

3) Dismiss welfare

Dismiss welfare is benefits provided to employee whose employment is terminated before the normal retirement day or when the employee decides to accept the Company's offer of benefits in exchange for termination of employment. The company lists expenses when it can no longer revoke the offer of termination welfare or list the relevant restructuring costs, whichever is earlier. Benefits that are not expected to be fully settled 12 months after the balance sheet day should be discounted.

4) Employee dividends and remuneration of directors and supervisors

Employee remuneration and remuneration of directors and supervisors are recognized as expenses and liabilities when such remunerations are legal or constructive obligations and the amounts can be reasonably estimated. If there is a discrepancy between actual distribution amount and the estimated amount in subsequent resolutions, it shall be treated as a change in accounting estimate. Besides, if employees are paid in shares, the basis for calculating the number of shares is the closing price on the day before the board resolution.

w. Income tax

- 1) Income tax includes current and deferred income tax. Income tax is recognized in profit or loss, except income tax relating to items included in other comprehensive income or directly included in equity.
- 2) The company calculates the current income tax under the tax rate that has been legislated or substantively legislated on the balance sheet date in the country where the operation and taxable income generate. Management regularly assesses the status of income tax declaration as per the regulations related to applicable income tax and, where applicable, assesses income tax liabilities based on expected tax payments to tax authorities. The income tax on unappropriated earnings shall be levied under the income tax law, and the income tax expense on unappropriated earnings shall list for the distribution of actual earnings after the year following the year in which the earnings generated are approved by the shareholders' meeting.
- 3) Deferred income tax adopts the balance sheet method and lists the temporary difference between the tax basis of assets and liabilities and their carrying amount in the independent balance sheet. Deferred income tax liabilities from originally recognized goodwill will not be recognized; if deferred income tax originates from the original recognition of asset or liability in a transaction (excluding a business amalgamation), which, at the time of the transaction, does not affect accounting profit or taxable income (taxable loss), such deferred income tax liabilities will not be recognized either. It will not list if the company can control the time point of the reversal of the temporary difference arising from the investment in subsidiaries and affiliated enterprises, and the temporary difference is likely not to be reversed in the foreseeable future. Based on tax rates (and tax laws) enacted or substantively enacted on the balance sheet day and expected to apply when the related deferred income tax assets are realized or the deferred income tax liabilities are settled, deferred income tax is determined.
- 4) When temporary differences will be possibly used to offset future taxable income, and both unrecognized and recognized deferred income tax assets are reassessed on each balance sheet day.
- 5) When statutory enforcement right is available to allow recognized current income tax assets and liabilities to offset each other, and it is intended to pay off liabilities, on net basis, or at the same time, realize assets and pay off liabilities, current income tax assets and current income tax liabilities shall be offset; When statutory enforcement right is available to allow current income tax assets and current income tax liabilities to offset each other, and the deferred income tax assets and liabilities are generated by the same taxpayer subject to taxation by the same tax authority, or by different taxpayers but each subject intends to pay off liabilities, on net basis, or at the same time, realize assets and pay off liabilities, current income tax assets and current income tax liabilities shall be offset.

x. Share capital

- 1) Ordinary shares classified into rights and interests. Incremental costs directly attributable to the issued new shares or stock options, after deduction of income tax, are shown as a deduction in equity.
- 2) When the Company repurchases issued shares, the consideration paid (including any incremental costs that are directly attributable, is recognized) as a net tax deduction in shareholders' equity. On subsequent reissues of the repurchased shares, the difference between the consideration received (after deduction of any directly attributable incremental costs and the effect of income taxes) and the book value is recognized as an adjustment to shareholders' equity.

y. Dividend distribution

Dividends are distributed to the shareholders of the company list in the financial report when the shareholders' meeting of the company decides to distribute dividends, and cash dividends list as liabilities.

z. Revenue recognition

1) Commodity sale

- a) The Company's sales revenue is recognized when the control of the product is transferred to customer, that is, when the product is delivered to customer, customer has the discretion to sell the product and decide the price, and the Company has no outstanding performance obligations that may affect customer to accept the product. Delivery of goods occurs when the product has been shipped to the designated location, the risk of obsolescence and loss has passed to customer, and customer has accepted the product in accordance with sales contract, or there is objective evidence that all acceptance criteria have been met.
- b) Accounts receivable are recognized when the goods are delivered to customer, as the Group has an unconditional right to the contract price from that point on, and it only takes time to collect the consideration from customer.

2) Land development and resale

- a) The Company engages in land development and sales of residential properties, and revenue will be recognized when control of property is transferred to customer. For the signed residential sales contract, due to the restrictions of the contract terms, the property has no other use for the Company, but until the legal ownership of the property is transferred to customer, the Company has an enforceable right to the contract money, so after the legal ownership transfer to customer, revenue is recognized.
- b) Revenue is measured as agreed contract price, which has been paid by customer when legal title to the property is transferred. On rare occasions, the Company and customer agree on deferred payment period, but deferred repayment period does not exceed 12

months, and it is judged that the contract does not have a significant financial component, so the consideration will not be adjusted.

3) Cost of obtaining client contract

For the incremental costs (primarily sales commissions) incurred by the Company in getting customer contracts, the expected collectable parts are recognized as assets (listed as other non-current assets listed in the sheet) at the time of occurrence, and amortized according to the consistency of commodities or labor services related to the assets. In subsequent periods, if the amount that the expected consideration deducts costs not yet recognized as expenses is lower than book value recognized in the asset, an impairment loss is recognized for the excess of the asset's book value.

4) Project revenue

- a) The company provides engineering construction-related services. Income from labor services is recognized as income during the financial reporting period of providing the services to customers. Revenue from fixed-price contracts is recognized based on the ratio of services actually provided to all to-be-provided services by the balance sheet day, and the completion ratio of services is determined based on the ratio of incurred costs to estimated total transaction costs. The considerations of some contracts may change due to the transfer price or similar items. Only when the future uncertainty is eliminated, it is highly probable that there will not be a significant reversal of the recognized cumulative revenue amount included in the transaction price. The customer pays the contract price under the agreed payment schedule. It list as contract assets when the service provided by the company exceeds the customer's payable. It list as contract liabilities if the customer's payable exceeds the service provided by the company.
- b) The Company's estimates of revenue, costs and degree of completion are revised as circumstances change. Any increase or decrease in estimated revenue or costs due to change of estimate is reflected in profit or loss for the period in which the circumstances leading to the revision are known to management.

5) Service revenue

- a) The Group offers services about agency land development. Income from labor services is recognized as income during the financial reporting period of providing the services to customers. The income from fixed price contracts is recognized as the ratio of the services actually provided to the total services to be provided by the balance sheet day. Since the Company engage in the development, planning and management of industrial zones on behalf of government entities, the services are subject to supervision. The completion rate of the service is determined on the basis of the actual labor hours accounted for the estimated total labor hours.
- b) The Company provides agency land development services. It is mainly entrusted by

government units to develop on their behalf. Some development projects are also responsible for external sales. It is identified as a performance obligation that is gradually fulfilled over time. The Company recognizes revenue as the proportion of input costs to the estimated total costs.

- c) The Company's estimates of revenue, costs and degree of completion are revised as circumstances change. Any increase or decrease in estimated revenue or costs due to change of estimate is reflected in profit or loss for the period in which the circumstances leading to the revision are known to management.
- d) Please refer to note IV (VI) for the list of relevant revenue.

5. Main source of major accounting judgment, estimate and assumption uncertainty

When the company prepares this independent financial report, the management has used its judgment to determine the accounting policies adopted and made accounting estimates and assumptions based on the reasonable expectation of future events under the situation at the balance sheet date. Significant accounting estimates and assumptions made may differ from actual results and will be continuously evaluated and adjusted by taking into account historical experience and other factors. These estimates and assumptions carry risks that will result in material adjustment of the book values of assets and liabilities in the next financial year. Please refer to the following descriptions on the uncertainty of significant accounting judgments, estimates and assumptions:

a. Important judgment for adopting accounting policy

No such circumstance.

b. Major accounting estimates and assumptions

Revenue recognition

The company shall estimate the total cost of completion based on the characteristics of the project and various objective factors. The revenue confirmation is based on the estimation of the percentage of input cost, and the company regularly reviews the rationality of the estimation. It may cause changes in the estimated total cost of completion and affect the amount listed by the company affected by the changes in the industrial environment and construction conditions.

6. Description of important accounting items

a. Cash and cash equivalents

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Cash in hand and working capital	\$ 1,254	\$ 1,407
Check deposit	7,004	25,351
Current deposit	<u>175,669</u>	<u>196,792</u>
	<u>\$ 183,927</u>	<u>\$ 223,550</u>

- 1) It is very low the possibility of default because the credit quality of the company's financial institutions is good, and the company has dealings with multiple financial institutions to spread credit risk.
- 2) The company has appropriately reclassified the provision of cash as a pledge guarantee. Please refer to note VIII for details of the pledge guarantee.

b. Financial assets at amortized cost

<u>Item</u>	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Current items:		
Ordinary corporate bonds	\$ 61,856	\$ -
Less: Accumulated impairment	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 61,856</u>	<u>\$ -</u>

- 1) The details of financial assets at amortized cost presented in profit or loss are as follows:

	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 1,007</u>	<u>\$ -</u>

- 2) Under the condition of not taking into account collateral or other credit enhancements, the insured amounts that best represent the financial assets at amortized cost held by the Company in 2022 and 2021 were \$61,856 and \$0, respectively.
- 3) Please refer to Note 12 (2) for information on the credit risk of financial assets at amortized cost.

c. Accounts receivable and notes receivable

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Accounts receivable	\$ 1,693	\$ 3,298
Notes receivable	95,492	153,099
Less: Allowance for bad debts	(2,660)	(3,063)
	<u>\$ 94,525</u>	<u>\$ 153,334</u>

- 1) The company does not hold any collateral.
- 2) For credit risk information about accounts receivable and notes receivable, please refer to Note 12 (2).
- 3) Analysis of account receivable age of accounts receivable and notes receivable:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
No overdue	\$ 94,695	\$ 148,890
Overdue for 1 to 120 days	2,490	3,766
Overdue for 121 days and above	-	3,741
	<u>\$ 97,185</u>	<u>\$ 156,397</u>

The information above represents that account age is analyzed based on days overdue.

- 4) The balance of accounts receivable and notes receivable as of December 31, 2022, and December 31, 2021, were generated by customer contracts. Furthermore, it was \$485,927 for the balance of accounts receivable under customer contracts as of January 1, 2021.
- 5) Under the condition of not taking into account collateral or other credit enhancements, the insured amounts that best represent the maximum credit risk of the Group's notes receivable on Dec. 31, 2022 and 2021 were \$1,693 and \$3,298, respectively; The insured amounts that best represent the credit risk of the Group's accounts receivable on Dec. 31, 2022 and 2021 were \$92,832 and \$150,036, respectively.

d. Other accounts receivable

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Receivable agency land development fund	\$ 3,662,497	\$ 3,291,127
Interest receivable	418	57
Other accounts receivable - Other	2,075	2,084
	<u>\$ 3,664,990</u>	<u>\$ 3,293,268</u>

- 1) The land development funds receivable from the agency are the contract signed by the company with the Jiayi county government in May 2013 to "Chiayi County Machouhou industrial Park Phase I". The development period is expected to be four years from the date of signing the contract. And the company signed a contract with the government of Jiayi County on the "Chiayi County Machouhou industrial Park Phase I" in October 2018 to entrust the development of the industrial park. The development period is expected to be six years from the date of signing the contract; The Group signed a contract with the Tainan Municipal Government on the "development, rental, sale and management of Cigu Science and Technology Industrial Park" in January 2021, and was entrusted to develop the industrial park. The development period is expected to be six years from the date of notification of performance.

a) The details of land development funds receivable from the company refer to follows:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>	<u>Dec. 31, 2022</u> <u>Accumulated</u> <u>service revenue</u> <u>recognized</u>	<u>Client</u>
Machohou Industry Park Development Project - Phase I	\$ 746,005	\$ 615,404	\$ 421,844	Chiayi County Government
Machohou Industry Park Development Project - Later Phase	2,603,888	2,662,276	461,292	"
Development of Cigu Science and Technology Industrial Zone	<u>312,604</u>	<u>13,447</u>	<u>-</u>	Tainan Municipal Government
	<u>\$ 3,662,497</u>	<u>\$ 3,291,127</u>	<u>\$ 883,136</u>	

- b) The changes in land development receivables of the company in 2022 and 2021 are as follows:

	<u>Opening balance</u>	<u>2022</u>		<u>Ending balance</u>
		<u>Increase for the period</u>	<u>Collected amount for the period</u>	
Machohou Industry Park Development Project - Phase I	\$ 615,404	\$ 198,991	(\$ 68,390)	\$ 746,005
Machohou Industry Park Development Project - Later Phase	2,662,276	2,142,783	(2,201,171)	2,603,888
Development of Cigu Science and Technology Industrial Zone	<u>13,447</u>	<u>299,157</u>	<u>-</u>	<u>312,604</u>
	<u>\$ 3,291,127</u>	<u>\$ 2,640,931</u>	<u>(\$ 2,269,561)</u>	<u>\$ 3,662,497</u>

	<u>Opening balance</u>	<u>2021</u>		<u>Ending balance</u>
		<u>Increase for the period</u>	<u>Collected amount for the period</u>	
Machohou Industry Park Development Project - Phase I	\$ 587,269	\$ 398,823	(\$ 370,688)	\$ 615,404
Machohou Industry Park Development Project - Later Phase	1,321,083	2,174,798	(833,605)	2,662,276
Development of Cigu Science and Technology Industrial Zone	<u>-</u>	<u>13,447</u>	<u>-</u>	<u>13,447</u>
	<u>\$ 1,908,352</u>	<u>\$ 2,587,068</u>	<u>(\$ 1,204,293)</u>	<u>\$ 3,291,127</u>

- 2) The company listed the prepaid interest of the land development funds receivable from the agency in 2022 and 2021, and the amount of capitalized interest expense offset is \$60,968 and \$46,622 respectively. Please refer to Note 6 (25) for details.

e. Inventories

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Inventory of commodity	\$ 11,006	\$ 14,309
Finished product	23,047	9,199
Semi-finished product	10,713	10,774
work-in-progress product	2,997	3,981
Raw material	9,487	10,434
property for sale	74,841	74,841
To-be-constructed land	1,338	1,338
property under construction	390	386
Advance land payment	<u>458,320</u>	<u>450,020</u>
Subtotal	592,139	575,282
Less: Allowance for price drop loss	(4,618)	(8,644)
Total	<u>\$ 587,521</u>	<u>\$ 566,638</u>

1) The cost of inventories listed by the company is:

	<u>2022</u>	<u>2021</u>
Costs of inventories sold	\$ 194,733	\$ 163,993
Benefit from price drop and dull of inventories	(4,026)	-
Building costs	-	252,587
Project costs	<u>362,528</u>	<u>727,666</u>
Total	<u>\$ 553,235</u>	<u>\$ 1,144,246</u>

2) Some inventories have been provided as collateral for bank loans, please refer to Note 8 for details.

3) The capitalized amounts of interest on inventories of the Company in 2022 and 2021 are \$0.

f. Prepayment

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Advance payment of engineering amount	\$ 26,142	\$ 51,539
Tax retained	24,663	12,541
Others	<u>56,885</u>	<u>40,463</u>
	<u>\$ 107,690</u>	<u>\$ 104,543</u>

g. Other current assets

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Project deposit and bid bond	\$ 175	\$ 4,875
Restricted assets	2,242,296	1,746,289
Others	<u>868</u>	<u>368</u>
	<u>\$ 2,243,339</u>	<u>\$ 1,751,532</u>

- 1) Restricted Assets The amount of \$1,916,867 and \$1,257,958 on Dec. 31, 2022 and Dec. 31, 2021 respectively are for the agency land development business, to collect the land auction deposit and land price transferred from the buyer to the special trust account, and the rest are guaranteed by the bank And the pledged time deposit and special account for loan amount guarantee.

h. Financial assets at fair value through other comprehensive income

<u>Item</u>	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Non-current items:		
Equity instrument		
Non listed, OTCBB listed, and emerging stock	\$ 14,727	\$ 14,727
Appraisal adjustment	<u>(9,080)</u>	<u>(7,683)</u>
Total	<u>\$ 5,647</u>	<u>\$ 7,044</u>

- 1) The company chose to classify securities investment as a strategic investment as financial assets at fair value through other comprehensive income/(loss). They were \$5,647 and \$7,044 respectively for the fair values of these investments as of December 31, 2022, and 2021.
- 2) Financial assets at fair value through other comprehensive income are recognized as profit and loss, and comprehensive income/(loss):

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
<u>Financial instruments at fair value through other comprehensive income</u>		
Changes of fair value recognized in other comprehensive income	<u>(\$ 1,397)</u>	<u>\$ 644</u>

- 3) Please refer to note 12 (2) for information on the credit risk of financial assets at fair value through other comprehensive income.

i. Equity method is adopted for investment

	<u>2022</u>	<u>2021</u>
January 1	\$ 659,254	\$ 607,962
Investment profit (loss) accounted for using the equity method	37,282	48,341
Investment earning distribution using the equity method	(47,122)	(16,296)
Long-term liabilities falling due less than one year	6,366	20,370
Changes in capital surplus	-	(47)
Changes in other equity	<u>5,100</u>	<u>(1,076)</u>
December 31	<u>\$ 660,880</u>	<u>\$ 659,254</u>

1) Details of subsidiaries listed by equity method are as follows:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Chang Ji Construction Co., Ltd.	\$ 415,332	\$ 428,293
REINFORCE ENERGY CO. LTD.	224,194	209,988
XINDIN ENGINEERING CONSULTANTS CORP.	<u>21,354</u>	<u>20,973</u>
	<u>\$ 660,880</u>	<u>\$ 659,254</u>

2) Subsidiaries

a) The basic information of the company's major subsidiaries is as follows:

<u>COMPANY</u> <u>NAME</u>	<u>Main operating</u> <u>property</u>	<u>Shareholding ratio</u>		<u>Nature of</u> <u>relation</u>	<u>Measurement</u> <u>method</u>
		<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>		
Chang Ji Construction Co., Ltd.	Taiwan	90.53%	90.53%	Subsidiaries	Equity method
REINFORCE ENERGY CO. LTD.	The British Virgin Islands	100%	100%	"	"

b) The summary financial information of the company's major subsidiaries is as follows:

2. Balance Sheets

<u>Chang Ji Construction Co., Ltd.</u>		
	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Current assets	\$ 1,567,844	\$ 1,221,408
Non-current assets	312,805	329,059
Current liabilities	(1,087,911)	(719,388)
Non-current liabilities	(511)	(11,878)
Total net assets	<u>\$ 792,227</u>	<u>\$ 819,201</u>
Share in associated enterprise's net assets	<u>\$ 717,203</u>	<u>\$ 741,623</u>
Book value in associated enterprise	<u>\$ 415,332</u>	<u>\$ 428,293</u>

<u>REINFORCE ENERGY CO. LTD.</u>		
	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Current assets	\$ 706	\$ 20,687
Non-current assets	<u>223,488</u>	<u>189,301</u>
Total net assets	<u>\$ 224,194</u>	<u>\$ 209,988</u>
Share in associated enterprise's net assets	<u>\$ 224,194</u>	<u>\$ 209,988</u>
Book value in associated enterprise	<u>\$ 224,194</u>	<u>\$ 209,988</u>

Statements of Comprehensive Income

<u>Chang Ji Construction Co., Ltd.</u>		
	<u>2022</u>	<u>2021s</u>
Revenue	<u>\$ 2,095,674</u>	<u>\$ 2,300,394</u>
Current net income of continuing operating unit	\$ 15,626	\$ 29,157
Other comprehensive income/(loss) (after-tax net amount)	<u>(12,599)</u>	<u>(67,500)</u>
Total comprehensive income for the period	<u>\$ 3,027</u>	<u>(\$ 38,343)</u>
Dividends received from affiliated enterprises	<u>\$ 7,094</u>	<u>\$ 22,500</u>

3.

REINFORCE ENERGY CO. LTD.

	<u>2022</u>	<u>2021</u>
Revenue	\$ -	\$ -
Current net income of continuing operating unit	\$ 29,120	\$ 30,799
Other comprehensive income/(loss) (after-tax net amount)	<u>5,048</u>	<u>(1,076)</u>
Total comprehensive income for the period	<u>\$ 34,168</u>	<u>\$ 29,723</u>

4.

- c) Please refer to the notes to note 4 (3) of the company's consolidated financial statements in 2022 for information on the company's subsidiaries.

j. Property, plant and equipment

	<u>Land</u>	<u>Houses and buildings</u>	<u>Machinery equipment</u>	<u>Transportation Equipment</u>	<u>Office equipment</u>	<u>Total</u>
Jan. 01, 2022						
Cost	\$ 3,859	\$ 54,032	\$ 435	\$ 4,548	\$ 2,969	\$ 125,843
Accumulated depreciation and impairment	<u>-</u>	<u>(20,504)</u>	<u>(435)</u>	<u>(3,177)</u>	<u>(1,958)</u>	<u>(26,074)</u>
	<u>\$ 63,859</u>	<u>\$ 33,528</u>	<u>\$ -</u>	<u>\$ 1,371</u>	<u>\$ 1,011</u>	<u>\$ 99,769</u>
<u>2022</u>						
January 1	\$ 63,859	\$ 33,528	\$ -	\$ 1,371	\$ 1,011	\$ 99,769
Add	-	4,777	-	390	163	5,330
Depreciation expense	<u>-</u>	<u>(1,313)</u>	<u>-</u>	<u>(302)</u>	<u>(618)</u>	<u>(2,233)</u>
December 31	<u>\$ 63,859</u>	<u>\$ 36,992</u>	<u>\$ -</u>	<u>\$ 1,459</u>	<u>\$ 556</u>	<u>\$ 102,866</u>
Dec. 31, 2022						
Cost	\$ 3,859	\$ 58,809	\$ -	\$ 4,330	\$ 2,801	\$ 129,799
Accumulated depreciation and impairment	<u>-</u>	<u>(21,817)</u>	<u>-</u>	<u>(2,871)</u>	<u>(2,245)</u>	<u>(26,933)</u>
	<u>\$ 3,859</u>	<u>\$ 36,992</u>	<u>\$ -</u>	<u>\$ 1,459</u>	<u>\$ 556</u>	<u>\$ 102,866</u>

	<u>Land</u>	<u>Houses and buildings</u>	<u>Machinery equipment</u>	<u>Transportation Equipment</u>	<u>Office equipment</u>	<u>Total</u>
Jan. 01, 2021						
Cost	\$ 3,859	\$ 54,032	\$ 435	\$ 3,264	\$ 3,310	\$ 124,900
Accumulated depreciation and impairment	<u>-</u>	<u>(19,371)</u>	<u>(396)</u>	<u>(3,146)</u>	<u>(1,806)</u>	<u>(24,719)</u>
	<u>\$ 3,859</u>	<u>\$ 34,661</u>	<u>\$ 39</u>	<u>\$ 118</u>	<u>\$ 1,504</u>	<u>\$ 100,181</u>
<u>2021</u>						
January 1	\$ 3,859	\$ 34,661	\$ 39	\$ 118	\$ 1,504	\$ 100,181
Add	-	-	-	1,462	221	1,683
Depreciation expense	<u>-</u>	<u>(1,133)</u>	<u>(39)</u>	<u>(209)</u>	<u>(714)</u>	<u>(2,095)</u>
December 31	<u>\$ 63,859</u>	<u>\$ 33,528</u>	<u>\$ -</u>	<u>\$ 1,371</u>	<u>\$ 1,011</u>	<u>\$ 99,769</u>
Dec. 31, 2021						
Cost	\$ 63,859	\$ 54,032	\$ 435	\$ 4,548	\$ 2,969	\$ 125,843
Accumulated depreciation and impairment	<u>-</u>	<u>(20,504)</u>	<u>(435)</u>	<u>(3,177)</u>	<u>(1,958)</u>	<u>(26,074)</u>
	<u>\$ 3,859</u>	<u>\$ 33,528</u>	<u>\$ -</u>	<u>\$ 1,371</u>	<u>\$ 1,011</u>	<u>\$ 99,769</u>

- 1) No interest capitalization of property, plant, and equipment in the years 2022 and 2021.
- 2) For information about guarantee with property, plant and equipment, please refer to Note 8.

k. Investment property

	<u>2022</u>	<u>2021</u>
January 1		
Land	\$ 55,380	\$ 55,380
Houses and buildings	24,584	24,584
Cumulative depreciation	(14,705)	(14,294)
	<u>\$ 65,259</u>	<u>\$ 65,670</u>
January 1	\$ 65,259	\$ 65,670
Depreciation expense	(410)	(411)
December 31	<u>\$ 64,849</u>	<u>\$ 65,259</u>
December 31		
Land	\$ 55,380	\$ 55,380
Houses and buildings	24,584	24,584
Cumulative depreciation	(15,115)	(14,705)
	<u>\$ 64,849</u>	<u>\$ 65,259</u>

1) Rental income and direct operation cost of investment properties

	<u>2022</u>	<u>2021</u>
Rental income of investment properties	<u>\$ 1,831</u>	<u>\$ 1,831</u>
Direct operating expenses incurred by investment properties that generate rental income in the current period	<u>\$ 410</u>	<u>\$ 411</u>

- 2) They were \$102,838 and \$102,327 respectively for the fair values of the investment property held by the company as of December 31, 2022, and 2021, which were based on the evaluation results of independent evaluation experts, which adopted the comparative method. Based on the comparison target price, compare, analyze and adjust the evaluated price under its situation, price date, region, and independent factors.
- 3) For information about guarantee with investment property, please refer to Note 8.

l. Short-term borrowings

<u>Nature of loan</u>	<u>Dec. 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank loan			
Guaranteed loan \$	40,000	1.97%-2.37%	Inventory, land, houses and buildings (listed property, plant and equipment and investment property)
Credit loan	<u>282,756</u>	"	None
	<u>\$ 322,756</u>		

<u>Nature of loan</u>	<u>Dec. 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank loan			
Guaranteed loan \$	105,000	1.41%-1.80%	Inventory, land, houses and buildings (listed property, plant and equipment and investment property)
Credit loan	<u>190,600</u>	"	None
	<u>\$ 295,600</u>		

For guarantee on short-term load, please refer to Note 8.

m. Short-term notes and bills payable

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Commercial promissory notes payable	<u>\$ -</u>	<u>\$ 90,000</u>
Interest rate range	<u>-</u>	<u>0.44%</u>

n. Other current liabilities

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Advance collection of down payment for industry zone sold	\$ 2,523,774	\$ 1,470,905
Deposits received - Tender deposit for land sale	30,855	155,704
Others	<u>22,742</u>	<u>19,560</u>
	<u>\$ 2,577,371</u>	<u>\$ 1,646,169</u>

The deposit received in advance for the sale of the industrial zone and the deposit for the sale of the land are entrusted by the Chiayi County Government to the Company for the "Entrusted Development, Sale and Management Case of the First Phase of Machohou Industrial Park in Chiayi County" and the "Second-stage Entrusted Development of the Machohou Industrial Park in Chiayi County". , Sales and Management Case" When the land is sold by auction, the land deposit that the external company has won the bid will be charged accordingly for the land development fee. Please

refer to Note 6 (4) for details.

o. Payable company bonds

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Payable company bonds	\$ 500,000	\$ 500,000
Less: Discount price of payable company bonds	<u>(2,327)</u>	<u>(2,919)</u>
	497,673	497,081
Less: Due within one year or one operating cycle, or exercise of company bonds' redemption right	<u>-</u>	<u>-</u>
	<u>\$ 497,673</u>	<u>\$ 497,081</u>

- 1) The company raised and issued the first domestic secured ordinary corporate bonds in 2021 with the approval of the competent authority, with a total issuance amount of \$500,000 and a coupon rate of 0.56%. The issuance period is five years. It was listed and traded on the OTC market of the ROC on November 9, 2021, and the circulation period is from November 9, 2021, to November 9, 2026. The Company's bonds were paid of one-off principal repayment when due.
- 2) Aforesaid company bonds payable are issued by financial instruments under guarantee; for guarantee, please refer to Note 8.

p. Long-term loan

<u>Nature of loan</u>	<u>Borrowing period and repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>Dec. 31, 2022</u>
Long-term bank credit loan				
Taiwan Cooperative Bank	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.69%	None	\$ 374,460
Taiwan middle and small-sized enterprise banks	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.69%	"	277,020
Chang Hwa Bank	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.69%	"	277,020
Agricultural Bank of Taiwan	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.69%	"	183,410
Hua Nan Commercial Bank, Ltd.	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.69%	"	91,680
Land Bank of Taiwan	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.69%	"	91,680
Taiwan Cooperative Bank	Monthly payment of interests from Nov. 3, 2022 to Oct. 7, 2028	3.27%~3.4 1%	"	75,530
Taiwan middle and small-sized enterprise banks	Monthly payment of interests from Nov. 3, 2022 to Oct. 7, 2028	3.27%~3.4 1%	"	43,460
Chang Hwa Bank	Monthly payment of interests from Nov. 3, 2022 to Oct. 7, 2028	3.27%~3.4 1%	"	14,090
Agricultural Bank of Taiwan	Monthly payment of interests from Nov. 3, 2022 to Oct. 7, 2028	3.27%~3.4 1%	"	14,090
The Shanghai Commercial & Savings Bank, Ltd.	Monthly payment of interests from Nov. 3, 2022 to Oct. 7, 2028	3.27%~3.4 1%	"	29,240
Bank of Taiwan	Monthly payment of interests from Nov. 3, 2022 to Oct. 7, 2028	3.27%~3.4 1%	"	29,240
Bank of Kaohsiung	Monthly payment of interests from Nov. 3, 2022 to Oct. 7, 2028	3.27%~3.4 1%	"	29,240
				1,530,160
Less: Long-term loans due within one year or one operating period				(1,530,160)
				<u>\$ -</u>

<u>Nature of loan</u>	<u>Borrowing period and repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>Dec. 31, 2021</u>
Long-term bank credit loan				
Taiwan Cooperative Bank	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.17%	None	\$ 472,410
Taiwan middle and small-sized enterprise banks	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.17%	"	349,520
Chang Hwa Bank	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.17%	"	349,520
Agricultural Bank of Taiwan	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.17%	"	231,400
Hua Nan Commercial Bank, Ltd.	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.17%	"	115,690
Land Bank of Taiwan	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.17%	"	115,690
				1,634,230
Less: Long-term loans due within one year or one operating period				(1,634,230)
				<u>\$ -</u>

- 1) In October 2019, the company signed a joint credit contract with credit-granting bank groups such as Cooperative Treasury commercial bank, CHB, Chang Hwa Bank, and Taiwan operating Bank as the execution fund of the "entrusted development, sale and management case of Late stage of Chiayi County Machouhou industrial Park" signed by the company in October 2018. The total credit limit is \$6,780,000 (including the guaranteed limit of \$780,000 and the loan limit of \$6,000,000). The main credit period is 6 years from the date of first use. As of Dec. 31, 2022, the Company has used the performance guarantee amount of \$775,800 and the loan amount of \$1,295,270. President of the Company agrees, on personal behalf, to be joint guarantor of this credit line case. When this credit line case exists, the Company mainly undertakes to promise as follows:
 - a) The financial ratios of the annual consolidated financial statements shall maintain as follows:
Tangible equity: After deduction of intangible assets, stockholders' equity shall not be lower than NT\$2.5 billion.
 - b) Within 2 years from the first use day of this development project, it should complete the

first notice for sale or registration.

- c) Within 2 years from the first notice for sale or registration, sales rate shall reach 25% (inclusive).
 - d) Within 3 years from the first notice for sale or registration, sales rate shall reach 35% (inclusive).
 - e) During the existence of this credit case, if there is an advance from a shareholder, the Company shall obtain a consent letter signed by the shareholder, agreeing that the shareholder shall not be repaid until the credit case is fully paid, and the interest rate shall not be higher than this credit extension. The loan interest rate at the time of the case or later, unless the advance is converted into a capital company.
- 2) In September 2022, the Company entered into a joint credit agreement with a syndicate of creditors, including Taiwan Cooperative Bank, for the Group to fund the implementation of the "Development, Rental, Sales and Management Plan for the Tainan Cigu Science and Technology Industrial Park" signed with the Tainan City Government in January 2021. The total credit limit is \$2,487,000 (including the guaranteed limit of \$487,000 and the intermediate loan limit of \$2,000,000). As of December 31, 2022, the Company had utilized \$487,000 of performance guarantees and \$234,890 of borrowing facilities for the primary credit period of six years from the date of first use. President of the Company agrees, on personal behalf, to be joint guarantor of this credit line case. When this credit line case exists, the Company mainly undertakes to promise as follows:
- a) The financial ratios of the annual consolidated financial statements shall maintain as follows:
Tangible equity: After deduction of intangible assets, stockholders' equity shall not be lower than NT\$2.5 billion.
 - b) During the existence of this credit case, if there is an advance from a shareholder, the Company shall obtain a consent letter signed by the shareholder, agreeing that the shareholder shall not be repaid until the credit case is fully paid, and the interest rate shall not be higher than this credit extension. The loan interest rate at the time of the case or later, unless the advance is converted into a capital company.

The company did not violate the above commitments in 2022 and 2021.

q. Pension

Confirmation of allocation plan

- 1) Since July 1, 2005, the Company and its domestic subsidiaries have formulated a retirement method with certain contributions in accordance with the "Labor Pension Regulations", which are applicable to employees of their own nationalities. For employees who choose to apply the labor pension system stipulated in the "Labor Pension Regulations", the Company and its domestic subsidiaries pay the labor pension at 6% of the salary to the employee's personal account of the Bureau of Labor Insurance. The payment of the employee pension is based on

the employee. The individual pension account and the amount of accumulated income are collected in the form of monthly pension or lump sum pension.

- 2) The pension costs listed by the company under the above pension regulations were \$4,207 and \$4,282 respectively in 2022 and 2021.

r. Share capital

- 1) By Dec. 31, 2022, the Company's nominal capital was \$3,500,000, the paid-in capital was \$2,287,135, and the par value per share was 10 yuan, totaling 228,714,000 shares. The adjustment of the Company's ordinary outstanding shares at the beginning and end of the period is as follows (unit: Thousand shares):

	<u>2022 (note)</u>	<u>2021 (note)</u>
January 1	226,189	226,189
Redemption of treasury stock	(<u>2,000</u>)	<u>-</u>
December 31	<u>224,189</u>	<u>226,189</u>

Note: The number of shares of the company held by subsidiaries is not deducted.

2) Treasury stock

- a) Reasons and number of shares withdrawn:

		<u>Dec. 31, 2022</u>	
<u>Name of companies</u> <u>holding share</u>	<u>Withdrawal cause</u>	<u>Number of shares</u>	<u>Book value</u>
The Company	Transfer of shares to employees (Note 1)	2,525,000 shares	\$ 26,130
The Company	Transfer of shares to employees (Note 2)	2,000 thousand shares	20,648
Subsidiary - Chang Ji	Safeguard stockholders' equity	28,125,000 shares	<u>255,837</u>
			<u>\$ 302,615</u>

		<u>Dec. 31, 2021</u>	
<u>Name of companies</u> <u>holding share</u>	<u>Withdrawal cause</u>	<u>Number of shares</u>	<u>Book value</u>
The Company	Transfer of shares to employees (Note 1)	2,525,000 shares	\$ 26,130
Subsidiary - Chang Ji	Safeguard stockholders' equity	28,125,000 shares	<u>255,837</u>
			<u>\$ 281,967</u>

Note 1. On March 27, 2020, the Company approved the repurchase of 6,000 treasury shares through board resolution. By May 29, 2020 (the expiry of the execution

period), a total of 2,525 treasury shares were repurchased, in total \$26,130.

Note 2. On July 7, 2022, the Company approved the repurchase of 2,000 treasury shares through board resolution. By September 12, 2022 (the expiry of the execution period), a total of 2,000 treasury shares were repurchased, in total \$20,648.

- b) The Securities Exchange Act stipulates that the Company's repurchase of outstanding shares shall not exceed 10% of the Company's total issued shares, and the total repurchase amount of shares shall not exceed the retained earnings plus the premium of the issued shares and the realized capital reserve amount.
- c) The treasury stocks held by the Company shall not be pledged in accordance with the Securities Exchange Act, or enjoy the rights of shareholders before they are transferred.
- d) According to the Securities Exchange Act, the shares transferable to employees bought back shall be transferred within five years from the date of the buyback. If not, the Company shall be deemed as not having issued shares, and shall make registration change and cancellation of shares. To maintain the Company's credit and shareholders' equity, the repurchased shares shall be subject to change registration and cancellation of the shares within six months from the date of repurchase.
- e) For pledge and guarantee information, please refer to Note 8 (2).

s. Capital surplus

In accordance with the Company Law, the overage from the issuance of shares in excess of the par value and the receipt of the capital reserve as gifts, can be used to make up for losses, but when the Company has no accumulated losses, can be distributed in the form of new shares or cashes on the basis of former shareholding ratio. In addition, in accordance with the Securities Exchange Act, when the above-mentioned capital reserve is allocated to capital, the total annual amount of such allocation shall not exceed 10% of the paid-in capital. The Company shall not use the capital reserve to supplement the surplus even if it is still insufficient to make up for the capital loss.

t. Retained earnings

- 1) According to these articles of association, if there is a surplus in the annual final accounts, besides paying all taxes and levies according to law, the losses of previous years should be made up for first, and later 10% should be set aside as the statutory surplus reserve. If any surplus occurs afterwards, keep it or distribute it according to resolution of shareholders' meeting. The Company shall also appropriate or reverse special reserves in accordance with laws or regulations stipulated by the competent authorities. With regard to the earnings and undistributed earnings of same period (including adjustment on undistributed earnings), the Board of Directors shall submit an earnings distribution proposal to distribute dividends to shareholders, subject to the approval at the shareholders' meeting.
- 2) Our dividend policy is as follows: The industrial life cycle of the company is at the growth period. In order to coordinate the Company's long-term financial planning for sustainable management and stable growth, the dividend policy adopts the residual dividend policy.

According to the Company's budget plan, cash dividend shall first be reserved. If there is a remaining balance, a cash dividend shall be distributed. If the cash dividend can be distributed in the year, it shall not be lower than 5% of the total dividend amount.

- 3) Except for making up for the Company's losses and distributing new shares or cashes in the shareholders' existing shares proportion, the statutory surplus reserve shall not be used. However, if new shares or cashes are issued, such reserve shall not exceed 25% over the paid-in capital.
- 4) Special surplus reserve
 - a) When the Company distributes surplus, the debit balance of other equity items on the balance sheet day of the year must be set aside as a special surplus reserve before distribution. When the debit balance of other equity items is reversed, the reversal amount may be included in the surplus available for distribution.
 - b) It shall handle under paragraph 1 of Article 41 of the securities and exchange law in line with the Order No. 1010047490 issued by the FSC stipulates that the accounting treatment of a public company's reinvested subsidiary holding shares of the parent company. Therefore, it shall calculate and set aside the same amount of special reserve for the listed, OTC, and emerging companies under the shareholding ratio for the difference between the market price of the parent company's shares held by the subsidiary at the end of the period and the book value. If the market price rebounds subsequently, the listed, OTCBB listed and emerging companies may transfer the amount to the special surplus reserve in accordance with the shareholding ratio.
- 5) Surplus distribution

The company passed the following profit distribution projects for 2021 and 2020 by the resolution of the shareholders' meeting on July 20, 2021, and June 17, 2022:

	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>Dividends Per Share (NTD)</u>	<u>Amount</u>	<u>Dividends Per Share (NTD)</u>
Statutory surplus reserve	\$ 10,274		\$ 31,520	
Rotary special surplus reserve	432		(2,651)	
Cash dividends	<u>56,546</u>	\$ 0.25	<u>180,951</u>	\$ 0.80
Total	<u>\$ 67,252</u>		<u>\$ 209,820</u>	

- 6) On March 13, 2023, the Company's board of directors passed the resolution on annual profit distribution plan for the year 2022. However, the 2022 earnings distribution project has yet to be decided by the 2023 shareholders' meeting.

The relevant surplus distribution is as follows:

	<u>Amount</u>	<u>2022</u> <u>Dividends Per</u> <u>Share (NTD)</u>
Statutory surplus reserve	\$ 20,693	
Reversal of special reserve	(3,703)	
Cash dividends	89,675	\$ 0.40
Stock Dividends	<u>44,838</u>	0.20
Total	<u>\$ 151,503</u>	

By March 13, 2023, the above-mentioned for surplus distribution proposal for the year 2022 has not been resolved by the shareholders' meeting.

u. Operating revenue

1) Subdivision of customer contract revenue

The revenue of the company comes from the provision of goods and services gradually listed over time and listed at a certain point in time. The revenue can divide into the following main product lines:

<u>2022</u>	<u>Sales revenue</u>	<u>Construction</u> <u>revenue</u>	<u>Project revenue</u>	<u>Service revenue</u>	<u>Total</u>
Revenue recognition time point					
Revenue recognized at certain time point	\$ 279,876	\$ -	\$ -	\$ -	\$ 279,876
Revenue recognized step by step over time	<u>-</u>	<u>-</u>	<u>353,471</u>	<u>252,658</u>	<u>606,129</u>
	<u>\$ 279,876</u>	<u>\$ -</u>	<u>\$ 353,471</u>	<u>\$ 252,658</u>	<u>\$ 886,005</u>
<u>2021</u>	<u>Sales revenue</u>	<u>Construction</u> <u>revenue</u>	<u>Project revenue</u>	<u>Service revenue</u>	<u>Total</u>
Revenue recognition time point					
Revenue recognized at certain time point	\$ 216,503	\$ 248,070	\$ -	\$ -	\$ 464,573
Revenue recognized step by step over time	<u>-</u>	<u>-</u>	<u>648,084</u>	<u>176,444</u>	<u>824,528</u>
	<u>\$ 216,503</u>	<u>\$ 248,070</u>	<u>\$ 648,084</u>	<u>\$ 176,444</u>	<u>\$1,289,101</u>

2) Contractual assets and contractual liabilities

- a) They are as follows for the contract assets and contract liabilities related to customer contract revenue listed by the company:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>	<u>Jan. 01, 2021</u>
Contractual assets:			
Contractual assets -			
Construction contract			
clauses	<u>\$ 204,938</u>	<u>\$ 175,401</u>	<u>\$ 215,441</u>
	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>	<u>Jan. 01, 2021</u>
Contractual liabilities:			
Contractual liabilities -			
Construction contract			
clauses	\$ 33,353	\$ 32,909	\$ 96,123
Contractual liabilities -			
Sales contract clauses	<u>-</u>	<u>-</u>	<u>1,530</u>
Total	<u>\$ 33,353</u>	<u>\$ 32,909</u>	<u>\$ 97,653</u>

- b) Opening contractual liabilities are recognized as revenue of the period

	<u>2022</u>	<u>2021</u>
Opening contractual liabilities		
balance is recognized as revenue of		
the period		
Presale contract for construction		
project	<u>\$ -</u>	<u>\$ 1,530</u>

- c) As the company undertook the "partial replacement project of the second overseas oil unloading buoy submarine pipeline of Taoyuan refinery" of Taiwan CNPC Co., Ltd, both parties have a dispute over the project payment because the project is delayed due to factors that cannot attribute to climate, which has been established with Taiwan CNPC Co., Ltd. through mediation by the procurement appeal Review Committee of the Public Works Committee of the Executive Yuan, and the loss of \$78,668 has listed in 2021.

v. Interest income

	<u>2022</u>	<u>2021</u>
Bank deposit interest	\$ 1,959	\$ 699
Interest income from financial assets		
at amortized cost	1,007	-
Other interest income	<u>29,415</u>	<u>60,564</u>
	<u>\$ 32,381</u>	<u>\$ 61,263</u>

w. Other income

	<u>2022</u>	<u>2021</u>
Rental income	\$ 2,708	\$ 2,702
Other income	<u>4,019</u>	<u>4,900</u>
Total	<u>\$ 6,727</u>	<u>\$ 7,602</u>

x. Other interest and loss

	<u>2022</u>	<u>2021</u>
Conversion gains (losses) of net foreign currency exchange	\$ 11,452	(\$ 527)
Interests in disposal of property, plant, and equipment	205	29
Other losses	<u>(1,362)</u>	<u>(586)</u>
Total	<u>\$ 10,295</u>	<u>(\$ 1,084)</u>

y. Finance costs

	<u>2022</u>	<u>2021</u>
Interest expense:		
Bank loan	\$ 67,507	\$ 54,928
Payment of interests for company bonds	2,800	5,330
Discounted amortization of company bonds	592	1,125
Others	51	81
Less: capitalization amount of assets meeting the requirements	<u>(60,968)</u>	<u>(46,622)</u>
Total	<u>\$ 9,982</u>	<u>\$ 14,842</u>

z. Additional information about expense nature

	<u>Belong to operating costs</u>	<u>2022</u> <u>Belong to operating expenses</u>	<u>Total</u>
Employee benefit expenses	\$ 38,804	\$ 91,170	\$ 129,974
Depreciation expense (including investment properties)	-	2,643	2,643
Depreciation expenses of right-of-use assets	-	2,242	2,242
Amortization cost	-	1,697	1,697
Amortization cost of right-of-use assets	-	139	139

		<u>2021</u>	
	<u>Belong to operating</u>	<u>Belong to</u>	<u>Total</u>
	<u>costs</u>	<u>operating expenses</u>	
Employee benefit expenses	\$ 46,659	\$ 67,677	\$ 114,336
Depreciation expense (including investment properties)	-	2,506	2,506
Depreciation expenses of right-of-use assets	-	2,099	2,099
Amortization cost	-	1,268	1,268
Amortization cost of right-of-use assets	-	138	138

aa. Employee benefit expenses

		<u>2022</u>	
	<u>Belong to operating</u>	<u>Belong to operating</u>	<u>Total</u>
	<u>costs</u>	<u>expenses</u>	
Salary	\$ 32,471	\$ 74,235	\$ 106,706
Labor expense	3,228	5,024	8,252
Pension expense	1,742	2,465	4,207
Remuneration of Directors	-	7,505	7,505
Other labor expense	<u>1,363</u>	<u>1,941</u>	<u>3,304</u>
	<u>\$ 38,804</u>	<u>\$ 91,170</u>	<u>\$ 129,974</u>

		<u>2021</u>	
	<u>Belong to operating</u>	<u>Belong to operating</u>	<u>Total</u>
	<u>costs</u>	<u>expenses</u>	
Salary	\$ 39,231	\$ 54,197	\$ 93,428
Labor expense	3,769	4,998	8,767
Pension expense	2,053	2,229	4,282
Remuneration of Directors	-	4,483	4,483
Other labor expense	<u>1,606</u>	<u>1,770</u>	<u>3,376</u>
	<u>\$ 46,659</u>	<u>\$ 67,677</u>	<u>\$ 114,336</u>

- 1) The company shall allocate 8% of the remuneration of employees and no more than 2% of the remuneration of Director of Board under the articles of association of the company after deducting the accumulated losses under the profit status of the current year if the balance is still outstanding.

- 2) The estimated amount of employee remuneration of the company in 2022 and 2021 is \$23,782 and \$11,693 respectively; The estimated amount of remuneration for Director of Board is \$5,945 and \$2,923 respectively, and the above amount is recorded in the salary expense account. In 2022, depending on the year's profits, 8% and 2% are estimated and recorded respectively. The resolution of the Board of Directors decided that the actual allotment amounts were \$23,782 and \$5,945, of which employee remuneration was paid in cash. The employee remuneration \$11,693 and the director remuneration \$2,923 approved by the Board of Directors for the year 2021 are consistent with the amounts recognized in the annual report for the year 2021.

It can be inquired at the public information observatory for the information on the remuneration of employees and directors approved by the Director of Board of the company.

- 3) It was 116 and 118 respectively for the number of employees of the company on December 31, 2022, and 2021, of which the number of directors who were not concurrently employees was five persons.
- 4) The company's shares have been listed and traded on the stock exchange, the following information shall be added:
- a) It was \$1,103 and \$972 respectively for the average employee welfare expenses in 2022 and 2021.
 - b) It was \$961 and \$827 respectively for The average employee salary expenses in 2022 and 2021.
 - c) It is - 16.20% for the adjustment and change of average employee salary expenses.
 - d) As the company has set up an audit committee, it does not apply to supervisor of board, and there is no need to disclose the remuneration information of supervisors.
- 5) Salary and remuneration policy of the company
- a) The overall salary level of employees takes external competitiveness and internal fairness as important considerations, and can effectively attract and retain talents.
 - i. It provides employee development motivation and drives the positive development of the company through the performance management system and employee compensation.
 - ii. It achieves the purpose of motivating employees in combination with the achievement of the company's long-term and short-term goals, the time invested by individuals, the positions held, and the overall work performance.
 - b) Director: Director of Board: The remuneration of the rest of the directors only includes the meeting fare and the director's remuneration for annual surplus distribution except that the independent directors and Remuneration Committee of the company receive allowances. The director's remuneration is distributed under the articles of association and by the resolution of the director of board.

- c) Manager: the payment standard and combination are divided into fixed salary and variable salary. It determines the responsibilities of the positions they hold, with reference to the level of similar positions in the industry, and is submitted to the Remuneration Committee and the director of board for approval.

bb. Income tax

1) Income tax expense

Components of income tax expense:

	<u>2022</u>	<u>2021</u>
Income tax for the period:		
Income tax from gains of current period	\$ -	\$ 2,784
Undistributed surplus tax	1,774	5,385
Overestimate number of income of previous years	(247)	-
Total income tax for the period	<u>1,527</u>	<u>8,169</u>
Deferred income tax:		
Original generation and return of temporary difference	59,082	20,633
Total deferred income tax	<u>59,082</u>	<u>20,633</u>
Income tax expense	<u>\$ 60,609</u>	<u>\$ 28,802</u>

2) Relationship of income tax expense with accounting profit

	<u>2022</u>	<u>2021</u>
Calculation of income tax of pre-tax net profit at statutory tax rate (Note)	\$ 53,508	\$ 26,309
Expenses and income exempted from tax under the tax law	2,363	(7,525)
Land VAT	-	2,784
Temporary difference not recognized as deferred income tax assets	-	(318)
Deferred income tax assets' realizable evaluation changes	3,211	2,167
Overestimate number of income of previous years	(247)	-
Undistributed surplus tax	<u>1,774</u>	<u>5,385</u>
Income tax expense	<u>\$ 60,609</u>	<u>\$ 28,802</u>

Note: the tax rate is based on the tax rate applicable to the ROC.

- 3) The amounts of each deferred income tax asset or liability arising from temporary differences and tax losses are as follows:

			<u>2022</u>	
			Recognized as <u>other</u>	
	<u>January 1</u>	Recognized as profit or <u>loss</u>	<u>comprehensive</u> <u>income/(loss)</u>	<u>December 31</u>
Temporary difference:				
- Deferred income tax assets:				
Unrealized bad debt loss	\$ 677	(\$ 395)	\$ -	\$ 282
Loss on price drop and dull of unrealized inventories	1,729	(805)	-	924
Unrealized foreign investment loss	317	-	-	317
Unrealized impairment loss	84	-	-	84
Unrealized conversion profit	-	381	-	381
Loss offset	110,528	(52,464)	-	58,064
Unpaid leave bonus	<u>63</u>	<u>27</u>	<u>-</u>	<u>90</u>
Subtotal	<u>113,398</u>	<u>(53,256)</u>	<u>-</u>	<u>60,142</u>
- Deferred income tax liabilities:				
Unrealized foreign investment profit	(22,217)	(5,824)	-	(28,041)
Conversion difference of foreign operating agency	(3,136)	-	-	(3,136)
Unrealized conversion profit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>(25,353)</u>	<u>(5,824)</u>	<u>-</u>	<u>(31,177)</u>
Total	<u>\$ 88,045</u>	<u>(\$ 59,080)</u>	<u>\$ -</u>	<u>\$ 28,965</u>

	<u>January 1</u>	<u>Recognized as profit or loss</u>	<u>2021 Recognized as other comprehensive income/(loss)</u>	<u>December 31</u>
Temporary difference:				
- Deferred income tax assets:				
Unrealized bad debt loss	\$ 677	\$ -	\$ -	\$ 677
Loss on price drop and dull of unrealized inventories	1,729	-	-	1,729
Unrealized foreign investment loss	317	-	-	317
Unrealized impairment loss	84	-	-	84
Deferred recognized sales expenses under construction	48	(48)	-	-
Loss offset	120,740	(10,212)	-	110,528
Unpaid leave bonus	-	63	-	63
Subtotal	<u>123,595</u>	<u>(10,197)</u>	<u>-</u>	<u>113,398</u>
- Deferred income tax liabilities:				
Unrealized foreign investment profit	(11,781)	(10,436)	-	(22,217)
Conversion difference of foreign operating agency	(3,136)	-	-	(3,136)
Unrealized conversion profit	-	-	-	-
Subtotal	<u>(14,917)</u>	<u>(10,436)</u>	<u>-</u>	<u>(25,353)</u>
Total	<u>\$ 108,678</u>	<u>(\$ 20,633)</u>	<u>\$ -</u>	<u>\$ 88,045</u>

- 4) The effective period of the company's unused tax losses and the related amount of unlisted deferred income tax assets are as follows:

	<u>Dec. 31, 2022</u>			
<u>Occurrence year</u>	<u>Declared/ Authorized number</u>	<u>Amount without deduction</u>	<u>Unlisted deferred income tax assets</u>	<u>Last deduction year</u>
2018	165,745	114,969	-	2028
2020	<u>175,349</u>	<u>175,349</u>	<u>-</u>	2030
	<u>\$ 341,094</u>	<u>\$ 290,318</u>	<u>\$ -</u>	

<u>Dec. 31, 2021</u>				
<u>Occurrence</u> <u>year</u>	<u>Declared/</u> <u>Authorized</u> <u>number</u>	<u>Amount without</u> <u>deduction</u>	<u>Unlisted deferred</u> <u>income tax assets</u>	<u>Last deduction</u> <u>year</u>
2012	\$ 47,167	\$ -	\$ -	2022
2013	131,026	101,190	-	2023
2014	47,655	47,655	-	2024
2015	37,887	37,887	-	2025
2016	10,737	10,737	-	2026
2018	165,745	165,745	-	2028
2020	<u>175,349</u>	<u>175,349</u>	<u>-</u>	2030
	<u>\$ 615,566</u>	<u>\$ 538,563</u>	<u>\$ -</u>	

- 5) Deductible temporary differences not listed as deferred income tax assets by the company in addition to tax losses above item 4 described:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Deductible temporary differences	<u>\$ 6,311</u>	<u>\$ 6,311</u>

- 6) The company's profit-making enterprise income tax has been approved by the tax collection authority until 2020.

cc. Earnings per Share

	<u>After-tax amount</u>	<u>2022</u> <u>Weighted average</u> <u>number of</u> <u>outstanding shares</u> <u>(thousand shares)</u>	<u>Earnings per</u> <u>share (NTD)</u>
<u>Basic earnings per share</u>			
Current net profit attributable to shareholders of ordinary shares - <u>Diluted earnings per share</u>	\$ 206,934	197,263	<u>\$ 1.05</u>
Impact of potential ordinary shares with dilution effect - Employee dividends	-	<u>2,565</u>	
Impact of current net profit and potential ordinary shares belonging to shareholders of ordinary shares	<u>\$ 206,934</u>	<u>199,828</u>	<u>\$ 1.04</u>

		<u>2021</u> <u>Weighted average</u> <u>number of</u> <u>outstanding shares</u> <u>(thousand shares)</u>	<u>Earnings per</u> <u>share (NTD)</u>
	<u>After-tax amount</u>		
<u>Basic earnings per share</u>			
Current net profit attributable to shareholders of ordinary shares	\$ 102,741	198,064	<u>\$ 0.52</u>
<u>Diluted earnings per share</u>			
Impact of potential ordinary shares with dilution effect - Employee dividends	-	1,528	
Impact of current net profit and potential ordinary shares belonging to shareholders of ordinary shares	<u>\$ 102,741</u>	<u>199,592</u>	<u>\$ 0.51</u>

dd. Changes of liabilities from financing activities

	<u>Short-term</u> <u>borrowings</u>	<u>Short term bills</u> <u>payable</u>	<u>Long-term</u> <u>loans (including</u> <u>long-term loans</u> <u>due within one</u> <u>year or one</u> <u>operating</u> <u>period)</u>	<u>Corporate</u> <u>bonds payable</u> <u>(including</u> <u>corporate bonds</u> <u>due within one</u> <u>year or one</u> <u>operating</u> <u>period)</u>	<u>Total liabilities</u> <u>from financing</u> <u>activities</u>
Jan. 01, 2022	\$ 295,600	\$ 90,000	\$ 1,634,230	\$ 497,081	\$ 2,516,911
Changes of financing cash flow	27,156	(90,000)	(104,070)		(166,914)
Other non-cash changes	-	-	-	592	592
Dec. 31, 2022	<u>\$ 322,756</u>	<u>\$ -</u>	<u>\$ 1,530,160</u>	<u>\$ 497,673</u>	<u>\$ 2,350,589</u>
	<u>Short-term</u> <u>borrowings</u>	<u>Short term bills</u> <u>payable</u>	<u>Long-term</u> <u>loans (including</u> <u>long-term loans</u> <u>due within one</u> <u>year or one</u> <u>operating</u> <u>period)</u>	<u>Corporate</u> <u>bonds payable</u> <u>(including</u> <u>corporate bonds</u> <u>due within one</u> <u>year or one</u> <u>operating</u> <u>period)</u>	<u>Financing</u> <u>activities</u>
Jan. 01, 2021	\$ 388,772	\$ 25,000	\$ 788,180	\$ 498,957	\$ 1,700,909
Changes of financing cash flow	(93,172)	65,000	846,050	-	817,878
Other non-cash changes	-	-	-	(1,876)	(1,876)
Dec. 31, 2021	<u>\$ 295,600</u>	<u>\$ 90,000</u>	<u>\$ 1,634,230</u>	<u>\$ 497,081</u>	<u>\$ 2,516,911</u>

7. Transactions of interested parties

a. Name and relationship of interested party

<u>Name of interested party</u>	<u>Relationship with the company</u>
CHANG JI CONSTRUCTION CO., LTD. (Chang Ji)	Subsidiaries of the company
XINDIN ENGINEERING CONSULTANTS CORP. (XINDIN)	Subsidiaries of the company

b. Major transactions with interested parties

1) Operating revenue

- a) The transaction price and collection terms of the company's sales to related parties are not significantly different from those of ordinary customers. The price of the project of the company's contracting relationship shall determine by both parties through negotiation; The collection terms are handled by monthly settlement, which is not significantly different from ordinary customers.
- b) It is as follows for the project contract price and payment request of the Contractor's related parties of the company:

	<u>Dec. 31, 2022</u>		<u>Dec. 31, 2021</u>	
	<u>Total contract price</u>	<u>Contract assets</u>	<u>Total contract price</u>	<u>Contract assets</u>
Chang Ji	<u>\$ 208,229</u>	<u>\$ 58,796</u>	<u>\$ 510,922</u>	<u>\$ 95,787</u>

5.

2) Goods purchased

	<u>2022</u>	<u>2021</u>
Project costs:		
Chang Ji	<u>\$ 13,962</u>	<u>\$ 5,973</u>
Development cost of agent industrial zone:		
Chang Ji	\$ 1,634,828	\$ 1,987,719
XINDIN	<u>11,009</u>	<u>21,868</u>
Total	<u>\$ 1,645,837</u>	<u>\$ 2,009,587</u>

The transaction price and payment terms of the company's goods purchased from related parties are not significantly different from those of ordinary customers. The transaction price shall be determined by both parties through negotiation when the related party contracts the project of the company; Its payment terms are handled by monthly settlement, which is not significantly different from ordinary customers.

3) Receivable amount of interested parties

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Accounts receivable:		
Chang Ji	<u>\$ 57,569</u>	<u>\$ 19,882</u>
Other accounts receivable:		
Chang Ji	<u>\$ 2,820</u>	<u>\$ 226</u>

4) Payables to related parties

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Accounts payable:		
Chang Ji	<u>\$ 2,263</u>	<u>\$ 14,485</u>

5) Property transaction

Acquisition of property, plant and equipment

	<u>2022</u>	<u>2021</u>
XINDIN	<u>\$ -</u>	<u>\$ 210</u>

6) Endorsements/commitments

- a) The project contract awarded by the company to Chang Ji will still pay the project funds of \$11,392 and \$32,680 in future years as of December 31, 2022, and 2021.

7) Leasing and property transactions

- a) The company leased the Zhonghe Xinmin Street office and Xingnan building office on Fuxing North Road to Chang Ji in 2022 and 2021. It was \$840 for the rental income listed in 2022 and 2021.
- b) The company leased the Zhonghe Xinmin Street office to XINDIN in 2022 and 2021, and the rental income listed in 2022 and 2021 was \$36 and \$30, respectively.

8) Other current assets

The company and Chang Ji purchased adjacent land respectively. The company paid Chang Ji joint construction performance bond of \$15,000 to facilitate joint construction and sub-sale of projects. It recovered in 2021 for the other current assets listed in the table because all projects had sold.

c. Remuneration of key managements

	<u>2022</u>	<u>2021</u>
Salary and other short-term employee benefit	\$ 29,554	\$ 20,958
Benefit after retirement	<u>488</u>	<u>477</u>
Total	<u>\$ 30,042</u>	<u>\$ 21,435</u>

8. Assets in pledge

- a. The details of the guarantee provided for the company's assets are as follows:

<u>Asset item</u>	<u>Book value</u>		<u>Guarantee purpose</u>
	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>	
Inventories - Property for sale	\$ 46,500	\$ 46,500	Guarantee for bank financing limit and guarantee for short-term notes payable
Other current assets			
- Pledged deposit	12,392	192,728	Project bond, performance bond and bank financing limit guarantee
- Allowance for special account	218,388	193,762	Performance bond, bank financing line guarantee
- Special account for trust	2,011,516	1,359,799	Performance bond
- Project deposit and bid bond	175	4,875	Project deposit and bid bond
Property, plant and equipment	63,490	96,913	Guarantee for bank financing limit
Investment property	64,849	65,259	Guarantee for bank financing limit
Other non-current liabilities			
Refundable deposits	10,863	10,890	General deposit and golf pass
Reserve account	<u>151,969</u>	<u>151,736</u>	Payable company bonds
	<u>\$ 2,580,142</u>	<u>\$ 2,122,462</u>	

- b. As of Dec. 31, 2022 and Dec. 31, 2021, Chang Ji pledged 28,125,000 shares of the Company ("treasury stock") against a loan.

9. Significant contingent liabilities and outstanding contractual commitments Commitments

There are still major commitments and contingencies summarized as follows in addition to those mentioned in Notes 6 (7) and 7:

- a. Warranty

- 1) The company shall sign the entrustment guarantee contract or provide the pledge guarantee of certificate of deposit if the company entrusts the bank to provide joint and several guarantees for the bid deposit, performance bond, advance payment guarantee, and other project guarantees required for project contracting. It is \$1,495,932 for the guarantee amount as of December 31, 2021.
- 2) It was \$185,315 the performance guarantee notes issued by the company due to the requirements of the project owner and the sale of land as of December 31, 2022.

- b. As of December 31, 2022, It is \$501,684 for the project payment still payable in the next year for

the contracted project contract signed by the company.

- c. By Dec. 31, 2022, the Group has signed the land purchase contract with a price of \$548,986 and without transfer and paid \$458,320 in accordance with the contract.

10. Major disaster loss

No such circumstance.

11. Significant Events after the Balance Sheet Date

- a. On March 13, 2023, the Board of Directors of the Company passed the resolution on the profit distribution plan and the payment of remuneration of employees, directors and supervisors for the year 2022. Please refer to Note 6 (20) 6. and Note 6 (27) for details.
- b. According to the Securities Exchange Act, the shares transferable to employees bought back shall be transferred within five years from the date of the buyback. If not, the Company shall be deemed as not having issued shares, and shall make registration change and cancellation of shares. To maintain the Company's credit and shareholders' equity, the repurchased shares shall be subject to change registration and cancellation of the shares within six months from the date of repurchase. On March 13, 2023, the Company's board of directors passed the resolution on canceling 2,525,000 treasure stocks with the amount of \$25,250.

12. Others

- a. Capital management

The company's capital management objectives are to ensure the continued operation of the group, maintain the best capital structure, reduce capital costs, and provide remuneration to shareholders. The company may adjust the number of dividends paid to shareholders to maintain or adjust the capital structure, return capital to shareholders, issue new shares or sell assets to reduce debts. The company uses the debt to capital ratio to monitor its capital, which is calculated by dividing net debt by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" reported in the independent balance sheet) less cash and cash equivalents. The total capital is calculated as the "equity" reported in the independent balance sheet and the net debt.

As of December 31, 2022, and 2021, the debt capital ratio of the company is as follows:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Total borrowing	\$ 2,350,589	\$ 2,516,911
Less: Cash and cash equivalents	(183,927)	(223,550)
Net liabilities	2,166,662	2,293,361
Total equity	<u>3,135,615</u>	<u>2,995,806</u>
Total capital	<u>\$ 5,302,277</u>	<u>\$ 5,289,167</u>
Debt-to-capital ratio	40.86%	43.36%

b. Financial instrument

1) Category of financial instruments

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Select the designated equity instrument investment	\$ 5,647	\$ 7,044
Financial assets at amortized cost		
Cash and cash equivalents	183,927	223,550
Financial assets at amortized cost	61,856	-
Accounts receivable	1,693	3,298
Notes receivable	92,832	150,036
Accounts receivable-Related person	57,569	19,882
Other accounts receivable	3,664,990	3,293,268
Other accounts receivable-Related person	2,820	226
Refundable deposits	10,863	10,890
Other financial assets	<u>2,394,440</u>	<u>1,902,900</u>
	<u>\$ 6,476,637</u>	<u>\$ 5,611,094</u>
<u>Financial liabilities</u>		
Short-term borrowings	\$ 322,756	\$ 295,600
Short-term notes and bills payable	-	90,000
Notes payable	177	3,069
Accounts payable	78,077	123,652
Accounts payable-Related person	2,263	14,485
Other accounts payable	58,670	37,047
Payable company bonds (inclusive of company bonds mature within one year or one operating cycle)	497,673	497,081
Long-term loan (inclusive of long-term loan mature within one year or one operating cycle)	1,530,160	1,634,230
Deposits received	<u>41,362</u>	<u>158,581</u>
	<u>\$ 2,531,138</u>	<u>\$ 2,853,745</u>

2) Risk management policy

The financial risks of the company are mainly the risks associated with investing in financial products and the exchange rate risk of foreign currency transactions. The company has always adopted the most strict control standards for the financial risks of various financial commodity investments. All financial investments and operations have been comprehensively evaluated for their possible market risks, credit risks, liquidity risks, and cash flow risks, and must choose the one with the least risk. The company also seeks optimized risk positions and maintains appropriate liquidity positions based on policy risk management objectives to achieve the best hedging strategy for the exchange rate risk of foreign currency transactions.

3) Significant financial risk - Nature and degree

a) Market risk

Exchange rate risk

- i. As the company's operating involves several non-functional currencies, it is affected by exchange rate fluctuations. It is as follows for the information of foreign currency assets and liabilities with significant exchange rate fluctuations:

<u>Dec. 31, 2022</u>						
	<u>Foreign currency (thousand NTD)</u>	<u>Exchange range</u>	<u>Book value (New Taiwan Dollars)</u>	<u>Change range</u>	<u>Sensitivity analysis</u>	
					<u>Influence of profit and loss</u>	<u>Influence of rights and interests</u>
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary item</u>						
USD: NTD	5,200	30.71	\$ 160,236	1%	\$ 1,602	\$ -
<u>Non-monetary items</u>						
USD: NTD	7,300	30.71	\$ 224,194	1%	\$ -	\$ 2,242
<u>Financial liabilities</u>						
<u>Monetary item</u>						
USD: NTD	273	30.71	\$ 8,483	1%	(\$ 85)	\$ -

<u>Dec. 31, 2021</u>						
(Foreign currency: Functional currency)	<u>Foreign</u>	<u>Exchange</u>	<u>Book value</u>	<u>Sensitivity analysis</u>		
	<u>currency</u>		<u>(New Taiwan</u>	<u>Change</u>	<u>Influence of</u>	<u>Influence of</u>
	<u>(thousand</u>		<u>Dollars)</u>	<u>range</u>	<u>profit and</u>	<u>rights and</u>
	<u>NTD)</u>		<u>range</u>	<u>loss</u>	<u>interests</u>	
Financial assets						
<u>Monetary item</u>						
USD: NTD	2,298	27.68	\$ 63,847	1%	\$ 638	\$ -
<u>Non-monetary items</u>						
USD: NTD	7,586	27.68	\$ 209,988	1%	\$ -	\$ 2,100
Financial liabilities						
<u>Monetary item</u>						
USD: NTD	234	27.68	\$ 6,577	1%	(\$ 66)	\$ -

- ii. Due to significant influence of exchange rate fluctuation, the Company recognizes aggregate amounts of all the exchange profits (losses) (including realized and unrealized) of monetary items as \$11,452 and (\$527) respectively in 2022 and 2021.

Price risk

The equity instruments to which the company is exposed to price risk are financial assets at fair value through other comprehensive income. The company disperses its investment portfolio under the limit set by the company to manage the price risk of equity instrument investment.

Interest rate risk of cash flow and fair value

The interest rate risk of the company comes from bank borrowings. Loans issued at floating interest rates expose the company to cash flow interest rate risk, which is partially offset by cash and cash equivalents held at floating interest rates. Loans issued at a fixed interest rate expose the company to fair value interest rate risk. The company's borrowings calculated at floating interest rates were denominated in New Taiwan dollars in 2022 and 2021, and the increased cash outflows were \$18,529 and \$20,198 respectively when the market interest rate increased by 1%.

b) Credit risk

- i. Credit risk refers to the risk that the company will incur financial losses due to the failure of customers or counterparties of financial instruments to perform their contractual obligations. Each operating independent in the group shall conduct management and credit risk analysis under the company's internal explicit credit policy for each new customer before setting the terms and conditions for payment and delivery. Internal risk control is to assess the credit quality of customers by

taking into account their financial status, past experience and other factors. Individual risk limits are set by the Board of Directors based on internal or external ratings, and used to regularly monitor credit line. The main credit risk comes from deposits made with banks and financial institutions, as well as credit risk from wholesale and retail customers, and includes uncollected accounts receivable.

- ii. In 2022 and 2021, there was no items exceeding the credit limit, and the management did not expect any significant losses due to the counterparty's non-performance of contracts.
- iii. The company adopts IFRS 9 to provide the following assumptions as to the basis for judging whether the credit risk of financial instruments has increased significantly since the original list:
When the contract payment is overdue for more than 30 days according to the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly after the original recognition.
- iv. The company adopts IFRS9 to provide premise assumptions. It deems to have breached the contract when the contract payment is overdue for more than 90 days under the agreed payment terms.
- v. The company groups the accounts receivable, contract assets, and lease receivables of customers under the characteristics of customer types, and adopts a simplified method to estimate the expected credit loss based on the reserve matrix and loss rate method.
- vi. The company incorporated the prosperity observation report of the Taiwan Economic Research Institute into the consideration of future foresight and adjusted the loss rate established under the historical and current information of a specific period to estimate the allowance loss of accounts receivable. It is as follows for the preparation matrix and loss rate method as of December 31, 2022, and 2021:

	<u>No overdue</u>	<u>Overdue 1-120 days</u>	<u>Overdue More than 121 days</u>	<u>Total</u>
<u>Dec. 31, 2022</u>				
Expected loss ratio	0%-3.32%	3.32%-100%	100%	
Total book value	\$ 93,002	\$ 2,490	\$ -	\$ 95,492
Allowance for loss	172	2,488	-	2,660
	<u>No overdue</u>	<u>Overdue 1-120 days</u>	<u>Overdue More than 121 days</u>	<u>Total</u>
<u>Dec. 31, 2021</u>				
Expected loss ratio	0%-4.26%	4.26%-74.08%	74.08%-100%	
Total book value	\$ 145,592	\$ 3,766	\$ 3,741	\$ 153,099
Allowance for loss	113	179	2,771	3,063

- vii. It is as follows for the statement of changes in the allowance for loss of receivables adopted by the company in a simplified way:

	<u>2022</u>
	<u>Notes receivable</u>
January 1	\$ 3,063
Impairment loss record	1,686
Amounts written off due to failure to get back	(2,089)
December 31	<u>\$ 2,660</u>

	<u>2021</u>
	<u>Notes receivable</u>
January 1	\$ 7,017
Impairment loss record	97
Amounts written off due to failure to get back	(4,051)
December 31	<u>\$ 3,063</u>

c) Liquidity risk

- i. The cash flow forecast implements by each operating independent in the company and summarized by the financial department of the company. The Finance Department monitors the prediction of the company's working capital demand, ensures sufficient funds to meet the needs of the operation, and maintains sufficient unspent loan commitments at any time to prevent the company from violating the relevant loan limits or terms. Such prediction takes into account the company's debt financing project, compliance with the debt terms, compliance with the financial ratio target of the internal balance sheet, and the requirements of external regulatory laws and regulations.
- ii. It is as follows for the details of the unused loan limit of the company:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Mature within a year	\$ 1,107,196	\$ 550,085
Mature for over a year	<u>6,869,840</u>	<u>4,365,770</u>
	<u>\$ 7,977,036</u>	<u>\$ 4,915,855</u>

As of December 31, 2022 and 2021, in the Company's unutilized borrowing limit mature for more than one year, \$6,469,840 and \$4,365,770, are loan limits in execution of the Second-stage Entrusted Development of the Machohou Industrial Park in Chiayi County and the Cigu Technology Industrial Park Development, Rent, Sale and Management Project commissioned by the Tainan City Government specified in Note 6 (16).

- iii. The following table shows the non-derivative financial liabilities of the company, grouped under the relevant maturity date, and analyzed under the remaining period from the balance sheet date to the contract maturity date. Contract cash flow presented in the following table is non-discounted amount.

Non-derivative financial liabilities:

Dec. 31, 2022	<u>Within 1 year</u>	<u>1 to 5 years</u>
Short-term borrowings	\$ 325,274	\$ -
Notes payable	177	-
Accounts payable (including related person)	41,787	38,553
Other payables	58,670	-
Rental liabilities	1,855	238
Payable company bonds	3,993	511,477
Long-term loan (inclusive of long-term loan mature within one year or one operating cycle)	55,430	1,668,389
Deposits received	40,854	508

Non-derivative financial liabilities:

Dec. 31, 2021	<u>Within 1 year</u>	<u>1 to 5 years</u>
Short-term borrowings	\$ 298,203	\$ -
Short-term notes and bills payable	90,000	-
Notes payable	3,069	-
Accounts payable (including related person)	89,620	48,517
Other payables	37,047	-
Rental liabilities	2,467	2,059
Payable company bonds	3,985	515,470
Long-term loan (inclusive of long-term loan mature within one year or one operating cycle)	-	1,767,579
Deposits received	155,703	2,878

c. Fair value information

- 1) The levels of evaluation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Market prices (unadjusted) that enterprises could obtain identical assets or liabilities over active markets on the measurement date. Active market is where transactions of assets or liabilities occur with sufficient frequency and volume, which provide pricing information on an ongoing basis. The fair values of the OTC stocks and beneficiary certificates invested by the company belong to Level 1.

Level 2: Assets or liabilities' directly or indirectly observable input values, but excluding prices of level 1.

Level 3: Assets or liabilities' unobservable input values. All equity instrument investments without an active market invested by the company belong to level 3.

2) For fair values of investment property measured with costs, please refer to Note 6 (11).

3) Financial instruments measuring not with fair value

The carrying amount of the company's cash and equivalent cash equivalents, notes receivable, accounts receivable, other receivables, short-term loans, notes payable, accounts payable and other payables is a reasonable approximation of the fair value.

4) Financial and non-financial instruments measured at fair value are classified by the company under the nature, characteristics, risks, and fair value level of assets and liabilities. The relevant information is as follows:

a) The company classifies the assets and liabilities under their nature. The relevant information is as follows:

Dec. 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Repeatable fair value</u>				
Equity securities of financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,647</u>	<u>\$ 5,647</u>
Dec. 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Repeatable fair value</u>				
Equity securities of financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,044</u>	<u>\$ 7,044</u>

b) As for the methods and assumptions used by the company to measure the fair value, they are described as follows:

i. The breakdown is as follows according to the characteristics of the instrument in the case of the company applying the market quotation as the fair price input value (i.e. the first level):

	<u>Shares of listed (OTCBB listed)</u>
	<u>companies</u>
Market prices	Closing price

- ii. Except financial instruments of aforesaid active markets, other financial instruments' fair values have been obtained with evaluation technique or by referring to counterparties' quotations. The fair value obtained through the evaluation technology can calculate by referring to the current fair value of other financial instruments with substantially similar conditions and characteristics, the discounted cash flow method, or other evaluation technologies, including applying the model based on the market information available on the balance sheet date (e.g. the OTC center's reference yield curve and the average quotation of Reuters commercial promissory note interest rate).
 - iii. The company adopts the evaluation technology widely used by market participants when evaluating non-standardized and less complex financial instruments, such as debt instruments without the active market, interest rate exchange contracts, exchange contracts, and options. Parameters used for such financial instrument's evaluation model are generally observable information over the market.
- 5) No transfer between level 1 and level 2 in 2022 and 2021.
- 6) The following are third-grade changes in 2022 and 2021:

	<u>2022</u>	<u>2021</u>
January 1	\$ 7,044	\$ 6,400
Profit or loss recognized in other comprehensive income		
Unrealized evaluation loss through other comprehensive income/(loss)	(<u>1,397</u>)	<u>644</u>
December 31	<u>\$ 5,647</u>	<u>\$ 7,044</u>

- 7) No level 3 shift-in and shift-out in 2022 and 2021.
- 8) The company's evaluation process for the fair value classified as level 3 makes the evaluation results close to the market state through independent source data, confirms that the data source is independent, reliable, consistent with other resources and represents the executable price, regularly calibrates the evaluation model, conduct backtracking test, update the input values and data required by the evaluation model and any other necessary fair value adjustment, which ensure that the evaluation results are reasonable. External appraiser is entrusted to appraise the price of Investment property.
- 9) The quantitative information about the significant unobservable input value and the sensitivity analysis of the change of the significant unobservable input value of the evaluation model used in level 3 fair value measurement items are explained as follows:

	<u>Fair value on Dec. 31, 2022</u>	<u>Evaluation technique</u>	<u>Significant unobservable input value</u>	<u>Range (weighted average)</u>	<u>Relation between input value and fair value</u>
Non-derivative equity instrument:					
Venture capital company shares' private equity fund investment	\$ 5,647	Net asset value method	N/A	-	N/A

	<u>Fair value on December 31, 2021</u>	<u>Evaluation technique</u>	<u>Significant unobservable input value</u>	<u>Range (weighted average)</u>	<u>Relation between input value and fair value</u>
Non-derivative equity instrument:					
Venture capital company shares' private equity fund investment	\$ 7,044	Net asset value method	N/A	-	N/A

13. Disclosure of notes

a. Relevant information of major transactions

- 1) Loan to others: No such circumstance.
- 2) Endorse for others: No such circumstance.
- 3) Situation of holding marketable securities at the end of the period (excluding investment subsidiary, associated enterprise and joint venture control): Please refer to Attached table I.
- 4) Cumulative amount of buying or selling the same marketable securities reaches 0.3 billion New Taiwan dollars or over 20% of paid-in capital: No such circumstance.
- 5) The amount of property obtained reaches 0.3 billion New Taiwan dollars or over 20% of paid-in capital: No such circumstance.
- 6) The amount of property disposed of reaches 0.3 billion New Taiwan dollars or over 20% of paid-in capital: No such circumstance.
- 7) The amount of interested parties purchasing and selling goods reaches 0.1 billion New Taiwan dollars or over 20% of paid-in capital: No such circumstance.
- 8) The amount of interested parties receivable reaches 0.1 billion New Taiwan dollars or over 20% of paid-in capital: No such circumstance.
- 9) Engage in derivative instrument transaction: No such circumstance.
- 10) For business relations and major transaction between parent company and subsidiary and between subsidiaries, their circumstances and amounts are: Please refer to Attached table II.

b. Information about shift investment business

Name, location, and other relevant information of the invested company (except for the mainland invested companies) : Please refer to Attached table III.

c. Information about investment in Chinese Mainland

1) Basic profile: Please refer to Attached table IV.

2) Significant transactions that, directly or indirectly, through third regional business, transfers to invest in invested company in Chinese Mainland: No such circumstance.

d. Information about key shareholders

Information about key shareholders: Please refer to Attached table V.

14. Operation Department Information

N/A.

APEX SCIENCE & ENGINEERING CORP.
List of cash and cash equivalents
Dec. 31, 2022

Unit: NT \$1000

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Cash in hand and working capital		\$ 1,254
Bank deposits:		
Check deposit		7,004
Current deposit		
	US \$2,174 (thousand yuan) with	
- USD	exchange rate 30.71	\$ 66,756
- NT\$		108,797
- others		<u>116</u>
		<u>175,669</u>
		<u>\$ 183,927</u>

APEX SCIENCE & ENGINEERING CORP.
List of notes receivable and accounts receivable
Dec. 31, 2022

Unit: NT \$1000

<u>Customer name</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
General customers			
Company A		\$ 49,284	
Company B		9,295	
Company C		8,893	
Company D		7,505	
Others		22,208	The balance of each sporadic customer does not exceed 5% of the balance of this account
Subtotal		97,185	
Less: Allowance for bad debts		(2,660)	
Total		<u>\$ 94,525</u>	
Relate person			
Chang Ji Construction Co., Ltd.		<u>\$ 57,569</u>	

APEX SCIENCE & ENGINEERING CORP.

List of construction in progress
January 1, 2022, to December 31, 2022

Unit: NT \$1000

<u>Project case no.</u>	<u>Opening balance</u>	<u>Project costs</u>	<u>Project income/(loss)</u>	<u>Transfer out after completion</u>	<u>Ending balance</u>
ATFC09	\$ 520,312	\$ 25,157	\$ 719	-	\$ 546,188
ATY21	450,157	23,812	(25,786)	-	448,183
ALNG18	170,865	229,663	16,400	-	416,928
ALNG19	340,968	316	23	-	341,307
ATU01	217,564	1,821	54	-	219,439
ACONP01	208,229	-	-	-	208,229
Others	<u>2,343,733</u>	<u>82,743</u>	<u>(466)</u>	<u>(2,338,344)</u>	<u>87,666</u>
	<u>\$ 4,251,828</u>	<u>\$ 363,512</u>	<u>(\$ 9,056)</u>	<u>(\$ 2,338,344)</u>	<u>\$ 2,267,940</u>
				Accounting contract assets	<u>\$ 1,380,151</u>
				Accounting reduction of contract liabilities	<u>\$ 887,789</u>

APEX SCIENCE & ENGINEERING CORP.

List of Inventory

Dec. 31, 2022

Unit: NT \$1000

<u>Item</u>	<u>Summary</u>	<u>Amount</u>		<u>Remark</u>
		<u>Cost</u>	<u>Net realizable value</u>	
Goods		\$ 11,006	\$ 10,547	
Finished product		23,047	22,780	
Semi-finished product		10,713	9,396	
work-in-progress product		2,997	2,997	
Raw material		9,487	7,463	
property for sale		74,841	74,841	Note
To-be-constructed land		1,338	1,338	"
property under construction		390	390	"
Advance land payment		<u>458,320</u>	<u>458,320</u>	
		592,139	<u>\$ 588,072</u>	
Less: Allowance for price drop loss		<u>(4,618)</u>		
Total		<u>\$ 587,521</u>		

Note: The market price listed in the table means that it is not lower than the cost due to the industry characteristics of the construction company, the market price of the property under construction is not easy to determine.

APEX SCIENCE & ENGINEERING CORP.
List of long-term equity investment
January 1, 2022, to December 31, 2022

Unit: NT \$1000

Name	<u>Opening balance</u>		<u>Increase (decrease) in current period</u>							<u>Ending balance</u>				<u>Evaluation basis</u>	<u>Provision of guarantee or pledge</u>
	<u>Number of shares (shares)</u>	<u>Amount</u>	<u>Number of shares (shares)</u>	<u>Amount</u>	<u>Investment Profit (Loss)</u>	<u>Other equity</u>	<u>Retained earnings</u>	<u>Cash dividends</u>	<u>Cumulative translation adjustment</u>	<u>Number of shares (shares)</u>	<u>Percentage of ownership</u>	<u>Amount</u>	<u>Net equity</u>		
Hsin Ting Engineering Consulting Co., Ltd.	800,000	\$ 20,973	-	\$ -	\$ 381	\$ -	\$ -	\$ -	\$ -	800,000	100%	\$ 21,354	\$ 21,354	Equity method	None
REINFORCE ENERGY CO., LTD.	2,810,000	209,988	-	-	29,120	-	-	(19,962)	5,048	2,810,000	100%	224,194	224,194	"	"
Chang Ji Construction Co., Ltd.	54,320,000	<u>428,293</u>	-	<u>6,366</u>	<u>7,781</u>	<u>52</u>	<u>-</u>	<u>(27,160)</u>	<u>-</u>	54,320,000	90.53%	<u>415,332</u>	<u>792,227</u>	"	"
		<u>\$ 659,254</u>		<u>\$ 6,366</u>	<u>\$ 37,282</u>	<u>\$ 52</u>	<u>\$ -</u>	<u>(\$ 47,122)</u>	<u>\$ 5,048</u>			<u>\$ 660,880</u>	<u>\$ 1,037,775</u>		

Note: The difference between the ending balance and the net equity value of each invested company includes the unrealized gross profit on sales and the amount of investment account for which the shares of the parent company held by subsidiaries are regarded as treasury shares and reversed for using the equity method.

APEX SCIENCE & ENGINEERING CORP.
Short-term borrowings
Dec. 31, 2022

Unit: NT \$1000

<u>Creditor</u>	<u>Summary</u>	<u>Ending balance</u>	<u>Contract Period</u>	<u>Interest rate</u> <u>range</u>	<u>Line of credit</u>	<u>Mortgage or guarantee</u>	<u>Remark</u>
FIRST COMMERCIAL BANK Tian Mu Branch	Credit loan	\$ 30,000	2022/10/28-2023/04/28	1.97%~2.37%	\$ 40,000	None	
Mega International Commercial Bank Jung Shan Branch	Guaranteed loan	40,000	2022/10/11-2023/04/09	"		Pledge fixed deposit, special account for provision and compensation, inventory, land, houses, and buildings (listed property, plant and equipment, and investment property)	Please refer to note VIII for details.
TAIWAN COOPERATIVE BANK Da Tung Branch	Credit loan	45,000	2022/10/18-2023/10/18	"	40,000 45,000	None	
Jih Sun International Bank Tun Hua Branch	Credit loan	40,000	2022/10/26-2023/01/18	"	50,000	“	
FIRST COMMERCIAL BANK Tian Mu Branch	Credit loan	2,756	2022/09/08-2023/01/17	"	40,000	“	
Hua Nan Bank Jisui Branch	Credit loan	40,000	2022/11/11-2023/05/11	"	40,000	“	
Mega International Commercial Bank Jung Shan Branch	Credit loan	75,000	2022/11/28-2023/05/27	"	75,000	“	
Far Estern International Bank Chongqing Branch	Credit loan	50,000	2022/12/16-2023/02/14	"	50,000	“	
		<u>\$ 322,756</u>			<u>\$ 380,000</u>		

APEX SCIENCE & ENGINEERING CORP.

List of accounts payable

Dec. 31, 2022

Unit: NT \$1000

<u>Supplier name</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
General supplier			
Company A		\$ 14,782	
Company B		8,729	
			The balance of each sporadic manufacturer does not exceed 5% of the balance of this account
Others		<u>54,566</u>	
Subtotal		<u>\$ 78,077</u>	
Relate person			
Chang Ji Construction Co., Ltd.		<u>\$ 2,263</u>	

APEX SCIENCE & ENGINEERING CORP.
List of project funds received in advance
January 1, 2022, to December 31, 2022

Unit: NT \$1000

<u>Project case</u> <u>no.</u>	<u>Opening balance</u>	<u>Increase (decrease) in</u> <u>current period</u>	<u>Transfer out after</u> <u>completion</u>	<u>Ending balance</u>
ATFC09	\$ 484,014	\$ 63,986	\$ -	\$ 548,000
ATY21	445,752	2,432	-	448,184
ALNG19	372,047	-	-	372,047
ALNG18	138,168	163,552	-	301,720
ATU01	216,471	1,790	-	218,261
ACONP01	149,433	-	-	149,433
Others	<u>2,303,451</u>	<u>93,603</u>	<u>(2,338,344)</u>	<u>58,710</u>
	<u>\$ 4,109,336</u>	<u>\$ 325,363</u>	<u>(\$ 2,338,344)</u>	<u>\$ 2,096,355</u>
			Contract liabilities listed - construction contract payment	<u>\$ 921,142</u>
			Deduction of contract assets	<u>\$ 1,175,213</u>

APEX SCIENCE & ENGINEERING CORP.

List of operating revenue

January 1, 2022, to December 31, 2022

Unit: NT \$1000

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Sales revenue		\$ 281,896	
Less: Sales returns		(1,314)	
sales allowances		<u>(706)</u>	
Subtotal		279,876	
Project revenue		353,471	
Service revenue		<u>252,658</u>	
Total		<u>\$ 886,005</u>	

APEX SCIENCE & ENGINEERING CORP.

List of Cost of goods sold
January 1, 2022, to December 31, 2022

Unit: NT \$1000

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Beginning raw materials	\$	21,208
Plus: Purchase		24,704
Others		106
Less: Ending materials	(	20,200)
Cost of raw materials sold	(	861)
Transfer to operating expenses	(	3,489)
Consumable materials		21,468
Direct labor		6,894
Manufacturing overheads		1,518
Manufacturing cost		29,880
Plus: beginning WIP		3,981
Less: ending WIP	(	2,997)
Cost of finished products		30,864
Plus: beginning finished products		9,199
Outsourcing expenses		2,098
Other warehousing		21
Less: Ending finished products	(	23,047)
Transfer to operating expenses	(	801)
Production and marketing cost		18,334
Beginning commodity		14,309
Plus: Goods purchased in current period		172,378
Others		1,064
Less: Ending goods	(	11,006)
Transfer to operating expenses	(	1,206)
Cost of goods sold		175,539
Plus: Cost of raw materials sold		860
Less: Benefit from inventory decline recovery	(	4,026)
Cost of goods sold	\$	190,707

APEX SCIENCE & ENGINEERING CORP.

List of project costs

January 1, 2022, to December 31, 2022

Unit: NT \$1000

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Beginning construction materials		\$ -
Plus: Purchase		35,280
Less: Ending construction materials		<u>-</u>
Construction materials		35,280
Direct labor		177
Contract payment		300,688
Construction expenses		<u>26,383</u>
Project costs		<u>\$ 362,528</u>

APEX SCIENCE & ENGINEERING CORP.

List of construction costs

January 1, 2022, to December 31, 2022

Unit: NT \$1000

<u>Item</u>	<u>Subtotal</u>	<u>Amount</u>	<u>Total</u>
To-be-constructed land			
Beginning land to be built	\$ 1,338		
Plus: Purchase	-		
Less: Ending land to be built	(1,338)	\$	-
property under construction			
Beginning buildings under construction	386		
Plus: Purchase	4		
Less: Transferred to property for sale	-		
Ending buildings under construction	(390)		
Transfer to operating expenses	-		-
property for sale			
Beginning property for sale	74,841		
Plus: Transfer in from property under construction	-		
Less: Ending property to be sold	(74,841)		-
Total construction costs		\$	-

APEX SCIENCE & ENGINEERING CORP.

List of operating expenses

January 1, 2022, to December 31, 2022

Unit: NT \$1000

<u>Subject</u>	<u>Selling and marketing expenses</u>	<u>General and administrative expenses</u>	<u>Research and development expenses</u>	<u>Total</u>
Salary expenses	\$ 17,929	\$ 66,276	\$ -	\$ 84,205
Miscellaneous expenses	5,550	11,633	139	17,322
Other operating expenses	<u>14,312</u>	<u>21,793</u>	<u>2,612</u>	<u>38,717</u>
	<u>\$ 37,791</u>	<u>\$ 99,702</u>	<u>\$ 2,751</u>	<u>\$ 140,244</u>

APEX SCIENCE & ENGINEERING CORP.

List of functional summary of employee welfare, depreciation, depletion, and amortization expenses
incurred in the current period

Dec. 31, 2022

Unit: NT \$1000

Please refer to notes 6 (26) and (27) for additional information on the nature of expenses and employee welfare expenses.

Apex Science & Engineering Corp. and Its Subsidiary Companies

Marketable securities held at the end (excluding the parts controlled by investment subsidiaries, associated enterprises and joint venture)

Dec. 31, 2022

Attached table I

Unit: NT \$1000

(Unless otherwise noted)

<u>Holding company</u>	<u>Type and name of marketable securities</u> (Note 1)	<u>Relationship with securities issuers</u> (Note 2)	<u>Ledger account</u>	<u>Number of shares</u>	<u>Book value (Note 3)</u>	<u>Ending term</u>		<u>Fair value</u>	<u>Remarks</u> (Note 4)
						<u>Percentage of ownership</u>			
APEX SCIENCE & ENGINEERING CORP.	HOLY STONE ENTERPRISE CO., LTD.	-	Financial assets at fair value through other comprehensive income- non-current	2,648,106	\$ 5,647	16.07	\$	5,647	
Chang Ji Construction Co., Ltd.	APEX SCIENCE & ENGINEERING CORP.	The Company	"	28,124,802	289,685	12.29		289,685	(Note 5)
Chang Ji Construction Co., Ltd.	BIG SUN Group	-	"	1,035,578	342	0.26		342	
APEX SCIENCE & ENGINEERING CORP.	Formosa Plastics Group (Cayman) Co., Ltd.	-	Financial assets at amortized cost - current	-	30,900	-		30,900	
APEX SCIENCE & ENGINEERING CORP.	Mizuho Financial Group. Inc.	-	"	-	30,956	-		30,956	

Note 1. "marketable securities" in this sheet refers to stocks, bonds, beneficiary certificates and the marketable securities derived from the above items that fall within the scope of International Accounting Standard 9 - "Financial Instruments".

Note 2. If marketable securities issuers are not interested persons, it's not needed to fill in the column.

Note 3. If it is measured at fair value, please fill in the book balance after adjustment by fair value evaluation and deduction of accumulated impairment in column B of book value; if not measured at fair value, please fill the original acquisition cost or book value after deduction of accumulated impairment from cost after amortization.

Note 4. All marketable securities have restricted users due to the provision of guarantees, pledged loans or other agreements, and the number of guarantees or pledged shares; the shares and amounts of guarantees or pledges and the restricted use conditions shall be indicated in the column "remarks".

Note 5. In order to acquire financing credit limit from banks, Chang Ji used its 28,125,000 shares held in the Company as a pledge guarantee by December 31, 2022.

Apex Science & Engineering Corp. and Its Subsidiary Companies

For business relations and major transaction between parent company and subsidiary and between subsidiaries, their circumstances and amounts are: Please refer to Attached table II.

Jan. 1 - Dec. 31, 2022

Attached table II

Unit: NT \$1000

(Unless otherwise noted)

						<u>Transaction history</u>		<u>Ratio to consolidated gross</u>
<u>Number</u>	<u>Trader name</u>	<u>Transaction object</u>	<u>Relation to trader</u>	<u>Subject</u>	<u>Amount</u>	<u>Trading conditions</u>	<u>operating revenue or total</u>	<u>assets (Note 3)</u>
<u>(Note 1)</u>			<u>(Note 2)</u>					
0	APEX SCIENCE & ENGINEERING CORP.	Chang Ji Construction Co., Ltd.	1	Advance collection of engineering fund	\$ 149,433	No significant difference from general manufacturers		1.59%
1	Chang Ji Construction Co., Ltd.	APEX SCIENCE & ENGINEERING CORP.	2	Advance collection of engineering fund	260,529	No significant difference from general manufacturers		2.78%

Note 1. The information on the business transactions between parent company and its subsidiaries should be numbered in the serial number column. The method of filling is as follows:

(1) For parent company, fill 0.

(2) Subsidiaries are numbered sequentially starting from Arabic number 1 according to company type.

Note 2. There are three types of relationships with the trader, and it is sufficient to indicate the type (if it is the same transaction between the parent-subsidiary or each subsidiary, there is no need to disclose it repeatedly. For example, the subsidiaries need not repeatedly disclose if the parent company has disclosed the transactions between the parent company and its subsidiaries. The other subsidiaries need not repeatedly disclose if one subsidiaries of a subsidiary has been disclosed):

(1) Parent company to a subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3. As to the calculation of the ratios of the transaction amounts to consolidated gross operating revenue or total assets, if transaction amounts are liabilities, it should be calculated by the method of closing balance in consolidated total assets; if they are profit and loss items, it should be calculated by the method that middle cumulative amount in consolidated gross trading revenue.

Note 4. The important transactions in this Attached table may be determined as to whether for presentation by the Company according to the significance principle.

Apex Science & Engineering Corp. and Its Subsidiary Companies

Relevant information about name and region of invested company (excluding invested company in Chinese Mainland)

Jan. 1 - Dec. 31, 2022

Attached table III

Unit: NT \$1000

(Unless otherwise noted)

Name of investment company	Name of invested company (Note 1 and 2)	Region	Main operating item	Original investment amount		Holding at the end of the period			Current profit and loss of invested company (Note 2(2))	Investment profit and loss recognized for the period (Note 2(3))	Re-mar k
				End of the period	End of last year	Number of shares	%	Book value			
APEX SCIENCE & ENGINEERING CORP.	XINDIN ENGINEERING CONSULTANTS CORP.	Taiwan	Engineering technical consultant, urban update reconstruction, management consultant, other consulting service	\$ 8,000	\$ 8,000	800,000	100.00	\$ 21,354	\$ 381	\$ 381	
APEX SCIENCE & ENGINEERING CORP.	REINFORCE ENERGY CO.,LTD	The British Virgin Islands	General investment industry	95,964	95,964	2,810,000	100.00	224,194	29,120	29,120	
APEX SCIENCE & ENGINEERING CORP.	Chang Ji Construction Co., Ltd.	Taiwan	Construction of civil and structural works and water conservancy projects, etc.	496,856	496,856	54,320,000	90.53	415,332	15,626	7,781	

Note 1. If a public offering company has a foreign holding company and according to local laws and regulations, the consolidated financial report is the main financial report, the disclosure of the foreign invested company may only relate to news of the holding company.

Note 2. For situations not specified in Note 1, please fill as per the following provisions:

- (1) Columns such as "Name of invested company", "Region", "Main operating item", "Original investment amount" and "Holding at the end of the period" should be filled in based on the (public offering) Company's reinvestment situation and each directly or indirectly controlled invested company's re-investment in order, and indicate the relationship of each invested company with the Company (public offering) in the "remarks" column (if it is a subsidiary or a sub-subsidiary company).
- (2) In the column "Current profit and loss of invested company", the invested company's profit and loss amounts for the period shall be filled.
- (3) In the second column "Investment profit and loss recognized for the period", only profit and loss of each subsidiary for direct reinvestment recognized by this (public offering) Company, and each invested company evaluated by the equity method should be filled in, and the rest can be omitted. In filling in "current income/(loss) amount of each subsidiary listed for direct reinvestment", it should be confirmed that the amounts of profits and losses of each subsidiary for the period have included the investment profits and losses of its re-investment that should be recognized in accordance with regulations.

Apex Science & Engineering Corp. and Its Subsidiary Companies

Chinese Mainland Investment Information - Basic Profile

Jan. 1 - Dec. 31, 2022

Attached table IV

Unit: NT \$1000

(Unless otherwise noted)

				<u>Accumulated investment amount remitted from Taiwan at the beginning of the current period</u>	<u>Amount of Investments Remitted or Repatriated for the Period</u>		<u>Accumulated investment amount remitted from Taiwan at the end of the current period</u>	<u>Current income/(loss) of the invested company</u>	<u>The shareholding ratio of direct or indirect investment of the company</u>	<u>Investment income/(loss) listed in the current period (Note 2)</u>	<u>Closing investment book value</u>	<u>Investment income remitted back as of the current period</u>	<u>Remark</u>
<u>Name of invested company in Chinese Mainland</u>	<u>Main operating item</u>	<u>Paid-in capital</u>	<u>Investment mode (Note 1)</u>		<u>remitted</u>	<u>recovered</u>							
Zhejiang Guyue Longshan Electronic Technology Development Co., Ltd.	Engaged in the production and sales of other LED displays and LED display indicator panels	\$ 197,100	2	\$ 73,749	\$ -	\$ -	\$ 73,749	\$ 68,125	46.00	\$ 31,337	\$ 223,487	\$ 20,564	Note 2 (2) B

Note 1. There are 3 investment types, which can be marked:

- (1) Directly go to Chinese Mainland to make investment
- (2) Re-invest Chinese Mainland through a third regional company (invested through REINFORCE ENERGY CO.,LTD)
- (3) Other method

Note 2. Investment profit and loss column recognized in the period:

- (1) If in financing, there is no investment profit and loss, please specify
- (2) Profit and loss on investment's recognition base include three following types, which shall be specified
 - A. The financial report is audited and certified by an international accounting firm that has a cooperative relationship with an accounting firm of the ROC.
 - B. The financial report was audited by a certified public accountant of the Taiwan parent company.
 - C. It bases on a financial report that has not been audited by a CPA if the amount is not insignificant.

Note 3. Figures of this addendum are listed in New Taiwan dollar

Apex Science & Engineering Corp. and Its Subsidiary Companies

Information about key shareholders

Dec. 31, 2022

Attached table V

<u>Name of Major Shareholders</u>	<u>Number of shares held (ordinary shares)</u>	<u>Share</u>		<u>Percentage of ownership</u>
		<u>Number of shares held (preference shares)</u>		
Chang Ji Construction Co., Ltd.	28,124,802	-		12.29%
KUO,KUO-HUA	16,422,177	-		7.18%
CHIH, CHII-GUNG	15,547,189	-		6.79%
LIN, CHIEN-CHIH	13,490,000	-		5.89%

Note 1.

- (1) This sheet contains information of major shareholders. On the last business day of at the end of each quarter, Jibao Company calculates the companies held by shareholders as to the total amount of ordinary shares and preference shares held by shareholders that have been registered and delivered (including treasury shares) intangibly (over 5%).
As to share capital recorded in the Company's financial report and the actual number of shares recorded and delivered, there may be differences due to different calculation base.
- (2) If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. As for the insider equity declaration of shareholders holding more than 10% of the shares in accordance with the Securities Exchange Act, their shareholdings include the shares held by themselves plus the shares they delivered for trust and have the right to use the trust property, etc. Please refer to public information for insider equity declaration.

V. Consolidated Financial Report duly audited by CPAs in the most recent fiscal year

APEX SCIENCE & ENGINEERING CORP.

Declaration of associated enterprises on consolidated financial statement

For the year 2022 (from Jan. 1, 2022 to Dec. 31, 2022), the Company should be included in the companies that should prepare associated enterprises' consolidated financial statements in accordance with Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises. The Company is the same to the companies preparing parent-subsidary companies' consolidated financial statements according to International Financial Reporting Standard 10. However, the information that should be disclosed in associated enterprises' consolidated financial statements has been disclosed in parent-subsidary companies' consolidated financial statements. So, there is no needed to prepare associated enterprises' consolidated financial statements separately.

It is hereby to declare

Company name: APEX SCIENCE &
ENGINEERING CORP.

Principal: KUO,KUO-HUA

March 13, 2023

To the Board of Directors and Shareholders of Apex Science & Engineering Corp.:

Audit opinions

The Consolidated Balance Sheet of Apex Science & Engineering Corp. and Its Subsidiary Companies (hereinafter referred to as "Apex Group") as of December 31, 2022 and 2021, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flow, as well as the Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) of Apex Group for the financial year ended December 31, 2022 and 2021.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2022 and December 31, 2021, and their consolidated financial performance and cash flows for the years ended December 31, 2022 and December 31, 2021, in conformity with the requirements of the Regulations governing the preparation of financial reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee, or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards 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 of our report. We are independent of Apex Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of the rest of our auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 Consolidated Financial Statements. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of 2022 Consolidated Financial Statements of Apex Group are as follows:

Recognition of Construction Revenue

Explanation of the matter

The accounting policies, accounting estimates and relevant subjects related to recognition of construction revenue are detailed on Notes 4(aa), 5(b) and 6(v) to the Consolidated Financial Statements.

The principal business of Apex Group consists of construction and engineering related works and services, revenue is recorded in accordance with the percentage of completion per contractual terms during the period of engineering contract. The stage of completion is calculated according to the percentage of cost incurred from the date of signing of each engineering contract to the end date of the report period against the total cost under the contract, and all engineering costs to be invested in

contract awarding, materials and labor is estimated on the basis of the owner's planning by taking into account the works added or reduced due to changes in the scope of works and combining with the market condition fluctuations. As the total cost estimate would affect the stage of completion and recognition of construction revenue and it includes complicated items, usually involves subjective judgment and is highly uncertain, we considered the recognition of construction revenue as a key audit matter.

Corresponding audit procedures

We performed the following audit procedures on the particular aspects indicated by key audit matters:

1. We understood and evaluated the reasonableness of policies and procedures adopted for recognition of construction revenue.
2. We obtained the newly-increased engineering contract, confirmed the consistency between the total price used to calculate the construction revenue and the contractual stipulation, sampled and inspected the preliminary project budget checklist approved by the project management department and confirmed the consistency in basis used for estimate of the total cost and calculation of the stage of completion.
3. We verified the evidence documents of major works added or reduced in the corresponding period to confirm that changes in the estimate of the total cost have been recognized appropriately.
4. We obtained the details of cost invested in the corresponding period, sampled and inspected relevant vouchers, checked them against the items listed in accounts to confirm that the amount of cost used for calculation of the stage of completion is appropriate, and checked the accuracy of the percentage of completion.

Other matters Parent Company Only Report

The Parent Company Only Financial Statements of Apex Science & Engineering Corp. for Year 2022 and Year 2021 have been prepared, duly audited by the CPAs with a clean Audit Report with unqualified opinion issued for reference.

Responsibility of the Management and the Governing body for the Consolidated Financial Statements

To ensure that the Consolidated Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRS, IAS, law and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission, and for preparing and maintaining necessary internal control procedures pertaining to the Consolidated Financial Statements.

In preparing the Consolidated Financial Statements, Management is responsible for assessing the ability to continue as a going concern of Apex Group, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company and its Subsidiaries or to cease operations, or has no realistic alternative but to do so.

The Governing Bodies of Apex Group (including the Audit Committee) have the responsibility to oversee the financial reporting process.

Responsibilities of the CPAs in Auditing the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about the Consolidated Financial Statements as a whole whether they are free from material misstatement due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a

guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Material misstatement may result from fraud and error. A misstatement can be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

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

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud and error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Apex Group.
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 ability to continue as a going concern of Apex Group. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause Apex Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the accompanying Notes, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of individual entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We as independent auditors are responsible for the guidance, supervision, and implementation of the Group's audit and responsible for forming audit opinions on the Group.

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 entrusted with governance duties, we determine those matters that were of most significance in the audit of 2022 Consolidated Financial Statements of Apex Group and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Taiwan

Fu-Ming Liao

CPA

Ching-Chang Chen

Financial Supervisory Commission

Approval document No.: Jin Guang Zheng Shen No.
1090350620

Jin Guang Zheng Shen No.
1060025060

Mar. 13, 2023

APEX SCIENCE & ENGINEERING CORP. and its subsidiary
Consolidated Balance Sheets
For the Years Ended December 31, 2022 and 2011

Unit: NT \$1000

			December 31, 2022		December 31, 2021			
			Amount	%	Amount	%		
Assets								
Notes								
Current assets								
1100	Cash and cash equivalents	6(a)	\$	241,757	3	\$	297,603	4
1136	Financial assets at amortized cost	6(b)						
	- current			61,856	1		-	-
1140	Contract Assets - Current	6(v)		489,918	5		336,046	4
1150	Notes receivable, net	6(c)		1,693	-		3,508	-
1160	Notes receivable from related parties, net	7		-	-		23,982	-
1170	Accounts receivable, net	6(c)		92,833	1		243,616	3
1200	Other accounts receivable	6(d)		3,749,005	40		3,383,436	41
1220	Current income tax assets	6(cc)		206	-		-	-
130X	Inventory	6(e) and 8		604,233	6		583,350	7
1410	Prepayments	6(f)		980,598	10		700,945	9
1470	Other current assets	6(g) and 8		2,504,467	27		1,922,657	24
11XX	Total current assets			<u>8,726,566</u>	<u>93</u>		<u>7,495,143</u>	<u>92</u>
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non-current	6(h)		5,989	-		7,328	-
1550	Investment accounted for using the equity method	6(i)		223,487	2		189,301	2
1600	Property, plant and equipment	6(j) and 8		118,613	1		115,495	2
1755	Right-of-use assets			5,775	-		11,380	-
1760	Investment properties, net	6(k) and 8		64,849	1		65,259	1
1840	Deferred tax assets	6(cc)		60,142	1		113,400	1
1900	Other non-current assets	8		168,862	2		168,352	2
15XX	Total non-current assets			<u>647,717</u>	<u>7</u>		<u>670,515</u>	<u>8</u>
1XXX	Total assets		\$	9,374,283	100	\$	8,165,658	100

(To be continued on the next page)

APEX SCIENCE & ENGINEERING CORP. and its subsidiary
Consolidated Balance Sheets
For the Years Ended December 31, 2022 and 2011

Unit: NT \$1000

			December 31, 2022		December 31, 2021	
Liabilities and equity	Notes		Amount	%	Amount	%
Current liabilities						
2100 Short-term borrowings	6(i)	\$	798,190	8	\$	363,026
2110 Short term bills payable	6(i)		50,000	1		140,000
2130 Contract liabilities - current	6(v)		111,880	1		141,821
2150 Notes payable			4,686	-		16,402
2170 Accounts payable	6(n)		355,710	4		384,633
2200 Other accounts payable			78,770	1		69,654
2230 Current tax liabilities			5,583	-		1,840
2280 Lease liabilities - current			4,532	-		5,935
2320 Long-term liabilities due within one year or one business cycle	6(q)		1,633,729	17		1,772,306
2399 Other current liabilities - others	6(o)		2,578,502	28		1,648,617
21XX Total current liabilities			<u>5,621,582</u>	<u>60</u>		<u>4,544,234</u>
Non-current liabilities						
2530 Bonds payable	6(p)		497,673	5		497,081
2540 Long-term loans	6(q)		-	-		7,569
2570 Deferred tax liabilities	6(cc)		31,177	1		25,353
2580 Lease liabilities - non-current			730	-		5,165
2600 Other non-current liabilities			336	-		1,926
25XX Total non-current liabilities			<u>529,916</u>	<u>6</u>		<u>537,094</u>
2XXX Total liabilities			<u>6,151,498</u>	<u>66</u>		<u>5,081,328</u>
Equity attributable to owners of the parent company						
Share capital	6(s)					
3110 Ordinary share capital			2,287,135	24		2,287,135
Capital surplus	6(t)					
3200 Capital surplus			275,698	3		269,332
Retained earnings	6(u)					
3310 Legal capital reserve			290,234	3		279,960
3320 Special surplus reserve			23,118	-		22,686
3350 Unappropriated earnings			581,460	6		441,778
Other equity						
3400 Other equity		(	19,415)	-	(	23,118)
3500 Treasury stock	6(s) and 8	(	302,615)	(3)	(	281,967)
31XX Total equity attributable to Shareholders of Parent company			<u>3,135,615</u>	<u>33</u>		<u>2,995,806</u>
36XX Non-controlling interests	4(c)		<u>87,170</u>	<u>1</u>		<u>88,524</u>
3XXX Total equity			<u>3,222,785</u>	<u>34</u>		<u>3,084,330</u>
Major contingent liabilities and unrecognized contract commitments	9					
Major subsequent events	11					
3X2X Total liabilities and equity		\$	<u>9,374,283</u>	<u>100</u>	\$	<u>8,165,658</u>

The accompanying notes form an integral part of these consolidated financial statements, Please refer to it together.

President: KUO, KUO-HUA

Manager: KUO, KUO-HUA

Accounting Manager: WU, HSIU-LIN

APEX SCIENCE & ENGINEERING CORP. and its subsidiary
Consolidated statements of comprehensive income
For the Years Ended December 31, 2022 and 2021

Unit: NT \$1000
(Except for earnings per share)

	Item	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating income	6(v) and 7	\$ 2,951,661	100	\$ 3,614,744	100
5000	Operating Costs	6(e)(aa) (bb)	(2,584,450)	(88)	(3,409,834)	(94)
5900	Gross Profit		<u>367,211</u>	<u>12</u>	<u>204,910</u>	<u>6</u>
	Operating Expenses	6(aa) (bb)				
6100	Selling and marketing expenses		(37,791)	(1)	(36,980)	(1)
6200	General and administrative expenses		(117,958)	(4)	(98,042)	(3)
6300	Research and development expenses		(2,751)	-	(1,831)	-
6450	Expected credit impairment loss	12(b)	(1,686)	-	(97)	-
6000	Total operating expenses		<u>(160,186)</u>	<u>(5)</u>	<u>(136,950)</u>	<u>(4)</u>
6900	Operating profit		<u>207,025</u>	<u>7</u>	<u>67,960</u>	<u>2</u>
	Non-operating Income and Expenses					
7100	Interest income	6(w)	32,649	1	61,330	2
7010	Other income	6(x)	11,869	-	8,125	-
7020	Other gains and losses	6(y)	8,783	-	(7,484)	-
7050	Finance costs	6(z)	(16,140)	-	(21,661)	(1)
7060	Share of profit or loss of associates & joint ventures accounted for using equity method	6(i)	<u>31,337</u>	<u>1</u>	<u>30,878</u>	<u>1</u>
7000	Total non-operating income and expenses		<u>68,498</u>	<u>2</u>	<u>71,188</u>	<u>2</u>
7900	Net profit before tax		<u>275,523</u>	<u>9</u>	<u>139,148</u>	<u>4</u>
7950	Income tax	6(cc)	(67,109)	(2)	(33,141)	(1)
8200	Net income for the period		<u>\$ 208,414</u>	<u>7</u>	<u>\$ 106,007</u>	<u>3</u>

(To be continued on the next page)

APEX SCIENCE & ENGINEERING CORP. and its subsidiary
Consolidated statements of comprehensive income
For the Years Ended December 31, 2022 and 2021

Unit: NT \$1000
(Except for earnings per share)

Item	Notes	2022		2021	
		Amount	%	Amount	%
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss					
8316 Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	6(h)	(\$ 1,339)	-	\$ 644	-
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translating the financial statements of foreign operations		5,048	-	(1,076)	-
8300 Other comprehensive income (net after tax)		\$ 3,709	-	(\$ 432)	-
8500 Total comprehensive income for the period		\$ 212,123	7	\$ 105,575	3
Net profit attributable to:					
8610 owners of the parent company		\$ 206,934	7	\$ 102,741	3
8620 Non-controlling interests		1,480	-	3,266	-
		\$ 208,414	7	\$ 106,007	3
Total comprehensive income attributable to:					
8710 owners of the parent company		\$ 210,637	7	\$ 102,309	3
8720 Non-controlling interests		1,486	-	3,266	-
		\$ 212,123	7	\$ 105,575	3
Basic earnings per share					
9750 Basic earnings per share	6(dd)	\$ 1.05		\$ 0.52	
Diluted earnings per share					
9850 Diluted earnings per share	6(dd)	\$ 1.04		\$ 0.51	

The accompanying notes form an integral part of these consolidated financial statements, Please refer to it together.

President: KUO, KUO-HUA

Manager: KUO, KUO-HUA

Accounting Manager: WU, HSIU-LIN

APEX SCIENCE & ENGINEERING CORP. and its subsidiary
Consolidated statements of changes in equity
For the Years Ended December 31, 2022 and 2021

Unit: NT \$1000

		Equity attributable to owners of the parent company										
		Retained earnings					Other equity					
							Exchange differences on translating the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income			Non-controlling interests	Total equity
	Notes	Ordinary share capital	Capital surplus	Legal capital reserve	Special surplus reserve	Unappropriated earnings			Treasury stock	Total		
<u>For the Year Ended December 31, 2021</u>												
		\$ 2,287,135	\$ 249,009	\$ 248,440	\$ 25,337	\$ 548,857	(\$ 12,755)	(\$ 9,931)	(\$ 281,967)	\$ 3,054,125	\$ 86,967	\$ 3,141,092
		-	-	-	-	102,741	-	-	-	102,741	3,266	106,007
Other comprehensive income for the period	6(h)	-	-	-	-	-	(1,076)	644	-	(432)	-	(432)
Total comprehensive income for the period		-	-	-	-	102,741	(1,076)	644	-	102,309	3,266	105,575
<u>Allocation and distribution of surplus in 2020</u>												
Provision for legal reserve		-	-	31,520	-	(31,520)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	(2,651)	2,651	-	-	-	-	-	-
Cash dividends		-	-	-	-	(180,951)	-	-	-	(180,951)	-	(180,951)
Number of cash dividends on the Company's shares held by its subsidiary as treasury stocks		-	20,370	-	-	-	-	-	-	20,370	-	20,370
Changes in percentage of ownership interests in subsidiaries		-	(47)	-	-	-	-	-	-	(47)	-	(47)
Non-controlling interest decrease		-	-	-	-	-	-	-	-	-	(1,709)	(1,709)
Balance as of December 31, 2021		\$ 2,287,135	\$ 269,332	\$ 279,960	\$ 22,686	\$ 441,778	(\$ 13,831)	(\$ 9,287)	(\$ 281,967)	\$ 2,995,806	\$ 88,524	\$ 3,084,330
<u>2022</u>												
Balance as of January 1, 2022		\$ 2,287,135	\$ 269,332	\$ 279,960	\$ 22,686	\$ 441,778	(\$ 13,831)	(\$ 9,287)	(\$ 281,967)	\$ 2,995,806	\$ 88,524	\$ 3,084,330
Consolidated net profit for the period		-	-	-	-	206,934	-	-	-	206,934	1,480	208,414
Other comprehensive income for the period	6(h)	-	-	-	-	-	5,048	(1,345)	-	3,703	6	3,709
Total comprehensive income for the period		-	-	-	-	206,934	5,048	(1,345)	-	210,637	1,486	212,123
<u>Appropriation of earnings in 2021:</u>												
Provision for legal reserve		-	-	10,274	-	(10,274)	-	-	-	-	-	-
Provision of special reserve		-	-	-	432	(432)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(56,546)	-	-	-	(56,546)	-	(56,546)
Number of cash dividends on the Company's shares held by its subsidiary as treasury stocks		-	6,366	-	-	-	-	-	-	6,366	-	6,366
Non-controlling interest decrease		-	-	-	-	-	-	-	-	-	(2,840)	(2,840)
Purchased treasury stocks	6(s)	-	-	-	-	-	-	-	(20,648)	(20,648)	-	(20,648)
Balance as of December 31, 2022		\$ 2,287,135	\$ 275,698	\$ 290,234	\$ 23,118	\$ 581,460	(\$ 8,783)	(\$ 10,632)	(\$ 302,615)	\$ 3,135,615	\$ 87,170	\$ 3,222,785

The accompanying notes form an integral part of these consolidated financial statements, Please refer to it together.

President: KUO, KUO-HUA

Manager: KUO, KUO-HUA

Accounting Manager: WU, HSIU-LIN

APEX SCIENCE & ENGINEERING CORP. and its subsidiary
Consolidated statements of cash flows
For the Years Ended December 31, 2022 and 2021

Unit: NT \$1000

	Notes	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
<u>Cash flows from operating activities</u>			
Net income before tax for the period		\$ 275,523	\$ 139,148
Adjustments for			
Losses of income and expenses			
Depreciation expenses (Investment properties included)	6(j)(k)(aa)	3,590	3,660
Depreciation expenses of right-of-use assets	6(aa)	5,466	4,850
Amortization expenses	6(aa)	1,790	1,393
Amortization expenses of right-of-use assets	6(aa)	139	139
Interest income	6(w)	(32,649)	(61,330)
Conversion of deferred sales expense into commission fee		-	10
Expected credit impairment loss	12(b)	1,686	97
Gains (losses) on disposal of property, plant and equipment	6(y)	(205)	173
Interest expenses	6(z)	16,140	21,661
Share of profits of affiliates and joint ventures recognized by using the equity method	6(i)	(31,337)	(30,878)
Changes in operating assets and liabilities			
Net changes in operating assets			
Contract assets		(153,872)	85,451
Notes receivable		1,815	(1,930)
Notes receivable from related parties, net		23,982	(23,982)
Accounts receivable		149,097	273,945
Other accounts receivable		(734,267)	(795,068)
Inventory		(20,883)	296,220
Prepayments		(279,653)	(592,933)
Other current assets		(71,643)	346,779
Net changes in operating liabilities			
Contract liabilities		(29,941)	(33,741)
Notes payable		(11,716)	13,223
Accounts payable		(28,923)	(111,434)
Other accounts payable		9,106	(14,930)
Other current liabilities		1,328,337	1,014,913
Other non-current liabilities		(1,591)	1,031
Cash generated from operations		419,991	536,467
Cash collected from interest income		2,896	40,774
Cash paid for interest expenses		(15,538)	(20,951)
Income tax paid for the period		(4,296)	(11,398)
Net cash generated from operating activities		<u>403,053</u>	<u>544,892</u>

(To be continued on the next page)

APEX SCIENCE & ENGINEERING CORP. and its subsidiary

Consolidated statements of cash flows

For the Years Ended December 31, 2022 and 2021

Unit: NT \$1000

	<u>Notes</u>	<u>For the Year Ended December 31, 2022</u>	<u>For the Year Ended December 31, 2021</u>
<u>Cash flows from investing activities</u>			
Increase in financial assets at amortized cost — current	6(b)	(\$ 61,856)	\$ -
Acquisition of property, plant and equipment	6(j)	(6,298)	(1,683)
Proceeds from disposal of property, plant and equipment		205	467
Increase in restricted assets		(510,360)	(562,747)
Increase in other non-current assets		(2,300)	(2,078)
Net cash used in investing activities		(580,609)	(566,041)
<u>Cash flows from financing activities</u>			
Proceeds from short-term borrowings		3,890,224	5,489,191
Repayments of short-term borrowings		(3,455,060)	(6,167,436)
Increase (decrease) in short-term notes payable		(90,000)	35,000
Proceeds from long-term borrowings		1,797,040	1,765,880
Repayments of long-term borrowings		(1,943,186)	(845,663)
Issuance of corporate bonds	6(p)	-	500,000
Repayments of corporate bonds	6(p)	-	(500,000)
Repayment of the principal portion of lease liabilities		(5,838)	(5,100)
Cash dividends distributed		(50,180)	(160,581)
Capital reserve transferred from overdue dividends		-	(47)
Treasury stock repurchase	6(s)	(20,648)	-
Non-controlling interest changes		(2,840)	(1,709)
Net cash flows from financing activities		119,512	109,535
Exchange influence		2,198	-
Increase in cash and cash equivalents of the period		(55,846)	88,386
Balance of cash and cash equivalents at the beginning of the period		297,603	209,217
Balance of cash and cash equivalents at the end of the period		\$ 241,757	\$ 297,603

The accompanying notes form an integral part of these consolidated financial statements, Please refer to it together.

President: KUO, KUO-HUA

Manager: KUO, KUO-HUA

Accounting Manager: WU, HSIU-LIN

Apex Science & Engineering Corp. and Its Subsidiary Companies
Notes to Consolidated Financial Report
For the Years Ended December 31, 2022 and 2021

Unit: NT \$1000
(Unless otherwise noted)

1. Company development and business scope

APEX SCIENCE & ENGINEERING CORP. (hereinafter referred to as "the company") was established on August 9, 1976, formerly known as "APEX Engineering Co., Ltd." and changed its name to "APEX SCIENCE & ENGINEERING CORP." in 2001. The Company and subsidiaries (generally called the "Group") work for projects in mechanical engineering, instrument engineering, environment engineering, related electrical products manufacturing and sales, entrusted construction of factories, residential and commercial building, as well as development of special zones, etc. The Company's shares started for sale on Taiwan Stock Exchange Corporation from Nov. 1995.

2. Approval date and procedure of financial statements

The consolidated financial report was approved by the Board of Directors on March 13, 2023.

3. Application of newly promulgated and revised criteria and interpretation

a. Already adopted newly promulgated, revised and issued International Financial Reporting Standards recognized by Financial Supervisory Commission (FSC)

The following table sets forth the standards and interpretations of the new issuance, amendment, and revision of the international financial reporting standards applicable and effective in 2022 approved by the FSC:

<u>Newly promulgated/amended/revised standards and interpretations</u>	<u>The effective date of issuance by IASB</u>
Amendment to IFRS 3 "index of conceptual framework"	January 01, 2022
Amendment to IAS 16 "property, plant and equipment: price before reaching the intended state of use"	January 01, 2022
Amendment to IAS 37 "loss-making contracts - the cost of performing contracts"	January 01, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 01, 2022

The group has assessed that the above standards and interpretations have no significant impact on the financial position and financial performance of the group.

- b. Have not adopted the impacts of newly promulgated International Financial Reporting Standards (and amendments) recognized by FSC

The following table collects standards and interpretations that have been promulgated newly, amended and revised in International Financial Reporting Standards effective in year 2023 recognized by FSC:

<u>Newly promulgated/amended/revised standards and interpretations</u>	<u>The effective date of issuance by IASB</u>
Amendment to IAS 1 "disclosure of accounting policies"	January 01, 2023
Amendment to IAS 8 "definition of accounting evaluation"	January 01, 2023
Amendment to IAS 12 "deferred income tax related to assets and liabilities arising from a single exchange"	January 01, 2023

Upon appraisal by the Group, the standards and interpretations do not have significant impacts on the Group's financial situation or financial performance.

- c. International Accounting Standards Board has promulgated the impacts of International Financial Reporting Standards, which hasn't been recognized by FSC

The following table collects standards and interpretations that have been promulgated newly, amended and revised in International Financial Reporting Standards effective recognized by FSC:

<u>Newly promulgated/amended/revised standards and interpretations</u>	<u>The effective date of issuance by IASB</u>
Amendments to IFRS 10 and IAS 28 "sale or investment of assets between investors and their affiliates or joint ventures"	To be decided by IASB
Amendment to IFRS 16 "Lease liabilities in sale-leaseback"	January 01, 2024
IFRS 17 "insurance contracts"	January 01, 2023
Amendments to IFRS 17 "insurance contracts"	January 01, 2023
Amendment to IFRS 17 "initial application of IFRS 17 and IFRS 9 - comparative information"	January 01, 2023
Amendment to IAS 1 "current or non-current classification of liabilities"	January 01, 2024
Amendment to IAS 1 "Non-current liabilities with contractual terms"	January 01, 2024

The group has assessed that the above standards and interpretations have no significant impact on the financial position and financial performance of the group.

4. Summary description of crucial accounting policy

Major accounting policies of preparing this consolidated financial report are as follows. Unless otherwise noted, such policies will apply during reporting period.

a. Declaration of conformity

The consolidated financial report is prepared based on financial report preparation standard for securities issuers and those International Financial Reporting Standards, International Accounting Standards, interpretations and bulletin ("IFRSs") recognized by FRS for issuance and effectiveness.

b. Basis of preparation

- 1) Except the important items below, the consolidated financial report is prepared based on historical cost

Financial assets at fair value through other comprehensive income

- 2) In preparing financial reports conforming to IFRSs, some important accounting estimates need to be used; in applying the Group's accounting policies, the management also needs to make judgments; for items related to high judgment or complexity, or items related to major assumptions and estimates in consolidated financial report, please refer to Notes 5.

c. Consolidation basis

- 1) Principle of preparing consolidated financial report

- a) The Group takes all subsidiaries as individuals of preparing consolidated financial report. Subsidiary refers to individual controlled by the Group (including structural bodies). When the Group is involved in individual's remuneration change or enjoys the rights of changing remuneration, or is capable to influence such remuneration, the Group controls the individual. After taking control of subsidiary, the subsidiary is taken into consolidated financial report, but stops consolidation from the date of losing the control.
- b) In the Group, companies' transactions, balances and unrealized gain or loss have been eliminated. Subsidiary's accounting policy has been adjusted as necessary and is consistent with the policy adopted by the Group.
- c) All the components of losses and profits, and other comprehensive income/(loss) belong to parent company's owners and non-controlling interests; consolidated losses and profits also belong to parent company's owners and non-controlling interests, even if this may cause non-controlling interests to suffer loss balance.
- d) If changes of the Company's shares do not result in the loss of control (transaction with non-controlling interests), these would be taken as equity transaction, i.e., transaction with owners. The difference between non-controlling interests' adjusted amount or paid or collected consideration is directly recognized as interests.
- e) When losing the control of subsidiary, the Group shall measure the remaining investment at fair value as originally listed financial assets' fair value or originally listed invested associated enterprise or joint venture's cost. The difference between fair value and book value is directly recognized as current profit and loss. For all the amounts related to the subsidiary recognized as other comprehensive income/(loss), if its accounting treatment has the same basis as that of the Group in directly disposing of associated assets or liabilities, which is like that such amounts previously recognized as other consolidated losses or profits would be reclassified as losses and profits in disposing of related assets or liabilities, then after losing the control of subsidiary, the profits or losses are reclassified into profits and losses from interests.

2) Subsidiary listed into consolidated financial report:

<u>Name of investment company</u>	<u>Name of subsidiary</u>	<u>Nature of business</u>	<u>Percent of shares held</u>		<u>Description</u>
			<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>	
APEX SCIENCE & ENGINEERING CORP.	Chang Ji Construction Co., Ltd. (Chang Ji Company)	Construction of civil and structural works and water conservancy projects, etc.	90.53%	90.53%	
APEX SCIENCE & ENGINEERING CORP.	REINFORCE ENERGY CO. LTD.(REINFORCE)	General investment industry	100%	100.00%	
APEX SCIENCE & ENGINEERING CORP.	Hsin Ting Engineering Consulting Co., Ltd. (Hsin Ting Company)	Engineering consultant	100%	100.00%	
APEX SCIENCE & ENGINEERING CORP.	APEX LIFE INC.(APEX LIFE)	Purchase and sell engineering equipment and hi-tech electronic products	-	-	(Note)

(Note) APEX LIFE got approval and registration from local competent authorities on Dec. 30, 2011 for dissolution. By Dec. 31, 2022, the liquidation procedure had not been completed.

- 3) Subsidiaries not included in the consolidated financial statements: No such circumstance.
- 4) Subsidiaries' different adjustment and disposal methods in accounting period: No such circumstance.
- 5) Major restriction: No such circumstance.
- 6) Subsidiaries with significant non-controlling interests to the Group:

(一)The Group's non-controlling interests are respectively \$87,170 and \$88,524 on Dec. 31, 2022 and 2021. The following are about subsidiaries with significant non-controlling interests to the Group.

<u>Name of subsidiary</u>	<u>Main place of business</u>	<u>Non-controlling interests</u>				<u>Description</u> <u>n</u>
		<u>Dec. 31, 2022</u>		<u>Dec. 31, 2021</u>		
		<u>Amount</u>	<u>Percent of shares held</u>	<u>Amount</u>	<u>Percent of shares held</u>	
Chang Ji Construction Co., Ltd.	Taiwan	\$ 87,170	9.47%	\$ 88,524	9.47%	

Balance Sheets

	<u>Chang Ji Construction Co., Ltd.</u>	
	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Current assets	\$ 1,567,844	\$ 1,221,408
Non-current assets	312,805	329,059
Current liabilities	(1,087,911)	(719,388)
Non-current liabilities	(511)	(11,878)
Total net assets	<u>\$ 792,227</u>	<u>\$ 819,201</u>

Statements of Comprehensive Income

	<u>Chang Ji Construction Co., Ltd.</u>	
	<u>2022</u>	<u>2021</u>
Revenue	\$ 2,095,674	\$ 2,300,394
Net income before tax	19,459	31,881
Income tax expense	(3,833)	(2,724)
Net income for the period	<u>\$ 15,626</u>	<u>\$ 29,157</u>
Other comprehensive income/(loss) (after-tax net amount)	(12,599)	(67,500)
Total comprehensive income for the period	<u>\$ 3,027</u>	<u>(\$ 38,343)</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 1,486</u>	<u>\$ 3,266</u>
Payment for dividends of non-controlling interests	<u>\$ -</u>	<u>\$ 1,704</u>

Cash Flow Statement

	<u>Chang Ji Construction Co., Ltd.</u>	
	<u>2022</u>	<u>2021</u>
Net cash inflows (outflows)		
from operating activities	(\$ 336,903)	\$ 617,788
Investment activities - net cash		
inflows (outflows)	(2,051)	(2,521)
Financing activities - net cash		
inflows (outflows)	<u>331,310</u>	<u>(575,618)</u>
Decrease of cash and cash		
equivalents for the period	<u>(7,644)</u>	<u>39,649</u>
Balance of cash and cash		
equivalents at the beginning of		
the period	<u>61,932</u>	<u>22,283</u>
Balance of cash and cash		
equivalents at the ending of the		
period	<u>\$ 54,288</u>	<u>\$ 61,932</u>

7) Securities of subsidiaries held by parent company: Please refer to Note 6(19).

d. Foreign currency conversion

The items in the financial report of each individual of the Group are measured with the currency (functional currency) used in the main economic environment where the individual operates. The consolidated financial report is made with the Company's functional currency NTD as representative currency.

1) Foreign currency transaction and balance

- a) For foreign currency transaction, currency is converted into functional currency at spot exchange rate on trading day or measurement day. The difference occurred due to such transaction is recognized into current profits and losses.
- b) Monetary assets and debt balance at foreign currency are adjusted at spot exchange rate on Balance Sheets day. The conversion difference due to the adjustment is recognized into current profits and losses.
- c) Non-monetary assets and debt balance at foreign currency, which have been measured through profits and losses at fair value, are evaluated and adjusted at spot exchange rate on Balance Sheets day. The conversion difference due to the adjustment is recognized into current profits and losses. Non-monetary assets and debt balance at foreign currency, which have been measured through other comprehensive income/(loss) at fair value, are evaluated and adjusted at spot exchange rate on Balance Sheets day. The conversion difference due to the adjustment is recognized into other comprehensive income/(loss). The conversion difference due to the adjustment is recognized into current profits and losses. Non-monetary assets and debt balance at foreign currency, which haven't been measured at fair value, are measured at historical rate on initial trading day.
- d) All other exchange gains and losses are reported in "other gains and losses" in the income statement.

2) Overseas operating agency

For all the Group's individuals whose functional currency differs from expressive currency, their operating results and financial conditions are converted into expressive currency in the following methods;

- a) Assets and liabilities listed in balance sheets are converted at closing rate on balance sheets statement day;
- b) Profits and losses recorded in Statements of Comprehensive Income are converted at average exchange rate for the period; and
- c) Conversion differences occurred are recorded into other comprehensive income/(loss).

e. Standards of classifying current and non-current assets and liabilities

- 1) The business terms of the Group's engineering projects and commissioned land development business are usually longer than one year; equivalent assets and liabilities of construction contracts and commissioned land development business are classified for current and non-current ones based on business terms, while other assets and liabilities are classified based on one year.

- 2) Assets that meet one of the following conditions are classified as current assets:

- a) Expected to be realized in normal business term or intended to be sold or consumed.
- b) Held for the main purpose of transaction.
- c) Expected to be realized within 12 months after balance sheets statement day.
- d) Cash or cash equivalents, unless exchanged or used to pay off debts under limitations at over 12 months after balance sheets statement day.

The Group classifies the assets not conforming to aforesaid conditions into non-current assets.

- 3) Liabilities meeting one of the following conditions are classified into current liabilities:

- a) Excepted to be paid off in normal business term.
- b) Held for the main purpose of transaction.
- c) Expected to be paid off within 12 months after balance sheets statement day.
- d) Unable to defer the payoff term to at least 12 months after balance sheets statement day unconditionally. Liabilities clauses may depend on the counterparty's choice; payoff occurred due to the issuance of equity instrument does not affect the classification.

The Group classifies the liabilities not conforming to aforesaid conditions into non-current liabilities.

f. Financial assets at fair value through other comprehensive income

- 1) Refer to one irrevocable choice at original recognition; this records fair value change invested with equity instrument not held for transaction into other comprehensive income/(loss); or meet the following conditions in debt instrument investment at the same time:

- a) The financial assets are held under the operating model for the purpose of collecting and selling contractual cash flows.

- b) Cash flows generated by the financial assets' contract terms on specified date, are solely used for payments of principal and outstanding principal interest.
 - 2) For financial assets at fair value through other comprehensive income/(loss) that conforms to trading practices, the Group implements accounting on trading day.
 - 3) At original recognition, the Group makes measurement at fair value plus transaction cost, but later at fair value. Changes to fair value of equity instrument are recognized as other comprehensive income/(loss); when delisted, cumulative interests or losses that are previously recognized as other comprehensive income/(loss) shall not be reclassified to profits and losses, but transferred to retained earnings. When the rights to receive dividends are established, it is probable that the economic benefits associated with dividends will flow in and the amount of dividends can be measured reliably, the Group recognizes dividend income as profits or losses.
- g. Financial assets at amortized cost
 - 1) Those meeting all the following conditions:
 - a) The financial assets are held under the operating model for the purpose of collecting contractual cash flows
 - b) Cash flows generated by the financial assets' contract terms on specified date, are solely used for payments of principal and outstanding principal interest.
 - 2) For financial assets at amortized cost that conforms to trading practices, the Group implements accounting on settlement day.
 - 3) The Group measures interest income at its fair value plus transaction costs on initial recognition, and subsequently recognizes interest income and impairment loss over the liquidity period using the effective interest method under the amortization procedure, and recognizes its gain or loss in profit or loss when derecognized.
- h. Accounts and notes receivable
 - 1) Refers to accounts and notes that have the right to unconditionally receive the consideration amount in exchange for the transfer of goods or services according to the contract.
 - 2) For short-term accounts and notes receivable with unpaid interest, since discount doesn't have significant influence, the Group measures them by original invoice amount.
- i. Agency land development business
 - 1) Agency land development business means development service as entrusted by government unit, but some development projects are for external sale.
 - 2) During the agency period, the Company will pay for, on behalf of client, land expropriation compensation fee, construction cost, construction supervision and inspection and various development costs. And client will calculate the interests according to the costs already paid on its behalf, and pay to the Company on a period-by-period basis. The accounting treatment of the case costs of various agency land development business (industrial zone development, urban land rezoning and section expropriation) shall be handled in accordance with the entrusted development agreement and the contract with contractor; according to the actual construction progress and completion acceptance, corresponding costs and expenses are recognized. When entrusted for the business of developing an industrial zone, if the following conditions are met, the labor income of the agency shall

be recognized on a period-by-period basis according to the proportion of the input cost:

- a) Costs attributable to contracts are reasonably identifiable.
 - b) Except for the confirmed disbursement that is recoverable, the remaining contract costs can be reasonably estimated.
 - c) The collectable agency fees (service revenue) can be reasonably determined.
- 3) The development cost is debited to "the land development funds receivable from the agent", while the land purchase price paid by the land purchasing manufacturer is credited to "other current liabilities - advance payment for the sale of industrial zone", which is offset with the land development funds receivable from the agent when the owner allocates the payment.

j. Financial assets impairment

On each balance sheet day, by liabilities instrument investment at fair value through other comprehensive income/(loss) and financial assets at amortized cost, the Group measures the allowance for losses with 12-month expected credit loss amount for these items whose credit risks haven't risen apparently after originally recognized after considering all reasonable and verifiable information (including forward-looking information); for these items whose credit risks have risen apparently after originally recognized, the Group makes allowance for losses with expected credit loss amount during the period of existence; for accounts receivable or contract assets that do not contain significant financial components, allowance for losses is measured with expected credit loss amount during the period of existence.

k. Financial assets are delisted

Financial assets are delisted when the Group's contractual rights to receive cash flows from the financial assets lose efficacy.

l. Lease payment receivables/lease (tenant)

After deduction of tenant's incentives, operating rental income is amortized with straight line method over the lease term and recognized as profits or losses for the period.

m. Inventories

Inventories are measured by costs and net realizable value (see whichever is lower) and determined by weighted cost average method. The costs of finished goods and work-in-progress goods include raw materials, direct labor costs, other direct costs and manufacture-related expenses, but exclude borrowing costs. While comparing the lower of the cost and the net realizable value, the item-by-item comparison method is adopted, and the net realizable value refers to the balance after subtracting the estimated cost to be invested in completion and related variable selling expenses from the estimated selling price in normal business.

n. Investment with the equity method - associated enterprise

- 1) Associated companies refer to all individuals, on which the Group has significant influence without control, directly or indirectly holding more than 20% of their voting shares on general. The Group's investments in associated enterprise are treated with the equity method and are recognized at cost when acquired.
- 2) The Group recognizes the share of profit and loss obtained by the associated enterprise as the current profit and loss, and recognizes the share of other comprehensive income/(loss) after it has obtained as other comprehensive income/(loss). If the Group's loss share in any

associated enterprise equals or exceeds its interest in that associated enterprise (including any other unsecured accounts receivable), the Group does not recognize further losses unless the Group has statutory business or constructive obligation with that associated enterprise or paid amounts on its behalf.

o. Property, plant and equipment

- 1) Acquisition costs are accounting basis for property, plant and equipment, with relevant interest capitalized during the period of construction.
- 2) Subsequent costs are included in the asset's book value or recognized as a separate asset only when the future economic benefits associated with these items will possibly flow to the Group and the costs can be measured reliably. Book value of replaced part is excluded. When incurred, all other maintenance costs are recognized as profit or loss for the period.
- 3) The subsequent measurement of property, plant and equipment is based on the cost model. Except land, they are depreciated with straight-line method according to durable period. If each of property, plant and equipment is great, they should be separately depreciated.
- 4) The Group reviews the residual value, useful life and depreciation method of each asset on the closing day of each fiscal year. If the expected residual value and useful life are different from the previous estimate, or the future economic benefits contained in the assets have significant changes in the expected consumption pattern, then from the date of the change, they should be processed according to accounting estimate change rules in International Financial Reporting Standard 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

Assets' durable periods:

Houses and buildings	50 ~ 55 years
Building improvement	3 ~ 10 years
Machinery equipment	3 ~ 8 years
Transportation equipment	3 ~ 5 years
Office equipment	3 ~ 5 years

p. Tenant's lease transaction - Right-of-use asset/lease liability

- 1) Lease assets are recognized as right-of-use assets and lease liabilities on the day of becoming available for use by the Group. When the lease contract is for a short-term lease or a lease of a low-value asset, lease payments are recognized as an expense based on straight line method over the lease term.
- 2) As for the lease liability, the lease payment should be recorded by current value discounted according to the Group's incremental borrowing rate from the lease start day. The lease payment consists of fixed payments by subtraction of collectable lease incentives.
- 3) The right-of-use asset is recognized into cost from the lease start day; the cost includes the original measurement amount of the lease liability.

Cost model measurement is adopted subsequently; right-of-use assets' durable period expires, or lease term expires (see whichever is earlier) is recorded as depreciation costs. When lease liability is reassessed, the right-of-use assets will be adjusted for remeasurement.

q. Investment property

Investment property is recognized into costs, and subsequently measured with the cost model. Except land, to be depreciated with straight-line method; durable period is 55 years.

r. Impairment of non-financial assets

- 1) On balance sheets statement day, the Group estimates the recoverable amount of assets that present signs of impairment, and recognizes impairment losses when the recoverable amount is lower than its book value. The recoverable amount refers to the subtraction of an asset's disposal cost or use value (see whichever is higher) from its fair value. When the recognized asset impairment in previous years does not exist or decreases, the impairment loss shall be reversed, but reversed impairment loss leads to increase of book value of the asset without exceeding the asset value; if no impairment loss has been recorded, deduct the depreciated or amortized book value.
- 2) The recoverable amounts of Goodwill, intangible assets with non-determined service life and intangible assets not yet available for use are estimated on a regular basis. The recoverable amount, if lower than its book value, is recorded as loss reduction losses. Losses in goodwill loss reduction will not be reversed in subsequent years.
- 3) For loss reduction, goodwill is amortized to cash-generating units. This amortization is recognized by operation department. Goodwill is amortized to cash generating unit or cash generating unit group due to benefit from amalgamation of enterprises generating goodwill.

s. Borrowing

Borrowings are measured at the amount after the deduction of transaction costs from fair value at originally recognized column; the difference between amount after the deduction of transaction cost, and redemption value should be first cost-amortized with the effective interest method and measured during borrowing period.

t. Accounts and notes payable

Accounts and notes payable are obligations payable for obtaining goods or services from suppliers in the normal course of business. It is measured at fair value at the time of original recognition, and subsequently at amortized cost with the effective interest method. Due to insignificant subsequent impacts of discounting, short-term accounts payable with unpaid interest, are measured at original invoice subsequently.

u. Ordinary bonds payable

Ordinary bonds payable issued by the Group are measured at the amount after the deduction of transaction costs from fair value at originally recognized column; and the difference from redemption value is recorded in discount on debt equity, and recorded into bonds payable's addition or deduction items; effective interest method is later amortized and recorded as current profits and losses in bonds circulation period as adjustment item of "finance cost"

v. Delisting of financial liabilities

Performance, cancellation or expiry of liabilities in the Group's contract are delisted from financial liabilities.

w. Employee benefit

1) Short-term employee benefit

Short-term employee benefit is measured at expected paid non-discounting amount, and recorded as fees in providing related service.

2) Pension

Defined benefit plan

- a) The net obligation under a defined benefit plan is calculated by discounting the amount of future benefits earned by the employee from current or past service and subtracting the fair value of the planned assets from the present value of the defined benefit obligation on the balance sheet day. The defined net benefit obligation is calculated annually by actuary using the projected unit benefit method, and the discount rate is determined with reference to the market yield of high-quality company bonds on the balance sheet day consistent with the currency and period of the defined benefit plan; countries without market depth use the market yield on government bonds (on the balance sheet day).
- b) Actuarial profits and losses arising from defined benefit plans are recognized as other comprehensive income/(loss) in the period in which they occur
- c) If the early-stage service cost is immediately obtainable, the related expenses will be recognized as profit or loss immediately; if not immediately obtainable, it will be recognized as profit or loss on a straight-line basis over the average obtainable period.

3) Dismiss welfare

Dismiss welfare is benefits provided to employee whose employment is terminated before the normal retirement day or when the employee decides to accept the Company's offer of benefits in exchange for termination of employment. The Group recognizes the expenses when the offer of termination benefits can no longer be withdrawn or when the associated restructuring costs are recognized, see whichever is earlier. Benefits that are not expected to be fully settled 12 months after the balance sheet day should be discounted.

4) Remuneration of employees and remuneration of directors and supervisors

Employee remuneration and remuneration of directors and supervisors are recognized as expenses and liabilities when such remunerations are legal or constructive obligations and the amounts can be reasonably estimated. If there is a discrepancy between actual distribution amount and the estimated amount in subsequent resolutions, it shall be treated as a change in accounting estimate. Besides, if employees are paid in shares, the basis for calculating the number of shares is the closing price on the day before the board resolution.

x. Income tax

- 1) Income tax includes current and deferred income tax. Income tax is recognized in profit or loss, except income tax relating to items included in other comprehensive income or directly included in equity.
- 2) Based on the tax rates enacted or substantively enacted on the balance sheet day in the countries where the Group operates and generates taxable income, the current income tax is calculated. Management regularly assesses the status of income tax declaration as per the regulations related to applicable income tax and, where applicable, assesses income tax liabilities based on expected tax payments to tax authorities. Income tax on undistributed

surplus is levied according to income tax law, and undistributed income tax expense will be recognized after the profit distribution proposal is passed at the shareholders' meeting in the following year.

- 3) Deferred income tax is recognized with the balance sheet method. This is based on temporary differences between the tax bases of assets and liabilities and their book values in consolidated balance sheet. Deferred income tax liabilities from originally recognized goodwill will not be recognized; if deferred income tax originates from the original recognition of asset or liability in a transaction (excluding a business amalgamation), which, at the time of the transaction, does not affect accounting profit or taxable income (taxable loss), such deferred income tax liabilities will not be recognized either. If the temporary differences occur in investing in subsidiaries and associated companies, the Group can control the reversion timing of such differences, and the differences are not likely to be reversed in the foreseeable future, they will not be recognized. Based on tax rates (and tax laws) enacted or substantively enacted on the balance sheet day and expected to apply when the related deferred income tax assets are realized or the deferred income tax liabilities are settled, deferred income tax is determined.
- 4) When temporary differences will be possibly used to offset future taxable income, and both unrecognized and recognized deferred income tax assets are reassessed on each balance sheet day.
- 5) When statutory enforcement right is available to allow recognized current income tax assets and liabilities to offset each other, and it is intended to pay off liabilities, on net basis, or at the same time, realize assets and pay off liabilities, current income tax assets and current income tax liabilities shall be offset; When statutory enforcement right is available to allow current income tax assets and current income tax liabilities to offset each other, and the deferred income tax assets and liabilities are generated by the same taxpayer subject to taxation by the same tax authority, or by different taxpayers but each subject intends to pay off liabilities, on net basis, or at the same time, realize assets and pay off liabilities, current income tax assets and current income tax liabilities shall be offset.

y. Share capital

- 1) Ordinary shares classified into rights and interests. Incremental costs directly attributable to the issued new shares or stock options, after deduction of income tax, are shown as a deduction in equity.
- 2) When the Company repurchases issued shares, the consideration paid (including any incremental costs that are directly attributable, is recognized) as a net tax deduction in shareholders' equity. On subsequent reissues of the repurchased shares, the difference between the consideration received (after deduction of any directly attributable incremental costs and the effect of income taxes) and the book value is recognized as an adjustment to shareholders' equity.

z. Dividend distribution

When the Company's shareholders' meeting resolves the distribution of dividends, dividends distributed to shareholders of the Company are recognized in the financial report, cash dividends are recognized as liabilities, and share dividends are recognized as undistributed share dividends, and are transferred to ordinary shares on the base day of issuance of new shares.

aa. Revenue recognition

1) Commodity sale

- a) The Company's sales revenue is recognized when the control of the product is transferred to customer, that is, when the product is delivered to customer, customer has the discretion to sell the product and decide the price, and the Company has no outstanding performance obligations that may affect customer to accept the product. Delivery of goods occurs when the product has been shipped to the designated location, the risk of obsolescence and loss has passed to customer, and customer has accepted the product in accordance with sales contract, or there is objective evidence that all acceptance criteria have been met.
- b) Accounts receivable are recognized when the goods are delivered to customer, as the Group has an unconditional right to the contract price from that point on, and it only takes time to collect the consideration from customer.

2) Land development and resale

- a) The Company engages in land development and sales of residential properties, and revenue will be recognized when control of property is transferred to customer. For the signed residential sales contract, due to the restrictions of the contract terms, the property has no other use for the Company, but until the legal ownership of the property is transferred to customer, the Company has an enforceable right to the contract money, so after the legal ownership transfer to customer, revenue is recognized.
- b) Revenue is measured as agreed contract price, which has been paid by customer when legal title to the property is transferred. On rare occasions, the Company and customer agree on deferred payment period, but deferred repayment period does not exceed 12 months, and it is judged that the contract does not have a significant financial component, so the consideration will not be adjusted.

3) Cost of obtaining client contract

For the incremental costs (primarily sales commissions) incurred by the Company in getting customer contracts, the expected collectable parts are recognized as assets (listed as other non-current assets listed in the sheet) at the time of occurrence, and amortized according to the consistency of commodities or labor services related to the assets. In subsequent periods, if the amount that the expected consideration deducts costs not yet recognized as expenses is lower than book value recognized in the asset, an impairment loss is recognized for the excess of the asset's book value.

4) Project revenue

- a) The Group offers services about engineering construction. Income from labor services is recognized as income during the financial reporting period of providing the services to customers. Revenue from fixed-price contracts is recognized based on the ratio of services actually provided to all to-be-provided services by the balance sheet day, and the completion ratio of services is determined based on the ratio of incurred costs to estimated total transaction costs. The considerations of some contracts may change due to the transfer price or similar items. Only when the future uncertainty is eliminated, it is highly probable that there will not be a significant reversal of the recognized cumulative revenue amount included in the transaction price. The customer pays the contract price in accordance with the agreed payment schedule.

When the service provided by the Company exceeds customer's payment, it is recognized as a contract asset, and if customer's payment exceeds the service provided by the group, it is recognized as a contract liability.

- b) The Group's estimates of revenue, costs and degree of completion are revised as circumstances change. Any increase or decrease in estimated revenue or costs due to change of estimate is reflected in profit or loss for the period in which the circumstances leading to the revision are known to management.

5) Service revenue

- a) The Group offers services about agency land development. Income from labor services is recognized as income during the financial reporting period of providing the services to customers. The income from fixed price contracts is recognized as the ratio of the services actually provided to the total services to be provided by the balance sheet day. Since the Company engage in the development, planning and management of industrial zones on behalf of government entities, the services are subject to supervision. The completion rate of the service is determined on the basis of the actual labor hours accounted for the estimated total labor hours.
- b) The Company provides agency land development services. It is mainly entrusted by government units to develop on their behalf. Some development projects are also responsible for external sales. It is identified as a performance obligation that is gradually fulfilled over time. The Company recognizes revenue as the proportion of input costs to the estimated total costs.
- c) The Company's estimates of revenue, costs and degree of completion are revised as circumstances change. Any increase or decrease in estimated revenue or costs due to change of estimate is reflected in profit or loss for the period in which the circumstances leading to the revision are known to management.
- d) Please refer to Note 4 (9) for the recognition of relevant revenue.

bb. Operation department

Information from the Group's operation department is reported in consistency with the internal management reports provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources to operation departments and evaluating their performance. The Board of Directors works as the chief operating decision maker of the Group is .

5. Main source of major accounting judgment, estimate and assumption uncertainty

In preparing the consolidated financial statements of the Group, management has used their judgment to determine the accounting policies to be adopted, and has made accounting estimates and assumptions based on reasonable expectations of future events based on the conditions prevailing on the balance sheet day. Significant accounting estimates and assumptions made may differ from actual results and will be continuously evaluated and adjusted by taking into account historical experience and other factors. These estimates and assumptions carry risks that will result in material adjustment of the book values of assets and liabilities in the next financial year. Please refer to the following descriptions on the uncertainty of significant accounting judgments, estimates and assumptions:

a. Important judgment for adopting accounting policy

No such circumstance.

b. Major accounting estimates and assumptions

Revenue recognition

The Group must judge the amount of the estimated total cost of completion based on the characteristics of the project and objective factors. The revenue recognition is estimated based on the percentage of the input cost. The Group regularly reviews the reasonableness of the estimates and is subject to changes in the industrial environment and the impact of the construction status may lead to changes in the estimated total cost of completion, which will affect the amount recognized in the Group's revenue.

6. Description of important accounting items

a. Cash and cash equivalents

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Cash in hand and working capital	\$ 2,284	\$ 2,617
Check deposit	8,010	28,281
Current deposit	<u>231,463</u>	<u>266,705</u>
	<u>\$ 241,757</u>	<u>\$ 297,603</u>

- 1) The Group's cooperating financial institutions have benign credit quality and the transactions of the Group with multiple financial institutions disperse credit risks with quite low predicted contract breach.
- 2) The Group's cash with limited use and cash equivalents have been classified into other liquid assets. For pledge and guarantee, please refer to Note 8.

b. Financial assets at amortized cost

<u>Item</u>	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Current items:		
Ordinary corporate bonds	\$ 61,856	\$ -
Less: Accumulated impairment	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 61,856</u>	<u>\$ -</u>

- 1) The details of financial assets at amortized cost presented in profit or loss are as follows:

	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 1,007</u>	<u>\$ -</u>

- 2) Under the condition of not taking into account collateral or other credit enhancements, the insured amounts that best represent the financial assets at amortized cost held by the Group on Dec. 31, 2022 and 2021 were \$61,856 and \$0, respectively.
- 3) Please refer to note 12(2) for information on the credit risk of financial assets at amortized

cost.

c. Accounts receivable and notes receivable

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Accounts receivable	\$ 1,693	\$ 3,508
Notes receivable	95,493	246,679
Less: Allowance for bad debts	<u>(2,660)</u>	<u>(3,063)</u>
	<u>\$ 94,526</u>	<u>\$ 247,124</u>

- 1) The Group does not have any collateral
- 2) For credit risk information about accounts receivable and notes receivable, please refer to Note 12 (2).
- 3) Analysis of account receivable age of accounts receivable and notes receivable:

	<u>Dec. 31, 2022</u>		<u>Dec. 31, 2021</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>
No overdue	\$ 93,003	\$ 1,693	\$ 239,172	\$ 3,508
Overdue for 1 to 120 days	2,490	-	3,766	-
Overdue for 121 days and above	<u>-</u>	<u>-</u>	<u>3,741</u>	<u>-</u>
	<u>\$ 95,493</u>	<u>\$ 1,693</u>	<u>\$ 246,679</u>	<u>\$ 3,508</u>

The information above represents that account age is analyzed based on days overdue.

- 4) The balances of accounts receivable and notes receivable on Dec. 31, 2022 and 2021 were all caused by customer contracts, and the balance of accounts receivables on Jan. 1, 2021 for contracts with customers was \$519,236.
- 5) Under the condition of not taking into account collateral or other credit enhancements, the insured amounts that best represent the maximum credit risk of the Group's notes receivable on Dec. 31, 2022 and 2021 were \$1,693 and \$3,508, respectively; The insured amounts that best represent the credit risk of the Group's accounts receivable on Dec. 31, 2022 and 2021 were \$92,833 and \$243,616, respectively.

d. Other accounts receivable

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Receivable agency land development fund	\$ 3,745,145	\$ 3,362,821
Interest receivable	418	57
Other accounts receivable - Other	<u>3,442</u>	<u>20,558</u>
	<u>\$ 3,749,005</u>	<u>\$ 3,383,436</u>

- 1) Agency land development amount receivable involves the contract “Chiayi County Machouhou Industry Park Development Project Phase I” signed by the Group and Chiayi County Government in May, 2013, as the Company was entrusted to develop the industrial park with the period of four years from the date of contract signing; in October 2018, the Group signed a contract with the Chiayi County Government for “Chiayi County Machouhou Industry Park Development Project”, as the Company was entrusted to develop the industrial park with the period of six years from the date of contract signing; the Group signed a contract for "development, rental, sale and management of the Cigu Science and Technology Industrial Park" with Tainan City Government in January 2021, as the Company was entrusted to develop the industrial park with the period of six years from the date of contract signing.

a) The Group's receivable agency land development fund is detailed as follows:

			December 31, 2022, cumulative recognized <u>service</u> <u>revenue</u>	<u>Client</u>
	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>		
Machohou Industry Park Development Project - Phase I	\$ 790,724	\$ 696,253	\$ 421,844	Chiayi County Government
Machohou Industry Park Development Project - Later Phase				“
	2,641,817	2,653,121	461,292	
Cigu Science and Technology Industrial Park Development Project	312,604	13,447	-	Tainan Municipal Government
	<u>-</u>	<u>-</u>	<u>-</u>	
	<u>\$ 3,745,145</u>	<u>\$ 3,362,821</u>	<u>\$ 883,136</u>	

- b) The Group's receivable agency land development funds in 2022 and 2021 are changed as follows:

<u>2022</u>	<u>Opening balance</u>	<u>Increase for the period</u>	<u>Collected amount for the period</u>	<u>Ending balance</u>
Machohou Industry Park Development Project - Phase I	\$ 696,253	\$ 248,348	(\$ 153,877)	\$ 790,724
Machohou Industry Park Development Project - Later Phase	2,653,121	3,663,533	(3,674,837)	2,641,817
Cigu Science and Technology Industrial Park Development Project	13,447	299,157	-	312,604
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,362,821</u>	<u>\$ 4,211,038</u>	<u>(\$ 3,828,714)</u>	<u>\$ 3,745,145</u>

6.

<u>2021</u>	<u>Opening balance</u>	<u>Increase for the period</u>	<u>Collected amount for the period</u>	<u>Ending balance</u>
Machohou Industry Park Development Project - Phase I	\$ 970,697	\$ 427,425	(\$ 701,869)	\$ 696,253
Machohou Industry Park Development Project - Later Phase	2,070,488	2,893,657	(2,311,024)	2,653,121
Cigu Science and Technology Industrial Park Development Project	-	13,447	-	13,447
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,041,185</u>	<u>\$ 3,334,529</u>	<u>(\$ 3,012,893)</u>	<u>\$ 3,362,821</u>

- 2) In 2022 and 2021, the Group recognized the capitalized interest in advance of agency land development amount as offsetting interest expenses \$60,968 and \$46,622 respectively. Please refer to Note 6 (26) for details.

e. Inventories

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Inventory of commodity	\$ 11,006	\$ 14,309
Finished product	23,047	9,199
Semi-finished product	10,713	10,774
work-in-progress product	2,997	3,981
Raw material	9,487	10,434
property for sale	74,841	74,841
To-be-constructed land	1,338	1,338
property under construction	390	386
Advance land payment	<u>475,032</u>	<u>466,732</u>
Subtotal	608,851	591,994
Less: Allowance for price drop loss	(4,618)	(8,644)
TOTAL	<u>\$ 604,233</u>	<u>\$ 583,350</u>

1) Inventory costs recognized as loss by the Group:

	<u>2022</u>	<u>2021</u>
Costs of inventories sold	\$ 194,732	\$ 162,571
Benefit from inventory decline recovery	(4,026)	-
Inventory losses	-	1,422
Building costs	<u>-</u>	<u>316,369</u>
Subtotal	190,706	480,362
Plus: Project costs	2,376,400	2,913,054
Other operating costs	<u>17,344</u>	<u>16,418</u>
TOTAL	<u>\$ 2,584,450</u>	<u>\$ 3,409,834</u>

- 2) Some inventories have been provided as collateral for bank loans, please refer to Note 8 for details.
- 3) The capitalized amounts of interest on inventories of the Company in 2022 and 2021 are \$0.
- 4) CHANG JI CONSTRUCTION CO., LTD., subsidiary of the Group, has jointly developed land in Fanlu Township, Chiayi County with the landlord, and has purchased land (land No. 193-181 and 193-103) in the base of Fanlu Township, Chiayi County. Because the land is used for farming and animal husbandry, according to the regulations on agricultural development, private legal persons are not allowed to take over the land for farming and animal husbandry, so the land is registered in the name of employee; however, in order to protect the rights and interests of the Company, the registrant has been requested to issue a promise to transfer the land after the change of land title. It was registered in CHANG JI CONSTRUCTION CO., LTD., a subsidiary of the Group for the purpose of preservation.

f. Prepayment

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Advance payment of engineering amount \$	875,158	\$ 633,019
Tax retained	41,331	12,541
Others	<u>64,109</u>	<u>55,385</u>
	<u>\$ 980,598</u>	<u>\$ 700,945</u>

g. Other current assets

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Project deposit and bid bond \$	33,295	\$ 36,522
Restricted assets	2,307,169	1,796,809
Land project amount inputted	163,074	69,852
Others	<u>929</u>	<u>19,474</u>
	<u>\$ 2,504,467</u>	<u>\$ 1,922,657</u>

- 1) Restricted Assets The amount of \$1,916,867 and \$1,257,958 on Dec. 31, 2022 and Dec. 31, 2021 respectively are for the agency land development business, to collect the land auction deposit and land price transferred from the buyer to the special trust account, and the rest are guaranteed by the bank And the pledged time deposit and special account for loan amount guarantee.
- 2) CHANG JI CONSTRUCTION CO., LTD., a subsidiary of the Group, and the landlord jointly developed the land in Fanlu Township, Chiayi County. The landowner has transferred the land No. 193-197 in the base of Fanlu Township, Chiayi County to CHANG JI CONSTRUCTION CO., LTD. as a consideration for the joint development. However, according to the land cooperative development contract, CHANG JI CONSTRUCTION CO., LTD. has not obtained control of the land, so it has not been recorded as of December 31, 2022.
- 3) CHANG JI CONSTRUCTION CO., LTD., a subsidiary of the Group, and the landlord jointly developed the land in Fanlu Township, Chiayi County. The landowner has already transferred the lands No. 193-192, No. 193-209, No. 193-182, No. 193-183, and No. 193-206, in Fanlu Township, Chiayi County. The land with the land title is the consideration for the joint development, but CHANG JI CONSTRUCTION CO., LTD. has not obtained control of the land according to the contract for the joint development of the land. Because the land is used for farming and animal husbandry, according to the regulations on agricultural development, private legal persons are not allowed to take over the land for farming and animal husbandry, so the land is registered in the name of the employee; however, in order to protect the rights and interests of the Company, the registrant has been requested to issue a promise to transfer the land after the change of land title. Registered in CHANG JI CONSTRUCTION CO., LTD. for preservation.

h. Financial assets at fair value through other comprehensive income

Item	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Non-current items:		
Equity instrument		
Non listed, OTCBB listed, and emerging stock	\$ 22,755	\$ 22,755
Appraisal adjustment	(16,766)	(15,427)
TOTAL	<u>\$ 5,989</u>	<u>\$ 7,328</u>

- 1) The Group chose to classify the securities investments which are strategic investments as financial assets at fair value through other comprehensive profit and loss. The fair values of these investments as at Dec. 31, 2022 and 2021 were \$5,989 and \$7,328 respectively.
- 2) Financial assets at fair value through other comprehensive income are recognized as profit and loss, and comprehensive income/(loss):

	<u>2022</u>	<u>2021</u>
<u>Financial instruments at fair value through other comprehensive income</u>		
Changes of fair value recognized in other comprehensive income	<u>(\$ 1,339)</u>	<u>\$ 644</u>

- 3) Please refer to note 12 (3) for information on the credit risk of financial assets at fair value through other comprehensive income.

i. Equity method is adopted for investment

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Zhejiang Guyue Longshan Electronic Technology Development Co., Ltd.	<u>\$ 223,487</u>	<u>\$ 189,301</u>

- 1) Associated enterprise
 - a) Basic information about the Group's major associated enterprise:

<u>Company name</u>	<u>Main place of business</u>	<u>Shareholding ratio</u>		<u>Nature of relation</u>	<u>Measurement method</u>
		<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>		
Zhejiang Guyue Longshan Electronic Technology Development Co., Ltd.	Chinese Mainland	46%	46%	Associated enterprise	Equity method

- b) Financial information summary of the Group's key associated enterprise:
Balance Sheets

	<u>Zhejiang Guyue Longshan Electronic Technology Development Co., Ltd.</u>	
	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Current assets	\$ 449,546	\$ 374,378
Non-current assets	105,326	108,250
Current liabilities	(69,031)	(71,105)
Total net assets	<u>\$ 485,841</u>	<u>\$ 411,523</u>
Share in associated enterprise's net assets	<u>\$ 223,487</u>	<u>\$ 189,301</u>
Book value in associated enterprise	<u>\$ 223,487</u>	<u>\$ 189,301</u>

Statements of Comprehensive Income

	<u>Zhejiang Guyue Longshan Electronic Technology Development Co., Ltd.</u>	
	<u>2022</u>	<u>2021</u>
Revenue	<u>\$ 284,328</u>	<u>\$ 274,999</u>
Total comprehensive income for the period	<u>\$ 68,125</u>	<u>\$ 67,126</u>
Share of recognized comprehensive income/(loss)	<u>\$ 31,337</u>	<u>\$ 30,878</u>

- 2) The Group's investment interests recognized under the equity method in 2022 and 2021 were \$31,337 and \$30,878 respectively.
- 3) The Group received dividends from related companies in 2022 and 2021 of \$0 and \$20,564 respectively.

j. Property, plant and equipment

	<u>Land</u>	<u>Houses and buildings</u>	<u>Machinery equipment</u>	<u>Others</u>	<u>TOTAL</u>
Jan. 01, 2022					
Cost	\$ 71,394	\$ 67,286	\$ 435	\$ 23,802	\$ 162,917
Accumulated depreciation and impairment	<u>-</u>	<u>(27,034)</u>	<u>(435)</u>	<u>(19,953)</u>	<u>(47,422)</u>
	<u>\$ 71,394</u>	<u>\$ 40,252</u>	<u>\$ -</u>	<u>\$ 3,849</u>	<u>\$ 115,495</u>
<u>2022</u>					
January 1	\$ 71,394	\$ 40,252	\$ -	\$ 3,849	\$ 115,495
Add	-	4,777	-	1,521	6,298
Depreciation expense	<u>-</u>	<u>(1,638)</u>	<u>-</u>	<u>(1,542)</u>	<u>(3,180)</u>
December 31	<u>\$ 71,394</u>	<u>\$ 43,391</u>	<u>\$ -</u>	<u>\$ 3,828</u>	<u>\$ 118,613</u>
Dec. 31, 2022					
Cost	\$ 71,394	\$ 69,671	\$ -	\$ 24,100	\$ 165,165
Accumulated depreciation and impairment	<u>-</u>	<u>(26,280)</u>	<u>-</u>	<u>(20,272)</u>	<u>(46,552)</u>
	<u>\$ 71,394</u>	<u>\$ 43,391</u>	<u>\$ -</u>	<u>\$ 3,828</u>	<u>\$ 118,613</u>
	<u>Land</u>	<u>Houses and buildings</u>	<u>Machinery equipment</u>	<u>Others</u>	<u>TOTAL</u>
Jan. 01, 2021					
Cost	\$ 71,394	\$ 67,286	\$ 435	\$ 24,486	\$ 163,601
Accumulated depreciation and impairment	<u>-</u>	<u>(25,577)</u>	<u>(396)</u>	<u>(19,927)</u>	<u>(45,900)</u>
	<u>\$ 71,394</u>	<u>\$ 41,709</u>	<u>\$ 39</u>	<u>\$ 4,559</u>	<u>\$ 117,701</u>
<u>2021</u>					
January 1	\$ 71,394	\$ 41,709	\$ 39	\$ 4,559	\$ 117,701
Add	-	-	-	1,683	1,683
Punishment	-	-	-	(640)	(640)
Depreciation expense	<u>-</u>	<u>(1,457)</u>	<u>(39)</u>	<u>(1,753)</u>	<u>(3,249)</u>
December 31	<u>\$ 71,394</u>	<u>\$ 40,252</u>	<u>\$ -</u>	<u>\$ 3,849</u>	<u>\$ 115,495</u>
Dec. 31, 2021					
Cost	\$ 71,394	\$ 67,286	\$ 435	\$ 23,802	\$ 162,917
Accumulated depreciation and impairment	<u>-</u>	<u>(27,034)</u>	<u>(435)</u>	<u>(19,953)</u>	<u>(47,422)</u>
	<u>\$ 71,394</u>	<u>\$ 40,252</u>	<u>\$ -</u>	<u>\$ 3,849</u>	<u>\$ 115,495</u>

- 1) Property, plant and equipment do not have the capitalization of interest in 2022 and 2021.
- 2) For information about guarantee with property, plant and equipment, please refer to Note 8.

k. Investment property

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
January 1		
Land	\$ 55,380	\$ 55,380
Houses and buildings	24,584	24,584
Cumulative depreciation	(14,705)	(14,294)
	<u>\$ 65,259</u>	<u>\$ 65,670</u>
January 1	\$ 65,259	\$ 65,670
Depreciation expense	(410)	(411)
December 31	<u>\$ 64,849</u>	<u>\$ 65,259</u>
December 31		
Land	\$ 55,380	\$ 55,380
Houses and buildings	24,584	24,584
Cumulative depreciation	(15,115)	(14,705)
	<u>\$ 64,849</u>	<u>\$ 65,259</u>

- 1) Rental income and direct operation cost of investment properties

	<u>2022</u>	<u>2021</u>
Rental income of investment properties	<u>\$ 1,831</u>	<u>\$ 1,831</u>
Direct operating expenses incurred by investment properties that generate rental income in the current period	<u>\$ 410</u>	<u>\$ 411</u>

The rental income recognized by the Group based on operating lease contracts are all fixed lease payments.

- 2) The fair values of the investment properties held by the Group on December 31, 2022 and 2021 were \$102,838 and \$102,327, which were based on the evaluation results of independent appraisal experts, which adopted the income method. It is estimated based on the difference of its reconstruction cost, nature of use, current state of use, use efficiency, maintenance, depreciation and other factors.
- 3) For information about guarantee with investment property, please refer to Note 8.

l. Short-term loan

<u>Nature of loan</u>	<u>Dec. 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank loan			
Guaranteed loan	\$ 258,000	1.97%-2.63%	Pledged time deposits, special accounts for repayment, inventories, land, buildings and buildings (listed property, plant and equipment and investment property) and treasury shares
Credit loan	<u>540,190</u>	"	None
	<u>\$ 798,190</u>		
<u>Nature of loan</u>	<u>Dec. 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank loan			
Guaranteed loan	\$ 125,000	1.41%-1.95%	Pledged time deposits, special accounts for repayment, inventories, land, buildings and buildings (listed property, plant and equipment and investment property) and treasury shares
Credit loan	<u>238,026</u>	"	None
	<u>\$ 363,026</u>		

For guarantee on short-term load, please refer to Note 8.

m. Short-term notes and bills payable

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Commercial promissory notes payable	<u>\$ 50,000</u>	<u>\$ 140,000</u>
Interest rate range	<u>0.55%</u>	<u>0.44%-0.55%</u>

n. Accounts payable

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Engineering fund	\$ 344,077	\$ 366,104
Others	<u>11,633</u>	<u>18,529</u>
	<u>\$ 355,710</u>	<u>\$ 384,633</u>

o. Other current liabilities

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Advance collection of down payment for industry zone sold	\$ 2,523,774	\$ 1,470,905
Deposits received - Tender deposit for land sale	30,855	157,841
Others	<u>23,873</u>	<u>19,871</u>
	<u>\$ 2,578,502</u>	<u>\$ 1,648,617</u>

The deposit received in advance for the sale of the industrial zone and the deposit for the sale of the land are entrusted by the Chiayi County Government to the Company for the "Entrusted Development, Sale and Management Case of the First Phase of Machohou Industrial Park in Chiayi County" and the "Second-stage Entrusted Development of the Machohou Industrial Park in Chiayi County". , Sales and Management Case" When the land is sold by auction, the land deposit that the external company has won the bid will be charged accordingly for the land development fee. Please refer to Note 6 (4) for details.

p. Payable company bonds

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Payable company bonds	\$ 500,000	\$ 500,000
Less: Discount price of payable company bonds	<u>(2,327)</u>	<u>(2,919)</u>
	497,673	497,081
Less: Due within one year or one operating cycle, or exercise of company bonds' redemption right	<u>-</u>	<u>-</u>
	<u>\$ 497,673</u>	<u>\$ 497,081</u>

- 1) The company raised and issued the first domestic secured ordinary corporate bonds in 2021 with the approval of the competent authority, with a total issuance amount of \$500,000 and a coupon rate of 0.56%. The issuance period is five years. It was listed and traded on the OTC market of the ROC on November 9, 2021, and the circulation period is from November 9, 2021, to November 9, 2026. The Company's bonds were paid of one-off principal repayment when due.
- 2) Aforesaid company bonds payable are issued by financial instruments under guarantee; for guarantee, please refer to Note 8.

q. Long-term loan

<u>Nature of loan</u>	<u>Borrowing period and repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>Dec. 31, 2022</u>
Bank credit loan				
The Shanghai Commercial & Savings Bank, Ltd.	Monthly payment of interests from Oct. 20, 2021 to Jul. 20, 2023	2.38%	None	\$ 51,000
Taiwan middle and small-sized enterprise banks	Monthly payment of interests from May 15, 2020 to May 15, 2023, and monthly payment of principal from May 13, 2021	2.47%	"	1,042
Taiwan middle and small-sized enterprise banks	Monthly payment of interests from May 15, 2020 to May 15, 2023, and monthly payment of principal from May 13, 2021	2.58%	"	2,083
Hua Nan Commercial Bank, Ltd.	Monthly payment of interests and principal from Aug. 20, 2020 to Aug. 20, 2023	2.48%	"	4,444
Taichung Commercial Bank	Monthly payment of interests from Sep. 14, 2021 to Mar. 22, 2024	2.40%	"	30,000
Taichung Commercial Bank	Monthly payment of interests from Mar. 21, 2022 to Mar. 21, 2025	2.40%	"	15,000
Taiwan Cooperative Bank	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.69%	"	374,460
Taiwan middle and small-sized enterprise banks	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.69%	"	277,020
Chang Hwa Bank	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.69%	"	277,020
Agricultural Bank of Taiwan	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.69%	"	183,410
Hua Nan Commercial Bank, Ltd.	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.69%	"	91,680
Land Bank of Taiwan	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.69%	"	91,680
Taiwan middle and small-sized enterprise banks	Monthly payment of interests from Nov. 3, 2022 to Oct. 7, 2028	3.27%~3.41%	"	43,460
Taiwan Cooperative Bank	Monthly payment of interests from Nov. 3, 2022 to Oct. 7, 2028	3.27%~3.41%	"	75,530
Chang Hwa Bank	Monthly payment of interests from Nov. 3, 2022 to Oct. 7, 2028	3.27%~3.41%	"	14,090
Agricultural Bank of Taiwan	Monthly payment of interests from Nov. 3, 2022 to Oct. 7, 2028	3.27%~3.41%	"	14,090
The Shanghai Commercial & Savings Bank, Ltd.	Monthly payment of interests from Nov. 3, 2022 to Oct. 7, 2028	3.27%~3.41%	"	29,240
Bank of Taiwan	Monthly payment of interests from Nov. 3, 2022 to Oct. 7, 2028	3.27%~3.41%	"	\$ 29,240
Bank of Kaohsiung	Monthly payment of interests from Nov. 3, 2022 to Oct. 7, 2028	3.27%~3.41%	"	29,240
				1,633,729
Less: long-term loans due within one year or one operating period				(1,633,729)
				<u>\$ -</u>

<u>Nature of loan</u>	<u>Borrowing period and repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>Dec. 31, 2021</u>
Bank credit loan				
The Shanghai Commercial & Savings Bank, Ltd.	Monthly payment of interests from Oct. 20, 2021 to July 20, 2023	1.75%	None	\$ 69,909
Taiwan middle and small-sized enterprise banks	Monthly payment of interests from May 15, 2020 to May 15, 2023, and monthly payment of principal from May 13, 2021	1.85%	"	3,542
Taiwan middle and small-sized enterprise banks	Monthly payment of interests from May 15, 2020 to May 15, 2023, and monthly payment of principal from May 13, 2021	1.85%	"	7,083
Hua Nan Commercial Bank, Ltd.	Monthly payment of interests and principal Aug. 20, 2020 to Aug. 20, 2023	1.95%	"	11,111
Taichung Commercial Bank	Monthly payment of interests from Sep. 14, 2021 to March 22, 2024	1.85%	"	54,000
Taiwan Cooperative Bank	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.17%	"	472,410
Taiwan middle and small-sized enterprise banks	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.17%	"	349,520
Chang Hwa Bank	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.17%	"	349,520
Agricultural Bank of Taiwan	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.17%	"	231,400
Hua Nan Commercial Bank, Ltd.	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.17%	"	115,690
Land Bank of Taiwan	Monthly payment of interests from Apr. 13, 2020 to Feb. 12, 2026	3.17%	"	115,690
				1,779,875
Less: Long-term loans due within one year or one operating period				(1,772,306)
				<u>\$ 7,569</u>

- 1) In Oct. 2019, the Company signed a joint credit agreement with the Cooperative Bank Commercial Bank Co., Ltd., Chang Hwa Commercial Bank Co., Ltd., Taiwan Small and Medium Enterprise Bank Co., Ltd. Execution funds for the "late stage entrusted development, sale and management of Ma Chohou Industrial Park in Chiayi County". The total credit limit is \$6,780,000 (including the guaranteed limit of \$780,000 and the loan limit of \$6,000,000). The main credit period is 6 years from the date of first use. As of Dec. 31, 2022, the Company has used the performance guarantee amount of \$775,800 and the loan amount of \$1,295,270. President of the Company agrees, on personal behalf, to be joint guarantor of this credit line case. When this credit line case exists, the Company mainly undertakes to promise as follows:
- Financial ratios in annual consolidated financial statement should be maintained as follows:
Tangible equity: After deduction of intangible assets, stockholders' equity shall not be lower than NT\$2.5 billion.
 - Within 2 years from the first use day of this development project, it should complete the first notice for sale or registration.
 - Within 2 years from the first notice for sale or registration, sales rate shall reach 25% (inclusive).

- d) Within 3 years from the first notice for sale or registration, sales rate shall reach 35% (inclusive).
 - e) During the existence of this credit case, if there is an advance from a shareholder, the Company shall obtain a consent letter signed by the shareholder, agreeing that the shareholder shall not be repaid until the credit case is fully paid, and the interest rate shall not be higher than this credit extension. The loan interest rate at the time of the case or later, unless the advance is converted into a capital company.
- 2) In September 2022, the Company entered into a joint credit agreement with a syndicate of creditors, including Taiwan Cooperative Bank, for the Group to fund the implementation of the "Development, Rental, Sales and Management Plan for the Tainan Cigu Science and Technology Industrial Park" signed with the Tainan City Government in January 2021. The total credit limit is \$2,487,000 (including the guaranteed limit of \$487,000 and the intermediate loan limit of \$2,000,000). The main credit period is 6 years from the date of first use. As of Dec. 31, 2022, the Company has used the performance guarantee amount of \$487,000 and the loan amount of \$234,890. President of the Company agrees, on personal behalf, to be joint guarantor of this credit line case. When this credit line case exists, the Company mainly undertakes to promise as follows:
- a) The financial ratios of the annual consolidated financial statements shall maintain as follows:
Tangible equity: After deduction of intangible assets, stockholders' equity shall not be lower than NT\$2.5 billion.
 - b) During the existence of this credit case, if there is an advance from a shareholder, the Company shall obtain a consent letter signed by the shareholder, agreeing that the shareholder shall not be repaid until the credit case is fully paid, and the interest rate shall not be higher than this credit extension. The loan interest rate at the time of the case or later, unless the advance is converted into a capital company.
The Group didn't break aforesaid promises in 2022 and 2021.

r. Pension

Confirmation of allocation plan

- 1) Since July 1, 2005, the Company and its domestic subsidiaries have formulated a retirement method with certain contributions in accordance with the "Labor Pension Regulations", which are applicable to employees of their own nationalities. For employees who choose to apply the labor pension system stipulated in the "Labor Pension Regulations", the Company and its domestic subsidiaries pay the labor pension at 6% of the salary to the employee's personal account of the Bureau of Labor Insurance. The payment of the employee pension is based on the employee. The individual pension account and the amount of accumulated income are collected in the form of monthly pension or lump sum pension.
- 2) In 2022 and 2021, the pension costs recognized by the Group in accordance with the above-mentioned pension plan were \$7,929 and \$8,024, respectively.

s. Share capital

- 1) By Dec. 31, 2022, the Company's nominal capital was \$3,500,000, the paid-in capital was \$2,287,135, and the par value per share was 10 yuan, totaling 228,714,000 shares. The adjustment of the Company's ordinary outstanding shares at the beginning and end of the period is as follows (unit: Thousand shares):

	<u>2022 (note)</u>	<u>2021 (note)</u>
January 1	226,189	226,189
Redemption of treasury stock	(2,000)	-
December 31	<u>224,189</u>	<u>226,189</u>

Note: Not deducting the shares of subsidiaries held by parent company.

2) Treasury stock

a) Cause and quantity of withdrawing share

		<u>Dec. 31, 2022</u>	
<u>Name of companies</u>		<u>Number of</u>	
<u>holding share</u>	<u>Withdrawal cause</u>	<u>shares</u>	<u>Book value</u>
The Company	Transfer of shares to employees (Note 1)	2,525,000 shares	\$ 26,130
	Transfer of shares to employees (Note 2)	2,000 thousand shares	20,648
The Company	Safeguard stockholders' equity	28,125,000 shares	<u>255,837</u>
Subsidiary - Chang Ji			
TOTAL			<u>\$ 302,615</u>

		<u>Dec. 31, 2021</u>	
<u>Name of companies</u>		<u>Number of</u>	
<u>holding share</u>	<u>Withdrawal cause</u>	<u>shares</u>	<u>Book value</u>
The Company	Transfer of shares to employees (Note 1)	2,525,000 shares	\$ 26,130
	Safeguard stockholders' equity	28,125,000 shares	<u>255,837</u>
Subsidiary - Chang Ji			
TOTAL			<u>\$ 281,967</u>

Note 1. On March 27, 2020, the Company approved the repurchase of 6,000,000 treasury shares through board resolution. By May 29, 2020 (the expiry of the execution period), a total of 2,525,000 treasury shares were repurchased, in total \$26,130.

Note 2. On July 7, 2022, the Company approved the repurchase of 2,000 treasury shares through board resolution. By September 12, 2022 (the expiry of the execution period), a total of 2,000 treasury shares were repurchased, in total \$20,648.

- b) The Securities Exchange Act stipulates that the Company's repurchase of outstanding shares shall not exceed 10% of the Company's total issued shares, and the total repurchase amount of shares shall not exceed the retained earnings plus the premium of the issued shares and the realized capital reserve amount.
- c) The treasury stocks held by the Company shall not be pledged in accordance with the Securities Exchange Act, or enjoy the rights of shareholders before they are transferred.
- d) According to the Securities Exchange Act, the shares transferable to employees bought back shall be transferred within five years from the date of the buyback. If not,

the Company shall be deemed as not having issued shares, and shall make registration change and cancellation of shares. To maintain the Company's credit and shareholders' equity, the repurchased shares shall be subject to change registration and cancellation of the shares within six months from the date of repurchase.

e) For pledge and guarantee information, please refer to Note 8 (2).

t. Capital surplus

In accordance with the Company Law, the overage from the issuance of shares in excess of the par value and the receipt of the capital reserve as gifts, can be used to make up for losses, but when the Company has no accumulated losses, can be distributed in the form of new shares or cashes on the basis of former shareholding ratio. In addition, in accordance with the Securities Exchange Act, when the above-mentioned capital reserve is allocated to capital, the total annual amount of such allocation shall not exceed 10% of the paid-in capital. The Company shall not use the capital reserve to supplement the surplus even if it is still insufficient to make up for the capital loss.

u. Retained earnings

- 1) According to these articles of association, if there is a surplus in the annual final accounts, besides paying all taxes and levies according to law, the losses of previous years should be made up for first, and later 10% should be set aside as the statutory surplus reserve. If any surplus occurs afterwards, keep it or distribute it according to resolution of shareholders' meeting. The Company shall also appropriate or reverse special reserves in accordance with laws or regulations stipulated by the competent authorities. With regard to the earnings and undistributed earnings of same period (including adjustment on undistributed earnings), the Board of Directors shall submit an earnings distribution proposal to distribute dividends to shareholders, subject to the approval at the shareholders' meeting.
- 2) Our dividend policy is as follows: The industrial life cycle of the company is at the growth period. In order to coordinate the Company's long-term financial planning for sustainable management and stable growth, the dividend policy adopts the residual dividend policy. According to the Company's budget plan, cash dividend shall first be reserved. If there is a remaining balance, a cash dividend shall be distributed. If the cash dividend can be distributed in the year, it shall not be lower than 5% of the total dividend amount.
- 3) Except for making up for the Company's losses and distributing new shares or cashes in the shareholders' existing shares proportion, the statutory surplus reserve shall not be used. However, if new shares or cashes are issued, such reserve shall not exceed 25% over the paid-in capital.
- 4) Special surplus reserve
 - a) When the Company distributes surplus, the debit balance of other equity items on the balance sheet day of the year must be set aside as a special surplus reserve before distribution. When the debit balance of other equity items is reversed, the reversal amount may be included in the surplus available for distribution.
 - b) As stipulated in JGZFZ No. 1010047490 order, the accounting treatment of the public offering company's reinvestment subsidiary holding the parent company's stock shall be handled in accordance with the provisions of Paragraph 1, Article 41 of the Securities Exchange Act. Therefore, for listed, OTCBB listed and emerging companies, because their subsidiaries do not hold parent company's shares, their market values are lower than book values; same amounts as the differences shall be provided as per shareholding ratios, but shall not be distributed. If the market price

rebounds subsequently, the listed, OTCBB listed and emerging companies may transfer the amount to the special surplus reserve in accordance with the shareholding ratio.

5) Surplus distribution

On July 17, 2022 and July 20, 2021, the Company passed the resolutions of surplus distribution plans for the year 2021 and the year 2020 at the shareholders' meeting as follows:

	<u>Amount</u>	<u>2021</u> <u>Dividends Per</u> <u>Share (NTD)</u>	<u>Amount</u>	<u>2020</u> <u>Dividends Per</u> <u>Share (NTD)</u>
Statutory surplus reserve	\$ 10,274		\$ 31,520	
Rotary special surplus reserve	432		(2,651)	
Cash Dividends	<u>56,546</u>	\$ 0.25	<u>180,951</u>	\$ 0.80
TOTAL	<u>\$ 67,252</u>		<u>\$ 209,820</u>	

- 6) On March 13, 2023, the Company's board of directors passed the resolution on annual profit distribution plan for the year 2022. Only annual profit distribution plan for the year 2022 awaits for shareholders' meeting to make resolution in 2023.

	<u>Amount</u>	<u>2022</u> <u>Dividends Per</u> <u>Share (NTD)</u>
Statutory surplus reserve	\$ 20,693	
Reversal of special reserve	(3,703)	
Cash Dividends	89,675	\$ 0.40
Stock Dividends	<u>44,838</u>	0.20
TOTAL	<u>\$ 151,503</u>	

By March 13, 2023, the above-mentioned for surplus distribution proposal for the year 2022 has not been resolved by the shareholders' meeting.

v. Operating revenue

1) Subdivision of customer contract revenue

The Group's revenue is derived from the provision of goods and services that are gradually recognized over time and recognized at certain time points. Revenue can be broken down into the following major product lines:

<u>2022</u>	<u>Sales revenue</u>	<u>Construction revenue</u>	<u>Project revenue</u>	<u>Service revenue</u>	<u>TOTAL</u>
Revenue recognition time point					
Revenue recognized at certain time point	\$ 279,876	\$ -	\$ -	\$ -	\$ 279,876
Revenue recognized step by step over time	<u>-</u>	<u>-</u>	<u>2,399,290</u>	<u>272,495</u>	<u>2,671,785</u>
	<u>\$ 279,876</u>	<u>\$ -</u>	<u>\$ 2,399,290</u>	<u>\$272,495</u>	<u>\$ 2,951,661</u>

<u>2021</u>	<u>Sales revenue</u>	<u>Construction revenue</u>	<u>Project revenue</u>	<u>Service revenue</u>	<u>TOTAL</u>
Revenue recognition time point					
Revenue recognized at certain time point	\$ 216,503	\$344,565	\$ -	\$ -	\$ 561,068
Revenue recognized step by step over time	<u>-</u>	<u>-</u>	<u>2,850,431</u>	<u>203,245</u>	<u>3,053,676</u>
	<u>\$ 216,503</u>	<u>\$344,565</u>	<u>\$ 2,850,431</u>	<u>\$203,245</u>	<u>\$ 3,614,744</u>

2) Contractual assets and contractual liabilities

- a) The Group recognizes contractual assets and contractual liabilities related to customer contractual revenue:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>	<u>Jan. 01, 2021</u>
Contractual assets:			
Contractual assets - Construction contract clauses	<u>\$ 489,918</u>	<u>\$ 336,046</u>	<u>\$ 421,497</u>
	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>	<u>Jan. 01, 2021</u>
Contractual liabilities:			
Contractual liabilities - Construction contract clauses	\$ 111,880	\$ 141,821	\$ 174,032
Contractual liabilities - Sales contract clauses	<u>-</u>	<u>-</u>	<u>1,530</u>
TOTAL	<u>\$ 111,880</u>	<u>\$ 141,821</u>	<u>\$ 175,562</u>

- b) Opening contractual liabilities are recognized as revenue of the period

	<u>2022</u>	<u>2021</u>
Opening contractual liabilities balance is recognized as revenue of the period		
Presale contract for construction project	\$ <u>-</u>	\$ <u>1,530</u>

- c) The Company undertook Taiwan CPC Corporation's "partial replacement project of the second overseas oil unloading buoy submarine pipeline of Taoyuan refinery". The project was delayed due to irresponsible climate factors, which caused disputes between the two parties over the project payment. The disputes have been mediated by Procurement Appeal Review Committee of the Public Works Committee of the Executive Yuan, with relevant project losses recognized in 2021.

w. Interest income

	<u>2022</u>	<u>2021</u>
Bank deposit interest	\$ 2,199	\$ 741
Interest income from financial assets at amortized cost	1,007	-
Other interest income	<u>29,443</u>	<u>60,589</u>
	<u>\$ 32,649</u>	<u>\$ 61,330</u>

x. Other income

	<u>2022</u>	<u>2021</u>
Rental income	\$ 2,102	\$ 2,101
Dividend income	729	-
Other revenue - other	<u>9,038</u>	<u>6,024</u>
	<u>\$ 11,869</u>	<u>\$ 8,125</u>

y. Other interest and loss

	<u>2022</u>	<u>2021</u>
Conversion gains (losses) of net foreign currency exchange	\$ 11,452	(\$ 527)
Gain (loss) on disposal of property, plant and equipment	205	(173)
Others	<u>(2,874)</u>	<u>(6,784)</u>
	<u>\$ 8,783</u>	<u>(\$ 7,484)</u>

z. Finance costs

	<u>2022</u>	<u>2021</u>
Interest expense:		
Bank loan	\$ 73,571	\$ 61,641
Payment of interests for company bonds	2,800	5,330
Discounted amortization of company bonds	592	1,125
Others	145	187
Less: Industry park interest repayment	(60,968)	(46,622)
	<u>\$ 16,140</u>	<u>\$ 21,661</u>

aa. Additional information about expense nature

	<u>2022</u>		
	<u>Belong to operating costs</u>	<u>Belong to operating expenses</u>	<u>TOTAL</u>
Employee benefit expenses \$	117,488	\$ 98,899	\$ 216,387
Depreciation expense (including investment properties)	98	3,492	3,590
Depreciation expenses of right-of-use assets	-	5,466	5,466
Amortization cost	-	1,790	1,790
Amortization cost of right-of-use assets	-	139	139

	<u>2021</u>		
	<u>Belong to operating costs</u>	<u>Belong to operating expenses</u>	<u>TOTAL</u>
Employee benefit expenses \$	125,881	\$ 75,724	\$ 201,605
Depreciation expense (including investment properties)	203	3,457	3,660
Depreciation expenses of right-of-use assets	-	4,850	4,850
Amortization cost	3	1,390	1,393
Amortization cost of right-of-use assets	-	139	139

bb. Employee benefit expenses

	<u>2022</u>		
	<u>Belong to operating costs</u>	<u>Belong to operating expenses</u>	<u>TOTAL</u>
Salary	\$ 98,786	\$ 88,157	\$ 186,943
Labor expense	9,578	5,696	15,274
Pension expense	5,219	2,710	7,929
Other labor expense	<u>3,905</u>	<u>2,336</u>	<u>6,241</u>
	<u>\$ 117,488</u>	<u>\$ 98,899</u>	<u>\$ 216,387</u>

	<u>2021</u>		
	<u>Belong to operating costs</u>	<u>Belong to operating expenses</u>	<u>TOTAL</u>
Salary	\$ 105,973	\$ 65,400	\$ 171,373
Labor expense	10,201	5,676	15,877
Pension expense	5,531	2,493	8,024
Other labor expense	<u>4,176</u>	<u>2,155</u>	<u>6,331</u>
	<u>\$ 125,881</u>	<u>\$ 75,724</u>	<u>\$ 201,605</u>

- 1) According to these articles of association, the Company deducts accumulative losses based on the profits of the current year. If there is also balance afterwards, the Company shall allocate employee remuneration 8%, but director remuneration not greater than 2%.
- 2) In 2022 and 2021, the estimated amounts of employee remuneration of the Company were \$23,782 and \$11,693 respectively; the estimated amounts of director remuneration were \$5,945 and \$2,923 respectively; aforesaid amounts were recorded as salary expenses.

In 2022, depending on the year's profits, 8% and 2% are estimated and recorded respectively. The resolution of the Board of Directors decided that the actual allotment amounts were \$23,782 and \$5,945, of which employee remuneration was paid in cash.

The employee remuneration \$11,693 and the director remuneration \$2,923 approved by the Board of Directors for the year 2021 are consistent with the amounts recognized in the annual report for the year 2021.

Information on employee remuneration and director remuneration approved by the Company's Board of Directors can be viewed on Market Observation Post System.

- 3) By Dec. 31, 2022 and 2021, the Company's number of employees were 186 and 204 respectively, of which the number of directors who were not concurrently employees was 5.

cc. Income tax

1) Income tax expense

Components of income tax expense:

	<u>2022</u>	<u>2021</u>
Income tax for the period:		
Income tax from gains of current period	\$ 4,850	\$ 5,281
Undistributed surplus tax	3,424	5,502
Underestimate (overestimate) number of income of previous years	(247)	200
Total income tax for the period	<u>8,027</u>	<u>10,983</u>
Deferred income tax:		
Original generation and return of temporary difference	<u>59,082</u>	<u>22,158</u>
Income tax expense	<u>\$ 67,109</u>	<u>\$ 33,141</u>

2) Relationship of income tax expense with accounting profit

	<u>2022</u>	<u>2021</u>
Calculation of income tax of pre-tax net profit at statutory tax rate (Note)	\$ 59,778	\$ 34,296
Expenses and income exempted from tax under the tax law	943	(17,879)
Land VAT	-	4,874
Temporary difference not recognized as deferred income tax assets	-	3
Tax loss not recognized as deferred income tax assets	-	3,978
Deferred income tax assets' realizable evaluation changes	3,211	2,167
Underestimate (overestimate) number of income of previous years	(247)	200
Undistributed surplus tax	<u>3,424</u>	<u>5,502</u>
Income tax expense	<u>\$ 67,109</u>	<u>\$ 33,141</u>

Note: The basis of the applicable tax rate is the tax rate applicable to the income of the relevant country.

- 3) The amounts of each deferred income tax asset or liability arising from temporary differences and tax losses are as follows:

		<u>2022</u>		
			<u>Recognized as</u>	
			<u>other</u>	
	<u>January 1</u>	<u>Recognized as</u>	<u>comprehensive</u>	<u>December 31</u>
		<u>profit or loss</u>	<u>income/(loss)</u>	
Temporary difference:				
- Deferred income tax				
assets:				
Unrealized bad debt loss	\$ 677	(\$ 395)	\$ -	\$ 282
Loss on price drop and dull				
of unrealized inventories	1,729	(805)	-	924
Unrealized foreign				
investment loss	317		-	317
Unrealized impairment				
loss	84	-	-	84
Unrealized conversion				
profit	-	381	-	381
Deferred recognition				
expense	49	(49)	-	-
Loss offset	110,544	(52,480)	-	58,064
Unpaid leave bonus	-	90	-	90
Subtotal	<u>113,400</u>	<u>(53,258)</u>	<u>-</u>	<u>60,142</u>
- Deferred income tax				
liabilities:				
Unrealized foreign				
investment profit	(22,217)	(5,824)	-	(28,041)
Conversion difference of				
foreign operating agency	<u>(3,136)</u>	<u>-</u>	<u>-</u>	<u>(3,136)</u>
Subtotal	<u>(25,353)</u>	<u>(5,824)</u>	<u>-</u>	<u>(31,177)</u>
TOTAL	<u>\$ 88,047</u>	<u>(\$ 59,082)</u>	<u>\$ -</u>	<u>\$ 28,965</u>

		<u>2021</u>		
		<u>Recognized as</u>		
		<u>other</u>		
		<u>Recognized as comprehensive</u>		
	<u>January 1</u>	<u>profit or loss</u>	<u>income/(loss)</u>	<u>December 31</u>
Temporary difference:				
- Deferred income tax assets:				
Unrealized bad debt loss	\$ 677	\$ -	\$ -	\$ 677
Loss on price drop and dull of unrealized inventories	1,729	-	-	1,729
Capitalization of deferred interest	317	(317)	-	-
Unrealized foreign investment loss	317	-	-	317
Unrealized impairment loss	84	-	-	84
Deferred recognition expense	49	-	-	49
Loss offset	<u>121,948</u>	<u>(11,404)</u>	<u>-</u>	<u>110,544</u>
Subtotal	<u>125,121</u>	<u>(11,721)</u>	<u>-</u>	<u>113,400</u>
- Deferred income tax liabilities:				
Unrealized foreign investment profit	(11,780)	(10,437)	-	(22,217)
Conversion difference of foreign operating agency	<u>(3,136)</u>	<u>-</u>	<u>-</u>	<u>(3,136)</u>
Subtotal	<u>(14,916)</u>	<u>(10,437)</u>	<u>-</u>	<u>(25,353)</u>
TOTAL	<u>\$ 110,205</u>	<u>(\$ 22,158)</u>	<u>\$ -</u>	<u>\$ 88,047</u>

- 4) The effective period of the Group's unused tax losses and the relevant amounts of unrecognized deferred income tax assets are as follows:

<u>December 31, 2022</u>				
<u>Occurrence</u>	<u>Declared/Authoriz</u>	<u>Amount without</u>	<u>Unrecognized</u>	<u>Last</u>
<u>year</u>	<u>ed number</u>	<u>deduction</u>	<u>deferred income tax</u>	<u>deduction</u>
			<u>assets</u>	<u>year</u>
2018	\$ 173,140	\$ 114,969	\$ -	2028
2020	190,452	184,453	9,104	2030
2021	<u>20,345</u>	<u>20,345</u>	<u>20,345</u>	2031
	<u>\$ 383,937</u>	<u>\$ 319,767</u>	<u>\$ 29,449</u>	

Dec. 31, 2021

<u>Occurrence</u> <u>year</u>	<u>Declared/Author</u> <u>ized number</u>	<u>Amount without</u> <u>deduction</u>	<u>Unrecognized</u> <u>deferred income</u> <u>tax assets</u>	<u>Last</u> <u>deduction</u> <u>year</u>
2012	\$ 47,167	\$ -	\$ -	2022
2013	131,026	115,268	-	2023
2014	47,655	47,655	-	2024
2015	37,887	37,887	-	2025
2016	10,737	10,737	-	2026
2018	165,745	165,745	-	2028
2020	193,493	187,454	12,105	2030
2021	<u>19,892</u>	<u>19,892</u>	<u>19,892</u>	2031
	<u>\$ 653,602</u>	<u>\$ 584,638</u>	<u>\$ 31,997</u>	

5) Deductible temporary differences not recognized as deferred income tax assets:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Deductible temporary differences	<u>\$ 6,311</u>	<u>\$ 6,311</u>

6) The income tax settlement and declaration of the profit of the Company and subsidiaries - Hsin Ting Company have been approved by the tax collection authority to the year 2020. The income tax settlement and declaration of the profit of the Company's subsidiary - CHANG JI Company have been approved by the tax collection authority to the year 2020.

dd. Earnings per share

	<u>After-tax amount</u>	<u>2022</u> <u>Weighted average</u> <u>number of</u> <u>outstanding shares</u> <u>(thousand shares)</u>	<u>Earnings per</u> <u>share</u> <u>(NTD)</u>
<u>Basic earnings per share</u>			
Net profit of current period belong to parent company - <u>Diluted earnings per share</u>	\$ 206,934	197,263	<u>\$ 1.05</u>
Influence of potential ordinary shares with dilution effect			
Employee dividends	-	2,565	
Net profit of current period belong to parent company's ordinary share holders, plus potential ordinary shares	<u>\$ 206,934</u>	<u>199,828</u>	<u>\$ 1.04</u>

		<u>2021</u> <u>Weighted average</u> <u>number of</u> <u>outstanding shares</u> <u>(thousand shares)</u>	<u>Earnings per</u> <u>share</u> <u>(NTD)</u>
	<u>After-tax amount</u>		
<u>Basic earnings per share</u>			
Net profit of current period belong to parent company - <u>Diluted earnings per share</u>	\$ 102,741	198,064	<u>\$ 0.52</u>
Influence of potential ordinary shares with dilution effect			
Employee dividends	<u>-</u>	<u>1,528</u>	
Net profit of current period belong to parent company's ordinary share holders, plus potential ordinary shares	<u>\$ 102,741</u>	<u>199,592</u>	<u>\$ 0.51</u>

ee. Changes of liabilities from financing activities

	<u>Short-term</u> <u>borrowings</u>	<u>Short term bills</u> <u>payable</u>	<u>Long-term</u> <u>loans</u> <u>(including</u> <u>long-term loans</u> <u>due within one</u> <u>year or one</u> <u>operating</u> <u>period)</u>	<u>Corporate</u> <u>bonds</u> <u>payable</u> <u>(including</u> <u>corporate</u> <u>bonds due</u> <u>within one</u> <u>year or one</u> <u>operating</u> <u>period)</u>	<u>Total</u> <u>liabilities from</u> <u>financing</u> <u>activities</u>
Jan. 01, 2022	\$ 363,026	\$ 140,000	\$ 1,779,875	\$ 497,081	\$ 2,779,982
Changes of financing cash flow	435,164	(90,000)	(146,146)	-	199,018
Other non-cash changes	<u>-</u>	<u>-</u>	<u>-</u>	<u>592</u>	<u>592</u>
Dec. 31, 2022	<u>\$ 798,190</u>	<u>\$ 50,000</u>	<u>\$ 1,633,729</u>	<u>\$ 497,673</u>	<u>\$ 2,979,592</u>

			<u>Long-term loans (including long-term loans due within one year or one operating period)</u>	<u>Corporate bonds payable (including corporate bonds due within one year or one operating period)</u>	<u>Total liabilities from financing activities</u>
Jan. 01, 2021	<u>Short-term borrowings</u>	<u>Short term bills payable</u>			
	\$ 1,041,271	\$ 105,000	\$ 859,658	\$ 498,957	\$ 2,504,886
Changes of financing cash flow	(678,245)	35,000	920,217	-	276,972
Other non-cash changes	-	-	-	(1,876)	(1,876)
Dec. 31, 2021	<u>\$ 363,026</u>	<u>\$ 140,000</u>	<u>\$ 1,779,875</u>	<u>\$ 497,081</u>	<u>\$ 2,779,982</u>

7. Transactions of interested parties

a. Name and relationship of interested party

<u>Name of interested party</u>	<u>Relationship with the Company</u>
Leishi International Development Co., Ltd.	President is the Company's president

b. Major transactions with interested parties

1) Operating revenue

	<u>2022</u>	<u>2021</u>
Project revenue		
Associated enterprise	<u>\$ 85,918</u>	<u>\$ 121,626</u>

There is no material difference between the transaction price and payment terms of construction income, and those who are not interested parties.

2) Receivable amount of interested parties

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Accounts receivable and notes receivable		
Associated enterprise	<u>\$ -</u>	<u>\$ 23,982</u>

c. Remuneration of key managements

	<u>2022</u>	<u>2021</u>
Salary and other short-term employee benefit	\$ 32,932	\$ 25,383
Benefit after retirement	<u>488</u>	<u>477</u>
Total	<u>\$ 33,420</u>	<u>\$ 25,860</u>

8. Assets in pledge

a. The details of the guarantee provided for the assets of the Group are as follows:

<u>Asset item</u>	<u>Book value</u>		<u>Guarantee purpose</u>
	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>	
Inventories - Property for sale	\$ 46,500	\$ 46,500	Guarantee for bank financing limit and guarantee for short-term notes payable
Other current assets			
- Pledged deposit	12,392	192,728	Project bond, performance bond and bank financing limit guarantee
- Allowance for special account	283,261	244,290	Performance bond, bank financing line guarantee
- Special account for trust	2,011,516	1,359,799	Performance bond
- Project deposit and bid bond	33,295	36,522	Project deposit and bid bond
Property, plant and equipment	76,512	96,913	Guarantee for bank financing limit
Investment property	64,849	65,259	Guarantee for bank financing limit
Other non-current liabilities			
- Refundable deposits	14,551	14,959	General deposit and golf pass
- Allowance for special account	<u>151,969</u>	<u>151,736</u>	Payable company bonds
	<u>\$ 2,694,845</u>	<u>\$ 2,208,706</u>	

b. As of Dec. 31, 2022 and Dec. 31, 2021, Chang Ji pledged 28,125,000 shares of the Company (“treasury stock” column) against a loan.

9. Significant contingent liabilities and outstanding contractual commitments

Commitments

Except Note 6 (7), the Group also has major commitments and contingencies. Specific abstracts are as follows:

a. Warranty

- 1) For bid deposit, performance bond, advance payment guarantee and other construction guarantees required by the Group, the Group entrusted bank as joint and several guarantor. The Group signed entrusted warranty contracts or offered fixed deposit receipts for pledge and guarantee. By Dec. 31, 2022, the guarantee was \$1,742,019.
 - 2) By Dec. 31, 2022, the performance bond notes issued by the Group for the project owner was \$261,594.
- b. By Dec. 31, 2022, the Group has signed contract project contract, and the amount to be paid for the project in future years is \$543,302.
- c. By Dec. 31, 2022, the Group has signed the land purchase contract with a price of \$548,986 and without transfer and paid \$458,320 in accordance with the contract.

10. Major disaster loss

No such circumstance.

11. Significant Events after the Balance Sheet Date

- a. On March 13, 2023, the Board of Directors of the Group passed the resolution on the profit distribution plan and the payment of remuneration of employees, directors and supervisors for the year 2022. Please refer to Note 6 (21) 6. and Note 6 (28) for details.
- b. According to the Securities Exchange Act, the shares transferable to employees bought back shall be transferred within five years from the date of the buyback. If not, the Company shall be deemed as not having issued shares, and shall make registration change and cancellation of shares. To maintain the Company's credit and shareholders' equity, the repurchased shares shall be subject to change registration and cancellation of the shares within six months from the date of repurchase. On March 13, 2023, the Company's board of directors passed the resolution on canceling 2,525,000 treasure stocks with the amount of \$25,250.

12. Others

a. Capital management

The Group's capital management objectives are to ensure the continued operation, and maintain optimal capital structure to lower capital costs, and provide remuneration to shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Based on the debt-to-capital ratio, the Group monitors its capital. The ratio is calculated by dividing total capital by net debt. Net debt is calculated as deduction of cash and cash equivalents from total borrowings (including "Current and Non-current Borrowings" reported in consolidated balance sheets). Gross capital is calculated as "Equity" reported in consolidated balance sheets plus net debt.

By Dec. 31, 2022 and 2021, the Group's debt-to-capital ratio was as follows:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Total borrowing	\$ 2,979,592	\$ 2,779,982
Less: Cash and cash equivalents	(241,757)	(297,603)
Net liabilities	2,737,835	2,482,379
Total equity	3,222,785	3,084,330
Total capital	<u>\$ 5,960,620</u>	<u>\$ 5,566,709</u>
Debt-to-capital ratio	45.93%	44.59%

b. Financial instrument

1) Category of financial instruments

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
<u>Financial assets</u>		
Investment of equity instrument specified for financial assets at fair value through other comprehensive income	\$ 5,989	\$ 7,328
Financial assets at amortized cost		
Cash and cash equivalents	241,757	297,603
Financial assets at amortized cost	61,856	-
Accounts receivable	1,693	27,490
Accounts receivable - (including interested parties)	92,833	243,616
Other accounts receivable	3,749,005	3,383,436
Refundable deposits	14,551	14,959
Other financial assets	2,492,433	1,985,075
	<u>\$ 6,660,117</u>	<u>\$ 5,959,507</u>
<u>Financial liabilities</u>		
Financial liabilities measured after amortized cost		
Short-term borrowings	\$ 798,190	\$ 363,026
Short-term notes and bills payable	50,000	140,000
Notes payable	4,686	16,402
Accounts payable	355,710	384,633
Other accounts payable	78,770	69,654
Payable company bonds (inclusive of company bonds mature within one year or one operating cycle)	497,673	497,081
Long-term loan (inclusive of long-term loan mature within one year or one operating cycle)	1,633,729	1,779,875
Deposits received	41,377	159,766
	<u>\$ 3,460,135</u>	<u>\$ 3,410,437</u>

2) Risk management policy

The Group's financial risks are mainly the risks associated with investing in financial instruments and the exchange rate risks of foreign currency transactions. For the financial risks of investing various financial instruments, the Group has always adopted the strictest control standards. All financial investments and operations have undergone a comprehensive assessment of their possible market risks, credit risks, liquidity risks and cash flow risks. The one with the least risk is the one to rely on. For exchange rate risk of foreign currency transactions, also based on policy risk management objectives, the Group aims to figure out optimized risk points and maintain appropriate liquidity points to achieve the best hedging strategy.

3) Significant financial risk - Nature and degree

a) Market risk

Exchange rate risk

- i. The Group involves certain non-functional currencies in business. Therefore, it is affected by important exchange rate fluctuations. The information of foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

<u>Dec. 31, 2022</u>						
	<u>Foreign currency (thousand NTD)</u>	<u>Exchange range</u>	<u>Book value (New Taiwan Dollars)</u>	<u>Change range</u>	<u>Sensitivity analysis Influence of profit and loss</u>	<u>Influence of rights and interests</u>
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary item</u>						
USD: NTD	5,221	30.71	\$ 160,885	1%	\$ 1,609	\$ -
<u>Non-monetary items</u>						
USD: NTD	7,277	30.71	\$ 223,487	1%	\$ -	\$ 2,235
<u>Financial liabilities</u>						
<u>Monetary item</u>						
USD: NTD	273	30.71	\$ 8,483	1%	(\$ 85)	\$ -
<u>Dec. 31, 2021</u>						
	<u>Foreign currency (thousand NTD)</u>	<u>Exchange range</u>	<u>Book value (New Taiwan Dollars)</u>	<u>Change range</u>	<u>Sensitivity analysis Influence of profit and loss</u>	<u>Influence of rights and interests</u>
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary item</u>						
USD: NTD	2,969	27.68	\$ 82,321	1%	\$ 823	\$ -
<u>Non-monetary items</u>						
USD: NTD	6,839	27.68	\$ 189,301	1%	\$ -	\$ 1,893
<u>Financial liabilities</u>						
<u>Monetary item</u>						
USD: NTD	234	27.68	\$ 10,451	1%	(\$ 105)	\$ -

- ii. Due to significant influence of exchange rate fluctuation, the Group recognizes aggregate amounts of all the exchange profits (losses) (including realized and unrealized) of monetary items as \$11,452 and (\$527) respectively in 2022 and 2021.

Price risk

The Group's equity instruments exposed to price risk are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income/(loss) in held column. To manage the price risk of investment in equity instruments, the Group diversifies its investment portfolio on the basis of limits set by the Group.

Interest rate risk of cash flow and fair value

The Group's interest rate risk comes from bank loan. Borrowings issued at floating interest rate expose the Group to take cash flow interest rate risk, which is partially offset by cash and cash equivalents held at floating interest rate. Borrowings issued at fixed interest rate expose the Group to fair value interest rate risk. In 2022 and 2021, the Group's borrowings at floating interest rate were priced in New Taiwan Dollars, and every time when the market interest rate goes up by 1%, the increased cash outflows were \$24,819 and \$22,829 respectively.

b) Credit risk

- 1) Credit risk refers to the risk of financial loss to the Group due to the failure of a customer or financial instrument counterparty to meet its contractual obligations. According to the Group's internal credit policy, each operating entity within the Group must conduct management and credit risk analysis for each new customer before setting the terms and conditions for payment and delivery. Internal risk control is to assess the credit quality of customers by taking into account their financial status, past experience and other factors. Individual risk limits are set by the Board of Directors based on internal or external ratings, and used to regularly monitor credit line. The main credit risk comes from deposits made with banks and financial institutions, as well as credit risk from wholesale and retail customers, and includes uncollected accounts receivable.
- 2) In 2022 and 2021, there was no items exceeding the credit limit, and the management did not expect any significant losses due to the counterparty's non-performance of contracts.
- 3) The Group uses IFRS 9 to provide the following assumptions as a basis for judging whether there is significant increase in the credit risk of financial instrument after original recognition:
When the contract payment is overdue for more than 30 days according to the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly after the original recognition.
- 4) The Group uses IFRS 9 to provide the following assumptions. When the contract payment is overdue for more than 90 days according to the agreed payment terms, it is deemed as contract breach.
- 5) The Group groups accounts receivable and contract assets of customers according to the characteristics of customer type, and estimates the expected credit losses based on matrix and loss ratio method with simplification method.
- 6) Taiwan Institute of Economic Research's Prospect Observation Report introduced by the Group considers the forward-looking adjustment based on specific period history and current information to obtain loss ratio and estimate the allowance for

loss of accounts receivable. In Dec. 31, 2022 and 2021, matrix and loss ratio method with is as follows:

	<u>No overdue</u>	<u>Overdue 1-120 days</u>	<u>Overdue More than 121 days</u>	<u>TOTAL</u>
<u>Dec. 31, 2022</u>				
Expected loss ratio	0%~3.32%	3.32%~100%	100%	
Total book value	\$ 93,003	\$ 2,490	\$ -	\$ 95,493
Allowance for loss	172	2,488	-	2,660
	<u>No overdue</u>	<u>Overdue 1-120 days</u>	<u>Overdue More than 121 days</u>	<u>TOTAL</u>
<u>Dec. 31, 2021</u>				
Expected loss ratio	0%~4.26%	4.26%~74.08%	74.08%~100%	
Total book value	\$ 239,172	\$ 3,766	\$ 3,741	\$ 246,679
Allowance for loss	113	179	2,771	3,063

7) The Group's simplified bills receivables and changes in allowances for accounts receivables are as follows:

		<u>2022</u>
	<u>Notes receivable</u>	<u>Accounts receivable</u>
January 1	\$ 3,063	\$ -
Impairment loss record	1,686	-
Amounts written off due to failure to get back	(2,089)	-
December 31	<u>\$ 2,660</u>	<u>\$ -</u>
		<u>2021</u>
	<u>Notes receivable</u>	<u>Accounts receivable</u>
January 1	\$ 7,017	\$ -
Impairment loss record	97	-
Amounts written off due to failure to get back	(4,051)	-
December 31	<u>\$ 3,063</u>	<u>\$ -</u>

c) Liquidity risk

- i. Cash flow projection is executed by operating individuals in the Group, and summarized by the Group's financial department. The Group's Finance Department monitors the Group's current funds demand forecast to ensure that the Group has sufficient funds to meet its operational needs, and maintains sufficient but unpaid borrowing commitment limit at all times, so that the Group does not violate the relevant borrowing limits or terms. Such forecast takes into account the Group's debt financing plan, compliance with debt terms, compliance with financial ratio targets on the internal statements of balance sheets, and the requirements of external regulatory laws and regulations.
- ii. Details of borrowing limit not used by the Group:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Mature within a year	\$ 1,484,763	\$ 1,439,171
Mature for over a year	<u>7,039,840</u>	<u>4,365,770</u>
	<u>\$ 8,524,603</u>	<u>\$ 5,804,941</u>

As of December 31, 2022 and 2021, in the Group's unutilized borrowing limit mature for more than one year, \$6,469,840 and \$4,365,770, are loan limits in execution of the Second-stage Entrusted Development of the Machohou Industrial Park in Chiayi County and the Cigu Technology Industrial Park Development, Rent, Sale and Management Project commissioned by the Tainan City Government specified in Note 6 (17).

- iii. The following table shows the Group's non-derivative financial liabilities, which are grouped by relevant due dates, and analyzed based on the remaining period from the balance sheets statement day to the contractual maturity date. Contract cash flow presented in the following table is non-discounted amount.

Non-derivative financial liabilities:

<u>Dec. 31, 2022</u>	<u>Within 1 year</u>	<u>1 to 5 years</u>
Short-term borrowings	\$ 803,847	\$ -
Short-term notes and bills payable	50,000	-
Notes payable	4,686	-
Accounts payable	214,546	141,164
Other payables	78,770	-
Rental liabilities	4,580	733
Payable company bonds (inclusive of company bonds mature within one year or one operating cycle)	3,993	511,477
Long-term loan (inclusive of long-term loan mature within one year or one operating cycle)	114,769	1,713,993
Deposits received	40,854	523

Non-derivative financial liabilities:

<u>Dec. 31, 2021</u>	<u>Within 1 year</u>	<u>1 to 5 years</u>
Short-term borrowings	\$ 366,911	\$ -
Short-term notes and bills payable	140,000	-
Notes payable	13,021	3,381
Accounts payable	241,093	143,540
Other payables	69,654	-
Rental liabilities	9,106	4,050
Payable company bonds (inclusive of company bonds mature within one year or one operating cycle)	3,985	515,470
Long-term loan (inclusive of long-term loan mature within one year or one operating cycle)	16,809	1,900,795
Deposits received	155,703	4,063

c. Fair value information

- 1) The levels of evaluation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Market prices (unadjusted) that enterprises could obtain identical assets or liabilities over active markets on the measurement date. Active market is where transactions of assets or liabilities occur with sufficient frequency and volume, which provide pricing information on an ongoing basis. Fair value of shares and beneficiary certificates of listed/OTCBB listed invested by the Group falls into the scope.

Level 2: Assets or liabilities' directly or indirectly observable input values, but excluding prices of level 1.

Level 3: Assets or liabilities' unobservable input values. Equity instruments invested by the Group over inactive market fall into this range.

- 2) For fair values of investment property measured with costs, please refer to Note 6 (11).
- 3) Financial instruments measuring not with fair value

The Group's book values of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term loans, notes payable, accounts payable and other accounts payable are reasonable approximations of fair values.

- 4) Financial and non-financial instruments performs measurement at fair value; the Group makes classification depending on the nature, characteristics and risks of assets and liabilities and the basis of fair value level. The relevant information is as follows:

- a) The Group is classified by nature of assets and liabilities. Relevant information is:

Dec. 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>TOTAL</u>
Assets				
<u>Repeatable fair value</u>				
Equity securities of financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 5,989	\$ 5,989

Dec. 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>TOTAL</u>
Assets				
<u>Repeatable fair value</u>				
Equity securities of financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 7,328	\$ 7,328

- b) Methods and assumptions that the Group use to measure fair value are described as follows:

- A. The Group adopts the market prices as the input values of fair values (i.e. level 1), which are sorted depending on the characteristics of the instruments as follows:

	<u>Shares of listed (OTCBB listed) companies</u>	<u>Open-end fund</u>
Market prices	Closing price	Net worth

- B. Except financial instruments of aforesaid active markets, other financial instruments' fair values have been obtained with evaluation technique or by referring to counterparties' quotations. The fair values obtained through evaluation techniques may refer to current fair values of other financial instruments with substantially similar conditions and characteristics, discounted cash flow method or other evaluation techniques, including the use of models for calculation based on market information available on the consolidated balance sheet day (for example, OTCBB center referred to yield curve, and Reuters average quotation for commercial promissory note rate).
- C. When evaluating non-standardized and less complex financial instruments, such as debt instruments in inactive market, interest rate swap contracts, foreign exchange contracts and options, the Group employed evaluation techniques that are widely used by market participants. Parameters used for such financial instrument's evaluation model are generally observable information over the market.
- 5) No transfer between level 1 and level 2 in 2022 and 2021.
- 6) The following are third-grade changes in 2022 and 2021:

	<u>2022</u>	<u>2021</u>
January 1	\$ 7,328	\$ 6,684
Profit or loss recognized in other comprehensive income		
Interests evaluation not realized through other comprehensive income/(loss)	(1,339)	644
December 31	<u>\$ 5,989</u>	<u>\$ 7,328</u>

- 7) No level 3 shift-in and shift-out in 2022 and 2021.
- 8) For the evaluation process that the fair value is classified as level 3, the Group's financial department is responsible for the independent fair value verification of financial instruments. Adopting the data from independent source, this makes the evaluation result close to the market status, and confirms that the data source is independent, reliable, consistent with other resources and represents executive prices. Besides, regularly calibrate the evaluation model, perform retrospective test, update the input values and information required for the evaluation model, and any other necessary fair value adjustments to ensure that the evaluation results are reasonable. External appraiser is entrusted to appraise the price of Investment property.
- 9) The quantitative information about the significant unobservable input value and the sensitivity analysis of the change of the significant unobservable input value of the evaluation model used in level 3 fair value measurement items are explained as follows:

	<u>Fair value on</u> <u>Dec. 31, 2022</u>	<u>Evaluation</u> <u>technique</u>	<u>Significant</u> <u>unobservable</u> <u>input value</u>	<u>Range (weighted</u> <u>average)</u>	<u>Relation between</u> <u>input value and</u> <u>fair value</u>
Non-derivative equity instrument:					
Venture capital company shares' private equity fund investment	\$ 5,989	Net asset value method	N/A	-	N/A
	<u>Fair value on</u> <u>December 31,</u> <u>2021</u>	<u>Evaluation</u> <u>technique</u>	<u>Significant</u> <u>unobservable</u> <u>input value</u>	<u>Range (weighted</u> <u>average)</u>	<u>Relation between</u> <u>input value and</u> <u>fair value</u>
Non-derivative equity instrument:					
Venture capital company shares' private equity fund investment	\$ 7,328	Net asset value method	N/A	-	N/A

d. Other matters

During the prevalence of COVID-19 and the government's implementation of various anti-epidemic measures, the Group was working normally. The assessment results show that the Group's ability to continue operating, asset impairment or financing risk was not significantly affected.

13. Disclosure of notes

a. Relevant information of major transactions

- 1) Loan to others: No such circumstance.
- 2) Endorse for others: No such circumstance.
- 3) Situation of holding marketable securities at the end of the period (excluding investment subsidiary, associated enterprise and joint venture control): Please refer to Attached table I.
- 4) Cumulative amount of buying or selling the same marketable securities reaches 0.3 billion New Taiwan dollars or over 20% of paid-in capital: No such circumstance.
- 5) The amount of property obtained reaches 0.3 billion New Taiwan dollars or over 20% of paid-in capital: No such circumstance.
- 6) The amount of property disposed of reaches 0.3 billion New Taiwan dollars or over 20% of paid-in capital: No such circumstance.
- 7) The amount of interested parties purchasing and selling goods reaches 0.1 billion New Taiwan dollars or over 20% of paid-in capital: No such circumstance.
- 8) The amount of interested parties receivable reaches 0.1 billion New Taiwan dollars or over 20% of paid-in capital: No such circumstance.
- 9) Engage in derivative instrument transaction: No such circumstance.
- 10) For business relations and major transaction between parent company and subsidiary and between subsidiaries, their circumstances and amounts are: Please refer to Attached table II.

b. Information about shift investment business

Name, location, and other relevant information of the invested company (except for the mainland invested companies) : Please refer to Attached table III.

c. Information about investment in Chinese Mainland

- 1) Basic profile: Please refer to Attached table IV.
- 2) Significant transactions that, directly or indirectly, through third regional business, transfers to invest in invested company in Chinese Mainland: No such circumstance.

d. Information about key shareholders

Information about key shareholders: Please refer to Attached table V.

14. Department information

a. General information

The management of the Group has identified departments that should be reported based on the reporting information used to make decisions, which is to evaluate performance and allocate resources from the perspective of products as a whole; at present, the Company focuses on engineering business and construction business, and the operating results of other products are consolidated and expressed in "Other Operating Departments".

The Group's base of enterprise composition and department division, and department information are measured based on that there is no significant change in the period.

b. Information about department profit and loss

Information about reporting department of main operation decision maker

<u>2022</u>	<u>Engineering</u> <u>Dept.</u>	<u>Construction</u> <u>Dept.</u>	<u>Park</u> <u>development</u> <u>department</u>	<u>Administrative</u> <u>support</u> <u>department</u>	<u>Other</u> <u>operation</u> <u>departments</u>	<u>Total</u>
Department revenue	\$ 2,399,290	\$ -	\$ 272,495	\$ -	\$ 279,876	\$2,951,661
Net operating profit of department (loss)	(5,624)	(12,765)	246,464	(74,893)	53,843	207,025
Department depreciation and amortization	(645)	(2,050)	(538)	(6,942)	(810)	(10,985)

<u>2021</u>	<u>Engineering</u> <u>Dept.</u>	<u>Construction</u> <u>Dept.</u>	<u>Park</u> <u>development</u> <u>department</u>	<u>Administrative</u> <u>support</u> <u>department</u>	<u>Other operation</u> <u>departments</u>	<u>Total</u>
Department revenue	\$ 2,850,431	\$ 344,565	\$ 203,245	\$ -	\$ 216,503	\$3,614,744
Net operating profit of department (loss)	(117,363)	18,184	197,250	(53,827)	23,716	67,960
Department depreciation and amortization	(814)	(2,012)	(493)	(5,533)	(1,190)	(10,042)

c. Information about adjustment of department profit and loss

The Group should report that the net operating profit (loss) of departments is consistent with the net operating profit (loss) listed in the statements of comprehensive income, so there is no need for adjustment.

d. Information about product and labor service

External customer review mainly comes from engineering and construction business. For relevant revenue balance, please see XIV (II).

e. Regional information

Regional information of the Group in 2022 and 2021:

	<u>2022</u>		<u>2021</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 2,731,774	\$ 189,237	\$ 3,467,289	\$ 192,135
Asia	14,272	-	16,502	-
Europe and America	158,943	-	97,541	-
Others	<u>46,672</u>	<u>-</u>	<u>33,412</u>	<u>-</u>
TOTAL	<u>\$ 2,951,661</u>	<u>\$ 189,237</u>	<u>\$ 3,614,744</u>	<u>\$ 192,135</u>

Non-current assets refer to property, plant and equipment, investment property and other non-current property, but excluding financial instrument and deferred income tax assets.

f. Important information about customers

Important information about customers of the Group in 2022 and 2021:

	<u>2022</u>		<u>2021</u>	
	<u>Revenue</u>	<u>Department</u>	<u>Revenue</u>	<u>Department</u>
Company A	\$ 1,817,505	Engineering Dept.	\$ 972,494	Engineering Dept.
Company B	257,460	Engineering Dept.	887,146	Engineering Dept.
Company C	244,427	Engineering Dept.	525,528	Engineering Dept.
Company D	30,056	Engineering Dept.	130,885	Engineering Dept.
Company E	11,102	Engineering Dept.	183,238	Engineering Dept.

Apex Science & Engineering Corp. and Its Subsidiary Companies

Marketable securities held at the end (excluding the parts controlled by investment subsidiaries, associated enterprises and joint venture)

December 31, 2022

Attached table I

Unit: NT \$1000

(Unless otherwise noted)

Holding company	Type and name of marketable securities (Note 1)	Relationship with securities issuers (Note 2)	Ledger account	Number of shares	Book value (Note 3)	Ending term		Remarks (Note 4)
						Percentage of ownership	Fair value	
APEX SCIENCE & ENGINEERING CORP.	HOLY STONE ENTERPRISE CO., LTD.	-	Financial assets at fair value through other comprehensive income- non-current	2,648,106	\$ 5,647	16.07	\$ 5,647	
Chang Ji Construction Co., Ltd.	APEX SCIENCE & ENGINEERING CORP.	The Company	"	28,124,802	289,685	12.29	289,685	(Note 5)
Chang Ji Construction Co., Ltd.	BIG SUN Group	-	"	1,035,578	342	0.26	342	
APEX SCIENCE & ENGINEERING CORP.	Formosa Plastics Group (Cayman) Co., Ltd.	-	Financial assets at amortized cost - current	-	30,900	-	30,900	
APEX SCIENCE & ENGINEERING CORP.	Mizuho Financial Group. Inc.	-	"	-	30,956	-	30,956	

Note 1. "marketable securities" in this sheet refers to stocks, bonds, beneficiary certificates and the marketable securities derived from the above items that fall within the scope of International Accounting Standard 9 - "Financial Instruments".

Note 2. If marketable securities issuers are not interested persons, it's not needed to fill in the column.

Note 3. If it is measured at fair value, please fill in the book balance after adjustment by fair value evaluation and deduction of accumulated impairment in column B of book value; if not measured at fair value, please fill the original acquisition cost or book value after deduction of accumulated impairment from cost after amortization.

Note 4. All marketable securities have restricted users due to the provision of guarantees, pledged loans or other agreements, and the number of guarantees or pledged shares; the shares and amounts of guarantees or pledges and the restricted use conditions shall be indicated in the column "remarks".

Note 5. In order to acquire financing credit limit from banks, Chang Ji used its 28,125,000 shares held in the Company as a pledge guarantee by December 31, 2022.

Apex Science & Engineering Corp. and Its Subsidiary Companies

For business relations and major transaction between parent company and subsidiary and between subsidiaries, their circumstances and amounts are: Please refer to Attached table II.

Jan. 1 - Dec. 31, 2022

Attached table II

Unit: NT \$1000

(Unless otherwise noted)

<u>Number</u> (Note 1)	<u>Trader name</u>	<u>Transaction object</u>	<u>Relation to trader</u> (Note 2)	<u>Subject</u>	<u>Amount</u>	<u>Transaction history</u>		<u>Ratio to consolidated gross operating revenue or total assets (Note 3)</u>
						<u>Trading conditions</u>		
0	APEX SCIENCE & ENGINEERING CORP.	Chang Ji Construction Co., Ltd.	1	Advance collection of engineering fund	\$ 149,433	No significant difference from general manufacturers		1.59%
1	Chang Ji Construction Co., Ltd.	APEX SCIENCE & ENGINEERING CORP.	2	Advance collection of engineering fund	260,529	No significant difference from general manufacturers		2.78%

Note 1. The information on the business transactions between parent company and its subsidiaries should be numbered in the serial number column. The method of filling is as follows:

- (1) For parent company, fill 0.
- (2) Subsidiaries are numbered sequentially starting from Arabic number 1 according to company type.

Note 2. There are three types of relationships with the trader, and it is sufficient to indicate the type (if it is the same transaction between the parent-subsidiary or each subsidiary, there is no need to disclose it repeatedly. For example, the subsidiaries need not repeatedly disclose if the parent company has disclosed the transactions between the parent company and its subsidiaries.

The other subsidiaries need not repeatedly disclose if one of the subsidiaries of a subsidiary has been disclosed):

- (1) Parent company to a subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3. As to the calculation of the ratios of the transaction amounts to consolidated gross operating revenue or total assets, if transaction amounts are liabilities, it should be calculated by the method of closing balance in consolidated total assets; if they are profit and loss items, it should be calculated by the method that middle cumulative amount in consolidated gross trading revenue.

Note 4. The important transactions in this Attached table may be determined as to whether for presentation by the Company according to the significance principle.

Apex Science & Engineering Corp. and Its Subsidiary Companies

Relevant information about name and region of invested company (excluding invested company in Chinese Mainland)

Jan. 1 - Dec. 31, 2022

Attached table III

Unit: NT \$1000

(Unless otherwise noted)

Name of investment company	Name of invested company (Note 1 and 2)	Region	Main operating item	Original investment amount		Holding at the end of the period			Current profit and loss of invested company	Investment profit and loss recognized for the	Remark
				End of the period	End of last year	Number of shares	%	Book value	(Note 2(2))	period (Note 2(3))	
APEX SCIENCE & ENGINEERING CORP.	XINDIN ENGINEERING CONSULTANTS CORP.	Taiwan	Engineering technical consultant, urban update reconstruction, management consultant, other consulting service	\$ 8,000	\$ 8,000	800,000	100.00	\$ 21,354	\$ 381	\$ 381	
APEX SCIENCE & ENGINEERING CORP.	REINFORCE ENERGY CO.,LTD	The British Virgin Islands	General investment industry	95,964	95,964	2,810,000	100.00	224,194	29,120	29,120	
APEX SCIENCE & ENGINEERING CORP.	Chang Ji Construction Co., Ltd.	Taiwan	Construction of civil and structural works and water conservancy projects, etc.	496,856	496,856	54,320,000	90.53	415,332	15,626	7,781	

Note 1. If a public offering company has a foreign holding company and according to local laws and regulations, the consolidated financial report is the main financial report, the disclosure of the foreign invested company may only relate to news of the holding company.

Note 2. For situations not specified in Note 1, please fill as per the following provisions:

- (1) Columns such as “Name of invested company”, “Region”, “Main operating item”, “Original investment amount” and “Holding at the end of the period” should be filled in based on the (public offering) Company’s reinvestment situation and each directly or indirectly controlled invested company’s re-investment in order, and indicate the relationship of each invested company with the Company (public offering) in the “remarks” column (if it is a subsidiary or a sub-subsidiary company).
- (2) In the column “Current profit and loss of invested company”, the invested company's profit and loss amounts for the period shall be filled.
- (3) In the second column “Investment profit and loss recognized for the period”, only profit and loss of each subsidiary for direct reinvestment recognized by this (public offering) Company, and each invested company evaluated by the equity method should be filled in, and the rest can be omitted. In filling in "current income/(loss) amount of each subsidiary listed for direct reinvestment", it should be confirmed that the amounts of profits and losses of each subsidiary for the period have included the investment profits and losses of its re-investment that should be recognized in accordance with regulations.

Apex Science & Engineering Corp. and Its Subsidiary Companies

Chinese Mainland Investment Information - Basic Profile

Jan. 1 - Dec. 31, 2022

Attached table IV

Unit: NT \$1000

(Unless otherwise noted)

Name of invested company in Chinese Mainland	Main operating item	Paid-in capital	Investment mode (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the current period	Amount of Investments Remitted or Repatriated for the Period		Accumulated investment amount remitted from Taiwan at the end of the current period	Current income/(loss) of the invested company	The shareholding ratio of direct or indirect investment of the company	Investment income/(loss) listed in the current period (Note 2)	Closing investment book value	Investment income remitted back as of the current period	Remark
				the beginning of the current period	remitted	recovered	the end of the current period	company	the company	(Note 2)	value	current period	Note 2 (2)
Zhejiang Guyue Longshan Electronic Technology Development Co., Ltd.	Engaged in the production and sales of other LED displays and LED display indicator panels	\$ 197,100	2	\$ 73,749	\$ -	\$ -	\$ 73,749	\$ 68,125	46.00	\$ 31,337	\$ 223,487	\$ 20,564	B
Company name	Cumulative investment amounts in Chinese Mainland remitted from Taiwan at the end of this period	Investment limit approved by Investment Commission, MOEA	Investment limit in Chinese Mainland specified by Investment Commission, MOEA										
APEX SCIENCE & ENGINEERING CORP.	\$ 73,749	\$ 73,749	\$ 1,881,369										

Note 1. There are 3 investment types, which can be marked:

- (1) Directly go to Chinese Mainland to make investment
- (2) Re-invest Chinese Mainland through a third regional company (invested through REINFORCE ENERGY CO.,LTD)
- (3) Other method

Note 2. Investment profit and loss column recognized in the period:

- (1) If in financing, there is no investment profit and loss, please specify
- (2) Profit and loss on investment's recognition base include three following types, which shall be specified
 - A. The financial report is audited and certified by an international accounting firm that has a cooperative relationship with an accounting firm of the ROC.
 - B. The financial report was audited by a certified public accountant of the Taiwan parent company.
 - C. It bases on a financial report that has not been audited by a CPA if the amount is not insignificant.

Note 3. Figures of this addendum are listed in New Taiwan dollar

Apex Science & Engineering Corp. and Its Subsidiary Companies

Information about key shareholders

December 31, 2022

Attached table V

<u>Name of Major Shareholders</u>	<u>Number of shares held (ordinary shares)</u>	<u>Share</u>		<u>Percentage of ownership</u>
		<u>Number of shares held (preference shares)</u>		
Chang Ji Construction Co., Ltd.	28,124,802	-		12.29%
KUO,KUO-HUA	16,422,177	-		7.18%
CHIH, CHII-GUNG	15,547,189	-		6.79%
LIN, CHIEN-CHIH	13,490,000	-		5.89%

Note 1.

- (1) This sheet contains information of major shareholders. On the last business day of at the end of each quarter, Jibao Company calculates the companies held by shareholders as to the total amount of ordinary shares and preference shares held by shareholders that have been registered and delivered (including treasury shares) intangibly (over 5%). As to share capital recorded in the Company's financial report and the actual number of shares recorded and delivered, there may be differences due to different calculation base.
- (2) If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. As for the insider equity declaration of shareholders holding more than 10% of the shares in accordance with the Securities Exchange Act, their shareholdings include the shares held by themselves plus the shares they delivered for trust and have the right to use the trust property, etc. Please refer to public information for insider equity declaration.

VI. In the case of any insolvency of the Company and its affiliates, the resulting effects on the Company's financial status that shall be specified in the most recent year and up to the date of publication of the Annual Report: None.

Chapter 7 Review and Analysis of Financial Status and Operating Results, and Listing of Risks

I. Financial Position

(I) Comparative Analysis of Financial Position

Unit: NT\$1,000

Item \ Year	2022 (consolidated)	2021 (consolidated)	Difference	
			Amount	%
Current Assets	8,726,566	7,495,143	1,231,423	16.43
Property, Plant, and Equipment	118,613	115,495	3,118	2.70
Other Assets	529,104	555,020	(25,916)	(4.67)
Total Assets	9,374,283	8,165,658	1,208,625	14.80
Current Liabilities	5,621,582	4,544,234	1,077,348	23.71
Non-current Liabilities	529,916	537,094	(7,178)	(1.34)
Total Liabilities	6,151,498	5,081,328	1,070,170	21.06
Capital Stock	2,287,135	2,287,135	-	-
Capital Surplus	275,698	269,332	6,366	2.36
Retained Earnings	894,812	744,424	150,388	20.20
Other Equity	(19,415)	(23,118)	3,703	(16.02)
Treasury Stock	(302,615)	(281,967)	(20,648)	7.32
Non-controlling Interests	87,170	88,524	(1,354)	(1.53)
Total Equity	3,222,785	3,084,330	138,455	4.49

For the aforementioned changes more than 20% in early and later periods and the amount of changes reaching beyond NT\$10,000,000, explanations are provided as follows:

1. Increase of other assets: the main reason is the increase of other non-current assets.
2. The increase of non-current liabilities compared with the previous period: mainly due to the increase of corporate bonds payable compared with the previous period.

(II) Effects of changes in the financial status for the most recent two years: No significant effects on the financial status.

(III) Measures to be taken in response: N/A

II. Financial Performance

(I) Comparative Analysis of Financial Performance

Unit: NT\$1,000

Item \ Year	2022 (consolidated)	2021 (consolidated)	Increase (decrease) amount	Change ratio (%)
Net Operating Revenue	2,951,661	3,614,744	(663,083)	(18.34)
Operating Costs	2,584,450	3,409,834	(825,384)	(24.21)
Gross Profit	367,211	204,910	162,301	79.21
Operating Expenses	160,186	136,950	23,236	16.97
Operating Income	207,025	67,960	139,065	204.63
Non-operating Income and Expenses	68,498	71,188	(2,690)	(3.78)
Income before Tax	275,523	139,148	136,375	98.01
Income tax (expenses)	(67,109)	(33,141)	(33,968)	102.50
Net Income for the current period	208,414	106,007	102,407	96.60
Other comprehensive income (loss), after tax	3,709	(432)	4,141	(958.56)
Total comprehensive income for this period	212,123	105,575	106,548	100.92

Notes about analysis on changes in increase/decrease ratios:

1. The decrease in operating costs compared to the previous period: mainly due to the fact that new construction projects have not yet started in 2022, and new engineering projects were mainly acquired in the second half of the year, resulting in a decrease in construction and engineering costs in 2022 compared to 2021.
2. The increase in operating gross profit and operating profit compared to the previous period is mainly from the decrease in operating costs in this period.
3. The increase in net profit before tax, net profit for the current period, and total comprehensive profit for this period compared to the previous period: mainly from the increase in operating profit in this period.
4. The increase in income tax expenses compared to the previous period: mainly from the increase in net profit before tax in this period.
5. The increase in other comprehensive income (net) compared to the previous period: mainly from the increase in exchange differences in the financial statements of foreign operating institutions.

(II) Expected sales volume and the basis of its estimation, and the potential impact on and response plans for the Company's future financial position and operation:

The expected sales volume of the Company is estimated in accordance with the industry profile and the estimated supply and demand status of the future market, and there has been no major change, which will not have a significant impact on the Company's future financial position and business operation. However, due to the increasingly fierce competition in the operating environment, the Company will set the consolidation of the existing market and the development of niche products as its development strategy goals. For relevant response plans, please refer to the long-term and short-term business development plans under the business content in this Annual Report.

III. Cash Flows

(I) Analysis on changes in cash flows for the most current year

Unit: NT\$1,000

Cash balance at beginning of period (1)	Cash flows from operating activities (2)	Cash flows from investment activities (3)	Cash flows from financing activities (4)	Exchange influence (5)	Net increase in cash and cash equivalents (2)+(3)+(4)+(5)	Cash Balance at end of period (1)+(2)+(3)+(4)+(5)
297,603	403,053	(580,609)	119,512	2,198	(55,846)	241,757

Analysis of cash flow changes in the most recent year:

- (1) The net cash inflow from operating activities is approximately NT\$403,053 thousand: mainly due to the increase in deposits received in advance from the Chiayi County Government on behalf of the Chiayi County Government for the Ma Chouhou Industrial Park.
- (2) The net cash outflow from investment activities is approximately NT\$580,609 thousand: mainly due to the land development business of the Machohou Industrial Park in Chiayi County, which is a restricted asset, and the land auction deposits that are transferred from the buyer to the land trust special account and Due to the increase in land price.
- (3) The net cash inflow from financing activities is approximately NT\$119,512 thousand: mainly due to the increase in operating revolving loans.
- (4) The amount affected by the exchange rate increased by about NT\$2,198 thousand, mainly due to the effect of the exchange rate on the financial statements of foreign operating institutions.

(II) Corrective measures to be taken in response to illiquidity: N/A.

(III) Cash liquidity analysis for the next year

Unit: NT\$1,000

Cash balance at beginning of period (1)	Expected net cash flows from operating activities for the entire year (2)	Expected cash outflows for the entire year (3)	Expected cash surplus (inadequacy) (1) + (2) - (3)	Plans for using the expected cash surplus	
				Investment plan	Financing plan
297,603	6,386,046	5,854,907	828,742	-	Borrowing

Analysis of changes in cash flows for the next year:

Operating activities The net cash inflows generated from operation activities will be mainly due to the expected cash collection of commissioned land development receivables from the industrial park development project in the next year.

Investment activities: It is expected that the cash outflows will be due to the demand for additional capital expenditures and the increase in restricted assets.

Financing activities: The cash outflows will be mainly due to the repayment of financing debts to banks.

IV. The impact of major capital expenditures in the most recent year on the financial position and business operation: None.

V. Reinvestment policy in the most recent year, main reasons for profits/losses generated thereby, improvement plans and investment plans for the next year:

(I) Reinvestment policy in the most recent year:

The company has no new investment projects in the most recent year.

(II) The main reason for the profit or loss of the reinvestment business, and the improvement plan:

In 2022, the share of affiliated enterprises and joint venture interests recognized by the equity method of the consolidated company was 31,337 thousand, mainly from the transfer of investment in Zhejiang Guyue Longshan Electronic Technology Development Co., Ltd. to reduce manufacturing costs and create new profits for new product research and development due to strengthening internal control Growth and other methods, in the severe external environment, still create outstanding performance.

(III) Investment plan for the next year:

The existing reinvestment company will dispose of or continue to invest in the reinvestment company according to its investment evaluation status.

VI. The existing reinvestment company will dispose of or continue to invest in the reinvestment company according to its investment evaluation status.Risk evaluation

- (I) Effects of interest and exchange rate fluctuations and changes in the inflation rate in the most recent year on the Company's profits (losses), and response measures to be taken in the future

Item	2022, consolidated (NT\$1,000)	%
Finance costs	16,140	0.55
Foreign exchange profits	11,452	0.39

The Company's financial costs in 2022 accounted for 0.55% of consolidated revenue, which was an decrease from 0.60% in 2021. Therefore, changes in interest rate had a certain impact on the Company's profit and loss. However, the Company still regularly evaluated bank borrowing rates and kept close contacts with banks to obtain a more favorable borrowing rate; as for the exchange rate, a clear foreign exchange operation strategy and a strict control process were established to monitor foreign exchange changes and hence reduce the impact on profit and loss.

- (II) In the most recent year, the policies of engaging in high-risk, high-leverage investments, fund loans to others, endorsements and derivative transactions, the main reasons for gaining profit or loss, and future countermeasures: In 2022, the Company did not engage in any high-risk, high-leverage investments, the period end amounts of fund loans to others, endorsements and derivative transactions were all 0. The Company has stipulated the "Operating Procedures on Fund Loan and Endorsement", based on which risks were strictly controlled and there was no significant impact on the Company's profit or loss.
- (III) Future R&D plans and expected R&D investment expenses: None.
- (IV) In the most recent year, the impact of changes in important policies and laws at home and abroad on the Company's financial position and business operation, and the countermeasures: The Company always paid attention to the changes in important policies and laws at home and abroad, and evaluated the impacted of these changes to itself. In the most recent year, the Company's financial position and business operation have not been significantly adversely affected by changes in important policies and laws at home and abroad.
- (V) The impact of development in science and technology and industrial changes on the Company's financial position and business operation, and the countermeasures:
The company pays close attention to the technological changes (including information security risks) and industrial changes related to the industry in which it is located, and expands its business and accurately and quickly grasps the industry through methods such as Internet search, participation in activities of associations and associations, exhibitions and conferences, etc. Information pulse and assess the impact on the company's operations. The company has also formulated an information security policy to protect the information assets related to all computer systems of the company, including the physical environment, software and hardware facilities, networks, and data, from being leaked, destroyed or damaged due to internal or external threats. For related information, please refer to the special chapter on information security management on page 80 of this annual report. In the most recent year and as of the publication date of the annual report, there have been no events that have had a major impact on the company's financial business due to technological changes (including information security risks) and industrial changes.
- (VI) In the most recent year, the impact of corporate image on the corporate crisis management, and the countermeasures: None.
- (VII) Expected benefits and possible risks from merger and acquisition: N/A.
- (VIII) Expected benefits and possible risks associated with any plant expansion: N/A.
- (IX) Risks associated with any consolidation of sales or purchasing operations:

For major purchase and sales customers, the Company took their different industrial characteristics and staged operational backgrounds into consideration, and has found no risks associated with any consolidation of sales or purchasing operations. In view of the future growth trend of the Company and the industry, the Company will further properly diversify sources of procurement and sales targets in order to maintain a balanced and stable operation result. This is the goal for the Company to continuously strive for.

- (X) The impact and risks of transfer or change of a large number of shares from directors, supervisors or major shareholders who hold more than 10% shares to the Company: None.
- (XI) The impact and risks of change in the right of management to the Company: N/A.
- (XII) In case of any lawsuits or non-lawsuits, disclosure of the significant impact on the Company's operation or shareholder equity, which may be caused by important lawsuits, non-lawsuits or administrative proceedings to the Company and its directors, supervisors, General Manager, persons in charge, shareholders who hold more than 10% shares and affiliates: None.
- (XIII) Other significant risks and countermeasures: None.

VII. Other important matters: None.

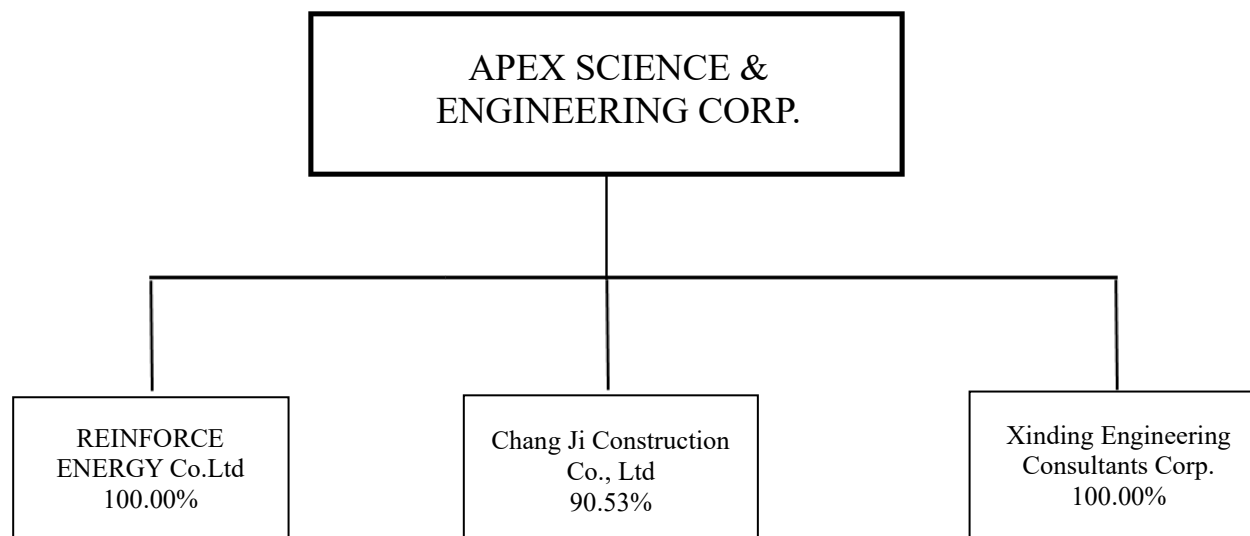
Chapter 8 Special Disclosure

I. Information about affiliated companies:

December 31, 2022

1. Profile of affiliated companies:

(1) Organizational chart of affiliates



(2) Basic information about each affiliated company Unit: NT\$1,000/\$ 1,000

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Apex Science & Engineering Corp.	1976.08.09	F4, No.112, Xinmin St., Zhonghe Dist., New Taipei City	2,287,135	1. Design and installation of various types of machinery, light and heavy-duty motors, prime movers, hydraulic turbines, steam turbines, gas turbines, electric petrochemical equipment and computer monitoring, automatic control and instrumentation engineering. 2. Design and installation of water and wastewater treatment facilities, garbage incinerator, waste disposal facilities, prevention and control systems against air pollution, noise and all other kinds of public hazards, fire fighting and fire alarm systems, spray sprinklers, foam extinguishers, carbon dioxide extinguishers and Sea Dragon System. 3. Manufacturing of electronic components, and the wholesale of electronic materials, etc. 4. Trading of residential and commercial buildings, and commissioning of construction firms to construct these buildings, etc.
Chang Ji Construction Co., Ltd.	1980.11.22	F5, No.755, Zhongzheng Rd., Zhonghe Dist., New Taipei City	600,000	Construction of civil and structural works and water conservancy projects, etc.
Xinding Engineering Consultants Corp.	2013.12.25	F4-1, No.112, Xinmin St., Zhonghe Dist., New Taipei City	8,000	1. Engineering technical consulting. 2. Other consulting services.
REINFORCE ENERGY CO. LTD.	2000.10.03	P.O. Box 3152, Road Town, Tortola, British Virgin Island	USD2,810	Miscellaneous investments.

(3) Information about same directors of treated-as controlled companies and affiliates: None

(4) Scope of industries covered by the business operations of group affiliates(If the businesses operated by related enterprises are related to each other, they shall explain the division of labor between them):

The business operations of the Company and its affiliate companies cover following industries: engineering, investment, manufacturing, construction, engineering technical consulting, trading, and general merchandise. Changji Construction Co., Ltd. was contracted to undertake most of the construction projects of Apex Science & Engineering Corp.

(5) Information on directors, supervisors of affiliates

Name of Affiliate	Title	Name or Representative	Shareholding	
			Number of Shares	Percentage of Ownership
Apex Science & Engineering Corp.	Chairman	Kuo, Kuo-Hua	16,425,177	7.18%
	Director	Chou, His-Yang	139,920	0.06%
	Director	Representative of Kaida Development Co., Ltd.: Wang, Chao-Kuei	1,040,000	0.45%
	Director	Lu, Fang-Yuan	100,000	0.04%
	Independent Director	Chang, Pao-Tsai	57,200	0.03%
	Independent Director	Hsiao, Sheng-Hsien	-	-
	Independent Director	Wu, Nai-Hua	-	-
Chang Ji Construction Co., Ltd.	Chairman	Representative of APEX Science & Engineering Corp.: Kuo, Chun-Hao	54,320,000	90.53%
	Supervisor	Kuo, Shih-Yu	-	-
Xinding Engineering Consultants Corp.	Chairman	Representative of APEX Science & Engineering Corp.: Lin, Yu-Cun	800,000	100%
	Director	Representative of APEX Science & Engineering Corp.: Kuo, Shih-Yu	800,000	100%
	Director	Representative of APEX Science & Engineering Corp.: Yang, Shang-Hung	800,000	100%
	Supervisor	Representative of APEX Science & Engineering Corp.: Kuo, Kuo-Hua	800,000	100%
Reinforce Energy Co. Ltd.	Director	Representative of APEX Science & Engineering Corp.: Kuo, Kuo-Hua	2,810,000	100%

(6) Operating status of affiliates

Unit: NT\$1,000

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Profit or Loss (after tax)	Earnings (Loss) per Share (NT\$) (after tax)
APEX Science & Engineering Corp.	2,287,135	8,270,981	5,135,366	3,135,615	886,005	190,840	206,934	1.05
Chang Ji Construction Co., Ltd.	600,000	1,880,649	1,088,422	792,227	2,095,674	11,833	15,626	0.26
Xinding Engineering Consultants Corp.	8,000	103,621	82,267	21,354	19,837	818	380	0.48
Reinforce Energy Co. Ltd.	95,963	224,193	-	224,193	-	(78)	29,120	-

(7) Information about endorsements, capital loans to other parties and transactions of other financial derivatives of the affiliated companies

- a. Endorsement: None
- b. Loans provided for others: None
- c. Derivative transactions: None

2. Consolidated financial statement of affiliated companies

Apex Science & Engineering Corp.

Declaration of Consolidated Financial Statements of Affiliates

In 2022 (from January 1, 2022 to December 31, 2022), pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the Company's entities that shall be included in preparing the Consolidated Financial Statements of Affiliates and the Parent-Subsidiary Consolidated Financial Statements for International Accounting Standards 10 are the same. Moreover, the disclosure information required for the Consolidated Financial Statements of Affiliates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements; hence, a separate Consolidated Financial Statements of Affiliates will not be prepared.

Sincerely,

Company Name: APEX Science & Engineering Corp.

Representative: Kuo, Kuo-Hua

March 13, 2023

3. Reports on Affiliations: None.

II. Private placement of negotiable securities: None.

III. Holding or disposal of shares in the Company by subsidiaries during the most recent fiscal year and up to the date of publication of the Annual Report:

**During the most recent year and up to the date of publication of the Annual Report
Holding or disposal of shares in the Company by subsidiaries**

Unit: NT\$1,000; shares; %

Name of Subsidiary (Note 1)	Paid-in Capital	Source of Capital	Shareholding ratio of the Company	Date of Acquisition or Disposal	Amount and Number of Shares Acquired	Amount and Number of Shares Disposed of	Invest ment Income	Shares Held and Amount Up to the Date of Publication of the Annual Report	Pledge	Making of Endorsements /Guarantees to Subsidiary	Loaning of Funds to Subsidiary
Chang Ji Construction Co., Ltd.	600,000	Private capital	90.53%	As of the date of publication of the Annual Report	-	-	-	28,124,802 /323,435	Note	0	None

Note: In order to acquire financed credit limit from banks, Chang Ji used its 28,125,000 shares held in the Company as a pledge guarantee.

IV. Other necessary supplements: None.

V. As stated in Item 2, Paragraph 2, Article 36 of the Securities and Exchange Act, events which have material impacts on shareholders' equity or securities prices during the most recent fiscal year and up to the date of publication of the Annual Report: None.