

ALTEK CORPORATION
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2022 AND 2021
(Stock Code : 3059)

For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000230

To the Board of Directors and Shareholders of ALTEK CORPORATION

Opinion

We have audited the accompanying parent company only balance sheets of ALTEK CORPORATION as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards of Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of ALTEK CORPORATION in accordance with the Norm of Professional Ethics for Certified Public Accountants 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 ALTEK CORPORATION's 2022 the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for ALTEK CORPORATION's 2022 the parent company only financial statements of the current period are stated as follows:

Allowance for inventory valuation losses

Description

Please refer to Note 4(12) for description of accounting policy on inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation. Please refer to Note 6(5) for the details of inventories.

ALTEK CORPORATION's subsidiaries (shown as Investments accounted for under the equity method) are primarily engaged in manufacturing and sales of automobile cameras, medical and digital image application products. The subsidiaries measures inventories sold at the lower of cost and net realisable value. For inventory that is over a certain age and individually identified obsolete or damaged inventory, the subsidiaries recognises losses at net realisable value. The value of inventories is significant, involves various types of inventory, and the individual identification of inventory usually involves management judgement which is an area that also needs to be assessed using our judgement during the audit process. Thus, we identified the subsidiaries' valuation of allowance for inventory losses as one of the key audit matters.

How our audit addressed the matter

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

- A. Obtained an understanding and assessed the provision policy on inventory valuation losses.
- B. Obtained the statement of individually identified obsolete inventory prepared by management and checked the accuracy of stock age analysis report and relevant information.

C. Checked the accuracy of net realisable value of inventory, assessed the consistency between valuation of market value decline and its provision policy, and assessed the reasonableness of allowance for valuation losses determined by the Company.

Recognition of sales revenue

Description

Please refer to Note 4(27) for accounting policies of revenue recognition. Please refer to Note 6(21) for the details of sales revenue. Sales revenue is the main operating activity and relevant to ALTEK CORPORATION's financial performance. ALTEK CORPORATION has many customers, the recognition of sales revenue require judgment in determining the transfer of control of goods. Therefore, we identified the recognition of sales revenue as one of the key audit matters.

How our audit addressed the matter

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

- A. Assessed the appropriateness of policies on sales revenue recognition.
- B. Assessed and tested the design of internal controls that are relevant to sales revenue recognition and the effectiveness of execution.
- C. Sampled and validated transaction terms, performance obligations, prices, orders, shipping documents and assessed appropriateness of amount and timing of revenue recognition.

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

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

In preparing the parent company only financial statements, management is responsible for assessing ALTEK CORPORATION'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 ALTEK CORPORATION 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 ALTEK CORPORATION's financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

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

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

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

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

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

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

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

Hsieh, Chin-Cheng

Chiang, Tsai-Yen

For and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 2023

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

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

ALTEK CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 744,108	5	\$ 684,671	5
1170	Accounts receivable, net	6(4)	1,172,187	8	914,619	7
1180	Accounts receivable - related parties	6(4) and 7	737	-	2,704	
1200	Other receivables		6,509	-	5,547	-
1210	Other receivables - related parties	7	83,829	1	88,171	1
1220	Current income tax assets		46	-	326	-
130X	Inventories, net	6(5)	237,720	1	164,429	1
1410	Prepayments		16,278	-	21,419	-
1470	Other current assets		2,485	-	2,251	-
11XX	Current Assets		2,263,899	15	1,884,137	14
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	83,601	1	79,184	1
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	-	-	-	-
1550	Investments accounted for under the equity method	6(6)	10,512,355	70	9,429,899	69
1600	Property, plant and equipment	6(7) and 8	1,243,059	8	1,274,154	9
1755	Right-of-use assets	6(8)	94,436	1	104,039	1
1760	Investment property - net	6(9) and 8	743,070	5	750,097	5
1780	Intangible assets	6(10)	2,764	-	4,144	-
1840	Deferred income tax assets	6(28)	77,596	-	157,579	1
1900	Other non-current assets		30,223	-	30,578	-
15XX	Non-current assets		12,787,104	85	11,829,674	86
1XXX	Total assets		\$ 15,051,003	100	\$ 13,713,811	100

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ALTEK CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 1,848,000	12	\$ 2,400,000	18
2110	Short-term notes and bills payable	6(12)	399,669	3	599,818	4
2130	Current contract liabilities	6(21)	68,815	-	2,483	-
2170	Accounts payable		118,261	1	36,978	-
2180	Accounts payable - related parties	7	1,669,932	11	1,193,341	9
2200	Other payables		301,714	2	210,486	2
2220	Other payables - related parties	7	241,456	2	13,380	-
2230	Current income tax liabilities		2,310	-	-	-
2250	Provisions for liabilities - current	6(16)	32,346	-	9,305	-
2280	Current lease liabilities		8,395	-	9,498	-
2320	Long-term liabilities, current portion	6(13)	500,000	3	-	-
2399	Other current liabilities, others	7	373,974	3	15,503	-
21XX	Current Liabilities		5,564,872	37	4,490,792	33
Non-current liabilities						
2550	Provisions for liabilities - non-current	6(16)	29,350	-	29,350	-
2570	Deferred income tax liabilities	6(28)	494,336	3	482,818	3
2580	Non-current lease liabilities		88,024	1	96,038	1
2600	Other non-current liabilities	6(14)	11,360	-	13,301	-
25XX	Non-current liabilities		623,070	4	621,507	4
2XXX	Total Liabilities		6,187,942	41	5,112,299	37
Equity						
	Share capital	6(17)				
3110	Common stock		2,788,180	18	2,792,011	21
	Capital surplus	6(18)				
3200	Capital surplus		2,046,625	14	2,392,215	17
	Retained earnings	6(19)				
3310	Legal reserve		1,441,002	9	1,418,410	10
3320	Special reserve		774,832	5	651,556	5
3350	Unappropriated retained earnings		2,366,630	16	2,266,140	17
	Other equity interest	6(20)				
3400	Other equity interest		(516,107)	(3)	(787,359)	(6)
3500	Treasury stocks	6(17)	(38,101)	-	(131,461)	(1)
3XXX	Total equity		8,863,061	59	8,601,512	63
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 15,051,003	100	\$ 13,713,811	100

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

ALTEK CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2022		2021	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(21) and 7	\$	9,493,624	100	\$	5,105,488
5000 Operating costs	6(5)(26)(27) and 7	(	8,798,660)	(93)	(	4,634,033)
5900 Net operating margin			694,964	7		471,455
Operating expenses	6(26)(27) and 7					
6100 Selling expenses		(	30,323)	-	(	23,405)
6200 General and administrative expenses		(	303,393)	(3)	(	298,898)
6300 Research and development expenses		(	453,130)	(5)	(	354,883)
6450 Expected credit gains	12(2)	(	143)	-		46
6000 Total operating expenses		(	786,989)	(8)	(	677,140)
6900 Operating loss		(	92,025)	(1)	(	205,685)
Non-operating income and expenses						
7100 Interest income	6(22)		1,039	-		661
7010 Other income	6(23) and 7		30,951	-		29,488
7020 Other gains and losses	6(24)		75,383	1		36,228
7050 Finance costs	6(25)	(	34,964)	-	(	25,517)
7070 Share of profit of associates and joint ventures accounted for using equity method, net	6(6)		498,538	5		410,665
7000 Total non-operating income and expenses			570,947	6		451,525
7900 Profit before income tax			478,922	5		245,840
7950 Income tax expense	6(28)	(	22,180)	-	(	21,106)
8200 Profit for the year		\$	456,742	5	\$	224,734
Other comprehensive income						
Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8311 Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(14)	\$	206	-	\$	3,433
8316 Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income		(	27,284)	-	(	21,154)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	(	41)	-	(	942)
8310 Components of other comprehensive income that will not be reclassified to profit or loss		(	27,119)	-	(	18,663)
Components of other comprehensive (loss) income that will be reclassified to profit or loss						
8361 Other comprehensive loss, before tax, exchange differences on translation			358,380	4	(	129,298)
8399 Income tax relating to the components of other comprehensive income	6(28)	(	71,676)	(1)		25,860
8360 Components of other comprehensive income that will be reclassified to profit or loss			286,704	3	(	103,438)
8300 Other comprehensive income (loss) for the year		\$	259,585	3	(	122,101)
8500 Total comprehensive income for the year		\$	716,327	8	\$	102,633
9750 Basic earnings per share	6(29)	\$	1.67		\$	0.85
9850 Diluted earnings per share	6(29)	\$	1.65		\$	0.83

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

ALTEK CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Common stock	Capital surplus	Retained earnings		Other equity interest		Treasury stocks	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Currency translation differences of foreign operations	Other	
<u>2021</u>									
Balance at January 1, 2021		\$ 2,794,973	\$ 2,335,226	\$ 1,402,467	\$ 592,325	\$ 2,249,655	(\$ 550,536)	(\$ 147,162)	(\$ 209,287) \$ 8,467,661
Profit for the year		-	-	-	-	224,734	-	-	224,734
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	2,746	(103,438)	(21,409)	(122,101)
Total comprehensive income (loss)		-	-	-	-	227,480	(103,438)	(21,409)	102,633
Appropriation of 2020 earnings	6(19)								
Legal reserve		-	-	15,943	-	(15,943)	-	-	-
Special reserve		-	-	-	59,231	(59,231)	-	-	-
Cash dividend		-	-	-	-	(134,249)	-	-	(134,249)
Share-based payment transactions	6(15)(18)(20)	-	69,940	-	-	-	-	26,930	96,870
Retirement of employee restricted shares	6(15)(17)(18)(20)	(2,962)	(3,722)	-	-	-	-	6,684	-
Treasury stock transferred to employees	6(17)(18)	-	(227)	-	-	-	-	-	77,599
Changes in ownership interest in subsidiaries	6(18)	-	(9,002)	-	-	-	-	-	(9,002)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(20)	-	-	-	-	(1,572)	-	1,572	-
Balance at December 31, 2021		\$ 2,792,011	\$ 2,392,215	\$ 1,418,410	\$ 651,556	\$ 2,266,140	(\$ 653,974)	(\$ 133,385)	(\$ 131,461) \$ 8,601,512
<u>2022</u>									
Balance at January 1, 2022		\$ 2,792,011	\$ 2,392,215	\$ 1,418,410	\$ 651,556	\$ 2,266,140	(\$ 653,974)	(\$ 133,385)	(\$ 131,461) \$ 8,601,512
Profit for the year		-	-	-	-	456,742	-	-	456,742
Other comprehensive income (loss) for the year		-	-	-	-	165	286,704	(27,284)	259,585
Total comprehensive income (loss)	6(20)	-	-	-	-	456,907	286,704	(27,284)	716,327
Appropriation of 2021 earnings	6(19)								
Legal reserve		-	-	22,592	-	(22,592)	-	-	-
Special reserve		-	-	-	123,276	(123,276)	-	-	-
Cash dividend		-	-	-	-	(190,401)	-	-	(190,401)
Share-based payment transactions	6(15)(18)(20)	-	50,109	-	-	-	-	3,084	53,193
Retirement of employee restricted shares	6(15)(17)(18)(20)	(3,831)	(4,917)	-	-	-	-	8,748	-
Treasury stock transferred to employees	6(17)(18)	-	(341)	-	-	-	-	-	93,019
Changes in ownership interest in subsidiaries	6(18)	-	(390,441)	-	-	(20,148)	-	-	(410,589)
Balance at December 31, 2022		\$ 2,788,180	\$ 2,046,625	\$ 1,441,002	\$ 774,832	\$ 2,366,630	(\$ 367,270)	(\$ 148,837)	(\$ 38,101) \$ 8,863,061

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

ALTEK CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 478,922	\$ 245,840
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(9)(26)	51,740	54,468
Amortization	6(10)(26)	2,843	3,778
Expected credit loss (gains)	12(2)	143	(46)
Net gain on financial assets at fair value through profit	6(2)(24)	(4,417)	(30,955)
Interest expense	6(25)	34,964	25,517
Interest income	6(22)	(1,039)	(661)
Dividend income	6(23)	(2,289)	(1,526)
Share-based payment compensation cost	6(15)	52,339	85,976
Profit on investments accounted for under the equity method	6(6)	(498,538)	(410,665)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(257,711)	(228,674)
Accounts receivable-related parties		1,967	10,973
Other receivables		(962)	(3,762)
Other receivables-related parties		5,197	(15,461)
Inventories		(73,291)	(89,397)
Prepayments		5,141	(10,603)
Other current assets		(234)	(847)
Changes in operating liabilities			
Current contract liabilities		66,332	1,502
Accounts payable		81,283	5,119
Accounts payable - related parties		476,591	297,695
Other payables		90,766	29,404
Other payables-related parties		228,076	4,549
Provision of liabilities		23,041	(27,696)
Other current liabilities		12,871	(6,656)
Other non-current liabilities		(1,735)	19
Cash inflow (outflow) generated from operations		772,000	(62,109)
Interest received		1,039	669
Dividend received		94,149	209,876
Interest paid		(29,610)	(21,274)
Income tax received		194	2,313
Net cash flows from operating activities		<u>837,772</u>	<u>129,475</u>

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ALTEK CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of investment accounted for under the equity method		(\$ 755,272)	\$ -
Acquisition of property, plant, and equipment	6(30)	(3,777)	(9,403)
Increase in advance receipts - disposal of assets		345,600	-
Acquisition of intangible assets	6(30)	(1,669)	(2,376)
Decrease in guarantee deposits paid		355	1,851
Net cash flows used in investing activities		(414,763)	(9,928)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(31)	15,132,000	16,110,000
Repayment of short-term borrowings	6(31)	(15,684,000)	(16,040,000)
Proceeds from issuance of short-term notes and bills payable	6(31)	3,696,400	3,097,194
Repayment of short-term notes and bills payable	6(31)	(3,900,000)	(2,800,000)
Proceeds from long-term borrowings	6(31)	500,000	-
Repayment of long-term borrowings	6(31)	-	(250,000)
Increase in guarantee deposits received	6(31)	-	9
Repayment of principal portion of lease liabilities	6(31)	(10,590)	(11,833)
Cash dividends paid	6(19)	(190,401)	(134,249)
Treasury shares transferred to employees		93,019	77,599
Net cash flows (used in) from financing activities		(363,572)	48,720
Net increase in cash and cash equivalents		59,437	168,267
Cash and cash equivalents at beginning of year	6(1)	684,671	516,404
Cash and cash equivalents at end of year	6(1)	\$ 744,108	\$ 684,671

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

ALTEK CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

1. HISTORY AND ORGANIZATION

Altek Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Company is primarily engaged in the development, manufacturing and sale of automobile cameras, medical and digital image technology application products, and related export and import trade.

The Company was listed in the Taiwan Stock Exchange on December 24, 2002, as approved by the Tai-Tz (91) Letter No. 024976 of the former Securities and Futures Commission, Ministry of Finance, R.O.C., dated September 27, 2002.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

The parent company only financial statements were authorized for issuance by the Board of Directors on March 10, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments that came into effect as endorsed by FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment : proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

(2) Effect of new issuances of or amendments to IFRSs that came into effect as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments that came into effect as endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these accompanying parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through

profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

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

B. Translation of foreign operations

- (a) The operating results and financial position of all the subsidiaries, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;

- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Accounts receivable

- A. Accounts receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

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

(9) Impairment of financial assets

For financial assets at amortised cost at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that does not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

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

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Leasing arrangements (lessor) — operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(13) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity.
- B. Unrealised profit (loss) that occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit

or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise its share in the subsidiary's loss proportionately.

- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- E. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the non-consolidated financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ~ 40 years
Machinery and equipment	4 years
Utility equipment	3 ~ 6 years
Other equipment	2 ~ 11 years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability

(b) Any initial direct costs incurred by the lessee

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 10 ~ 35 years.

(17) Intangible assets

Computer software are stated at cost and amortised on a straight-line basis over its estimated useful lives of 1 ~ 3 years.

(18) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred.

(20) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The Company initially measures notes and accounts payable at fair value and subsequently amortises the interest expense in profit or loss over the period of circulation using the effective interest method.

(21) Provisions

Provisions (warranties) are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
- (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

- (c) Employees do not need to pay a price to obtain new shares with restricted employee rights. If the employee leaves the company within the vesting period, the company will take back the stock from the employee free of charge. On the grant date, the price to be paid will be estimated and recognized as remuneration in accordance with the terms and conditions of the issuance method Costs and Liabilities.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(27) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells digital image technology application products. Sales are recognised when control of the products has transferred, being when the products are delivered to the buyer, the buyer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue from these sales is recognised based on the price specified in the contract, net of the value-added tax, sales return, volume discounts, sales discounts and allowances.
- (c) The Company's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.

- (d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Technical service revenue

The Company provides technical support services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the number of delivered report relative to the total number of committed report.

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

The preparation of the parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors.

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

None.

(b) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Therefore, there might be material changes to the evaluation.

As of December 31, 2022, the carrying amount of inventories was \$237,720.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand revolving funds	\$ 346	\$ 384
Checking accounts and demand deposits	743,762	684,287
Total	<u>\$ 744,108</u>	<u>\$ 684,671</u>

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

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

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

Items	December 31, 2022	December 31, 2021
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 10,312	\$ 10,312
Valuation adjustment	73,289	68,872
Total	<u>\$ 83,601</u>	<u>\$ 79,184</u>

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

	For the year ended December 31, 2022	For the year ended December 31, 2021
Equity instruments	<u>\$ 4,417</u>	<u>\$ 30,955</u>

B. The Company has no financial assets at fair value through profit or loss as at December 31, 2022 and 2021 pledged to others.

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

Items	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 100,000	\$ 100,000
Valuation adjustment	(100,000)	(100,000)
Total	<u>\$ -</u>	<u>\$ -</u>

A. The Company has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments both amounted to \$0 as at December 31, 2022 and 2021.

B. There were no amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income for the years ended December 31, 2022 and 2021.

C. The Company has no financial assets at fair value through profit or loss pledged to others as at December 31, 2022 and 2021.

(4) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable (including related parties)	\$ 1,173,158	\$ 917,414
Less: Allowance for uncollectible accounts	(234)	(91)
	<u>\$ 1,172,924</u>	<u>\$ 917,323</u>

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

	December 31, 2022	December 31, 2021
Not past due	\$ 876,788	\$ 897,788
Up to 30 days	267,861	18,340
31 to 90 days	28,509	1,286
	<u>\$ 1,173,158</u>	<u>\$ 917,414</u>

The above ageing analysis was based on past due date.

B. As at December 31, 2022 and 2021, accounts receivable were all from contracts with customers. And as of January 1, 2021, the balance of accounts receivable from contracts with customers amounted to \$699,713.

C. None of the Company's accounts receivable were pledged to others as collateral.

D. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was \$1,172,924 and \$917,323, respectively.

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

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 17,985	(\$ 4,038)	\$ 13,947
Work in progress	97,460	(4,275)	93,185
Finished goods	132,617	(2,029)	130,588
Total	<u>\$ 248,062</u>	<u>(\$ 10,342)</u>	<u>\$ 237,720</u>

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 20,576	(\$ 2,739)	\$ 17,837
Work in progress	70,801	(174)	70,627
Finished goods	77,761	(1,796)	75,965
Total	<u>\$ 169,138</u>	<u>(\$ 4,709)</u>	<u>\$ 164,429</u>

The cost of inventories recognised as expense for the period:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Cost of goods sold and others	\$ 8,793,027	\$ 4,633,305
Loss in market value	5,633	728
Total	<u>\$ 8,798,660</u>	<u>\$ 4,634,033</u>

(6) Investments accounted for using equity method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Altek International Investment Co., Ltd.	\$ 8,255,923	\$ 8,258,680
Altek Japan Corporation	10,190	10,101
Altek International Holding (BVI) Co., Ltd.	1,270,802	1,061,246
Altek Investment Corporation	99,796	99,872
Altek Medical Holding(Cayman) Co., Ltd.(Note)	875,644	-
	<u>\$ 10,512,355</u>	<u>\$ 9,429,899</u>

Note :These represents the purchase of Altek Medical Holding (Cayman) Co. , Ltd. equity from Altek International Holding (BVI) Co., Ltd. This transaction is an adjustment of the investment structure within the group.

- A. For information on the Company's subsidiary, please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2022.
- B. The Company recognised gain on investment in associates amounting to \$498,538 and \$410,665 for the years ended December 31, 2022 and 2021, respectively.

(7) Property, plant and equipment

	2022						
	Land	Buildings and structures	Machinery	Test equipment	Construction in progress and prepayment for equipment	Others	Total
At January 1							
Cost	\$ 468,684	\$ 1,191,069	\$ 626	\$ 60,583	\$ 1,047	\$ 52,630	\$ 1,774,639
Accumulated depreciation	-	(391,553)	(626)	(58,116)	-	(50,190)	(500,485)
	<u>\$ 468,684</u>	<u>\$ 799,516</u>	<u>\$ -</u>	<u>\$ 2,467</u>	<u>\$ 1,047</u>	<u>\$ 2,440</u>	<u>\$ 1,274,154</u>
Opening net book amount	\$ 468,684	\$ 799,516	\$ -	\$ 2,467	\$ 1,047	\$ 2,440	\$ 1,274,154
Additions	-	1,684	-	172	-	1,780	3,636
Reclassifications	-	210	-	-	-	-	210
Depreciation charge	-	(32,142)	-	(1,566)	-	(1,233)	(34,941)
Closing net book amount	<u>\$ 468,684</u>	<u>\$ 769,268</u>	<u>\$ -</u>	<u>\$ 1,073</u>	<u>\$ 1,047</u>	<u>\$ 2,987</u>	<u>\$ 1,243,059</u>
At December 31							
Cost	\$ 468,684	\$ 1,193,053	\$ -	\$ 50,836	\$ 1,047	\$ 53,982	\$ 1,767,602
Accumulated depreciation	-	(423,785)	-	(49,763)	-	(50,995)	(524,543)
	<u>\$ 468,684</u>	<u>\$ 769,268</u>	<u>\$ -</u>	<u>\$ 1,073</u>	<u>\$ 1,047</u>	<u>\$ 2,987</u>	<u>\$ 1,243,059</u>

2021							
	Land	Buildings and structures	Machinery	Test equipment	Construction in progress and to be inspected equipment	Others	Total
At January 1							
Cost	\$ 468,684	\$ 1,189,337	\$ 626	\$ 59,811	\$ -	\$ 50,863	\$ 1,769,321
Accumulated depreciation	-	(358,716)	(626)	(56,604)	-	(48,172)	(464,118)
	<u>\$ 468,684</u>	<u>\$ 830,621</u>	<u>\$ -</u>	<u>\$ 3,207</u>	<u>\$ -</u>	<u>\$ 2,691</u>	<u>\$ 1,305,203</u>
Opening net book amount	\$ 468,684	\$ 830,621	\$ -	\$ 3,207	\$ -	\$ 2,691	\$ 1,305,203
Additions	-	1,732	-	862	1,047	1,767	5,408
Depreciation charge	-	(32,837)	-	(1,602)	-	(2,018)	(36,457)
Closing net book amount	<u>\$ 468,684</u>	<u>\$ 799,516</u>	<u>\$ -</u>	<u>\$ 2,467</u>	<u>\$ 1,047</u>	<u>\$ 2,440</u>	<u>\$ 1,274,154</u>
At December 31							
Cost	\$ 468,684	\$ 1,191,069	\$ 626	\$ 60,583	\$ 1,047	\$ 52,630	\$ 1,774,639
Accumulated depreciation	-	(391,553)	(626)	(58,116)	-	(50,190)	(500,485)
	<u>\$ 468,684</u>	<u>\$ 799,516</u>	<u>\$ -</u>	<u>\$ 2,467</u>	<u>\$ 1,047</u>	<u>\$ 2,440</u>	<u>\$ 1,274,154</u>

A. For the years ended December 31, 2022 and 2021, there was no capitalisation of borrowing interests attributable to the property, plant and equipment.

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

(8) Leasing arrangements — lessee

- A. The Company leases various assets including land, buildings and business vehicles. The term of the land lease contract is 20 years, the rest usually ranges from 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise buildings and equipment. Low-value assets comprise printers, etc.
- C. The carrying amount of the depreciation charge are as follows:

	Carrying amount	
	December 31, 2022	December 31, 2021
Land	\$ 85,142	\$ 87,943
Buildings	7,000	10,360
Transportation equipment (Business vehicles)	2,294	5,736
	<u>\$ 94,436</u>	<u>\$ 104,039</u>

	Depreciation charge	
	For the year ended December 31, 2022	For the year ended December 31, 2021
Land	\$ 3,180	\$ 3,132
Buildings	3,360	3,080
Transportation equipment (Business vehicles)	3,442	4,981
	<u>\$ 9,982</u>	<u>\$ 11,193</u>

- D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$0 and \$13,440, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,094	\$ 1,108
Expense on short-term lease contracts	3,294	3,281
Expense on leases of low-value assets	211	102

- F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$14,095 and \$15,216, respectively.
- G. Extension and termination options

In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9) Investment property

2022			
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 573,532	\$ 245,710	\$ 819,242
Accumulated depreciation	-	(69,145)	(69,145)
	<u>\$ 573,532</u>	<u>\$ 176,565</u>	<u>\$ 750,097</u>
At January 1	\$ 573,532	\$ 176,565	\$ 750,097
Reclassifications	-	(210)	(210)
Depreciation charge	-	(6,817)	(6,817)
At December 31	<u>\$ 573,532</u>	<u>\$ 169,538</u>	<u>\$ 743,070</u>
At December 31			
Cost	\$ 573,532	\$ 245,411	\$ 818,943
Accumulated depreciation	-	(75,873)	(75,873)
	<u>\$ 573,532</u>	<u>\$ 169,538</u>	<u>\$ 743,070</u>
2021			
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 573,532	\$ 245,710	\$ 819,242
Accumulated depreciation	-	(62,327)	(62,327)
	<u>\$ 573,532</u>	<u>\$ 183,383</u>	<u>\$ 756,915</u>
At January 1	\$ 573,532	\$ 183,383	\$ 756,915
Depreciation charge	-	(6,818)	(6,818)
At December 31	<u>\$ 573,532</u>	<u>\$ 176,565</u>	<u>\$ 750,097</u>
At December 31			
Cost	\$ 573,532	\$ 245,710	\$ 819,242
Accumulated depreciation	-	(69,145)	(69,145)
	<u>\$ 573,532</u>	<u>\$ 176,565</u>	<u>\$ 750,097</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Rental income from investment property	<u>\$ 27,552</u>	<u>\$ 27,552</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 8,277</u>	<u>\$ 8,240</u>

B. The fair value of the investment property held by the Company as at December 31, 2022 and 2021 were both \$1,051,328, which was valued by independent appraisers. Valuations were made using the comparative method and income approach to perform evaluation capitalization.

C. There was no capitalisation of borrowing interests attributable to investment property.

D. Information about the investment property that was pledged to others as collaterals is provided in Note 8.

(10) Intangible assets

	<u>2022</u>	<u>2021</u>
At January 1		
Cost	\$ 11,127	\$ 14,141
Accumulated amortisation	(6,983)	(8,523)
	<u>\$ 4,144</u>	<u>\$ 5,618</u>
At January 1	\$ 4,144	\$ 5,618
Additions	1,463	2,304
Amortisation charge	(2,843)	(3,778)
At December 31	<u>\$ 2,764</u>	<u>\$ 4,144</u>
At December 31		
Cost	\$ 7,977	\$ 11,127
Accumulated amortisation	(5,213)	(6,983)
	<u>\$ 2,764</u>	<u>\$ 4,144</u>

A. Details of amortisation on intangible assets are as follows:

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Operating expense	<u>2,843</u>	<u>3,778</u>

B. The Company has no intangible assets pledged to others.

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 1,848,000</u>	1.44%~2.09%	None
<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 2,400,000</u>	0.82%~0.89%	None

(12) Short-term notes and bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial paper payable	\$ 400,000	\$ 600,000
Less: Discount on short-term notes and bills payable	(331)	(182)
	<u>\$ 399,669</u>	<u>\$ 599,818</u>
Interest rate ranges	<u>1.80%~1.90%</u>	<u>0.84%~0.87%</u>

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Bank secured borrowings	November 21, 2022 to November 21, 2023.	1.80%	Note	\$ 500,000
Less: Current portion				(500,000)
				<u>\$ -</u>

Note: The collateral of long-term borrowings, please refer to Note 8.

At December, 31, 2021: None.

(14) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	(\$ 53,603)	(\$ 51,430)
Fair value of plan assets	<u>48,688</u>	<u>44,574</u>
Net defined benefit liability	<u>(\$ 4,915)</u>	<u>(\$ 6,856)</u>

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

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 51,430)	\$ 44,574	(\$ 6,856)
Interest (expense) income	(308)	267	(41)
	(51,738)	44,841	(6,897)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,439	3,439
Change in financial assumptions	(769)	-	(769)
Experience adjustments	(2,464)	-	(2,464)
	(3,233)	3,439	206
Pension fund contribution	-	762	762
Paid pension	1,368	(354)	1,014
At December 31	(\$ 53,603)	\$ 48,688	(\$ 4,915)
	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 54,843)	\$ 44,573	(\$ 10,270)
Interest (expense) income	(165)	134	(31)
	(55,008)	44,707	(10,301)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	680	680
Change in demographic assumptions	(43)	-	(43)
Change in financial assumptions	1,481	-	1,481
Experience adjustments	1,315	-	1,315
	2,753	680	3,433
Pension fund contribution	-	12	12
Paid pension	825	(825)	-
At December 31	(\$ 51,430)	\$ 44,574	(\$ 6,856)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(f) The principal actuarial assumptions used were as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Discount rate	1.30%	0.60%
Future salary increases	4.00%	3.00%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Taiwan life insurance industry after 2022 and 2021.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligations	(\$ 1,121)	\$ 1,156	\$ 1,002	(\$ 978)
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligations	(\$ 1,156)	\$ 1,194	\$ 1,046	(\$ 1,019)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(g) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 amount to \$972.

(h) As of December 31, 2022, the weighted average duration of the retirement plan is 9 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	6,745
2-5 years		8,811
Over 5 years		19,962
	\$	<u>35,518</u>

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021, were \$ 15,960 and \$14,750, respectively, under the above pension scheme.

(15) Share-based payment

A. For the years ended December 31, 2022 and 2021, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousand)	Contract period	Vesting conditions
Plan for restricted shares to employees (2018-1)	January 20, 2020	2,196	3 years	Note 2
Plan for restricted shares to employees (2019-1)	January 20, 2020	2,030	3 years	Note 2
"	April 24, 2020	86	3 years	Note 2
Treasury shares transferred to employees	March 9, 2021	2,000	-	Immediately vested
"	May 17, 2021	2,000	-	Immediately vested
"	October 14, 2021	2,000	-	Immediately vested
"	January 11, 2023	1,000	-	Immediately vested
"	July 6, 2023	1,910	-	Immediately vested

Note : The restricted shares were issued at no consideration to the Company's existing employees whose service years have reached 1 year, 2 years and 3 years and who achieved the performance requirement. The vested ratio is 40%, 30% and 30%, respectively. If employees who are entitled to receive restricted stocks do not meet the vesting conditions, the Company will redeem at no consideration and retire those shares. The stocks and dividends distributed to employees during the vesting period shall be given by the Company at no consideration. Employees are not required to return the stocks and dividends if they resign during the vesting period.

B. Restricted shares to employees:

(a) The information on restricted shares to employees is as follows (share in thousands):

	For the year ended December 31, 2022	For the year ended December 31, 2021
Shares ungranted beginning balance	2,679	4,968
Shares exercised	(1,384)	(1,993)
Shares forfeited - retired	(383)	(296)
Shares ungranted ending balance	912	2,679

- (b) As of December 31, 2022, the Company collected 383 thousand shares of restricted shares because certain employees did not meet the vesting condition, and the change of registration has been completed.
- C. As of December 31, 2022 and 2021, the weighted-average experience price of treasury shares transferred to employees was \$18.24 (in NT dollars) and \$19.66 (in NT dollars).
- D. For information of fair value of the share-based payment transactions granted by the Company is as follows:

Type of arrangement	Grant date	Stock price (in NT dollars)	Exercise price (Note) (in NT dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in NT dollars)
Plan for restricted shares to employees (2018-1)	January 20, 2020	\$22.80	\$ -	NA	3 years	NA	NA	\$ 22.80
Plan for restricted shares to employees (2019-1)	January 20, 2020	22.80	-	NA	3 years	NA	NA	22.80
"	April 24, 2020	18.20	-	NA	3 years	NA	NA	18.20
Treasury shares transferred to employees	March 9, 2021	34.10	21.08	NA	-	NA	NA	34.10
"	May 17, 2021	27.95	18.24 ~21.08	NA	-	NA	NA	27.95
"	October 14, 2021	31.90	18.24	NA	-	NA	NA	31.90
"	January 11, 2022	43.50	18.24	NA	-	NA	NA	43.50
"	July 6, 2022	31.25	18.24	NA	-	NA	NA	31.25

E. Expenses incurred on share-based payment transactions are shown below:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Equity-settled	\$ 52,339	\$ 85,976

(16) Provisions

		Warranty
At January 1, 2022	\$	38,655
Additional provisions		24,033
Used during the period	(	838)
Reversed during the period	(	154)
At December 31, 2022	\$	61,696
	December 31, 2022	December 31, 2021
Current	\$ 32,346	\$ 9,305
Non-current	\$ 29,350	\$ 29,350

The Company gives warranties on digital image technology application products sold. Provision for warranty is estimated based on historical warranty data of digital image technology application products.

(17) Share capital

As of December 31, 2022, the Company's authorized capital was \$5,000,000, consisting of 500,000 thousand shares of ordinary stock, and the paid-in capital was \$2,788,180 with a par value of \$10 (in NT dollars) per share.

A. Movements in the number of the Company's ordinary shares outstanding are as follows (share in thousands):

	2022	2021
At January 1	272,001	268,497
Treasury shares transferred to employees	5,110	3,800
Retired restricted shares to employees that did not meet the vesting conditions	(383)	(296)
At December 31	<u>276,728</u>	<u>272,001</u>

B. Treasury shares

(a) Reason for share reacquisition and the number of the Company's treasury shares are as follows :

		December 31, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares (share in thousands)	Carrying amount
The Company	To be reissued to employees	<u>2,090</u>	<u>\$ 38,101</u>

		December 31, 2021	
Name of company holding the shares	Reason for reacquisition	Number of shares (share in thousands)	Carrying amount
The Company	To be reissued to employees	<u>7,200</u>	<u>\$ 131,461</u>

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2022						
	Share premium	Employee stock options	Difference between consideration and carrying amount of subsidiaries disposed	Changes in ownership interests in subsidiaries	Proceeds from sales of treasury shares	Restricted shares to employees	Total
At January 1	\$1,847,105	\$49,102	\$ 1,534	\$ 388,907	\$ 71,168	\$ 34,399	\$ 2,392,215
Changes in ownership interests in subsidiaries	-	-	(1,534)	(388,907)	-	-	(390,441)
Treasury stock transferred to employees	-	-	-	-	49,768	-	49,768
Retirement of employee restricted shares	49,102	(49,102)	-	-	-	-	-
Employee restricted share granted	17,866	-	-	-	-	(17,866)	-
Retirement of employee restricted shares	-	-	-	-	-	(4,917)	(4,917)
At December 31	<u>\$1,914,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,936</u>	<u>\$ 11,616</u>	<u>\$ 2,046,625</u>
	2021						
	Share premium	Employee stock options	Difference between consideration and carrying amount of subsidiaries disposed	Changes in ownership interests in subsidiaries	Proceeds from sales of treasury shares	Restricted shares to employees	Total
At January 1	\$ 1,821,473	\$49,102	\$ 1,534	\$ 397,909	\$ 1,455	\$ 63,753	\$ 2,335,226
Changes in ownership interests in subsidiaries	-	-	-	(9,002)	-	-	(9,002)
Issuance of restricted shares to employees	-	-	-	-	69,713	-	69,713
Employee restricted share granted	25,632	-	-	-	-	(25,632)	-
Retirement of employee restricted shares	-	-	-	-	-	(3,722)	(3,722)
At December 31	<u>\$ 1,847,105</u>	<u>\$49,102</u>	<u>\$ 1,534</u>	<u>\$ 388,907</u>	<u>\$ 71,168</u>	<u>\$ 34,399</u>	<u>\$ 2,392,215</u>

(19) Retained earnings

- A. According to the Company's Articles of Incorporation, the annual earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Special reserve shall be set aside in accordance with the rules. The remaining amount plus the unappropriated earnings of prior years were distributed in new shares, which were proposed by the Board of Directors and resolved at the shareholders' meeting.

All or some of the dividends and bonus could, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, be distributed in the form of cash and reported at the shareholders' meeting.

- B. The amount of dividends appropriated is based on the Company's current year's net income and prior years' retained earnings, taking into account the Company's financial structure and future operating plans. The distribution ratio of cash dividends to stock dividends is based on the Company's funding status, diluted earnings per share and other factors. According to the dividend policy adopted by the Board of Directors, cash dividends shall account for at least 20% of the total dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The appropriation of 2021 and 2020 earnings had been resolved at the stockholders' meeting on June 17, 2022 and August 26, 2021, respectively. Details are summarized below:

	2021		2020	
	Amount	Dividends per share (in NT dollars)	Amount	Dividends per share (in NT dollars)
Legal reserve	\$ 22,592		\$ 15,943	
Special reserve	123,276		59,231	
Cash dividends	190,401	\$ 0.7	134,249	\$ 0.5
	<u>\$ 336,269</u>		<u>\$ 209,423</u>	

The appropriation of 2021 and 2020 earnings were the same as that approved by the Board of Directors on March 10, 2022 and March 25, 2021, respectively.

F. The appropriation of 2022 earnings had been proposed by the Board of Directors on March 10, 2023. Details are summarized below:

	2022	
	Amount	Dividends per share (in NT dollars)
Legal reserve	\$ 43,676	
Reversal of special reserve	(259,420)	
Cash dividends	276,728	\$ 1
	<u>\$ 60,984</u>	

For the aforementioned distribution of 2022 earnings, except for cash dividends which were resolved and proposed by the Board of Directors on March 10, 2023, others were pending for approval at the shareholders' meeting.

(20) Other equity items

	2022			
	Foreign currency translation	Unrealised losses on valuation	Unearned compensation	Total
At January 1	(\$ 653,974)	(\$ 120,857)	(\$ 12,528)	(\$ 787,359)
Valuation adjustment	-	(27,284)	-	(27,284)
Currency translation differences:				
-Subsidiaries	286,704	-	-	286,704
Retirement of restricted shares to employees	-	-	8,748	8,748
Share-based payment transactions	-	-	3,084	3,084
At December 31	<u>(\$ 367,270)</u>	<u>(\$ 148,141)</u>	<u>(\$ 696)</u>	<u>(\$ 516,107)</u>

	2021			
	Foreign currency translation	Unrealised losses on valuation	Unearned compensation	Total
At January 1	(\$ 550,536)	(\$ 101,020)	(\$ 46,142)	(\$ 697,698)
Valuation adjustment	-	(21,409)	-	(21,409)
Valuation adjustment-changed to retained earnings	-	1,572	-	1,572
Currency translation differences:				
-Subsidiaries	(103,438)	-	-	(103,438)
Retirement of restricted shares to employees	-	-	6,684	6,684
Share-based payment transactions	-	-	26,930	26,930
At December 31	(\$ 653,974)	(\$ 120,857)	(\$ 12,528)	(\$ 787,359)

(21) Operating revenue

	For the year ended December 31, 2022	For the year ended December 31, 2021
Revenue from contracts with customers	\$ 9,493,624	\$ 5,105,488

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major geographical regions:

For the year ended December 31, 2022	Asia	Europe	America	Oceania	Taiwan	Total
Revenue from external customer contracts	<u>\$7,307,750</u>	<u>\$ 121,905</u>	<u>\$1,930,125</u>	<u>\$ 1,867</u>	<u>\$131,977</u>	<u>\$9,493,624</u>
Timing of revenue recognition						
At a point in time	\$7,305,819	\$ 121,249	\$1,911,200	\$ 1,867	\$ 56,501	\$9,396,636
Over time	1,931	656	18,925	-	75,476	96,988
Total	<u>\$7,307,750</u>	<u>\$ 121,905</u>	<u>\$1,930,125</u>	<u>\$ 1,867</u>	<u>\$131,977</u>	<u>\$9,493,624</u>
For the year ended December 31, 2021	Asia	Europe	America	Oceania	Taiwan	Total
Revenue from external customer contracts	<u>\$3,457,477</u>	<u>\$135,513</u>	<u>\$1,400,440</u>	<u>\$ -</u>	<u>\$112,058</u>	<u>\$ 5,105,488</u>
Timing of revenue recognition						
At a point in time	<u>\$3,457,477</u>	<u>\$135,513</u>	<u>\$1,400,440</u>	<u>\$ -</u>	<u>\$112,058</u>	<u>\$ 5,105,488</u>

B. Contract liabilities

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract liabilities	<u>\$ 68,815</u>	<u>\$ 2,483</u>	<u>\$ 981</u>

C. Revenue recognised from performance obligations satisfied in previous periods

	<u>Year ended December 31, 2022</u>	<u>Year ended December 31, 2021</u>
Revenue recognised that was included in the contract liability balance at the beginning of	<u>\$ 1,090</u>	<u>\$ 45</u>

(22) Interest income

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Interest income from bank deposits	<u>\$ 1,008</u>	<u>\$ 614</u>
Other interest income	<u>31</u>	<u>47</u>
	<u>\$ 1,039</u>	<u>\$ 661</u>

(23) Other income

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Rent income	<u>\$ 27,403</u>	<u>\$ 26,700</u>
Dividend income	<u>2,289</u>	<u>1,526</u>
Other income - others	<u>1,259</u>	<u>1,262</u>
	<u>\$ 30,951</u>	<u>\$ 29,488</u>

(24) Other gains and losses

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Net gains on financial assets at fair value through profit or loss	<u>4,417</u>	<u>30,955</u>
Net currency exchange gains	<u>70,966</u>	<u>5,273</u>
	<u>\$ 75,383</u>	<u>\$ 36,228</u>

(25) Finance costs

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Interest expense :		
Bank loan	<u>\$ 30,419</u>	<u>\$ 21,583</u>
Lease liabilities	<u>1,094</u>	<u>1,108</u>
Other	<u>3,451</u>	<u>2,826</u>
	<u>\$ 34,964</u>	<u>\$ 25,517</u>

(26) Expenses by nature

	For the year ended December 31, 2022	For the year ended December 31, 2021
Employee benefit expenses	\$ 583,329	\$ 501,447
Depreciation charges on property, plant and equipment	34,941	36,457
Depreciation charges on right-of-use assets	9,982	11,193
Depreciation charges on investment property	6,817	6,818
Amortisation charges on intangible assets	2,843	3,778

(27) Employee benefit expenses

	For the year ended December 31, 2022	For the year ended December 31, 2021
Wages and salaries	\$ 528,447	\$ 453,465
Labour and health insurance fees	26,472	23,949
Pension costs	16,001	14,781
Other personnel expenses	12,409	9,252
	<u>\$ 583,329</u>	<u>\$ 501,447</u>

- A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute compensation to the employees and pay remuneration to the directors that account for 10% to 20% and no higher than 5%, respectively, of distributable profit of the current period. If a company has accumulated deficit, earnings should be channeled to cover losses. Employees' compensation can be distributed in the form of shares or in cash. Employees of subsidiaries that the Company holds more than 50% shareholding are entitled to receive aforementioned stock or cash.

Abovementioned distributable profit of the current period refers to the pre-tax profit before deduction of employees' compensation and directors' remuneration. A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributed as employees' compensation and directors' remuneration; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

- B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$89,798 and \$44,429, respectively; directors' remuneration was accrued at \$29,933 and \$5,924, respectively. The aforementioned amounts were calculated based on the Articles of Incorporation of the Company and recognised in salary expenses.

Employees' compensation and directors' and supervisors' remuneration for 2021 amounting to \$44,429 and \$5,924, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognized in the 2021 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Current tax:		
Income tax arising from current year	\$ 2,396	\$ -
Prior year income tax underestimation	-	547
Tax paid outside of the territory of the Republic of China	-	30
Total current tax	2,396	577
Deferred tax:		
Origination and reversal of temporary differences	19,784	20,529
Income tax expense	\$ 22,180	\$ 21,106

(b) The income tax charged to other comprehensive income is as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Changes in fair value of financial assets at fair value through other comprehensive income	\$ -	\$ 255
Translation differences of foreign	71,676	(25,860)
Benefit obligations revaluation	41	687
	\$ 71,717	(\$ 24,918)

B. Reconciliation between income tax expense and accounting profit:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Tax calculated based on profit before tax and statutory tax rate	\$ 95,784	\$ 49,168
Tax exempt income or expenses disallowed by tax regulation	(1,237)	(6,421)
Prior year income tax underestimation	-	547
Tax paid outside of the territory of the Republic of China	-	30
Change in assessment of realisation of deferred tax assets	(72,367)	(22,218)
Income tax expense	\$ 22,180	\$ 21,106

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
<u>Deferred tax assets:</u>				
Temporary differences:				
Cost of after-sales service and other estimated expenses	\$ 11,648	\$ 2,942	\$ -	\$ 14,590
Currency translation differences	134,003	-	(71,676)	62,327
Tax losses	11,046	(11,046)	-	-
Investment tax credits	882	(203)	-	679
Subtotal	<u>\$ 157,579</u>	<u>(\$ 8,307)</u>	<u>(\$ 71,676)</u>	<u>\$ 77,596</u>
<u>Deferred tax liabilities:</u>				
Temporary differences:				
Gain on foreign investment under equity method	(\$ 479,367)	(\$ 8,710)	\$ -	(\$ 488,077)
Pension expense	(1,572)	(347)	(41)	(1,960)
Others	(1,879)	(2,420)	-	(4,299)
Subtotal	<u>(\$ 482,818)</u>	<u>(\$ 11,477)</u>	<u>(\$ 41)</u>	<u>(\$ 494,336)</u>
Total	<u>(\$ 325,239)</u>	<u>(\$ 19,784)</u>	<u>(\$ 71,717)</u>	<u>(\$ 416,740)</u>
	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
<u>Deferred tax assets:</u>				
Temporary differences:				
Cost of after-sales service and other estimated expenses	\$ 22,619	(\$ 10,971)	\$ -	\$ 11,648
Currency translation differences	108,143	-	25,860	134,003
Others	255	-	(255)	-
Tax losses	2,434	8,612	-	11,046
Investment tax credits	717	165	-	882
Subtotal	<u>\$ 134,168</u>	<u>(\$ 2,194)</u>	<u>\$ 25,605</u>	<u>\$ 157,579</u>
<u>Deferred tax liabilities:</u>				
Temporary differences:				
Gain on foreign investment under equity method	(\$ 461,253)	(\$ 18,114)	\$ -	(\$ 479,367)
Pension expense	(889)	4	(687)	(1,572)
Others	(1,654)	(225)	-	(1,879)
Subtotal	<u>(\$ 463,796)</u>	<u>(\$ 18,335)</u>	<u>(\$ 687)</u>	<u>(\$ 482,818)</u>
Total	<u>(\$ 329,628)</u>	<u>(\$ 20,529)</u>	<u>\$ 24,918</u>	<u>(\$ 325,239)</u>

D. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

December 31, 2022			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	\$ 6,786	\$ 6,107	2023
December 31, 2021			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	\$ 8,820	\$ 7,938	2022

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022:None.

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	\$ 17,466	\$ 17,466	\$ -	2028
2020	5,053	5,053	-	2030
2021	32,710	32,710	-	2031
	<u>\$ 55,229</u>	<u>\$ 55,229</u>	<u>\$ -</u>	

F. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows: None.

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

(29) Earnings per share

For the year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in NT dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 456,742	273,374	\$ 1.67
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 456,742		
Assumed conversion of all dilutive potential ordinary shares			
Restricted shares to employees	-	1,194	
Employees' bonus	-	2,921	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 456,742	277,489	\$ 1.65
For the year ended December 31, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in NT dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 224,734	265,654	\$ 0.85
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 224,734		
Assumed conversion of all dilutive potential ordinary shares			
Restricted shares to employees	-	2,719	
Treasury shares transferred to employees	-	1,203	
Employees' bonus	-	1,135	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 224,734	270,711	\$ 0.83

(30) Supplemental cash flow information

Investing activities with partial cash payments

	For the year ended December 31, 2022	For the year ended December 31, 2021
Acquisition of property, plant, and equipment	\$ 3,636	\$ 5,408
Add: Property and equipment and construction billings payable at beginning of year	208	4,203
Less: Property and equipment and construction billings payable at end of year	(67)	(208)
Cash paid	<u>\$ 3,777</u>	<u>\$ 9,403</u>
	For the year ended December 31, 2022	For the year ended December 31, 2021
Acquisition of intangible assets	\$ 1,463	\$ 2,304
Add: Payables at beginning of year	206	278
Less: Payables at end of year	-	(206)
Cash paid	<u>\$ 1,669</u>	<u>\$ 2,376</u>

(31) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (Note)	Guarantee deposits received	Lease liabilities	Total
January 1, 2022	\$ 2,400,000	\$ 599,818	\$ -	\$ 6,445	\$ 105,536	\$ 3,111,799
Changes in cash flow from financing activities	(552,000)	(203,600)	500,000	-	(10,590)	(266,190)
Interest expenses	-	3,451	-	-	1,094	4,545
Changes in other non-cash items	-	-	-	-	379	379
December 31, 2022	<u>\$ 1,848,000</u>	<u>\$ 399,669</u>	<u>\$ 500,000</u>	<u>\$ 6,445</u>	<u>\$ 96,419</u>	<u>\$ 2,850,533</u>
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (Note)	Guarantee deposits received	Lease liabilities	Total
January 1, 2021	\$ 2,330,000	\$ 299,798	\$ 250,000	\$ 6,436	\$ 102,821	\$ 2,989,055
Changes in cash flow from financing activities	70,000	297,194	(250,000)	9	(11,833)	105,370
Interest expenses	-	2,826	-	-	1,108	3,934
Changes in other non-cash items	-	-	-	-	13,440	13,440
December 31, 2021	<u>\$ 2,400,000</u>	<u>\$ 599,818</u>	<u>\$ -</u>	<u>\$ 6,445</u>	<u>\$ 105,536</u>	<u>\$ 3,111,799</u>

Note: The loan will be due within one year, and it is listed as “long-term liabilities, current portion”.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship:

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Altek International Investment Co., Ltd.(AII)	A subsidiary included in the Group's Consolidated Financial Statements (Note)
Altek International Trading Co., Ltd. (AIT)	"
Altek Lab Inc.(ALI)	"
Altek Semiconductor (Cayman) Co., Ltd.(Cayman) (ASMC)	"
Altek Internatinoal Holding (BVI) Co., Ltd.(AIH)	"
Altek Semiconductor Corporation (SEMI)	"
Altek Biotechnology Corporation (BIO)	"
Altek Medical Holding (Cayman) Co., Ltd. Taiwan Branch (AMH-TW)	"
Altek Investment Corporation (AIC)	"
Altek Medical (Kunshan) Limited(MED-KS)	"

Note: For information on the Company's subsidiary, please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2022.

(2) Significant transactions and balances with related parties:

A. Operating revenue:

	<u>Year ended December 31,</u> <u>2022</u>	<u>Year ended December 31,</u> <u>2021</u>
Sales of Goods:		
AIT	\$ 282	\$ 11
SEMI	1	12,010
BIO	20,887	1,759
AMH-TW	32,657	2,017
MED-KS	3,076	-
Subtotal	<u>56,903</u>	<u>15,797</u>
Sales of services:		
SEMI	\$ 31,941	\$ 38,619
BIO	<u>42,769</u>	<u>49,773</u>
Subtotal	<u>74,710</u>	<u>88,392</u>
Total	<u>\$ 131,613</u>	<u>\$ 104,189</u>

Goods are sold based on the prices lists in force and terms that would be available to third parties, and the general collection term was 45~90 days after monthly billings.

B. Purchases:

	Year ended December 31, 2022	Year ended December 31, 2021
Purchases of Goods:		
AIT	\$ 7,983,832	\$ 4,196,943
Other	8,878	792
Total	<u>\$ 7,992,710</u>	<u>\$ 4,197,735</u>

Goods are purchased on normal commercial terms and conditions, and the payment terms was 60~120 days after monthly billings.

C. Rent income:

	Year ended December 31, 2022	Year ended December 31, 2021
SEMI	\$ 8,710	\$ 10,566
BIO	8,374	5,192
AMH-TW	540	540
AIC	24	24
Total	<u>\$ 17,648</u>	<u>\$ 16,322</u>

D. Service fees:

	Year ended December 31, 2022	Year ended December 31, 2021
SEMI	\$ 21,457	\$ 10,385
BIO	-	3,767
ALI	19,706	-
Total	<u>\$ 41,163</u>	<u>\$ 14,152</u>

E. Receivables from related parties:

	December 31, 2022	December 31, 2021
Accounts receivable:		
SEMI	\$ 1	\$ 1,354
BIO	-	556
AMH-TW	-	794
MED-KS	736	-
Total	<u>\$ 737</u>	<u>\$ 2,704</u>
Other receivables:		
SEMI	\$ 68,187	\$ 67,233
BIO	15,399	20,678
Other	243	260
Total	<u>\$ 83,829</u>	<u>\$ 88,171</u>

F. Payables to related parties:

	December 31, 2022	December 31, 2021
Accounts payable:		
AIT	\$ 1,669,861	\$ 1,193,335
Other	71	6
Total	<u>\$ 1,669,932</u>	<u>\$ 1,193,341</u>
Other payables:		
AIT	\$ 2,704	\$ 8,980
SEMI	17,632	4,400
ALI	6,150	-
Total	<u>\$ 26,486</u>	<u>\$ 13,380</u>

G. Loans from related parties — shown as other payables:

	December 31, 2022	December 31, 2021
AII	<u>\$ 214,970</u>	<u>\$ -</u>

The loans from related-parties is repayable within 2 years, and the interest rate in 2022 was 0%.

H. Endorsements and guarantees provided to related parties:

	December 31, 2022	December 31, 2021
ASMC	<u>\$ 153,550</u>	<u>\$ -</u>

I. Property transactions:

(1) Disposal of property, plant and equipment:

	For the year ended December 31, 2022	
	Disposal proceeds	Gain (loss) on disposal
BIO	<u>\$ 384,000</u>	<u>\$ -</u>

The transaction price refers to the valuation report issued by a professional valuation agency. As of December 31, 2022, the transfer procedure of the transaction was in progress, and the amount the related party had paid was \$345,600 (shown as other current liabilities) in accordance with the agreement.

For the year ended December 31, 2021: None.

(2) Acquisition of financial assets:

				For the year ended December 31, 2022
Trading partner	Account items	Number of shares traded	Transaction target	Get the price
AIH	Investments using the equity method	45,063,084	Altek Medical Holding (Cayman) Co., Ltd. common Stock	<u>\$ 755,272</u>

For the year ended December 31, 2021: None.

(3) Key management compensation

	For the year ended December 31, 2022	For the year ended December 31, 2021
Salaries and other short-term employee benefits	\$ 41,168	\$ 36,191
Post-employment benefits	998	1,027
Share-based payments	934	5,927
Total	<u>\$ 43,100</u>	<u>\$ 43,145</u>

8. PLEDGED ASSETS

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

Pledged asset	Purpose	Book value	
		December 31, 2022	December 31, 2021
Land, buildings and structures	Medium and long-term borrowings	\$ 212,743	\$ -
Investment property	Medium and long-term borrowings	736,980	-
		<u>\$ 949,723</u>	<u>\$ -</u>

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENT

Earnings distribution plan of the Company for the year 2022 is provided in Note 6(19).

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends, return capital or issue new shares to achieve the optimal capital structure.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets measured at fair value through profit or loss	<u>\$ 83,601</u>	<u>\$ 79,184</u>
Financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 744,108	\$ 684,671
Accounts receivable (including related parties)	1,172,924	917,323
Other receivables (including related parties)	90,338	93,718
Guarantee deposit paid	<u>30,223</u>	<u>30,578</u>
	<u>\$ 2,037,593</u>	<u>\$ 1,726,290</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 1,848,000	\$ 2,400,000
Short-term notes and bills payable	399,669	599,818
Accounts payable (including related parties)	1,788,193	1,230,319
Other payables (including related parties)	543,170	223,866
Long-term borrowings (including current portion)	500,000	-
Guarantee deposits received	<u>6,445</u>	<u>6,445</u>
	<u>\$ 5,085,477</u>	<u>\$ 4,460,448</u>
Lease liabilities	<u>\$ 96,419</u>	<u>\$ 105,536</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Exchange rate risk arises when future commercial transactions, recognized assets or liabilities are denominated in a foreign currency that is not the entity's functional currency. The company's management has established a policy to hedge its overall exchange rate risk.
- iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Company's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.
- iv. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022								
					Sensitivity Analysis			
Foreign Currency					Effect on		Effect on	
Amount		Exchange	Book Value		Effect on	Profit or	Other	
(In thousands)		Rate	(NTD)	Extent of	(Loss)	Comprehensive	Income (Loss)	
(Foreign currency: functional currency)								
<u>Financial assets</u>								
<u>Monetary items</u>								
USD:NTD	USD	56,120	30.710	\$ 1,723,445	1%	\$17,234	\$	-
<u>Non-monetary items</u>								
USD:NTD	USD	338,704	30.710	\$10,402,369	1%	\$ -	\$	104,024
<u>Financial liabilities</u>								
<u>Monetary items</u>								
USD:NTD	USD	66,238	30.710	\$ 2,034,169	1%	(\$20,342)	\$	-

December 31, 2021

		Sensitivity Analysis					Effect on	
		Foreign Currency		Book Value	Extent of	Effect on	Other	
		Amount	Exchange				Profit or	Comprehensive
		(In thousands)	Rate	(NTD)	Variation	(Loss)	Income	(Loss)
(Foreign currency: functional currency)								
<u>Financial assets</u>								
<u>Monetary items</u>								
USD:NTD	USD	52,356	27.680	\$1,449,214	1%	\$14,492	\$	-
RMB:NTD	RMB	539	4.3415	2,340	1%	23		-
<u>Non-monetary items</u>								
USD:NTD	USD	336,704	27.680	\$9,319,926	1%	\$ -	\$	93,199
<u>Financial liabilities</u>								
<u>Monetary items</u>								
USD:NTD	USD	42,197	27.680	\$1,168,013	1%	(\$11,680)	\$	-
RMB:NTD	RMB	1,273	4.3415	5,527	1%	(55)		-

- v. Total exchange gain including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021 amounted to \$70,966 and \$5,273, respectively.

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.
- ii. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$8,360 and \$7,918, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$0 and \$0, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The company's interest rate risk mainly comes from long-term and short-term loans. When the loan interest rate rises or falls by 0.25%, and all other factors remain unchanged, the net profit before tax in 2022 and 2021 will decrease or increase by \$5,870 and \$6,000, respectively. Mainly due to changes in interest expenses due to borrowings with floating rates.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages their credit risk taking into consideration the entire company's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company measured internal operating procedures, past experience of trading customers, and actual transaction status. If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 360 days based on the term, the default has occurred.
- iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- v. The Company classifies customers' accounts receivable in accordance with customer types. The Company applies the simplified approach using loss provision matrix to estimate expected credit loss under the provision matrix basis.
- vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.
- vii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable (included related parties). As of December 31, 2022 and 2021, respectively, the provision matrix is as follows:

	Up to 90 days past due	91~180 days past due	181 to 360 days past due	Up to 361 days	Total
December 31, 2022					
Expected loss rate	0.02%	15%	30%	100%	
Total book value	\$ 1,173,158	\$ -	\$ -	\$ -	\$ 1,173,158
Loss allowance	\$ 234	\$ -	\$ -	\$ -	\$ 234

	Up to 90 days past due	91~180 days past due	181 to 360 days past due	Up to 361 days	Total
December 31, 2021					
Expected loss rate	0.01%	15%	30%	100%	
Total book value	\$ 917,414	\$ -	\$ -	\$ -	\$ 917,414
Loss allowance	\$ 91	\$ -	\$ -	\$ -	\$ 91

viii. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable (included related parties) are as follows:

	2022	2021
At January 1	\$ 91	\$ 137
(Reversal of) impairment loss	143	(46)
At December 31	<u>\$ 234</u>	<u>\$ 91</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, and compliance with internal balance sheet ratio targets.
- ii. Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. The Company has following undrawn borrowing facilities:

	December 31, 2022	December 31, 2021
Fixed rate:		
Expiring within one year	\$ 2,496,000	\$ 1,144,000
Expiring beyond one year	500,000	-
	<u>\$ 2,996,000</u>	<u>\$ 1,144,000</u>

iv. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2022	Less than 1 year	1 year to 3 years	Over 3 years
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 1,848,000	\$ -	\$ -
Short-term notes and bills payable	399,669	-	-
Accounts payable (including related parties)	1,788,193	-	-
Other payables (including related parties)	543,170	-	-
Lease liabilities	9,443	11,217	91,236
Long-term borrowings (including current portion)	500,000	-	-
Guarantee deposits received	-	6,445	-
December 31, 2021	Less than 1 year	1 year to 3 years	Over 3 years
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 2,400,000	\$ -	\$ -
Short-term notes and bills payable	599,818	-	-
Accounts payable (including related parties)	1,230,319	-	-
Other payables (including related parties)	223,866	-	-
Lease liabilities	10,573	16,838	94,610
Guarantee deposits received	-	6,445	-

(3) Fair value estimation

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

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

B. Fair value information of investment property at cost is provided in Note 6(9).

C. Financial instruments was not measured at fair value, including the carrying amounts of cash and cash equivalents, accounts receivable (included related parties), other receivables (included related parties), deposits paid, long-term borrowings, short-term borrowings, short-term notes and bills payable, accounts payable (included related parties), other payables (included related parties), long-term borrowings (including current portion), deposits received and lease liabilities are approximate to their fair values.

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

(a) The related information of nature of the assets is as follows:

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Unlisted stocks	\$ -	\$ -	\$ 83,601	\$ 83,601
Financial assets at fair value through other comprehensive income				
Unlisted stocks	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,601</u>	<u>\$ 83,601</u>
 <u>December 31, 2021</u>	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Unlisted stocks	\$ -	\$ -	\$ 79,184	\$ 79,184
Financial assets at fair value through other comprehensive income				
Unlisted stocks	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,184</u>	<u>\$ 79,184</u>

- (b) The methods and assumptions the Company used to measure fair value are as follows:
- i. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
 - ii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs.
- E. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:
- | | 2022 | 2021 |
|------------------------------------|------------------|------------------|
| At January 1 | \$ 79,184 | \$ 48,229 |
| Gains recognised in profit or loss | 4,417 | 30,955 |
| At December 31 | <u>\$ 83,601</u> | <u>\$ 79,184</u> |
- G. For the years ended December 31, 2022 and 2021, there was no transfer of Level 3.
- H. Accounting Department segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Financial assets at fair value through profit or loss				
Unlisted shares	\$ 83,601	Market comparable companies	Price to earnings ratio multiple, price to book ratio multiple, discount for lack of marketability, control premium	The higher the multiple and control premium, the higher the fair value
	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Financial assets at fair value through profit or loss				
Unlisted shares	\$ 79,184	Market comparable companies	Price to earnings ratio multiple, price to book ratio multiple, discount for lack of marketability, control premium	The higher the multiple and control premium, the higher the fair value

(4) The impact of the COVID-19 pandemic to the Group's operation

As of December 31, 2021, the Company assessed that the COVID-19 epidemic had no significant impact on the overall operating activities, financing and financial statements.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: Please refer to table 4.

- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 6.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 7.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 8.
- I. Trading in derivative financial instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 9.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 10.

(3) Information on investments in Mainland China

- A. The related information of investments in Mainland China: Please refer to table 11.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7 ~ table 9.

(4) Major shareholders information

Please refer to table 12.

14. SEGMENT INFORMATION

Not applicable.

ALTEK CORPORATION
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except foreign currency in dollars)

Item	Description			Amount
Cash				
Cash on hand-New Taiwan Dollar				\$ 200
-Foreign currency	USD	3,794.00	at exchange rate of 30.71	116
	RMB	6,551.00	at exchange rate of 4.4094	29
	JPY	4,262.00	at exchange rate of 0.2324	1
				<u>346</u>
Bank deposits				
Demand deposits and checking account				198,997
Foreign currency demand deposits	USD	17,712,801.69	at exchange rate of 30.71	543,960
	RMB	4,665.45	at exchange rate of 4.4094	20
	JPY	1,093,007.00	at exchange rate of 0.2324	254
	HKD	1,724.51	at exchange rate of 3.938	7
	EUR	15,124.85	at exchange rate of 32.72	495
	GBP	775.77	at exchange rate of 37.09	29
				<u>743,762</u>
				<u>\$ 744,108</u>

ALTEK CORPORATION
STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	Note
Customer:			
A		\$ 589,484	
B		269,321	
C		222,716	
			The balance of each customer has not exceeded 5% of the accounts receivable
Other		90,900	
Subtotal		1,172,421	
Related parties :			
Altek Semiconductor Corporation		\$ 1	
Altek Medical (Kunshan) Limited.		736	
Subtotal		737	
Total		1,173,158	
Less : Allowance for uncollectible accounts		(234)	
		\$ 1,172,924	

ALTEK CORPORATION
STATEMENT OF INVENTORIES
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount		Note
		Cost	Net Realisable Value	
Raw material		\$ 17,985	\$ 14,781	Net realisable values are used as market price
Work in progress		97,460	129,851	"
Finished goods		132,617	156,304	"
		248,062	<u>\$ 300,936</u>	
Less : Allowance for valuation loss		(10,342)		
		<u>\$ 237,720</u>		

ALTEK CORPORATION
STATEMENT OF CHANGES IN FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instrument	Beginning Balance		Addition		Ending Balance				
	Shares	Book Value	Shares	Amount	Shares	Percentage share holding	Book Value	Collateral	Note
Gianta Co., Ltd.	762,876	\$ 79,184	-	\$ 4,417	762,876	14.55%	\$ 83,601	None	Note
Hua-chuang Automobile Information Technical Center Co.,Ltd.	2	-	-	-	2	0.00%	-	"	
		<u>\$ 79,184</u>		<u>\$ 4,417</u>			<u>\$ 83,601</u>		

Note :Recognise valuation profit.

ALTEK CORPORATION
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Name	Beginning Balance		Addition			Decrease			Ending Balance			Market Value or Net Assets Value		
	Shares	Amount	Shares	Amount		Shares	Amount		Shares	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral
Altek International Investment Co., Ltd.	87,769,559	\$ 8,258,680	-	\$ -		-	(\$ 2,757)	Note 1	87,769,559	100%	\$ 8,255,923	\$ -	\$ 8,255,923	None
Altek Japan Corporation	1,000	10,101	-	89	Note 2	-	-		1,000	100%	10,190	-	10,190	"
Altek International Holding (BVI) Co., Ltd.	12,865,921	1,061,246	-	209,556	Note 2	-	-		12,865,921	100%	1,270,802	-	1,270,802	"
Altek Investment Corporation	10,000,000	99,872	-	-		-	(76)	Note 3	10,000,000	100%	99,796	-	99,796	"
Altek Medical Holding(Cayman) Co., Ltd.	-	-	45,063,684	875,644	Note 4	-	-		45,063,684	77.70%	875,644	-	875,644	"
		<u>\$ 9,429,899</u>		<u>\$1,085,289</u>			<u>(\$ 2,833)</u>				<u>\$10,512,355</u>		<u>\$10,512,355</u>	

Note 1 :Including the repatriation of earnings, investment gains and losses recognised under the equity method, changes in cumulative conversion adjustments, and the elimination of unrealised gains and losses adjustments for countercurrent transactions between companies, etc.

Note 2 :Including changes in investment gains and losses recognized under the equity method and cumulative conversion adjustments.

Note 3 :Newly established investment funds and investment losses recognized under the equity method.

Note 4 :It includes changes in the purchase price of equity, investment gains and losses recognised under the equity method and accumulated translation adjustments.

ALTEK CORPORATION
STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	Note
Non related parties :			
AA supplier		\$ 30,193	
AB supplier		3,933	
AC supplier		2,780	
			The balance of each payable account has not exceeded 5% of the accounts payable
Other		81,355	
Subtotal		118,261	
Related parties :			
Altek International Trading Co., Ltd.		\$ 1,669,861	
Altek Biotechnology Corporation		71	
Subtotal		1,669,932	
Total		\$ 1,788,193	

ALTEK CORPORATION
STATEMENT OF SHORT, MEDIUM AND LONG-TERM BORROWINGS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Nature	Description	Ending Balance	Contract Period	Range of Interest	Credit Line	Collateral	Note
				Rate			
Unsecured borrowings	Bank-borrowings	\$ 1,848,000	Expired in 3 months	1.44%~2.09%	\$ 4,750,000	None	-
Secured borrowings	Bank-borrowings	<u>500,000</u>	Expired in 1year	1.80%	1,000,000	Yes(Note)	-
		<u>\$ 2,348,000</u>					

Note : The Company's land and buildings on the 1st to 7th floors of Tiding Building in Taipei and its affiliated parking spaces.

ALTEK CORPORATION
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Volume</u>	<u>Amount</u>	<u>Note</u>
Net operating revenue :			
Digital imaging related application products, etc.		\$ <u>9,493,624</u>	

ALTEK CORPORATION
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Direct raw materials used	
Raw materials at beginning of year	\$ 20,576
Add: Raw materials purchased	765,634
Less: Sale of raw materials	(655,530)
Expenses transferred in	(217)
Raw material deficit	(13)
Raw materials at end of year	(17,985)
Consumption of raw materials for the year	112,465
Manufacturing expenses	65,695
Manufacturing cost	178,160
Work in progress at beginning of year	70,801
Add: Work in progress purchased	1,658,727
Less: Expenses transferred in	(3,806)
Sales of work in process	(37,108)
Work in progress at end of year	(97,460)
Cost of finished goods	1,769,314
Finished goods at beginning at the year	77,761
Add: Finished good purchased	6,287,793
Less: Expenses transferred in	(5,613)
Finished goods at end of year	(132,617)
Total cost of goods sold	7,996,638
Sales of raw materials and work in progress	692,638
Allowance of loss on decline in market	5,633
Raw material deficit	13
Other operating costs	103,738
Total operating cost	\$ 8,798,660

ALTEK CORPORATION
STATEMENT OF MANUFACTURING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries		\$ 42,732	
Import and export expenses		6,996	
Depreciation expense		3,565	
Other		12,402	The amount of each item in others does not exceed 5% of the account balance
		<u>\$ 65,695</u>	

ALTEK CORPORATION
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries		\$ 17,541	
Science Park management fees		3,915	
Other		8,867	The amount of each item in others does not exceed 5% of the account balance
		<u>\$ 30,323</u>	

ALTEK CORPORATION
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries		\$ 159,914	
Directors' remuneration		34,953	
Depreciation charges		21,372	
			The amount of each item in others does not exceed 5% of the account
Other		87,154	balance
		<u>\$ 303,393</u>	

ALTEK CORPORATION
STATEMENT OF RESEARCH AND DESIGN
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries		\$ 273,307	
Service expenses		48,137	
			The amount of each item in others does not exceed 5% of the account balance
Other		131,686	
		<u>\$ 453,130</u>	

ALTEK CORPORATION
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Function Nature	Year ended December 31, 2022			Year ended December 31, 2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense	\$ 47,949	\$ 535,380	\$ 583,329	\$ 30,375	\$ 471,072	\$ 501,447
Wages and salaries	42,732	450,762	493,494	27,305	415,591	442,896
Labor and health insurance fees	2,673	23,799	26,472	1,590	22,359	23,949
Pension costs	1,251	14,750	16,001	764	14,017	14,781
Directors' remuneration	-	34,953	34,953	-	10,569	10,569
Other personnel expenses	1,293	11,116	12,409	716	8,536	9,252
Depreciation charges	3,565	48,175	51,740	2,040	52,428	54,468
Amortisation charges	-	2,843	2,843	-	3,778	3,778

Note:

- As at December 31, 2022 and 2021, the Company had both 273 and 242 employees, including both 4 non-employee directors.
- Average employee benefit expense in current year and previous year is \$2,039 and \$2,063, respectively. (Total employee benefits- directors' remuneration / number of employees - number of non-employee directors)
- Average employees salaries in current year and previous year is \$1,835 and \$1,861, respectively. (Total employee salaries / number of employees - number of non-employee directors)
- Adjustments of average employees salaries 1.4%. (Average employee salaries current year - Average employee salaries previous year / Average employee salaries previous year)
- The supervisors' remuneration for the years ended December 31, 2022 and 2021 were both \$0, due to the establishment of the audit committee.
- The Company's policies of salary and remuneration were as follows:

The Company's compensation for directors including directors' return, traveling expenses and directors' remuneration. In accordance with the Company's Articles of Incorporation, directors' return was based on the degree of participant in the operation, value of contribution to the Company and common standard of the industry. Traveling expenses were based on the common standard of the industry and the attendance of the Board of Directors. Directors' remuneration shall not be higher than 2% of the profit of current year.

The Company's compensation for managers and employees including salary, award and employees' return were based on the contribution, experience, management performance and responsibility and referred to the standard of the same industry. Managers' performance examination and salary and remuneration have been reviewed by the remuneration committee and the Board of Directors, and will be checked based on the actual management result and related laws accordingly.

Additionally, in accordance with the Company's Articles of Incorporation, employees' compensation shall be distributed based on 10% to 20% of the profit of the current year.

Table 1

Altek Corporation
Loans to other
For the year ended December 31, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year	Balance at	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note)	Ceiling on total loans granted (Note)
					December 31, 2022	December 31, 2022							Item	Value		
0	Altek Corporation	Altek Semiconductor Corporation	Other receivables-related party	Yes	\$ 400,000	\$ 400,000	\$ -	1.5%	Reason for short-term financing	\$ -	Operational need	\$ -	N/A	\$ -	\$ 894,682	\$ 3,578,727
1	Altek Semiconductor (Cayman) Co.,Ltd.	Altek Semiconductor Corporation	Other receivables-related party	Yes	161,075	-	-	0%	Reason for short-term financing	-	Operational need	-		-	1,231,526	1,231,526
2	Altek (Kunshan) Co., Ltd.	Altek Optical Technology (Kunshan) Co., Ltd.	Other receivables-related party	Yes	110,235	44,094	44,094	3.2%	Reason for short-term financing	-	Operational need	-	N/A	-	959,678	1,919,355
3	Altek International Investment Co., Ltd.	Altek Corporation	Other receivables-related party	Yes	630,156	626,484	214,970	0%	Reason for short-term financing	-	Operational need	-	N/A	-	8,269,548	8,269,548

Note 1: Where the amount of New Taiwan dollars in this attached table involves foreign currencies, it shall be converted into New Taiwan dollars at the exchange rate on the end date of the financial reporting period.

Note 2: The "Procedure for Provision of Loans" policy for loans granted by Altek Corporation is as follows: the ceiling on total loans is 40% of the net assets value of lender. For one company, the ceiling on loans is 10% of the net assets value of lender.

Note 3: The "Procedure for Provision of Loans" policy for loans granted by Altek Semiconductor (Cayman) Co.,Ltd. is as follows: the ceiling on total loans is 100% of the net assets value of lender.

Note 4: The "Procedure for Provision of Loans" policy for loans granted by Altek (Kunshan) Co., Ltd. is as follows: the ceiling on total loans is 40% of the net assets value of lender. For one company, the ceiling on loans is 20% of the net assets value of lender.

Note 5: The "Procedure for Provision of Loans" policy for loans granted by Altek International Investment Co., Ltd. is as follows: the ceiling on total loans is 100% of the net assets value of lender.

Altek Corporation
Provision of endorsements and guarantees to others
For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Party being endorsed/guaranteed			Ratio of accumulated											
Number	Endorser/guarantor	Company name	Relationship	Limited on	Guarantee			Amount of	endorsement/	Ceiling on total	Provision of	Provision of	Provision of	Footnote
			with the endorser/ guarantor	endorsements/ guarantees provided for a single party	Amount as at December 31, 2022	amount at December 31, 2022	Actual amount drawn down	endorsements/ guarantees secured with collateral	net asset value of the endorser/ guarantor company	amount of endorsements/ guarantees provided	parent company to subsidiary	endorsements/ guarantees by parent company	endorsements/ guarantees by subsidiary to parent company	
0	Altek Corporation	Altek Semiconductor (Cayman) Co., Ltd.	Note 2	\$ 1,789,364	\$ 154,450	\$ 153,550	\$ -	\$ -	1.73	\$ 4,473,409	Y	N	N	

Note 1: If the amount of NTD in this Note relates to foreign currencies, it is converted to NTD at the exchange rate at the end of the financial reporting period.

Note 2: A company in which the company directly or indirectly holds more than 50% of the voting shares.

Note 3: According to the "Endorsement Guarantee Operation Procedures" of Altek Corporation the overall endorsement guarantee amount shall not exceed 50% of its net value,
and the endorsement guarantee amount of a single enterprise shall not exceed 20% of its net value.

Altek Corporation

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022			
				Number of shares	Book value	Ownership (%)	Fair value
Altek Corporation	Gianta Co., Ltd. - Common stock	Director	Financial assets at fair value through profit or loss - non-current	762,876	\$ 83,601	14.55%	\$ 83,601
"	Hua-chuang Automobile Information Technical Center Co., Ltd. - Common stock	None	Financial assets measured at fair value through other comprehensive income - non-current	2	-	0.00%	-
Altek (Kunshan) Co., Ltd.	CPEC Huachuang Private Equity (Kunshan) Enterprise (Limited Partnership)	None	"	N/A	37,193	(Note 1)	37,193
Altek EMS (Kunshan) Co., Ltd.	Aimore Acoustivs Incorporation	Director	"	N/A	37,745	(Note 2)	37,745

Note 1: 1% of CPEC Huachuang Private Equity (Kunshan) Enterprise (Limited Partnership)'s capital contribution.

Note 2: 12.5% of Aimore Acoustivs Incorporation's capital contribution.

Altek Corporation
Accumulative purchase or sale of the same securities amounted to NT\$300 million or more than 20% of the paid-in capital
For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Buying and selling company	Marketable securities type and name	Account subject	Trading partners	Relation	Beginning		Buy		Sell			Ending		
					Number of shares	Amount of money	Number of shares	Amount of money	Number of shares	Selling price	Book cost	Disposal profit and loss	Number of shares	Amount of money
Altek Corporation	Altek Medical Holding (Cayman) Co., Ltd. Common stock	Investments using the equity method	Altek International Holding (BVI) Co., Ltd.	Subsidiaries of the Company	-	\$ -	45,063,684	\$ 755,272	-	\$ -	\$ -	\$ -	45,063,684	\$ 875,644

Altek Corporation

The amount of real estate acquired is NT\$300 million or more than 20% of the paid-in capital

For the year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

If the transaction object is a related party, the previous data transfer													
Company that acquires real estate	Property name	Date of fact	Amount of the transaction	Payment situation	Trading partners	Relation	Everyone	Relationship with Issuer	Transfer date	Amount of money	Reference basis for price determination	Acquisition purpose and usage	Other agreed matters
Altek Biotechnology Corporation	Land and Buildings in Neihu District, Taipei City	August, 2022	\$ 384,000	As of December 31, 2022, \$345,600 has been paid in accordance with the contract	Altek Corporation	Parent-subsidary	Natural party	Non-related party	December, 2010	\$ 314,084	Refer to the valuation report issued by a professional valuation agency	Group overall operation planning	None

Altek Corporation

The amount of disposal of real estate amounted to NT\$300 million or more than 20% of the paid-in capital

For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Companies disposing of real estate	Property name	Date of fact	Original date of acquisition	Book amount	Amount of the transaction	Price Collection Situation	Disposal profit and loss	Trading partners	Relation	Punishment purpose	Reference basis for price determination	Other agreed matters
Altek Corporation	Land and Buildings in Neihu District, Taipei City	August, 2022	December, 2010	Note	\$ 384,000	As of December 31, 2022, \$345,600 has been received according to the contract	Note	Altek Biotechnology Corporation	Parent-subsiary	Group overall operation planning	Refer to the valuation report issued by a professional appraisal agency	None

Note: As of December 31, 2022, the transfer procedure of the transaction was in progress.

Altek Corporation

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Altek Corporation	Altek International Trading Co., Ltd.	Parent-subsidiary	Purchases	\$ 7,983,832	92%	Net 120 days	Approximately the same price with third parties	Note	(\$ 1,669,861)	93%	
Altek International Trading Co., Ltd.	Altek (Kunshan) Co., Ltd.	The same ultimate parent company	Purchases	8,691,718	100%	Net 75 days	"	"	(1,424,318)	99%	
Altek Biotechnology Corporation	Altek Medical (Kunshan) Limited	The same parent company	Purchases	2,042,670	99%	"	"	"	(329,872)	99%	
Altek Medical Holding (Cayman) Co., Ltd. Taiwan Branch	"	The same parent company	Purchases	503,597	90%	"	"	"	(109,292)	92%	
Altek (Kunshan) Co., Ltd.	Altek International Trading Co., Ltd.	The same ultimate parent company	Purchases	721,726	8%	"	"	"	-	0%	
Altek Medical (Kunshan) Limited	Altek (Kunshan) Co., Ltd.	The same ultimate parent company	Purchases	488,200	19%	"	"	"	(348,514)	50%	

Note: The payment term with third parties was net 60~120 days.

Table 7

Altek Corporation
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Note
					Amount	Action taken			
Altek International Trading Co., Ltd.	Altek Corporation	Parent-subsiary	\$ 1,669,861	5.36	\$ -	N/A	\$ 1,416,751	\$ -	
Altek (Kunshan) Co., Ltd.	Altek International Trading Co., Ltd.	The same ultimate parent company	1,424,318	5.84	-	N/A	1,395,331	-	
"	Altek Medical (Kunshan) Limited	The same ultimate parent company	348,514	6.66	-	N/A	184,467	-	
Altek Medical (Kunshan) Limited	Altek Biotechnology Corporation	The same parent company	329,872	5.26	-	N/A	269,023	-	
"	Altek Medical Holding (Cayman) Co., Ltd. Taiwan Branch	The same parent company	109,292	5.02	-	N/A	26,302	-	
Altek International Investment Co., Ltd.	Altek Corporation	Parent-subsiary	214,970	-	-	N/A	-	-	Note

Note: It is a loan to related party, shown as other receivables.

Altek Corporation
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2022

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction			
Company name	Counterparty	Relationship (Note 1)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 2)
Altek Corporation	Altek International Trading Co., Ltd.	(1)	Purchases	\$ 7,983,832	Net 120 days	57%
"	"	(1)	Accounts payable	1,669,861	"	10%
Altek International Trading Co., Ltd.	Altek (Kunshan) Co., Ltd.	(3)	Purchases	8,691,718	Net 75 days	62%
"	"	(3)	Accounts payable	1,424,318	"	9%
Altek Biotechnology Corporation	Altek Medical (Kunshan) Limited	(3)	Purchases	2,042,670	"	15%
"	"	(3)	Accounts payable	329,872	"	2%
Altek Medical Holding (Cayman) Co., Ltd. Taiwan Branch	Altek Corporation	(3)	Purchases	32,657	"	0%
"	Altek Medical (Kunshan) Limited	(3)	Purchases	503,597	"	4%
"	"	(3)	Accounts payable	109,292	"	1%
Altek (Kunshan) Co., Ltd.	Altek International Trading Co., Ltd.	(3)	Purchases	721,726	"	5%
Altek Medical (Kunshan) Limited	Altek (Kunshan) Co., Ltd.	(3)	Purchases	488,200	"	3%
"	"	(3)	Accounts payable	348,514	"	2%

Note 1: Relationship between transaction and counterparty is classified into the following categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 2: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 3: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Altek Corporation Information on investees For the year ended December 31, 2022											
Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income(loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Altek Corporation	Altek International Investment Co., Ltd.	British Virgin Islands	Investment	\$ 2,882,512	\$ 2,882,512	87,769,559	100	\$ 8,255,923	\$ 216,609	\$ 210,635	Note 1
"	Altek Japan Corporation	Japan	Buying and saleing of electronic components	2,869	2,869	1,000	100	10,190	420	420	
"	Altek International Holding (BVI) Co, Ltd.	British Virgin Islands	Investment	415,376	415,376	12,865,921	100	1,270,802	221,521	222,414	
"	Altek Investment Corporation	Republic of China	Investment	100,000	100,000	10,000,000	100	99,796 (	77) (	77)	
"	Altek Medical Holding (Cayman) Co., Ltd.	Cayman Islands	Investment and general business operations	755,272	-	45,063,684	77.70	875,644	357,395	65,146	Note 2 Note 3
Altek International Investment Co., Ltd.	Altek Lab Inc.	U.S.A.	Design service	113,005	113,005	11,311,875	100	64,320 (	74) (	74)	
"	Altek Semiconductor (Cayman) Co., Ltd.	Cayman Islands	Investment	188,781	188,781	20,000,000	71.43	89,078 (	153,685) (	96,002)	Note 1 Note 2
"	Altek Optical Technology (Cayman) Co., Ltd.	Cayman Islands	Investment	406,785	406,785	13,246,000	100	134,496	42,290	42,290	
"	Altek International Trading Co., Ltd.	Republic of Seychelles	Intercompany transactions	307,100	307,100	10,000,000	100	244,222 (	9,196) (	9,196)	
Altek International Holding (BVI) Co, Ltd.	Altek Medical Holding (Cayman) Co. ,Ltd.	Cayman Islands	Investment and general business operations	-	345,976	-	-	-	357,395	212,418	Note 2 Note 3
Altek Semiconductor (Cayman) Co., Ltd.	Altek Semiconducton Corporation	Republic of China	Research design and sales of ASIC	350,000	350,000	35,000,000	100	126,277 (	151,284) (	90,131)	Note 2
Altek Medical Holding (Cayman) Co., Ltd.	Altek Biotechnology Corporation	Republic of China	Research and development, manufacture and sales of medical electronic equipments	115,376	115,376	10,100,000	100	717,786	194,439	151,079	Note 2
"	Altek Medical (HongKong) Limited	HongKong	Investment	36,852	36,852	N/A	100	70,826	34,474	26,787	Note 2
Altek Investment Corporation	Ptek Corporation	Republic of China	Product development and design	3,000	3,000	300,000	100	2,865 (	132) (	132)	

Note 1: The difference between the profit or loss of the investee for the current period and the investment profit or loss recognised in the current period is the unrealized profit and loss adjustments for countercurrent transactions between subsidiaries.
Note 2: The difference between the profit and loss of the investee company in the current period and the investment profit and loss recognised in the current period is based on the shareholding ratio.
Note 3: For investment structure adjustment, the shareholder of Altek Medical Holding (Cayman) Co., Ltd. was adjusted from Altek International Holding (BVI) Co., Ltd. to Altek Corporation in June, 2022.

Table 10

Altek Corporation
Information on investments in Mainland China
For the year ended December 31, 2022

Table 11

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan toMainland China as of December 31, 2022	Net profit (loss) of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 4)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
					Remitted to Mainland China	Remitted back to Taiwan						
Altek (Kunshan) Co., Ltd. (Note 2)	Manufacture and sale of digital still cameras and its accessories	\$ 1,523,216	2	\$ 1,381,950	\$ -	\$ -	\$ 1,381,950	\$ 317,608	100	\$ 317,608	\$ 4,592,660	\$ -
Altek EMS (Kunshan) Co., Ltd. (Note 3)	Production /sales of electronic product components	153,550	2	278,939	-	-	278,939	13,070	100	13,070	584,226	91,860
Altek Trading (Shanghai) Limited	Manufacture and sale of components for electronic related products	261,035	2	261,035	-	-	261,035	(5,030)	100	(5,030)	302,342	-
Altek Precision (Kunshan) Co., Ltd.	Design, manufacture and sales of digital camera parts	423,798	2	423,798	-	-	423,798	3,584	100	3,584	158,152	-
Altek Optical Technology (Kunshan) Co., Ltd.	Manufacture and sale of components for electronic related products	429,940	2	408,443	-	-	408,443	56,386	75	42,290	134,493	-
Altek Semiconductor (Shanghai) Co., Ltd. (Note 5)	Research design and sales of imaging technologies, electronic software and hardware	46,065	2	-	-	-	- (	506)	100	1,199	110,557	-
Altek Medical (Shanghai) Limited	Sales of medical electronic equipment	30,710	2	-	-	-	-	34,477	78	26,789	64,688	-
Altek Medical (Kunshan) Limited	Manufacture and sale of medical electronic equipment	26,457	2	-	-	-	-	34,758	78	27,007	61,243	-

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1)Directly invest in a company in Mainland China.
(2)Through investing in an existing company in the third area,which then investeed in the investee in Mainland China.
(3)Others.

Note 2: Including retained earnings capitalized of US\$4,600 (In thousand of US dollars).

Note 3: Including retained earnings capitalized of US\$3,600 (In thousand of US dollars).

Note 4: Investment income or loss was recognised in the financial statements that are audited by the R.O.C parent company's independent auditors.

Note 5:In June 2022, the investment structure of the subsidiary Altek Semiconductor (Shanghai) Co., Ltd. was adjusted, and the shares of Altek Semiconductor (Cayman) Co., Ltd. were adjusted to the shares of Altek Trading (Shanghai) Limited.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Altek Corporation	\$2,754,165	\$3,113,185	\$5,317,837

Altek Corporation
Information of major shareholders
December 31, 2022

Table 12

Name of major shareholders	Shares	
	Number of shares held	Holding percentage
Yitsang International Co., Ltd.	14,630,100	5.24%