

**BULL WILL CO LTD**  
**Parent Company Only Financial Report and Independent**  
**Accountant's Report**  
**2022 and 2021**

**Address: 3F., No. 199, Ruihu St., Neihu Dist., Taipei City**  
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## **Independent Accountant's Audit Report**

TO: BULL WILL CO LTD

### **Audit Opinion**

The Consolidated Balance Statement of BULL WILL CO LTD on December 31, 2022 and 2021, and the Composite Income Statement, Statement of Changes in Equity, Statement of Cash Flow, and Notes to Individual Financial Report (including summary of major accounting policies) on January 1 to December 31, 2022 and 2021, has been audited and concluded by our CPA.

In the opinion of the CPA, and on the basis of the audit report of the CPA, the above individual financial statements have been prepared in all material respects in accordance with the criteria for the preparation of financial statements of securities issuers and are sufficient to give the financial position of the Company as of 31 December 2022 and 2021, as well as the financial performance and cash flow for 2022 and 2021 from 1 January to 31 December.

### **Basis of Audit Opinion**

Our CPA conducted the audit in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the generally accepted auditing standards. The accountant's responsibility under these standards will be further explained in the paragraph of responsibility of the accountant for examining the individual financial report. Personnel of our accounting firm subject to the independent requirements have complied with the code of professional ethics of certified public accountants, stayed fully independent of Bull Will Co., Ltd, and fulfilled other responsibilities in accordance with the code. Based on the audit report of our CPA, we believe that sufficient and appropriate verification evidence has been obtained to form the basis of our opinion.

### **Key Audit Items**

Key audit matters refer to the most significant matters, according to our professional judgment, in the 2022 and 2021 financial statements of Bull Will CO LTD. Such items have been taken into consideration in the process of auditing the overall financial reports and forming audit opinions. The accountant does not express opinions on such items separately. Our CPA determined to address the following key auditing matters in the accountant's report:

### Revenue Recognition

The main operating items of the BULL WILL CO LTD are the sales of electronic components related products and other businesses. Since the sales of goods are related to the ownership of material risks and rewards that have been transferred to the buyer, the amount of sales can be measured reliably and the future economic benefits are likely to flow into the enterprise, the impact on the financial statements is material. Therefore, the sales revenue of BULL WILL CO LTD is recognized as one of the main risks for our CPA to conduct the audit of the company's financial report.

Our CPA's primary audit procedures for the above critical items include understanding and testing the effectiveness of the internal control and implementation related to the revenue and collection cycle; analyze the revenue trends of the top ten sales customers and compare the relative changes or differences to evaluate if there are any material anomalies; examine whether management has obtained external evidence that risks and rewards have been transferred to the buyer and sample sales transactions before and after the end of the year to evaluate the correctness of the revenue recognition period.

Please refer to Appendix IV and VI to the financial reports for accounting policies and disclosure of relevant information regarding the recognition of income.

### **Responsibilities of Management and Those Charged With Governance for the Parent Company Only Financial Report**

The responsibility of the BULL WILL CO LTD management is to prepare individual financial reports in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain necessary internal controls related to the preparation of individual financial reports, so as to ensure that there is no material misrepresentation of individual financial reports due to fraud or error.

Management when preparing parent company only financial reports is also responsible for evaluating BULL WILL's ability to continue as a going concern, disclosing relevant matters, and using the going concern basis of accounting unless management intends to liquidate BULL WILL CO LTD to cease the operations, or to liquidate or to have no feasible alternatives but to do so.

Those charged with governance of BULL WILL CO LTD are responsible for supervising BULL WILL CO LTD's financial reporting procedure.

### **Account's Responsibilities for the Audit of Parent Company Only Financial Report**

The purpose of the accountant's audit of the individual financial reports is to obtain reasonable assurance of whether the individual financial reports as a whole are substantially misrepresented due to fraud or error, and to issue an audit report.

Reasonable assurance refers to a high level of assurance, but there is no guarantee that accountants performing in accordance with the generally accepted auditing standards can detect any material misstatement from the parent company only financial reports. Misrepresentation may

be due to fraud or error. A misrepresentation of an individual amount or sum of transfers is considered significant if it is reasonably expected to affect the economic decisions made by individual users of financial reports.

In accordance with the generally accepted auditing standards, our CPA exercised professional judgment and maintained professional skepticism throughout the audit. Our CPA also performs the following tasks:

1. To identify and assess the risk of material misrepresentation in individual financial reports due to fraud or error. Design and implement appropriate countermeasures against the assessed risks. Sufficient and appropriate verification evidence shall be obtained as the basis of the audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. We obtained an understanding of internal control relevant to the audit in order to design audit procedures suitable for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BULL WILL CO LTD's internal control.
3. Assess the appropriateness of accounting policies adopted by management and the reasonableness of accounting estimates and related disclosures.
4. We concluded on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on BULL WILL CO LTD's ability to continue as a going concern based on the audit evidence we have obtained. If the accountant considers that there is significant uncertainty in such events or circumstances, he/she shall, in the audit report, alert the users of the individual financial reports to the disclosure of the individual financial reports or amend the audit opinion if such disclosure is inappropriate. The accountant's conclusions are based on the evidence obtained as of the audit report date. However, future events or conditions may cause BULL WILL CO LTD, to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the individual financial reports (including relevant notes), and whether the individual financial reports are adequate to express relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities within the BULL WILL CO LTD to express an opinion on the parent company only financial reports. Our CPA is responsible for guiding, supervising and executing the audit cases of the investee company, and for forming the audit opinions on individual financial reports.

Matters communicated between the accountant and the governing body, including the limits and time of the planned audit, and major audit findings (including significant deficiencies in internal control identified in the audit process).

The accountant also provides to the governing body that the persons subject to the independence standard of the affiliated CPA firm have complied with the declaration of independence in the code of professional ethics of accountants, and communicates with the governing body all the relations and other matters that may be considered to affect the independence of the accountant (including relevant protective measures).

We determined the key audit matters of the financial reports of 2021 of BULL WILL CO LTD according to matters communicated with those charged with governance. Unless the disclosure of a particular matter is prohibited by statute or, in very rare circumstances, the accountant has decided not to communicate a particular matter in the audit report, as it is reasonably expected that the negative impact of such communication will be greater than the public interest.

Moore Stephens DaHua (Taiwan) CPAs

Guo Siqu

CPA:

Yang Chifen

Securities Authority  
Approval certification document: Jin-Guan-Zheng-  
Shen-Zi-1040019693

28 March 2023

**BULL WILL CO LTD**  
**Balance Sheet**  
**December 31, 2022 and 2021**

Unit: NTD 1,000

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021			
		Amount	%	Amount	%			Amount	%	Amount	%		
Assets						Liability and Equity							
Current Asset:						Current Liability:							
1100	Cash and Cash Equivalents (Note 6 (1))	\$	80,696	21	65,529	19	2100	Short-Term Loans (Note 6 (10))	\$	23,000	6		
1110	Financial Assets at Fair Value Through Profit or Loss - Current (Note 6 (2))		5,919	1	6,478	2	2130	Contractual Liabilities - Current (Note 6 (19))		8	-		
1150	Net Bills Receivable (Note 6 (3))		328	-	809	-	2170	Accounts Payable		24,102	6		
1170	Net Accounts Receivable (Note 6 (3))		92,165	24	85,123	25	2180	Accounts Payable - Related Party (Note 7)		2	-		
1180	Accounts Receivable - Net Value of Related Parties (Note 6 (3) & 7)		32,174	8	47,771	14	2200	Other Payables		10,734	4		
1200	Other Accounts Receivable (Note 6 (4))		2,609	1	1,673	-	2230	Current Income Tax Liabilities (Note 6 (15))		632	-		
1210	Other Accounts Receivable - Related Parties (Note 6 (4) & 7)		42,391	11	39,312	12	2250	Liability Reserve - Current (Note 6 (11))		1,512	-		
1310	Inventories (Note 6 (5))		6,497	2	4,088	1	2280	Lease Liability - Current (Note 6 (12))		337	-		
1410	Advance Payments (Note 7)		33,352	9	44,545	13	2320	Long-Term Liabilities Due Within One Year (Note 6 (13))		4,805	1		
1476	Other Financial Assets - Current (Note 8)		150	-	150	-	2300	Other Current Liabilities		7,716	2		
			296,281	77	295,478	86				72,848	19		
Non-Current Asset:						Non-Current Liabilities:							
1550	Investments Using Equity Method (Note 6 (6))		67,222	17	22,440	7	2540	Long-Term Loans(Note 6 (13))		8,672	2		
1600	Real Estate, Plant, and Equipment (Note 6 (7))		3,666	1	2,092	1	2570	Deferred Income Tax Liabilities(Note 6 (15))		343	-		
1755	Right-of-Use Assets (Note 6 (8))		418	-	84	-	2580	Lease Liability - Non-Current (Note 6 (12))		86	-		
1760	Investment Real Estate - Net Amount (Note 6 (9))		20,605	5	20,743	6	2645	Refundable Deposits (Note 7)		100	-		
1920	Refundable Deposits (Note 7)		410	-	411	-	2650	Credit Balance of Investments Using Equity Method (Note 6 (6))		67	-		
			92,321	23	45,770	14				9,268	2		
			388,602	100	341,248	100	Total Liabilities			82,116	21		
						Equity (Note 6 (16)):							
						3100	Share Capital		195,342	50	161,112	47	
						3140	Advance Share Capital		3,443	1	22,650	7	
						3200	Capital Surplus		74,967	19	47,298	14	
						3300	Retained Earnings:						
						3310	Legal Surplus Reserve		875	-	822	-	
						3350	Retained Earnings		25,291	7	7,931	3	
									26,166	7	8,753	3	
						3400	Other Equities		6,568	2	4,911	1	
						Total Equity			306,486	79	244,724	72	
Total Asset		\$	388,602	100	341,248	100	Total Liabilities and Equities		\$	388,602	100	341,248	100

(Please read the notes of the individual financial report in the end)

Chairman of the Board:

Manager:

Accounting Supervisor:

**BULL WILL CO LTD**  
**Composite Income Statement**  
**January 1 to December 31, 2022 and 2021**

**Unit: NTD 1,000**

		2022		2021	
		Amount	%	Amount	%
4000	<b>Operating Income (Note 6 (19) &amp; 7)</b>	\$ 195,986	100	185,778	100
5000	<b>Operating Cost (Note 6 (5) &amp; 7)</b>	(181,811)	(93)	(164,244)	(88)
5900	<b>Operating Gross Profit</b>	14,175	7	21,534	12
5910	Unrealized Loss From Sale	(852)	-	(867)	-
5920	Realized Profit From Sale	867	-	849	-
	<b>Operating Gross Profit</b>	14,190	7	21,516	12
6000	<b>Operating Expenses (Note 6 (3), (14), (17) &amp; 7)</b>				
6100	Selling Expenses	(11,546)	(6)	(10,563)	(6)
6200	Administration Expenses	(33,818)	(17)	(31,292)	(17)
6300	Research and Development Expenses	(2,400)	(1)	(2,300)	(1)
6450	Expected Credit Impairment Reversal Profits	-	-	1,785	1
	<b>Total Operating Expenses</b>	(47,764)	(24)	(42,370)	(23)
6900	<b>Net Operating Loss</b>	(33,574)	(17)	(20,854)	(11)
	<b>Non-Operating Income and Expenditures (Note 6 (21) &amp; 7):</b>				
7100	Interest Revenue	2,327	1	2,307	1
7010	Other Revenue	6,512	3	2,789	1
7020	Other Profits and Losses	16,826	9	(9,205)	(5)
7050	Financial Cost	(651)	-	(491)	-
7060	Share of Profits and Losses of Subsidiaries and Affiliated Enterprises Recognized by the Equity Method (Note 6 (6))	30,202	15	26,354	14
	<b>Total Non-Operating Income and Expenditure</b>	55,216	28	21,754	11
	<b>Net Profit Before Tax on Continuing Operations</b>	21,642	11	900	-
7950	<b>Minus: Income Tax Expenses (Interest) (Note 6 (15))</b>	629	-	368	-
8000	<b>Current Net Profit</b>	21,013	11	532	-
8300	<b>Other Consolidated Profit or Loss (Note 6 (6) &amp; (15)):</b>				
8310	<b>Items Not to Be Reclassified Into Profit or Loss</b>				
8316	Measured at Fair Value Through Other Comprehensive Income for Unrealized Valuation of Profit or Loss	-	-	422	-
	<b>Total Items Not to Be Reclassified Into Profit or Loss</b>	-	-	422	-
8360	<b>Items That May Be Subsequently Reclassified as Profit or Loss</b>				
8361	Exchange Differences on Conversion of the Financial Statements c	100	-	(2,265)	(1)
8399	And Income Tax Relating to Items Which May Be Reclassified as	1,557	1	-	-
	<b>Total Items That May Be Subsequently Reclassified as I</b>	1,657	1	(2,265)	(1)
8300	<b>Current Other Consolidated Profit or Loss (Net Amount After Ta</b>	1,657	1	(1,843)	(1)
	<b>Current Total Comprehensive Profit and Loss</b>	<u>\$ 22,670</u>	<u>12</u>	<u>(1,311)</u>	<u>(1)</u>
<b>Earnings Per Share (Unit: NT\$ 1,000) (Note 6 (18))</b>					
9750	<b>Basic Earnings Per Share</b>	<u>\$ 1.14</u>		<u>0.03</u>	
9850	<b>Diluted Earnings Per Share</b>	<u>\$ 1.06</u>		<u>0.03</u>	

(Please read the notes of the individual financial report in the end)

Chairman of the Board:

Manager:

Accounting Supervisor:



**BULL WILL CO LTD**  
**Statement of Changes in Equity**  
**January 1 to December 31, 2022 and 2021**

**Unit: NTD 1,000**

	Retained Earnings					Other Equity Items		
	Share Capital	Advance Share Capital	Capital Surplus	Legal Surplus Reserve	Undistributed Surplus Earnings (Or Accumulated Deficits to Be Covered)	Difference of Conversion of Financial Statements of Foreign Operating Institutions	Unrealized Profits (Losses) on Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss	Total Equity
<b>Balance as of January 1, 2021</b>	\$ 155,072	-	44,054	-	8,221	7,482	(728)	214,101
Distribution by Resolution of the Shareholders' Meeting								
Legal Surplus Reserve	-	-	-	822	(822)	-	-	-
Current Net Profit	-	-	-	-	532	-	-	532
Current Other Comprehensive Profit/Loss	-	-	-	-	-	(2,265)	422	(1,843)
Current Total Comprehensive Profit/Loss	-	-	-	-	532	(2,265)	422	(1,311)
Capital Reduction to Cover Losses								
Other Changes in Equity:								
Share-Based Payment	6,040	22,650	3,244	-	-	-	-	31,934
<b>Balance as of December 31, 2021</b>	\$ 161,112	22,650	47,298	822	7,931	5,217	(306)	244,724
<b>Balance as of January 1, 2022</b>	\$ 161,112	22,650	47,298	822	7,931	5,217	(306)	244,724
Distribution by Resolution of the Shareholders' Meeting								
Legal Surplus Reserve	-	-	-	53	(53)	-	-	-
Cash Dividends	-	-	-	-	(3,600)	-	-	(3,600)
Current Net Profit	-	-	-	-	21,013	-	-	21,013
Current Other Comprehensive Profit/Loss	-	-	-	-	-	1,657	-	1,657
Current Total Comprehensive Profit/Loss	-	-	-	-	21,013	1,657	-	22,670
Other Changes in Equity:								
Share-Based Payment	34,230	(19,207)	17,527	-	-	-	-	32,550
The Difference Between the Equity Price and Book Value of the Subsidiary Actually Acquired or Disposed of	-	-	10,142	-	-	-	-	10,142
<b>Balance as of December 31, 2022</b>	\$ 195,342	3,443	74,967	875	25,291	6,874	(306)	306,486

(Please read the notes of the individual financial report in the end)

**Chairman of the Board:**

**Manager:**

**Accounting Supervisor:**

**BULL WILL CO LTD**  
**Statements of Cash Flows**  
**January 1 to December 31, 2022 and 2021**

Unit: NTD 1,000

	2022	2021
Cash Flow from Operating Activities:		
Net Profit Before Tax	\$ 21,642	900
Profit/Loss Not Affecting Cash Flows		
Depreciation Expenses	1,178	1,533
Expected Credit Impairment Reversal Profits	-	(1,785)
Financial Asset Loss Measured at Fair Value Through Profit and Loss	1,496	372
Interest Expense	651	491
Interest Revenue	(2,327)	(2,307)
Dividend Revenue	(267)	(179)
Share-based remuneration cost	70	164
Share of interests of Subsidiaries and Affiliated Enterprises Recognized by	(30,202)	(26,354)
Disposal of Investment Interests Under the Equity Method	(253)	-
Unrealized Profit From Sale	852	867
Realized Profit From Sale	(867)	(849)
Total Earning Expense Items	(29,669)	(28,047)
Net Changes in Operating Assets and Liabilities		
And Net Changes in Assets Related to Operating Activities		
Decrease (Increase) in Notes Receivable	481	(554)
Decrease (Increase) in Accounts Receivable (Including Related Parties)	8,555	318
Decrease (Increase) in Accounts Receivable (Including Related Parties)	(3,963)	42,634
Decrease (Increase) in Inventories	(2,409)	318
Decrease (Increase) in Advance Payments	11,203	(44,439)
And Total Net Changes in Assets Related to Operating Activities	13,867	(1,723)
And Net Changes in Liabilities Related to Operating Activities		
Increase (Decrease) in Contractual Liabilities	8	(705)
Increase (Decrease) in Accounts Payable (Including Related Parties)	(9,448)	11,686
Increase in Other Payables (Including Affiliates)	3,151	356
Liability Reserve - Current Increased	21	290
Increase in Other Current Liabilities	2,259	2,546
And Total Net Changes in Liabilities Related to Operating Activities	(4,009)	14,173
And Total Net Changes in Assets and Liabilities Related to Operating Acti	9,858	12,450
Total Adjusted Items	(19,811)	(15,597)
Cash Generated From Operations	1,831	(14,697)
Interest Received	2,275	2,564
Refund (Payment of) Income Tax	(377)	7
Net Cash Inflows (Outflows) From Operating Activities	3,729	(12,126)
Cash Flow from Investment Activities:		
Dispose of the Value of Financial Assets Measured at Fair Value Through Other	-	50,189
Obtain the Value of Financial Assets Measured at Fair Value Through Profit or	(98,876)	(22,016)
Dispose of the Value of Financial Assets Measured at Fair Value Through Profit	97,939	17,511
Investments Accounted for Using Equity Method Acquired	(26,978)	(16,704)
Dispose of Investments Using Equity Method	2,260	-
Purchase of Real Estate, Plant, and Equipment	(2,280)	(886)
Refundable Deposits Decreased (Increase)	1	(2)
Collect Other Dividends	267	179
Net Cash Inflows (Outflows) From Investment Activities	(27,667)	28,271
Cash Flow from Financing Activities:		
Short-Term Loan Increased	15,000	8,000
Short-Term Loan Decreased	-	(8,000)
Long-Term Loan Borrowed	-	12,000
Long-Term Loan Repaid	(3,800)	(3,334)
Lease Principal Repaid	(331)	(339)
Employee Stock Option	32,480	31,770
Interest Paid	(644)	(482)
Guarantee Deposits Received Increased	-	100
Distribution of Cash Dividend	(3,600)	-
Net Cash Inflow from Financing Activities	39,105	39,715
Current Cash and Cash Equivalents Increments (Reductions)	15,167	55,860
Beginning Cash and Cash Equivalents Balance	65,529	9,669
Ending Cash and Cash Equivalents Balance	<b>\$ 80,696</b>	<b>65,529</b>

(Please read the notes of the individual financial report in the end)

Chairman of the Board:

Manager:

Accounting Supervisor:

**BULL WILL Co., Ltd.**  
**Parent Company Only Financial Report**  
**December 31, 2022 and 2021**

**(Unless otherwise noted, all amounts are expressed in thousands of New Taiwanese Dollars.)**

**1. Company Milestones**

Approved by the Ministry of Economics Affairs, Bull Will CO LTD (the Company) was established in December 20, 1993 and the registered address is 3F., No. 199, Ruihu St., Neihsu Dist., Taipei City.

The primary business items are the processing, import/export and trading of electronic materials and components.

In July 2001, the Company was approved by Securities and Futures Commission, Ministry of Finance to go public and begin selling stock. In June 2003, Securities and Futures Commission, Ministry of Finance approved the Company's shares to be listed on the Over-the-Counter Markets. On September 17, 2003, the Company became listed on the Taiwan OTC Exchange.

**2. Approval Date and Procedures of Financial Reports**

This individual financial report has been approved and released by the Board of Directors on March 28, 2023.

**3. Application of Newly Issued and Revised Guidelines and Interpretations**

(1) The following revised IFRS will apply to the Company as of January 1, 2022 and will not have a material impact on individual financial reports.

- Revision of IAS 16 - "Real Estate, Plant, and Equipment - Price Before Reaching the Intended Use Condition"
- Revision of IAS 37 "Loss-making Contracts - Costs of Performance"
- Annual Improvements to IFRS 2018-2020 Cycle
- Revision of IFRS 3 "Reference to the Conceptual Framework".

(2) Impacts from not yet adopting the International Financial Reporting Standards (IFRS) approved by the Financial Supervisory Commission (ROC)

The Company evaluates that the following revised IFRS, effective from 1 January 2023, will not cause a material change to the individual financial reports.

- Revision of IAS 1 "Disclosure of Accounting Policies"
- Revision of IAS 8 "Definition of Accounting Estimates"
- Revision of IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

(3) Applicability of newly issued and revised standards and interpretations not yet recognized by the Financial Supervisory Commission (ROC)

The standards and interpretations issued and amended by the International Accounting Standards Board but not yet endorsed by the FSC may be relevant to the consolidated company as follows:

<b>Newly Issued or Revised Guidelines</b>	<b>Major modified content</b>	<b>Effective date announced by the Board</b>
Revision of IAS 1 "Classification of Liabilities as Current or Non-current".	<p>The revisions are intended to improve consistency in the application of the criteria to assist companies in determining whether debts or other liabilities with uncertain repayment dates should be classified as current or non-current on the balance sheet (if they are or may be due within one year).</p> <p>The revision also clarifies the classification of obligations which may be discharged by conversion into equity.</p>	January 1, 2023

The Company is continuously evaluating the impact of the above criteria and interpretation on the Company's financial position and results of operations, and the relevant impact will be disclosed upon completion of the evaluation.

The Company expects that the following new and revised standards, which have not yet been approved, will not have a material impact on the individual financial reports.

- Revision of IFRS 10 and IAS 28 "Sale or Contribution of Assets Between Investors and Their Affiliates or Joint Ventures"
- Revision of IFRS 17 "Insurance Contracts" and amendments to IFRS 17
- Revision of IFRS 17 "Comparative Information on First Application of IFRS 17 and IFRS9"

#### **4. Summary Statement of Major Accounting Policies**

The major accounting policies adopted for preparing these parent company financial statements are described below.

##### **(1) Compliance with the Declaration**

This parent company only financial statement is prepared in accordance with Regulations Governing Preparation of Financial Reports by Securities Issuers.

## (2) Foundation of Preparation

1. Aside from financial assets (liabilities), which are measured at fair value through profit or loss, financial assets available for sale, which are financial instruments measured at fair value, and the defined benefit liabilities, which are recognized by the net value of the pension fund assets less the current value of defined benefit obligation, this parent company only financial statement is prepared based on the historical cost.
2. The following critical accounting policies are consistently applicable to the entire period that this parent company only financial statement covers.
3. Some material accounting estimation are used in preparing financial statements based on IFRS and IAS approved by the Financial Supervisory Commission and the related interpretations, and interpretative bulletins. When applying the Company's accounting policies, management also needs to make judgment, which involves accounts of a high level of decision-making and complexity or accounts associated with material assumption and estimation in the parent company only financial statements. Please refer to Note 5 attached.

## (3) Foreign currency translation

The Company<sup>7</sup> uses the money (i.e., functional currency) of the primary economic environment of its operation for the measurement. This parent company only financial report is presented in New Taiwanese Dollars (NT\$), which is the Company's functional and presentation currency.

### 1. Foreign currency transaction and balance

- (1) For foreign currency transactions, spot rate of exchange on the trading day or the measurement date is used for functional currency translation, and aside from deferring those satisfying cash flow risk management and net investment investment to other comprehensive income, the resulting exchange differences are recognized in profit or loss.
- (2) The balance of foreign currency monetary assets and liabilities shall be appraised and adjusted according to the spot exchange rate on the balance sheet date, conversion differences resulting from adjustments are recognized as current profits and losses.
- (3) Foreign currency monetary assets and liabilities balance is adjusted by the spot exchange rate on the balance sheet date, and it is measured at fair value through profit or loss, and therefore, exchange differences generated from the adjustment were recognized as profit or losses. For those measured at fair value through comprehensive income, exchange differences generated from adjustments are recognized in other comprehensive income. As for those not measured at fair value, they are measured at the historical exchange rate on the initial transaction day.

### 2. Translation of foreign operating organizations

- (1) All the company's entities and associates that have a functional currency different

from the presentation currency are translated into the presentation currency as follows:

- A. The assets and liabilities presented in each balance sheet are exchanged using the spot rate of exchange of the balance sheet.
  - B. The income and expense losses expressed in each consolidated income statement are converted at the current average exchange rate; and
  - C. All conversion differences resulting from conversion are recognized as other consolidated profits and losses.
- (2) Exchange differences of loans of the net investment and long-term investment of foreign operations or other currency instruments designated to be the hedgers of an investment are recognized in other comprehensive income.
  - (3) When a foreign operation is partially disposed of or sold, exchange difference under other comprehensive income will be proportionally reclassified in profit and loss to be part of the income or loss from sales.
  - (4) Goodwill produced from acquiring foreign entities and the fair value adjustment are valued as the assets and liabilities of said foreign entities and the exchange is done using the period-end exchange rate.

(4) Classification of current and non-current assets and liabilities

- 1. Assets shall be classified as current assets if they meet any of the following conditions:
  - (1) The asset is expected to be realized or intended to be sold or consumed during the normal operating cycle.
  - (2) Held primarily for trading purposes.
  - (3) Those expected to be realized in 12 months after the balance sheet date;
  - (4) Cash and cash equivalents, excluding assets to be exchanged or used to pay off liabilities in at least twelve months after the balance sheet date.

The Company classifies all assets not meeting the above criteria as non-current assets.

- 2. Liabilities shall be classified as current liabilities if they meet any of the following conditions:
  - (1) Expected to be settled in the normal operating cycle.
  - (2) Held primarily for trading purposes.
  - (3) Liabilities that are to be paid off within 12 months after the balance sheet date.
  - (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. The terms of liabilities, which may lead to the issuance of equity instruments at the option of the counterparty, shall not affect its classification.

The Company classifies all liabilities that do not meet the above criteria as non-current.

(5) Cash and Cash Equivalents

1. Cash and cash equivalents include cash on hand, cash in bank, and other short-term, highly liquid investments that are due in three months starting from the acquisition date.
2. Cash equivalents refer to short-term and highly liquid investments satisfying the following conditions:
  - (1) Those can be readily converted to fixed cash;
  - (2) Those whose value is minimally affected by interest rate fluctuation.

(6) Financial assets measured at fair value through other comprehensive income

1. It refers to the option of irrevocability at the original recognition that the fair value changes in equity instrument investments not held for transactions or liability instrument investments satisfying the following conditions:
  - (1) Financial assets held under the operating model with the purposes of collecting contract cash flow and for sales;
  - (2) Cash flows generated at specific dates by the contract terms and conditions of said financial assets and are fully used for paying the principals for outstanding principals.
2. The Company adopts settlement date accounting for financial assets that are measured at fair value through other comprehensive income and satisfying the transaction convention.
3. The Company at the initial recognition measures at fair value plus transaction costs. Afterward, it is measured at fair value.
  - (1) Changes in the fair value of equity instruments are recognized in other comprehensive income, and before the de-recognition, the accumulated interest or lost previously recognized in other comprehensive income should not be reclassified to income but to be transferred to retained earning. When the Company's right to receive dividends is established, economic benefits associated with the dividends may flow in, and when the amount of dividends can be reliably measured, the Company shall recognize the amount under profit or loss as dividend income.
  - (2) Changes in the fair value of debt instruments are recognized in other comprehensive income, and the impairment losses, interest income, and gains or losses on exchange rate of foreign currency exchange are recognized in profit or loss, and at de-recognition, the accumulated gain or loss previously recognized in other comprehensive income will be reclassified from equity to profit or loss.

(7) Financial Asset Interests Measured at Fair Value Through Profit or Loss

It refers to financial assets not measured at amortized cost or measured at fair value through other consolidated profit or loss are measured at fair value through through profit or loss. In order to eliminate or materially reduce improper accounting matching at the time of original recognition, the Company may irrevocably designate financial assets that meet the requirements of measuring at fair value through after-amortized cost or other

consolidated profit or loss as financial assets measured at fair value through profit or loss at the time of original recognition.

Such assets are subsequently measured at fair value and the net interest or loss (including any Number and order to Rental income Loss Based on) is option be calculated as profit or loss.

(8) Accounts and notes receivable

1. Refers to accounts and bills which, under contract, are entitled to receive unconditionally the amount of consideration for the transfer of goods or services.
2. Refers to short term accounts receivable and bills without interest payment, the Company will only use the original invoice amount as the measurement because the discount has little effect.

(9) Financial asset impairments

For debt instrument investment measured at fair value through other comprehensive income, financial assets measured at amortized cost, and accounts receivable or contract assets, rents receivable, loan commitments, financial guarantee contracts, and others containing a significant financial component, the Company on each balance sheet day will consider all reasonable and verifiable information (including prospective information) to routinely measure allowance losses for expected credit loss amount for 12 months for those without significant increase in credit risk after the original recognition. For those with a significant increase in the credit risk after the original recognition, the allowance losses are measured according to the expected credit loss amounts for the life time. For accounts receivable that does not contain a significant financing component, the Company measures the loss allowance at an amount equal to lifetime expected credit loss amounts.

(10) De-recognition of financial assets

If the Company meets any of the following conditions, will derecognise the financial assets:

1. The contractual rights for cash flows from the financial asset expire.
2. Transfer of contractual rights to receive cash flows from financial assets, and transfer of almost all risks and rewards of ownership of financial assets.
3. Almost all risks and returns from financial asset ownerships are neither transferred nor retained but the control of the financial assets are not kept.

(11) Inventories

The Company's inventory carry-over is evaluated by the average method. The final inventory is evaluated by cost or the net realizable value whichever is lower. The net realizable value refers to the estimated sale price in the normal course of business, less



relevant cost and sale expenses required until the completion of the work. When comparing the cost of inventories and the net realizable value, it is done item by item. The amount of inventory of writing down the cost of inventories to the net realizable value is recognized as the cost of sales.

(12) Investments accounted for using the equity method

When preparing for parent only financial statements, the Company adopts the equity method rating for its controlled investment. 4. In accordance with the equity method, the profit or loss and other comprehensive income of the parent company only financial report should be the same as the share of the profit or loss and other comprehensive income belonging to the owner of the parent company in the consolidated financial report. The owner's equity in the parent company only financial report should be the same as the equity belonging to the owner of the parent company in the financial report prepared based on this foundation. The Company's changes in the ownership and equity of the subsidiaries that do not lead to the loss control are treated as equity transaction among the owners.

(13) Lease

1. Determination of leases

The Company assesses at the date of formation whether the contract is or includes a lease, if the contract assigns control over the use of the identified asset for a period of time in exchange for consideration. To assess whether the contract is a lease, the Company will assess the following items:

- (1) The contract relates to the use of an identified asset which is specified in the contract or is implicitly specified by virtue of being available for use and whose entity can distinguish or represent substantially all of the capacity. An asset is not an identifiable asset if the supplier has a material right to replace it.
- (2) the right to almost all economic efficiency from the use of a recognized asset has been acquired for the entire term of use; and
- (3) And obtains the right to dominate the use of the identified assets if one of the following conditions is met:
  - The customer has the right to direct the use of the identified assets and the purposes for which they are used throughout the use life.
  - The relevant decisions regarding how and for what purpose the asset will be used are determined in advance, and:
    - The customer has the right to operate the asset throughout the life of its use, and the supplier has no right to change such operation instructions; or
    - The way in which the customer designs the asset predetermines how and for what purpose it will be used throughout its life.

On the date of formation of the lease or when reassessing whether the contract

covers the lease, the Company shall apportion the consideration in the contract to the individual lease components on a relatively separate price basis. However, in the case of leasing the land and the building, the Company elects not to distinguish between the non-leasehold components and treats the leasehold component and the non-leasehold component as a single leasehold component.

## 2. Lessee

The Company recognizes the right-of-use assets and lease liabilities on the commencement date of the lease. The right-of-use assets are initially measured at cost, which includes the original measured amount of the lease liability. Adjustment of any lease payments made on or before the commencement date of the lease, adding to the original direct costs incurred and the estimated costs of dismantling, removing and restoring the underlying asset to its location or the underlying asset, excluding any lease inducements received.

The subsequent depreciation of the right-of-use assets at the beginning of the lease is made by the straight-line method when the useful life of the right-of-use assets expires or when the lease term expires earlier. In addition, the Company regularly evaluates whether there is any impairment of the right-of-use assets and deals with any impairment losses that have been incurred, and adjusts the right-of-use assets in the event of re-measurement of the lease liabilities.

Lease liabilities are measured in terms of the present value of outstanding lease payments at the commencement date of the lease. If the implied lease rate is easy to determine, the discount rate is that rate; if not, the Company's incremental borrowing rate is used. In general, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measure of lease liabilities include:

- (1) Fixed payments, including substantial fixed payments;
- (2) Variable lease payments subject to an index or rate, the index or rate on the commencement date of the lease is used as the original measure;
- (3) Guarantee amount of salvage value expected to be paid; and
- (4) The price at which the purchase option or lease termination option is reasonably determined to be exercised or the penalty to be paid.

Lease liabilities are subsequently accrued interest on an effective interest basis and measured in the following circumstances:

- (1) There is a change in the index or rate used to determine lease payments result in changes in future lease payments;
- (2) There is a change in the expected residual value guaranteed amount paid;
- (3) There is a change in the evaluation of the purchase option of the underlying asset;
- (4) There is a change in the estimate of whether or not to exercise the extension or termination option changes the assessment of the duration of the lease;
- (5) Modification of the subject, scope or other terms of the lease.

When the lease liability is remeasured as a result of the foregoing changes in the index or rate used to determine lease benefits, changes in the guaranteed residual value amount, and changes in the evaluation of the option to purchase, extend, or terminate, if the book amount of the right-of-use assets is adjusted accordingly, and when the carrying amount of the right-of-use assets is reduced to zero, the remaining remeasured amount shall be recognized as the profit or loss.

For a lease modification that reduces the scope of the lease, the carrying amount of the right-of-use assets is reduced to reflect the partial or full termination of the lease, and the difference between this and the remeasured amount of the lease liability is recorded in the profit or loss.

The Company shall separately present the right-of-use assets and lease liabilities which do not meet the definition of investment real estate in the balance sheet as separate items.

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

### 3. Lessor

The Company as a lessor involves the classification of almost all the risks and rewards of the lease contract on the date of the lease, depending on whether or not it is transferred to the ownership of the underlying asset. If so, it is classified as financial lease; otherwise, it is classified as business lease. In the evaluation, the Company considers certain relevant indicators, including whether the lease term covers a major part of the economic life of the target asset.

If the agreement contains leasehold and non-leasehold components, the Company will use the consideration in the apportionment agreement as specified in IFRS 15.

Assets held under a financial lease shall be expressed as financial lease receivable in terms of the net amount of leasing investment. The original direct costs arising from the negotiation and arrangement of the business lease are included in the net investment in the lease. Net leasing investment is apportioned as interest income over the lease term in a form that reflects a fixed rate of return over the term. For business leases, the Company shall recognize the lease payments received as rental income during the lease term on a straight line basis.

## (14) Real Estate, Plant, and Equipment

1. Real estate, plant and equipment shall be recorded on the basis of acquisition cost and capitalized relevant interest during the period of purchase and construction.
2. Subsequent cost may become a carrying amount of the assets or be recognized as a single asset only if future economic benefits associated with this item may flow into the Group, and the cost of this item can be reliably measured. The carrying amount of the reset

portion shall be derecognized. All other assembly and maintenance costs are recognized as current profits and losses when incurred.

3. In the subsequent measurement of the cost of real estate, plant and equipment, except for the depreciation of land, depreciation shall be calculated on a straight-line method according to the estimated useful life. Depreciation of real estate, plant and equipment, if significant, shall be itemized separately. The Company reviews each asset's residual value, useful life, and depreciation method at the end of each fiscal year, and if the expected residual value and useful lives are different from the previous estimation or if the expected consumption type of future economic benefits of a given asset has any material change, the stipulation on changes in accounting estimates from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is adopted for treatment.

The useful lives of assets are listed below:

Machines and equipment	Three to five years
Transportation equipment	Five years
Office equipment	Three to ten years
Leasehold improvements	Five years
Other facilities	Two to six years

#### (15) Real Estate Investment

Investment real estate is recognized by acquisition cost, and cost model is adopted for subsequent measurement. Except for land, depreciation shall be carried out by the straight-line method according to the estimated useful life, which shall be 50 years.

#### (16) None-Financial Asset Impairment

On the balance sheet date, the Company estimates the recoverable amount of the assets with indicator of impairment, and recognizes the impairment loss when the recoverable amount is lower than its book value. Recoverable amount means the fair value of an asset minus the cost of disposal or the value of its use, whichever is higher. With the exception of goodwill, where the impairment of an asset recognized in a previous year does not exist or is reduced, the impairment loss shall be reversed, provided that the carrying amount of the asset added by the reversal impairment loss shall not exceed the carrying amount of the asset after depreciation or amortization if the impairment loss is not recognized.

#### (17) Loans

1. The amount of the loan at the time of the initial recognition shall be measured at the fair value after deducting the transaction cost, and any difference between the price (after deducting the transaction cost)) the redemption value shall be measured at the amortized cost during the loan period by the effective interest method.
2. Where it is likely that part or all of the line of credit will be withdrawn, the cost shall be

recognized as the transaction cost of the line of credit and shall be deferred until such time as the effective interest rate is adjusted. Where it is unlikely that part or all of the line of credit will be drawn, such charges are recognized as advances and amortized over the period in which the line is relevant.

#### (18) Accounts Payable and Bills

Accounts and bills payable refer payment obligations from acquiring goods or labor from vendors in the normal course of business. Accounts and bills payable is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. However, for short-term accounts receivable without interest payment, because of insignificant effect of discounting, they are subsequently measured at the original invoice amount.

#### (19) Liability Reserve

Liability reserve is a current statutory or constructive obligation arising from a past event. It is likely that resources of economic benefit will be required to discharge the obligation and the amount of the obligation will be recognized when the estimate is reliable. Liability reserve is measured by the best estimated present value of the expenditure required to meet the obligation at the balance sheet date. The discount rate is the pretax discount rate reflecting the current market assessment of the time value of money and the specific risks of liabilities. Discounted amortization is recognized as interest expense. Future operating losses shall not be recognized as liabilities. Future operating losses cannot be recognized in liability reserve.

#### (20) Employee Benefits

##### 1. Short-Term Employee Benefits

Short-term employee benefits are measured in terms of expected non-discounted payments and are recognized as expenses at the time of service delivery.

##### 2. Pension

###### Defined Contribution Plan

For defined contribution plans, the amount of the pension fund to be contributed is recognized as the current pension cost on an accrual basis. Advance contributions are recognized as assets to the extent that they are refundable in cash or reduce future payments.

##### 3. Termination Benefits

Termination benefits are provided when the employer terminates the employment of the employee prior to normal retirement or when the employee decides to accept the company's offer of benefits in exchange for the termination of employment. The Company recognizes the expenses when the offer of resignation pay becomes irrevocable or when recognizing related restructuring cost, whichever happens first. Benefits not

expected to be fully settled twelve months after the balance sheet date shall be discounted.

#### 4. Remunerations of Employees, Directors, and Supervisors

Remunerations of employees, directors, and supervisors are recognized as expenses and liabilities where there is a legal or constructive obligation and the amount is reasonably estimated. If there is any difference between the actual allotment amount and the resolved amount subsequently decided by the board of shareholders, the changes shall be treated as accounting estimates.

#### (21) Employee Share-Based Payment

A share-based payment agreement with equity settlement is the labor services provided to employees on the basis of the fair value of the equity commodities to which they are entitled, it is recognized as a cost of remuneration during the vesting period and relatively adjusted as an interest. The fair value of an equity commodities shall reflect the impacts of the vesting and non-vesting market conditions. The recognized remuneration costs are adjusted in line with the expected quantity of awards in line with the conditions of service and non-market value vesting, until the final recognized amount is recognized by the vested quantity obtained on the vested date.

#### (22) Income Tax

1. Income tax expenses include current and deferred income taxes. Except for income tax related to items included in other comprehensive profits and losses or directly included in the equity, income tax shall be recognized in the profits and losses.
2. The current income tax of the Company shall be calculated on the basis of the tax rate which has been legislated or substantially legislated on the balance sheet date in the country where the operation and taxable income are generated. The management shall periodically assess the status of the income tax declaration in respect of the applicable income tax laws and regulations, and, where applicable, shall estimate the income tax liabilities according to the taxes expected to be paid to the tax authorities. There is an additional tax of unappropriated earnings according to the Income Tax Act, and after the earning distribution is approved at the shareholders' meeting held in the year following the year the earnings are generated, the tax expense of undistributed earnings shall be recognized based on the actual condition of earning distribution.
3. The deferred income tax shall be recognized on the basis of the temporary difference between the tax basis of assets and liabilities and the carrying amount of the balance sheet. Deferred income tax liabilities generated from the initial recognition of goodwill are not recognized. Moreover, deferred income tax is not recognized if it is originated from the initial recognition of assets or liabilities in transactions (business merger excluded) and neither accounting profits nor taxable income (or tax losses) is affected at the time of the transaction. For temporary differences generated from investing in subsidiaries and

associates, they are not recognized if the Company is capable of controlling the time point of reversal of the temporary differences and the temporary differences may not be reversed in the foreseeable future.

Deferred income tax shall be subject to the tax rate (and tax law) which is enacted or substantially enacted on the balance sheet date and which is expected to apply when the deferred income tax asset is realized or the deferred income tax liability is satisfied.

4. Deferred income tax assets are recognized on the basis that temporary differences are likely to be used to offset future taxable income and are reassessed on each balance sheet date for unrecognized and recognized deferred income tax assets.
5. The current income tax assets and current income tax liabilities shall be offset against each other when there is a statutory enforcement right to offset the amount of current income tax assets and liabilities, and there is an intention to repay or simultaneously realize the assets and liabilities on a net basis. When there is a legal enforcement right to offset the current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are generated by the same tax payer or different tax payer of income tax levied by the same tax authority, but each tax payer intends to pay off the assets and liabilities on a net basis or at the same time, then the deferred income tax assets and liabilities shall be offset against each other.
6. Tax credit accounting treatment is adopted for tax preferences from purchasing equipment or technology, research and development expenditure, and equity investment.
7. The "Income Basic Tax Act" came into force on January 1, 2006. The basis of calculation shall be the amount of taxable income calculated in accordance with the provisions of the Income Tax Law, and the tax deduction or exemption enjoyed by the Income Tax Law and other laws, and the basic tax shall be calculated according to the tax rate prescribed by the Executive Yuan. In comparison with the amount of tax calculated according to the provisions of the Income Tax Law, the higher the base tax is, the income tax of the current year shall be paid. The Company has taken its impact into account in the current income tax.

## (23) Customer Contractual Revenue

Income is measured at the consideration of expected ownership from transfer of goods, and the Company recognizes it in income when the control of goods is transferred to customers and performance obligation is satisfied.

### 1. Sales of Commodities

The Company recognizes income when the control of goods is transferred to customers and performance obligation is satisfied. The control transfer of the product means that the product has been delivered to the customer and there is no unfulfilled obligation that will affect the customer's acceptance of the product. Delivery refers to customers accepting products according to the transaction conditions and obsolescence

and risk of loss have been transferred to the customer. Moreover, the Company has objective evidence to consider that the time point of all inspection conditions have been satisfied.

The Company recognizes the accounts receivable when delivering the products because the Company at the time point has the right to the consideration.

## 2. Financial Components

The Company's expected time point for transferring products to customers is not separated from the customer's time point of payment for products for more than one year. Therefore, the Company does not adjust the time value of money of the transaction price.

## 3. Customer Contracts Obtaining Cost

The Company's incremental cost incurred from acquiring customer contracts is expected to be recoverable, but because the related contract period is shorter than one year, the cost is recognized as expenses when the cost incurs.

## (24) Operating Departments

The Company has disclosed segment information in this financial statement, and therefore the parent-company-only financial statement will not disclose the segment information.

## (25) Earnings Per Share

The Company lists out the basic and the dilutive earnings per share (EPS) of the Company's common share equity holders. The Company's basic earning per shares are calculated by having the equity of the equity holders of the Company's common shares divided by the weighted average of the number of outstanding common shares. The diluted earnings per share are calculated after adjusting for the effect of all potential diluted common shares on the profits and losses attributable to holders of the Company's common shares and the weighted average number of outstanding common shares. The Company's potential dilutive common shares are stock option certificates granted to employees.

## 5. Major Sources of Accounting Errors in Judgment, Assumptions and Estimates

When preparing this parent company only financial statements, the Company's management has applied its judgment on determining the accounting policies used and made accounting estimates and assumptions based on reasonable expectation of future events according to the conditions at the balance sheet date. Material accounting estimates and assumptions may differ from actual results and will be assessed and adjusted on an ongoing basis taking into account historical experience and other factors. Uncertainty of material accounting judgments, estimations, and assumptions are described below:

- (1) Important Judgments on the Adoption of Accounting Policies
- (2) Important Accounting Estimates and Assumptions



The accounting estimates made by the Company are based on reasonable expectations of future events based on the current situation on a specific date, but the actual results may differ from the estimates. For estimates and assumptions regarding the risk of material adjustments to the carrying amounts of assets and liabilities in the next financial year, please refer to Note 6 (5), impairment assessment of inventory.

## 6. Explanation of Important Accounting Items

### (1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty Cash	\$ 59	55
Bank Deposit	80,637	65,474
Cash and Cash Equivalents	<u>\$ 80,696</u>	<u>65,529</u>

Disclosure of Interest Rate Risk and Sensitivity Analysis of the Financial Assets and Liabilities of the Company. Please refer to Note 6 (22) for details.

### (2) Financial Products

#### Financial Assets

	December 31, 2022	December 31, 2021
Financial Assets at Fair Value Through Profit or Loss	\$ 5,919	6,478
Current	<u>\$ 5,919</u>	<u>6,478</u>

- Investments in equity instruments measured at fair value through other consolidated profits and losses are by resolution of the Board of Directors of the Company on August 7, 2020, the Company purchased 530 thousand new special shares B shares of Strek Corporation Company Limited ("Strek Company") at approximately NT\$ 93 each. The total investment amount is NT\$ 50,189 thousand (Thai baht 53,000 thousand), and signed the investment contract with Strek Company on the same day, which agreed: (1) The dividend of the special share B share shall be at least 8% of the agreed net after-tax profit of the special share in Thailand, but not less than NT\$ 9,361 thousand (\$10,080 thousand in Thai Baht, with an interest rate of about 19%). (2) The Company shall have the right to force the redemption of the investment shares by Strek within eight months from the date of signing but no later than the original offering price.
- In view of the above investment, the Company entered into a guarantee contract with Serial System LTD on August 7, 2020. In the event that Strek Company fails to redeem its shares, Serial System LTD is willing to acquire all of the special shares of Strek held

by the Company at the original offering price. On March 31, 2021, The Company intends to transfer the entire special shares of Strek Company to Serial System LTD at the original issue price of Thai Baht \$53,000 thousand subject to the guaranteed agreement and received the transfer on March 31, 2021.

3. On December 25, 2020, the shareholders' meeting of Strek Company approved a proposed dividend of NT\$ 13,104 thousand (Thai baht 14,000 thousand) to be paid to the Company and recorded as dividend income and received a dividend of NT\$ 1,872 thousand on December 31, 2020, with the remaining amount recorded as other receivables. All were recovered on March 31, 2021.
4. Disclosure of Interest Rate Risk and Sensitivity Analysis of the Financial Assets and Liabilities of the Company. Please refer to Note 6 (22) for details.

(3) Accounts and notes receivable

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Bills Receivable	\$ 328	809
Accounts Receivable	92,601	85,559
Accounts receivable - related parties	32,174	47,771
Minus: Allowance for Bad Debts	(436)	(436)
	<b><u>\$ 124,667</u></b>	<b><u>133,703</u></b>

1. The Company uses a simplified approach to estimate expected credit losses for all bills receivable and accounts receivable, i.e., the expected credit loss measure over the life period, for this purpose. Such bills receivable and accounts receivable are grouped according to the common credit risk characteristics of the ability on behalf of the customer to pay all amounts due under the terms of the contract and have been incorporated into forward-looking information.

The expected credit loss analysis of bills receivable and accounts receivable of the Company is as follows:

<b>December 31, 2022</b>			
	<b>Carrying Amount of Bills Receivable and Accounts Receivable</b>	<b>Weighted Average Expected Credit Loss Rate</b>	<b>Allowance Duration Expected Credit Loss</b>
Not Overdue	\$ 124,836	0.14%	169
Under 31 days	-	-	-
1 to 3 Months	267	100%	267
3 to 6 Months	-	-	-
Over 6 Months	-	-	-
	<u>\$ 125,103</u>		<u>436</u>

  

<b>December 31, 2021</b>			
	<b>Carrying Amount of Bills Receivable and Accounts Receivable</b>	<b>Weighted Average Expected Credit Loss Rate</b>	<b>Allowance Duration Expected Credit Loss</b>
Not Overdue	\$ 130,257	-%	-
Under 31 days	3,876	11%	430
1 to 3 Months	6	100%	6
3 to 6 Months	-	-%	-
Over 6 Months	-	-%	-
	<u>\$ 134,139</u>		<u>436</u>

2. The Company's statement of changes in bills receivable and allowance for doubtful accounts for the years 2022 and 2021 is as follows:

	<b>Year 2022</b>	<b>Year 2021</b>
Opening Balance	\$ 436	2,221
Reversal of Impairment Loss	-	(1,785)
Ending Balance	<u>\$ 436</u>	<u>436</u>

3. Guarantee:

The 2022 and 2021, the Company's bills receivable and accounts are not provided as guarantee for long-term loans and financing lines.

(4) Other accounts receivable

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Other Accounts Receivable	\$ 2,609	1,673
Other Accounts Receivable - Related Parties	42,391	39,312
	<b>\$ 45,000</b>	<b>40,985</b>

(5) Inventories

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Commodities	\$ 6,497	4,088

The amount of recognized decline loss from inventory recognition to net realized value in 2022 and 2021 is \$312 thousand and \$233 thousand respectively and has been reported as cost of goods sold.

As of December 31, 2022 and 2021, none of the Company's inventories has been provided as pledge guarantees.

(6) Acquisition of investments accounted for using the equity method

Investments (credit balance) of the Company accounted for using equity method on date of report:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Subsidiary	\$ 67,155	(3,343)
Affiliated Enterprises	-	5,068
	<b>\$ 67,155</b>	<b>1,725</b>
Investments Using Equity Method	<b>\$ 67,222</b>	<b>22,440</b>
Investments accounted for using equity method	<b>\$ (67)</b>	<b>(20,715)</b>

1. Subsidiary

(1) For subsidiaries, please refer to 2022 Consolidated Financial Report.

(2) The Company's share of the profits or losses of the subsidiaries in 2022 and 2021 is summarized as follows:

	<b>Year 2022</b>	<b>Year 2021</b>
Shares Attributable to the Company		
Current Net Profit	\$ 33,620	24,940
Other Consolidated Profit or Loss	(257)	(2,028)
Total	<b>\$ 33,363</b>	<b>22,912</b>

## 2. Affiliated Enterprises

Name of investee	Primary Business	Establishment and Operating location	Carrying Amount		% shareholding	
			December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
BULL WILL	Sand and	Singapore	\$ -	5,068	-	30.00%
TRADING(S) PTE LTD.	Gravel Sales					

(1)The Company sold BULL WILL TRADING(S) PTE LTD in November 2022. 30% of the equity, the disposal price is SGD 100 thousand (NTD 2,260 thousand), resulting in a disposal of investment profit of HKD 253 thousand, which has been recognized under other interests and losses.

(2)If the affiliated enterprises of the Company using the equity method are individual and insignificant, their aggregate financial information is as follows, which refers to the amount contained in the individual financial report of the Company:

	Year 2022	Year 2021
Ending Summary Carrying Amount of the Interests of Individual Non-materially Affiliated Enterprises	\$ -	\$ <b>16,892</b>
Shares Attributable to the Company	\$ -	\$ <b>5,068</b>
Current Net Profit (Loss):	\$ (3,418)	\$ 1,415
Other Consolidated Profit or Loss:	357	(238)
Total Consolidated Profit or Loss:	\$ (3,061)	\$ <b>1,177</b>

## 3. Guarantee

As the 2022 and 2021, no equity method investments of the Company have been provided as pledge guarantees.

(7) Real Estate, Plant and Equipment

A breakdown of the changes in cost, depreciation and impairment of real estate, plant, and equipment of the Company is as follows:

	<b>Machinery Equipment</b>	<b>Transportation Equipment</b>	<b>Office Equipment</b>	<b>Other Equipment</b>	<b>Total</b>
Cost or Identified Cost:					
Balance as of January 1, 2022	\$ 4,345	530	19,629	23,237	47,741
Current Addition	-	2,220	-	60	2,280
Current Disposal	-	(530)	-	-	(530)
Balance as of December 31, 2022	<b>\$ 4,345</b>	<b>2,220</b>	<b>19,629</b>	<b>23,297</b>	<b>49,491</b>
Balance as of January 1, 2021	\$ 4,345	530	18,743	23,237	46,855
Current Addition	-	-	886	-	886
Balance as of December 31, 2021	<b>\$ 4,345</b>	<b>530</b>	<b>19,629</b>	<b>23,237</b>	<b>47,741</b>
Depreciation and Impairment Losses					
Balance as of January 1, 2022	\$ 4,345	530	17,537	23,237	45,649
Current Depreciation	-	26	670	10	706
Current Disposal	-	(530)	-	-	(530)
Balance as of December 31, 2022	<b>\$ 4,345</b>	<b>26</b>	<b>18,207</b>	<b>23,247</b>	<b>45,825</b>
Balance as of January 1, 2021	\$ 4,345	530	16,479	23,237	44,591
Current Depreciation	-	-	1,058	-	1,058
Balance as of December 31, 2021	<b>\$ 4,345</b>	<b>530</b>	<b>17,537</b>	<b>23,237</b>	<b>45,649</b>
Carrying Amount Value:					
December 31, 2022	<b>\$ -</b>	<b>2,194</b>	<b>1,422</b>	<b>50</b>	<b>3,666</b>
December 31, 2021	<b>\$ -</b>	<b>-</b>	<b>2,092</b>	<b>-</b>	<b>2,092</b>

No real estate, plant, and equipment of the Company has been provided as pledge guarantees as 31 December 2022 and 2021.

(8) Right-of-Use Assets

The changes in the cost, depreciation, and impairment of leased premises and buildings etc. of the Company are as follows:

	<b>Houses and Buildings</b>	<b>Total</b>
Cost of Right-of-Use Assets:		
Balance as of January 1, 2022	\$ 674	674
Current Addition	668	668
End of Current Period	(674)	(674)
Balance as of December 31, 2022	<b>\$ 668</b>	<b>668</b>
Balance as of January 1, 2021	\$ 674	674
Balance as of December 31, 2021	<b>\$ 674</b>	<b>674</b>
Depreciation and Impairment Losses of Right-of-Use Assets:		
Balance as of January 1, 2022	\$ 590	590
Depreciation	334	334
End of Current Period	(674)	(674)
Balance as of December 31, 2022	<b>\$ 250</b>	<b>250</b>
Balance as of January 1, 2021	\$ 253	253
Depreciation	337	337
Balance as of December 31, 2021	<b>\$ 590</b>	<b>590</b>
Accounting Value:		
December 31, 2022	<b>\$ 418</b>	<b>418</b>
December 31, 2021	<b>\$ 84</b>	<b>84</b>

(9) Investment Real Estate

The details of the changes in the investment real estate of the Company are as follows:

	<b>Land</b>	<b>Houses and Buildings</b>	<b>Total</b>
Cost or Identified Cost:			
Balance as of January 1, 2022	\$ 16,203	7,062	23,265
Balance as of December 31, 2022	<b>\$ 16,203</b>	<b>7,062</b>	<b>23,265</b>
Balance as of January 1, 2021	\$ 16,203	7,062	23,265
Balance as of December 31, 2021	<b>\$ 16,203</b>	<b>7,062</b>	<b>23,265</b>
Accumulated Depreciation and Impairment:			
Balance as of January 1, 2022	\$ -	2,522	2,522
Depreciation Expense	-	138	138
Balance as of December 31, 2022	<b>\$ -</b>	<b>2,660</b>	<b>2,660</b>
Balance as of January 1, 2021	\$ -	2,384	2,384
Depreciation Expense	-	138	138
Balance as of December 31, 2021	<b>\$ -</b>	<b>2,522</b>	<b>2,522</b>
Book Value			
Balance as of December 31, 2022	<b>\$ 16,203</b>	<b>4,402</b>	<b>20,605</b>
Balance as of December 31, 2021	<b>\$ 16,203</b>	<b>4,540</b>	<b>20,743</b>

Rental Revenue and Direct Operating Expenses of Investment Real Estate

	<b>Year 2022</b>	<b>Year 2021</b>
Rental Revenue From Investment Real Estate	<b>\$ 743</b>	<b>751</b>
Direct Operating Expenses Incurred in the Current Period for Investment Real Estate with Rental Receipt	<b>\$ 293</b>	<b>293</b>

The fair values of the investment real estate of the Company as at December 31, 2022 and 2021 are NT\$ 21,670 thousand and NT\$ 36,144 thousand. The fair values are based on market evidence of the transaction prices of similar real estate.

As of 2022 and December 31, 2021, the Company's investment real estate has been provided with collateral. Please refer to Note 8.



(10) Short-Term Loan

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Guaranteed Bank Deposit	\$ 15,000	-
Unsecured Bank Loan	8,000	8,000
	<b>\$ 23,000</b>	<b>8,000</b>
Unused Credit	<b>\$ 33,420</b>	<b>30,000</b>
Range of Interest Rates	<b>2.151~2.625%</b>	<b>1.00%~3.50%</b>

Details of the Company's use of assets as collateral for short-term borrowing are attached in Note 8.

(11) Liability Reserve

	<b>Liability Reserve of Employee Benefits</b>
Balance as of January 1, 2022	\$ 1,491
Current Added (Reversed) Liability Reserve	21
Balance as of December 31, 2022	<b>\$ 1,512</b>
Balance as of January 1, 2021	\$ 1,201
Current Added (Reversed) Liability Reserve	290
Balance as of December 31, 2021	<b>\$ 1,491</b>

(12) Lease Liabilities

The carrying amount of the Company's leasing liabilities is as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current	\$ 337	86
Non-Current	86	-
	<b>\$ 423</b>	<b>86</b>

For maturity analysis, please refer to Note 6 (22) Financial Instruments.

The amount of lease recognized in profit or loss is as follows:

	<b>Year 2022</b>	<b>Year 2021</b>
Interest Expense of Lease Liabilities	\$ 15	7
Expense of Short-Term Leases	<b>\$ 2,151</b>	<b>2,151</b>
Expense of Leasing an Asset of Low Value	<b>\$ 76</b>	<b>63</b>

The amount of the lease recognized in the cash flow statement is as follows:

	<b>Year 2022</b>	<b>Year 2021</b>
Total Cash Outflow From Leasing	<b>\$ 331</b>	<b>339</b>

(13) Long-Term Loan

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Unsecured Bank Loan	\$ 13,477	17,277
Minus: Part Due Within One Year	(4,805)	(4,042)
Total	<b>\$ 8,672</b>	<b>13,235</b>
Unused Credit	\$ -	-
Range of Interest Rates	<b>2.346~3.07%</b>	<b>1.500%~1.845%</b>

(14) Employee Benefits

Defined Contribution Plan

In accordance with the provisions of the Labor Pension Act, the definitional contribution plan of the Company shall be allocated to the labor pension individual account of the Bureau of Labor Insurance at a contribution rate of 6% of the monthly wages of the labors. Under the scheme, there is no statutory or constructive obligation on the part of the Company to pay any additional amount after a fixed contribution has been made to the Bureau of Labor Insurance. The Company's pension expense under the 2022 and 2021 definitional pension scheme are NT\$ 964 thousand and NT\$ 973 thousand respectively, which have been allocated to the Bureau of Labor Insurance.

(15) Income Tax

1. Income Tax Expense

The income tax expense (interest) of the Company in 2022 and 2021 is detailed as follows:

	<b>Year 2022</b>	<b>Year 2021</b>
Current Income Tax Expense (Interest)		
Current Occurrence	\$ 629	370
Occurrence of Previous Years	-	(2)
Deferred Income Tax Expense (Interest)		
Occurrence and Reversal of Temporary Differences	(4,654)	(13,555)
Original Occurrence and Reversal of Tax Losses	4,654	13,555
Income Tax Expense (Interest)	<b>\$ 629</b>	<b>368</b>

The details of income tax (expense) interests recognized under other consolidated profit or loss of the Company in 2022 and 2021 are as follows:

	<b>Year 2022</b>	<b>Year 2021</b>
Items That May Be Subsequently Reclassified as Profit or Loss		
Exchange Differences on Conversion of the Financial Statements of Foreign Operation	\$ <b>1,557</b>	-

2. The relationship between income tax expense (interest) and pre-tax net profit of the Company in 2022 and 2021 is adjusted as follows:

	<b>Year 2022</b>	<b>Year 2021</b>
Net Profit Before Tax	\$ <b>21,642</b>	<b>900</b>
Income Tax Calculated According to the Domestic Tax Rate at the Locality of the Company	\$ 4,328	180
Permanent Difference	(5,255)	(15,713)
Occurrence of Previous Years	-	(2)
Surtax on Undistributed Retained Earnings	629	-
Changes in Tax Losses on Deferred Tax Assets Not Recognized	4,654	13,555
Changes of Temporary Differences Not Recognized	(3,727)	2,348
	<b>\$ 629</b>	<b>368</b>

3. Deferred Income Tax Assets and Liabilities

Unrecognized Deferred Income Tax Assets

Items not recognized as deferred income tax assets of the Company are as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Deductible Temporary Differences	\$ <b>102,708</b>	<b>106,255</b>
Levy Loss	\$ <b>55,634</b>	<b>56,410</b>

According to the provisions of the Income Tax Act, tax loss shall be deducted from the net profit of the preceding ten years after the approval of the tax inspection authority. This item has not been recognized as a deferred income tax asset because it is unlikely that the Company will have sufficient tax income to cover the temporary difference in the future.

As of December 31, 2022, the Company has not recognized the tax loss on deferred income tax assets. The deduction period is as follows:

<b>Deficiency Year</b>	<b>Deficits Not Yet Deducted</b>	<b>Final Year of Deduction</b>
Approvals in 2016	\$ 13,407	2026
Approvals in 2017	27,403	2027
Approvals in 2018	57,654	2028
Approvals in 2019	115,717	2029
Approvals in 2020	274	2030
Declarations in 2021	40,148	2031
Estimates in 2022	23,001	2032
<b>Total</b>	<b>\$ 277,604</b>	

**Recognized Deferred Income Tax Assets (Liabilities)**

The changes of deferred tax assets (liabilities) in 2022 and 2021 are as follows:

**2022**

	<b>Opening Balance</b>	<b>Recognized as Profit or Loss</b>	<b>Recognized in Other Consolidated Profit or Loss</b>	<b>Ending Balance</b>
Temporary Differences				
Exchange Differences on Conversion of the Financial Statements of Foreign Operation	\$ (1,900)	-	1,557	(343)
Deferred Income Tax Expense		-	1,557	
Net Deferred Income Tax	<u>\$ (1,900)</u>			<u>(343)</u>
The information expressed in the balance sheet is as follows:				
Deferred Income Tax Liabilities	<u>\$ (1,900)</u>			<u>(343)</u>

**2021**

	<b>Opening Balance</b>	<b>Recognized as Profit or Loss</b>	<b>Recognized in Other Consolidated Profit or Loss</b>	<b>Ending Balance</b>
Temporary Differences				
Exchange Differences on Conversion of the Financial Statements of Foreign Operation	\$ (1,900)	-	-	(1,900)
Deferred Income Tax Expense		-	-	
Net Deferred Income Tax	<u>\$ (1,900)</u>			<u>(1,900)</u>
The information expressed in the balance sheet is as follows:				
Deferred Income Tax Liabilities	<u>\$ (1,900)</u>			<u>(1,900)</u>

#### 4. Income Tax Approval Status

The business income tax settlement declaration of the Company has been approved by the tax inspection authority until 2020.

#### (16) Capital and Other Equities

##### 1. Share Capital

December 31, 2022 and 2021, the total rated share capital of the Company is NT\$ 2,050,000 thousand, with NT\$ 10 par value per share in the amount of 205,000 thousand shares. The issued shares are 19,534 thousand shares and 16,111 thousand shares respectively. The proceeds of all issued shares have been collected.

On June 18, 2020, the Company decided by the Board of Shareholders that in order to make up the losses and improve the financial structure, the paid-up capital will be reduced by NT\$ 958,292 thousand, and the issued shares will be cancelled by 95,829 thousand shares, with a capital reduction ratio of about 86.07176%. The capital reduction plan has been approved by the Financial Supervisory Commission, and July 22, 2020 is taken as the base date for the capital reduction, and the capital change registration shall be approved by the competent authority on August 5, 2020.

As of December 31, 2021, the Company received an advance payment of NT\$ 22,650 thousand, including 1,500 common shares, due to the execution of stock option conversion by employees. As of December 31, 2022, the change registration has been completed. From January 1, 2022 to December 31, 2022, the Company received a total of NT\$ 32,480 thousand for 2,151,000 converted shares due to the employee's exercise of stock options, among which 1,923 thousand shares have been transferred to common stock and have completed the registration of change. As of December 31, 2022, shares received in advance of NT\$ 3,443 thousand, including 228 thousand ordinary shares, which have not yet completed the registration of changes.

##### 2. Capital surplus

The Company's capital reserve balance is as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Additional paid-in capital in excess of par common stock	\$ 56,571	38,603
Compensatory Cost Recognized for Employee Stock Option	8,254	8,695
The Difference Between the Equity Price and Book Value of the Subsidiary Actually Acquired or Disposed of		
Book Value	10,142	-
Total	<b>\$ 74,967</b>	<b>47,298</b>

In accordance with the provisions of the Company Act, after the capital reserves need to be first used to cover losses, the company may issue new shares or cash out of the realized capital reserves according to the proportion of the shareholders' original shares. The term "realized capital reserves" as mentioned in the preceding paragraph includes the excess of income from issuing shares above par value and income from receiving gifts. The total amount of the capital reserve that may be allocated as capital in accordance with the issuer's standards for handling the issue of securities shall not exceed 10% of the paid-up capital.

### 3. Retained Earnings

The Company's earnings distribution or loss allocation and compensation shall be made at the end of each accounting year. Where the earnings distribution is made in cash, the board of directors shall make a resolution and report to the shareholders' meeting in accordance with Article 228-1 and Item 5 of Article 240 of the Company Act, without submitting it to the shareholders' meeting for recognition.

If there is net profit after tax of the current period in the company's annual general accounts, the accumulated losses (including the adjustment of undistributed surplus amount) shall be made up first, and 10% shall be contributed as the legal surplus reserve according to law; except when the legal surplus accumulated has reached the total paid-in capital of the Company. Secondly, special reserve should be allocated or reversed according to laws, regulations, or the competent authority's stipulation. The board of directors shall, together with the undistributed surplus earnings at the beginning of the period (including adjusting the amount of the undistributed earnings), draft a proposal for the surplus appropriation.

The dividend policy of the Company is based on the current and future development plan, considering the investment environment, capital needs and foreign competition conditions, and considering the equities of shareholders and other factors, so as to allocate no less than 30% of the distributable surplus to shareholders every year. However, if the accumulated distributable surplus is not less than 10% of the paid-in share capital, it may not be distributed. Dividends may be paid in cash or shares to shareholders, in which the cash dividend shall not be less than 50% of the total dividend.

### 4. Surplus Distribution

(1) On June 24, 2022, the Company passed the 2021 earnings distribution plan by the shareholders' meeting, and the amount of dividend distributed to the owners is NT\$ 0.2 per share cash dividend. As the number of shares entitled to participate in the distribution changes due to the exercise of the employee's stock option warrants to subscribe for common stock, the board of directors of the Company authorized the Chairman of the Board to adjust the dividend rate of cash dividends according to the

ratio. After the adjustment, the amount of dividend to be distributed to the owner is NT\$ 0.19 per share of cash dividends. On August 30, 2021, the shareholders' meeting approved the 2020 annual surplus distribution plan, and there is no amount of dividends distributed to the owners.

(2) Information on the Company's surplus earnings distribution plan for the past year can be found at the Market Observation Post System.

5. Other Equities (Net Amount After Tax)

	<b>Unrealized Profit or Loss on Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss</b>	<b>Exchange Differences on Conversion of the Financial Statements of Foreign Operation</b>	<b>Total</b>
January 1, 2022	\$ (306)	5,217	4,911
Unrealized Profit or Loss on Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss	-	-	-
Exchange Differences on Conversion of the Financial Statements of Foreign Operation	-	1,657	1,657
Balance as of December 31, 2022	<b>\$ (306)</b>	<b>6,874</b>	<b>6,568</b>
January 1, 2021	\$ (728)	7,482	6,754
Unrealized Profit or Loss on Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss	422	-	422
Exchange Differences on Conversion of the Financial Statements of Foreign Operation	-	(2,265)	(2,265)
Balance as of December 31, 2021	<b>\$ (306)</b>	<b>5,217</b>	<b>4,911</b>

#### (17) Share-Based Payment Plan

Employees of the Company may receive a share-based payment as part of the reward scheme; the transaction in which an employee provides services as consideration for the acquisition of equity is a share-based payment transaction for the delivery of equity.

##### Employee Share-Based Payment Plan

On May 27, 2019, the Company was approved by the competent authority to issue an Employee Stock Option Warrants of 9,000 units, with each unit entitled to subscribe for 1 common share of the Company. The above employee stock options were granted in full on June 10, 2019 to employees who are officially incorporated in the Japan Company on the basis of subscription eligibility and to full-time employees of the Company who directly or indirectly hold more than 50% of the voting shares of the same invested company. The duration of the stock options is seven years, and the holder of the warrants may exercise a certain percentage of the stock options granted upon the expiration of two years.

The fair value of the options is assessed on the basis of the Black-Scholes-Merton option pricing model at the date of issue, and the parameters and assumptions are set by taking into account the terms and conditions of the contract.

The plan offers stock options for seven years and does not provide a cash settlement option. In the past, the Company has not been in the practice of granting stock options in respect of such programs on a cash settlement basis.

The information related to the aforesaid share-based payment plan is as follows:

Date of Issue of Stock Option Warrant	Number of Units Issued	Ending Total Outstanding Units	Number of Shares for Subscription	The Date on Which Subscribers May Commence to Exercise	Subscription Price (NTD)	Performance Method
2019.6.10	9,000 Thousand Units	3,945 Thousand Units	1,970,000	2021.6.10	\$15.10	Issuing New Shares

For the share-based payment plan, the pricing model and assumptions used are as follows:

	Issued Stock Option Warrants on June 10 2019
Expected Dividend Rate	0.00%
Expected Price Volatility	35.08%
Risk-Free Interest Rate	0.613%~0.635%
Stock Option Expected Duration	4.5 years, 5 years, 5.5 years



The expected duration of employee stock options is based on historical information and current expectations and may not necessarily correspond to actual performance. Expected volatility is the historical volatility of a period close to the duration of the option assumed to represent the future trend, although it may not necessarily correspond to actual future results.

Details of the aforementioned stock option plan are as follows:

	<b>Year 2022</b>		<b>Year 2021</b>	
	<b>Outstanding Quantity (Unit)</b>	<b>Weighted Average Exercise Price (NT\$)</b>	<b>Outstanding Quantity (Unit)</b>	<b>Weighted Average Exercise Price (NT\$)</b>
Outstanding Employee Stock Options on January 1	6,396	15.10	8,500	\$15.10
Current Granted Employee Stock Options	-	-	-	-
Current Lost Employee Stock Options	(300)	-	-	-
Current Exercised Employee Stock Options	<u>(2,151)</u>	15.10	<u>(2,104)</u>	15.10
Outstanding Employee Stock Options on December 31	<u>3,945</u>	15.10	<u>6,396</u>	15.10
Executable Employee Stock Options on December 31	1,970	15.10	2,146	\$15.10

Information of employee stock options issued on May 27, 2019 outstanding as of December 31, 2022 is as follows:

<b>Outstanding Employee Stock Options</b>		
<b>Issuing Date</b>	<b>Exercise Price</b>	<b>Weighted average remaining term to maturity (years) of outstanding employee stock options:</b>
2019.6.10	\$15.10	6

The Company's authorized employee share-based payment plan costs are as follows:

	<b>Year 2022</b>	<b>Year 2021</b>
Expense Recognized as a Result of Share-based Payment Transactions	70	164
(All of them are based on share-based payment of equity settlement)		

(18) Earnings Per Share

	Year 2022	Year 2021
Basic Earnings Per Share		
Net Profit Attributable to the Company's Common Shareholders	\$ 21,013	532
Weighted Average Number of Common Shares Outstanding (Basic)(1,000 shares)	18,390	15,590
Basic earnings per share (NTD)	\$ 1.14	0.03
Diluted Earnings Per Share		
Net Profit Attributable to the Company's Common Shareholders	\$ 21,013	532
Weighted Average Number of Common Shares Outstanding (Basic)(1,000 shares)	18,390	15,590
Effect of Employee Stock Option	1,343	3,491
Impact of Employee Compensation	87	-
Weighted Average Number of Common Shares Outstanding (Basic)(1,000 shares)	19,820	19,081
Diluted Earnings Per Share (NT\$)	\$ 1.06	0.03

(19) Customer Contractual Revenue

1. The details of the Company's customer contractual revenue for of years 2022 and 2021 are as follows:

	Year 2022	Year 2021
Electronic Component Revenue	\$ 195,986	185,499
Other Revenue	-	279
	\$ 195,986	185,778

2. Details of Customer Contract Revenue:

Revenue Recognition Time Point	Year 2022	Year 2021
Commodities That Are Transferred at a Certain Time Point	\$ 195,986	185,778

3. Contractual Liabilities :

	December 31, 2022	December 31, 2021
Commodity Sales	\$ 8	-

(20) Employee Consideration

If the company makes profits in the year ("profit" refers to profit before deduction of the remuneration paid to employees and the remuneration paid to directors), the company shall allocate not more than 5% of the remuneration paid to employees and the remuneration paid to directors respectively, of which the remuneration of employees shall be allocated no less than 1%. If the Company has accumulated losses (including adjustment of non-

distributed amount of surplus), the value to make up for the losses should be set aside first.

The said employee consideration can be paid in the form of stock or cash, and the recipient of the payment include employees of subordinate companies qualifying the conditions set by the Board of Directors. The aforementioned Directors can only be paid in the form of cash.

The consideration of the Company's employee and the consideration of the directors are estimated according to the ratio of the net profit before tax for the current period less the consideration of the employee and the consideration of the directors. If there is any change in the amount after the publication of the annual financial report, it shall be treated according to the change of accounting estimation and be recorded in the next year. The estimated compensation for employees and directors in 2022 is NT\$ 1,146 thousand and NT\$ 687 thousand respectively, while the estimated compensation for employees and directors in 2021 is NT\$ 494 thousand and NT\$ 29 thousand respectively. The amount of employee compensation and director compensation actually distributed in 2022 is no different from the amount estimated in the Company's 2021 financial report.

Information on the consideration of our employees and directors and supervisors can be found at the Market Observation Post System.

## (21) Non-Operating Income and Expenses

### 1. Interest Revenue

The Company's interest income for 2022 and 2021 is as follows:

	<b>Year 2022</b>	<b>Year 2021</b>
Bank Deposit Interest Revenue	\$ 193	57
Other Interest Revenues	2,134	2,250
	<b>\$ 2,327</b>	<b>2,307</b>

### 2. Other Revenue

The Company's Other Revenue income for 2022 and 2021 is as follows:

	<b>Year 2022</b>	<b>Year 2021</b>
Rental Revenue	\$ 1,343	1,351
Dividend Revenue	267	179
Other	4,902	1,259
	<b>\$ 6,512</b>	<b>2,789</b>

### 3. Other Profits and Losses

The Company's Other gains and losses income for 2022 and 2021 is as follows:

	<b>Year 2022</b>	<b>Year 2021</b>
Foreign Exchange Net Profit (Loss)	\$ 18,443	(8,448)
Real Estate, Plant and Machinery Equipment Disposed	5	-
Financial Asset Loss Measured at Fair Value Through Profit and Loss	(1,496)	(372)
Interests of Disposal of Investment	253	-
Other	(379)	(385)
	<b>\$ 16,826</b>	<b>(9,205)</b>

### 4. Financial Cost

The Company's Financial Cost income for 2022 and 2021 is as follows:

	<b>Year 2022</b>	<b>Year 2021</b>
Interest Expense on Bank Loans	\$ 636	484
Interest Expense on Lease Liabilities	15	7
	<b>\$ 651</b>	<b>491</b>

## (22) Financial Instrument

### 1. Credit Risk

#### (1) Exposure of Credit Risk

The carrying amount of a financial asset represents the maximum credit exposure amount.

#### (2) Concentration of Credit Risk

The Company's accounts receivable is mainly from payments for goods from selling goods to customers, all divisions of the Company comply with the credit risk policies, procedure, and control for managing credit risk. The credit risk evaluation of trading counterparties is based on a comprehensive evaluation of the counterparty's financial condition, credit rating by credit rating institutions, past transaction experiences, current economic environment, and the Company's internal evaluation criteria. According to the experience of collecting payments from customers, the Company management's evaluation showed no major credit risk.

## 2. Liquidity Risk

The following table shows the contract maturity dates of financial liabilities, including estimated interest but excluding the effect of net agreements.

	Carrying Amount	Contract Cash Flow	Under 12 Months	1 - 2 Years	2 - 5 Years	Over 5 Years
<b>December 31, 2022</b>						
Non-Derivative Financial Liabilities						
Floating Interest Rate Instrument	\$ 36,477	37,447	28,472	3,087	5,888	-
Non-Interest-Bearing Liabilities	34,846	34,846	34,846	-	-	-
Lease Liabilities	423	433	347	86	-	-
	<b>\$ 71,746</b>	<b>72,726</b>	<b>63,665</b>	<b>3,173</b>	<b>5,888</b>	<b>-</b>
<b>December 31, 2021</b>						
Non-Derivative Financial Liabilities						
Floating Interest Rate Instrument	\$ 25,277	26,060	12,144	5,012	8,904	-
Non-Interest-Bearing Liabilities	41,128	41,128	41,128	-	-	-
Lease Liabilities	86	87	87	-	-	-
	<b>\$ 66,491</b>	<b>67,275</b>	<b>53,359</b>	<b>5,012</b>	<b>8,904</b>	<b>-</b>

The Company does not expect the timing of the occurrence of cash flows through the maturity date analysis will be significantly earlier or the actual amount will significantly differ.

## 3. Currency Risk

### (1) Exposure of Currency Risk

The financial assets and liabilities of the Company exposed to material foreign exchange risk are as follows:

(Unit: Foreign Currency/NT\$ 1,000)

	December 31, 2022			December 31, 2021			
	Foreign Currency	Exchange Rate	NT\$	Foreign Currency	Exchange Rate	NT\$	
<u>Financial Assets</u>							
<u>Monetary Items</u>							
USD	\$	6,939	30.7	213,027	7,718	27.67	213,557
RMB		7	4.409	31	6	4.345	26
HKD		26	3.941	102	7	3.551	25
SGD		101	22.89	2,312	1	20.46	20
<u>Financial Liabilities</u>							
<u>Monetary Items</u>							
USD		505	30.7	15,504	334	27.67	9,242
RMB		27	4.409	119	21	4.345	91
HKD		3	3.941	12	2	3.551	7

## (2) Sensitivity Analysis

The exchange rate risk of the Company mainly derives from the foreign currency conversion profit or loss of cash and cash equivalents, accounts receivable, and accounts payable, etc. valued in foreign currency. On December 31, 2022 and 2021, if the NT\$ depreciates or appreciates by 5% against the USD, RMB, HKD, KRW, and SGD, and all other factors remain unchanged, the net profit for 2022 and 2021 would increase or decrease by NT\$ 9,992 thousand and NT\$ 10,213 thousand respectively. The two analyses were based on the same basis.

Due to the variety of functional currencies of the Company, the conversion profit or loss information of monetary items is disclosed by integrated method. Foreign currency conversion Comprehensive income (including realized and unrealized) for 2022 and 2021 were NT\$ 18,443 thousand gain and NT\$ 8,448 thousand loss respectively.

## 4. Interest Rate Analysis

The interest rate exposure of the financial assets and financial liabilities of the Company is indicated in the liquidity risk management in this note.

The following sensitivity analysis is based on the risk of interest rate spike of both derivative and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis assumes that the outstanding amount of liabilities at the reporting period is outstanding throughout the year. Internally, the Company report changes to the interest rate that are increased or decreased by 1% to the major management. This means that management evaluates the range of reasonable possible changes of the interest rates.

If interest rates increase or decrease by 1% as at the reporting date, all other variables being unchanged, the net profit of the Company in 2022 and 2021 will be reduced or increased by NT\$ 365 and NT\$ 253 thousand, mainly due to variable interest rate borrowings of the Company.

## 5. Fair Value

### (1) Categories of Financial Instrument and Fair Value

The carrying amount and fair value (where the fair value level information is included, but the carrying amount of a financial instrument which is not measured by the fair value is a reasonable approximation of the fair value, and where there is unquoted price in the active market and the fair value cannot be reliably measured, the fair value information is not required to be disclosed) of the financial assets and financial liabilities of the Company are listed as follows:

December 31, 2022					
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value					
Through Profit or Loss					
Domestic & Foreign	\$ 5,919	5,919	-	-	5,919
TWSE-Listed (OTC- Listed) Stocks					

December 31, 2021					
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value					
Through Profit or Loss					
Domestic & Foreign	\$ 6,478	6,478	-	-	6,478
TWSE-Listed (OTC- Listed) Stocks					

## (2) Fair Value Evaluation Techniques for Financial Instruments Measured at Fair Value

### (2.1) Non-Derivative Financial Instruments

If a financial instrument has an open quotation in the active market, the open offered price in the active market shall be taken as its fair value. The market prices announced by the TPEX of the central government and the major exchanges judged to be popular securities are the basis of the fair value of listed (counter) equity instruments and debt instruments with active open market quotations.

For financial instruments with no active market, their fair value is estimated by the discounted cash flow model according to the category and nature. The main assumption is that the expected future cash flows to be received by investors are measured by the current exchange rate of foreign currency.

### (3) Transition Between Level 1 and Level 2

There is no material transfer of fair value measures between Level 1 and Level 2 for 2022 and 2021 of the Company.

(4) Schedule of Changes to Level 3

<b>Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss</b>	<b>Equity Instruments Without Public Quotation</b>
January 1, 2021	\$ 49,767
Disposed	(50,189)
Recognized in Other Consolidated Profit or Loss	422
December 31, 2021	\$ -
Recognized in Other Consolidated Profit or Loss	-
December 31, 2022	\$ -

(5) Significant Unobservable Input Value Information for Level 3 of Fair Value Level

The equity instrument investment without public offer measured by fair value is the asset acquisition method, which evaluates the overall value of the enterprise according to the assets and liabilities of the appraised object, and comprehensively evaluates the non-control rights reduction and liquidity risks.

(23) Financial Risk Management

1. Summary

The Company is exposed to the following risks as a result of the use of financial instruments:

(1) Credit Risk

(2) Liquidity Risk

(3) Market Risk

This note provides information on the risks of the Company and the Company's objectives, policies, and procedures for measuring and managing risks. For further quantitative disclosures, please refer to these notes in the individual financial statements.

2. Risk Management Framework

The Company's objective are to management operating activities related market risk, credit risk, and liquidity risk and to identify, measure, and manage above-mentioned risk according to policies and risk preferences. For the Company's financial risk management, the Company has referred to related regulations and specifications to establish appropriate policies, procedures, and internal control and important financial activities have to be reviewed by the Board of Directors according to related regulations and specifications as well as the internal control system.

During the financial management activity implementation period, the Company should authentically follow the established financial risk management related regulations and rules.

To reduce and to manage related financial risks, the Company has worked on analyzing, identifying, evaluating adverse effects of financial risk related factors on the Company's finance and proposing related programs to avoid adverse factors generated



from financial risks.

### 3. Market Risk

The Company's market risk refers to market price changes induced risk to the fair value or cash flow volatility. Market risk includes primarily exchange rate risk, interest rate risk, and other price risk.

In practice, it is rare to see changes in only one risk variable, and changes in risk variables are often associated. Nonetheless, for the following risk sensitivity analysis, interactions among related risk variables are not taken into consideration.

#### A. Currency Risk

The Company's foreign exchange rate risk is primarily associated with operating activities (when the currency of revenue or expenses is different from the Company's functional currency) and foreign operating entities' net investment.

The Company's foreign currency accounts receivable and payable are of the same currency. Natural risk avoidance effect is generated from similar positions, but these natural risk avoidance methods do not satisfy hedge accounting regulations. Therefore, hedge accounting was not adopted. In addition, foreign operating entities' net investment is strategic investment, and as a result, the Company did not manage the risk.

The Company's primary exchange rate risk comes from cash denominated in foreign currencies, accounts receivable, accounts receivable-net value of related parties, other accounts receivable, other accounts receivable - related parties, bank loans, accounts payable, and other accounts payable. They generate foreign currency exchange gain/loss at the exchange.

#### B. Interest Rate Risk

Interest rate risk refers to risk due to market interest rate changes induced volatility to fair value or future cash flow of financial instruments. The Company's interest rate risk is primarily linked to floating interest rate loans. The Company adopts consistent floating interest rate combination to manage interest rate risk. The Company routinely evaluate the risk management activity to make sure that they align with the interest rate viewpoints and the existing risk preferences to ensure that the adopted risk management strategy best satisfies with the cost benefit.

### 4. Credit Risk

Credit risk refers to the risk that the trading counterparty fails to fulfill its obligations contained in the contract and causes financial loss. The Company's credit risk is mainly caused by operating activities (primarily from notes and accounts receivable) and financial activities (primarily from bank deposits and various financial instruments).

All divisions of the Company comply with the credit risk policies, procedure, and control for managing credit risk. The credit risk evaluation of trading counterparties is based on a comprehensive evaluation of the counterparty's financial condition, credit

rating by credit rating institutions, past transaction experiences, current economic environment, and the Company's internal evaluation criteria.

The Company's accounts receivable is mainly from payments for goods from selling goods to customers, and according to the experience of collecting payments from customers, the Company management's evaluation showed no major credit risk.

The Company's finance department follows the Company's policy for managing credit risk of bank deposits, fixed rate bonds, and other financial instruments. Determined by the internal controlled procedure, the The Company's counterparties are banks with a good credit rating, financial institutions, companies, and government agencies of a investment grade, there is no significant credit risk.

#### 5. Liquidity Risk

Liquidity risk refers to the risk that the Company fails to deliver cash or other financial assets to pay off financial liabilities and fails to fulfill relevant obligations.

The Company uses management and maintaining sufficient cash and cash equivalents to support changes on the Company's operations and reduce cash flow volatility. The Company's management supervises the use condition of the bank financing amount and make sure that the terms and conditions of the loan contracts are observed.

Bank loans are an important source of liquidity of the Company. As of 2022 and December 31, 2001, the Company's undrawn bank facility was NT \$33,420 thousand (US \$600 thousand and NT \$15,000 thousand) and NT \$46,602 thousand (US \$600 thousand and NT \$30,000).

#### (24) Capital Management

The Company's capital management objectives are to secure the Company's ability to continue as a going concern, maintain the optimal capital structure for reducing the cost of capital, and to provide returns to our shareholders. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares or sell assets to reduce the liabilities. The Company manages the assets by routinely evaluating the debt to assets ratio. The Company's capital is stated as "total equity" in the balance sheet, and is also the total assets less the total liabilities.

As of December 31, 2022, the Company's approach to capital management has not changed.

(25) Changes in Liabilities Arising from Financing Activities

The Company's liabilities from financing activities are adjusted as follows:

	<b>January 1.</b>		<b>Non-Cash</b>	<b>December</b>
	<b>2022</b>	<b>Cash Flow</b>	<b>Flow</b>	<b>31, 2022</b>
Short-Term Loan	\$ 8,000	15,000	-	23,000
Lease Liabilities	86	(331)	668	423
Long-Term Loan	17,277	(3,800)	-	13,477
Liabilities Arising from Financing Activities	<b>\$ 25,363</b>	<b>10,869</b>	<b>668</b>	<b>36,900</b>

	<b>January 1.</b>		<b>Non-Cash</b>	<b>December</b>
	<b>2021</b>	<b>Cash Flow</b>	<b>Flow</b>	<b>31, 2021</b>
Short-Term Loan	\$ 8,000	-	-	8,000
Lease Liabilities	425	(339)	-	86
Long-Term Loan	8,611	8,666	-	17,277
Liabilities Arising from Financing Activities	<b>\$ 17,036</b>	<b>8,327</b>	<b>-</b>	<b>25,363</b>

## 7. Transactions With Related Parties

(1) Parent Company and Ultimate Controller

BULL WILL CO LTD (the Company).

(2) Name and Relationship of Related Parties

<u>Name of Related Parties</u>	<u>Relationship with the Company</u>
Hsin Yeh Technology Corporation (Hsin Yeh Technology)	Entities evaluating the Company by the equity method
Huizhou BULL WILL Electronics Corporation (Huizhou BULL WILL)	Subsidiary
Huizhou Chunchao Electronics Corporation (Huizhou Chunchao)	Subsidiary
Dongguan Chaokang Electronics Corporation (Dongguan Chaokang)	Subsidiary
Trustbond Technology Corp (Trustbond Technology)	Subsidiary
BULL WILL TRADING PTE LTD (BWTS)	Affiliated Enterprises
Hsin Yeh Investment Limited (Hsin Yeh Investment)	Company Also Controlled by Serial System
Serial Microelectronics Information Limited (Serial Information)	Company Also Controlled by Serial System
Serial System Limited (Singapore) (SGX)	Company Also Controlled by Serial System
Serial System CO LTD (Serial System)	Company Also Controlled by Serial System

(3) Major Transactions with Affiliates

1. Operating Income

The amount of the Company's major sales revenue (refund) to its related parties is as follows:

<u>Name of Related Parties</u>	<u>Year 2022</u>	<u>Year 2021</u>
Subsidiary	\$ 3,368	1,166
Affiliated Enterprises	332	583
	<u><b>\$ 3,700</b></u>	<u><b>1,749</b></u>

The sales price and credit conditions of the related parties of the Company's merchandise sales are similar to general transactions.

In 2022 and 2021 the Company's unrealized profit from sales generated from merchandise sales to related parties were NT\$ 852,000 and NT\$ 867,000 respectively, while the realized gross profits were NT\$ 867,000 and NT\$ 849,000 respectively.

## 2. Purchase

The amount of purchase by the Company from its related parties is as follows:

<b>Name of Related Parties</b>	<b>Year 2022</b>	<b>Year 2021</b>
Subsidiary	\$ 27	357
Huizhou Chunchao	70,770	49,479
Affiliated Enterprises	2	15
	<b>\$ 70,799</b>	<b>49,851</b>

The payment conditions of the Company's purchasing from related parties are similar to general transactions.

## 3. Receivable From Related Parties

The details of accounts receivables by the Company's related parties are as follows:

<b>Accounting Items</b>	<b>Name of Related Parties</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Accounts Receivable	Serial Singapore	\$ -	66
Accounts Receivable	Huizhou Chunchao	31,283	38,066
Accounts Receivable	Subsidiary	891	1,261
Accounts Receivable	Serial Information	-	8,378
Other Accounts Receivable	Huizhou Bull Will	-	229
Other Accounts Receivable	Serial System	30,833	27,766
Other Accounts Receivable	Subsidiary	464	1,304
Other Accounts Receivable	BWTS	11,094	10,013
		<b>\$ 74,565</b>	<b>87,083</b>

## 4. Advance Payments

The details of accounts pre-paid by the Company's related parties are as follows:

<b>Accounting Items</b>	<b>Name of Related Parties</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Advance Payments	Dongguan Chaokang	\$ -	401
Advance Payments	Huizhou Chunchao	33,092	44,056
		<b>\$ 33,092</b>	<b>44,457</b>

## 5. Payables from Related Parties

The details of accounts payable by the Company's related parties are as follows:

<b>Accounting Items</b>	<b>Name of Related Parties</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Accounts Payable	Affiliated Enterprises	\$ 2	-

## 6. Transactions with Other Related Parties

<b>Accounting Items</b>	<b>Name of Related Parties</b>	<b>Year 2022</b>	<b>Year 2021</b>
Rental Expenditure	Serial System Investment	\$ 2,258	2,258
Other Revenues - Interest Revenues	Serial System	1,506	1,556
Other Revenues - Others	Trustbond Technology Corp	4,800	1,200
Other Revenues - Interest Revenues	Affiliated Enterprises	628	694
Other Revenues - Rental Revenues	Serial Information	600	600

<b>Accounting Items</b>	<b>Name of Related Parties</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Refundable Deposits	Serial System Investment	\$ 358	358
Guarantee Deposits Received	Serial Information	100	100

## 7. Property Transaction

The Company sells financial assets to related parties as follows:

<b>Name of Related Parties</b>	<b>Number of Transaction Shares</b>	<b>Transaction Target</b>	<b>Carrying Amount</b>	<b>Disposal Price</b>
Serial System	530 thousand shares	Strek Corporation Company Limited Preferred Stock	\$ 50,189	50,189

In 2021, the Company sold financial assets measured at fair value through other comprehensive profit and loss - current to Serial System Limited, as described in note 6 (2).

(4) Key Management Remuneration

Key management returns include:

	Year 2022	Year 2021
Short-Term Employee Benefits	\$ 8,270	9,649
Post-Employment Benefits	195	183
Share-Based Payment	20	46
	<b>\$ 8,485</b>	<b>9,878</b>

**8. Pledged Asset**

The book value of the assets pledged by the Company is detailed as follows:

Asset Name	Target of Pledge Guarantees	December 31, 2022	December 31, 2021
Other financial assets - current	Fuel on Credit Purchase and Import Goods Released Before Tax	\$ 150	150
Investment property	Short-Term Loan	20,605	20,743
		<b>\$ 20,755</b>	<b>20,893</b>

**9. Major contingent liabilities and unrecognized contractual commitments: None.**

**10. Major casualty losses: None.**

**11. Major events after the reporting period: None.**

## 12. Others

(1) The functions of employee benefits, depreciation, depletion, and amortization expenses are summarized as follows:

Function	Year 2022			Year 2021		
	Under Operating Cost	Under Operating Expenses	Total	Under Operating Cost	Under Operating Expenses	Total
Property						
Employee Benefits Expenses						
Salary Expenses	-	24,885	24,885	-	19,910	19,910
Labor and Health Insurance Expenses	-	1,753	1,753	-	1,740	1,740
Pension Expenses	-	964	964	-	973	973
Directors' Remuneration	-	2,034	2,034	-	596	596
Other Employee Benefits Expenses	-	936	936	-	890	890
Depreciation Expense	-	1,178	1,178	-	1,532	1,532
Amortization expenses	-	-	-	-	-	-



Additional information on the Company's 2022 and 2021 employee numbers and employee benefits expenses is as follows:

	<b>Year 2022</b>	<b>Year 2021</b>
Employee Number	<b>29</b>	<b>28</b>
Number of Directors Who Are Not Employees Concurrently	<b>7</b>	<b>5</b>
Average Employee Benefits Expense	<b>\$ 1,297</b>	<b>1,022</b>
Average Employee Salary Expense	<b>\$ 1,131</b>	<b>866</b>
Adjustment of Average Employee Salary Expense	<b>30.60%</b>	<b>6.78%</b>
Remuneration of Supervisor	<b>\$ 233</b>	<b>220</b>

The Company's remuneration policy (including directors, managers and employees) is as follows:

1. The remuneration of the directors and supervisors shall be in accordance with the provisions of the Articles of Association of the company, with reference to the usual level of payment of the same industry, and with due consideration of the relationship between the company's revenue, earnings per share, operating performance and future risks.
2. The performance and remuneration of the manager shall be evaluated with reference to the usual levels of remuneration in the same industry, taking into account the individual's time commitment, responsibilities, achievement of personal goals, performance in other positions, and remuneration for those in the same position in recent years. The remuneration is based on the achievement of the company's short-term and long-term business objectives, the company's financial position, etc., and the reasonableness of the relationship between personal performance and the company's business performance and future risks.
3. The Company's employee salary structure is divided into two categories: regular pay and non-regular pay. Regular pay includes principal pay and meal allowance, etc., while non-regular pay includes regular full-time bonus, overtime pay, performance bonus and year-end bonus, etc. The salary shall be determined according to the salary market situation, the company's operating conditions and organizational structure. And shall be adjusted according to the market salary dynamics, the overall economic and industrial business changes, and the necessary regulations of government decrees. Salary and remuneration of employees are based on their academic experience, professional knowledge and skills, years of professional experience, and personal performance, without any difference in age, sex, race, religion, political affiliation, marital status, or union membership. At the same time, incentives will be paid according to the company's operating performance and the employee's personal performance.

- (2) Securities and Futures Investors Protection Center on February 17, 2017 in accordance with Securities Investor and Futures Trader Protection Act sued Ho Qing-yi, the previous person in charge of the Company, and related people for violating the Securities and Exchange Act and requested for a compensation of NT\$ 113,710 thousand. The Company has purchased the liability insurance according to Article 39 of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for an insurance amount of USD 5,000 thousand. On May 1, 2019, the court sent a letter stating that on April 24, 2019, the two parties agreed to stop the proceedings. On July 23, 2019, the Securities and Futures Investors Protection Center of the consortium applied for the renewal of the proceedings due to the need to renew the proceedings. On June 11, 2022, the Shiling District Court rejected the claim of the Insurance Center. The Insurance Center has appealed the lawsuit to the Taiwan High Court.
- (3) In 2022, COVID-19 spread all over the world, causing some subsidiaries, customers, and suppliers to implement quarantine and travel restrictions. The Company evaluated that there was no major impact on the overall business and financial aspects of COVID-19, and that there were no concerns about the continuing ability, impairment of assets, and financing risk.

### **13. Additional Disclosure Items**

#### **(1) Information on Material Transactions**

In 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company shall disclose the following information concerning major transaction items:

1. Capital loan to others: See Table 1 for details.
2. Endorsement for others: None.
3. Marketable securities held period end (excluding investments in subsidiaries, associates, and joint ventures): See Table 2 for details.
4. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
5. Amount of real estate acquired up to NT\$ 300 million or more than 20% of the paid-in capital: None.
6. Disposal of real estate up to nt\$ 300 million or more than 20% of paid-in capital: None.
7. The amount of purchase and sale with related parties up to NT\$ 100 million or more than 20% of the paid-in capital: See Table 4 for details.
8. Receivables from affiliates of NT\$ 100 million or more than 20% of the paid-in capital: None.
9. Engaging in derivatives trading: None.

#### **(2) Information related to the reinvestment business:**

In 2022, the reinvestment business information of the Company (excluding the invested companies in mainland China) : See Table 4 for details.

#### **(3) Mainland China investment information: See Table 5 for details.**

#### **(4) Information of major shareholders: See Table 6 for details.**

### **14. Department Information**

Please refer to the 2022 consolidated financial report.

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Table 1: Capital Loan to Others

Unit: NT\$ 1,000

Number	Company Providing the Loan	Loan Object	Transaction Items	A Related Party or Not	Current Maximum Balance	Ending Balance (Credits Approved by the Board of Directors)	Actual Dealing Amount	Range of Interest Rates %	Loan and Nature of Funds	Business Transaction Amount	Reasons Necessary for Short-Term Capital Financing	Itemized Allowance Amount for Bad Debts	Collaterals		Capital Loan and Ceiling to Each Individual	Capital Loan and Total Ceiling	Note
													Name	Value			
0	BULL WILL CO LTD	BULL WILL TRADING(S) PTE LTD	Other Accounts Receivable	Yes	10,745	10,745	10,745	6%	2	-	Operating Turnover	-	-	-	122,594	122,594	
0	BULL WILL CO LTD	SERIAL SYSTEM LTD	Other Accounts Receivable	Yes	30,700	30,700	30,700	6%	2	-	Operating Turnover	-	-	-	122,594	122,594	

Note 1: For individual objects, the loan and limit shall not exceed 40% of the total net value of the Company. The loan and limit shall be limited to 40% of the total net value of the Company.

Note 2: The nature of capital loan shall be: 1. Is a business associate or; 2. It is necessary for short-term financing.

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Table 2 Marketable Securities Held at the End of the Period

Unit: NT\$ 1,000

Holding Company	Type and Name of Marketable Securities	Relationship with the Issuer of Marketable Securities	Accounting Subjects	Ending				Note
				Shares (1,000 shares)	Carrying Amount	Shareholding Ratio %	Fair Value	
BULL WILL CO LTD	Stocks -							
	Yulon Finance Corporation	-	Financial Assets Measured at Fair Value Through Profit or Loss - Current	15	2,338	-	2,338	Note 1
	Cathay PHLX Semiconductor Fund	-	Financial Assets Measured at Fair Value Through Profit or Loss - Current	30	679	-	679	"
	ShareHope Medicine CO LTD	-	Financial Assets Measured at Fair Value Through Profit or Loss - Current	5	169	-	169	"
	Evergreen International Storage & Transport CORP	-	Financial Assets Measured at Fair Value Through Profit or Loss - Current	22	612	-	612	"
	DingZing Advanced Materials INC	-	Financial Assets Measured at Fair Value Through Profit or Loss - Current	1	60	-	60	"
	JPP Holding CO LTD	-	Financial Assets Measured at Fair Value Through Profit or Loss - Current	3	203	-	203	"
	Yuanta U.S. 20+ Year BBB Corporate Bond ETF Fund	-	Financial Assets Measured at Fair Value Through Profit or Loss - Current	22	772	-	772	"
	Yao Sheng Electronic CO LTD	-	Financial Assets Measured at Fair Value Through Profit or Loss - Current	6	293	-	293	"
	KING CHOU MARINE TECHNOLOGY	-	Financial Assets Measured at Fair Value Through Profit or Loss - Current	8	308	-	308	"
	ICP DAS CO LTD	-	Financial Assets Measured at Fair Value Through Profit or Loss - Current	4	338	-	338	"
	Formosa Laboratories INC	-	Financial Assets Measured at Fair Value Through Profit or Loss - Current	2	147	-	147	"
	Japan Bull Will Group Incorporation	-	Financial Assets Measured at Fair Value Through Other Comprehensive Income - Non-Current	-	-	18	-	

Note 1: The market price is the closing price on the listing date of December 31, 2022, on the TWSE & TPEX.

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Table 3: The amount of purchase and sale with related parties up to NT\$ 100 million or more than 20% of the paid-in capital.

Unit: NT\$ 1,000

Purchase (Sale) Companies	Counterparty	Relationship	Transacting Status				Status and Reasons Why Trading Terms Are Different from Ordinary Trading Terms		Bills and Accounts Receivable (Payable)		Note
			Purchase (Sale) of Goods	Amount	The Ratio (%) of Total Purchase (Sale)	Credit Period	Unit Price	Credit Period	Balance	The Ratio % of Bills and Accounts Receivable (Payable)	
BULL WILL CO LTD	Huizhou Jun Chao Electronic CO LTD	Subsidiary	Purchase	70,770	38.93%	Normal	Normal	Normal	-	-%	

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Table 4: Name of investee, location ..... and other relevant information (excluding mainland Chinese investees):

Unit: NT\$ 1,000

Name of Investment Company	Name of Investee	Location	Main Business Items	Original Investment Amount		Held at the End of the Period			The Investee's Current (Loss) Profit	Investment (Loss) and Profit Recognized	Note
				End of Current Period	End of Last Year	Shares	Ratio %	Carrying Amount			
BULL WILL CO LTD	Hong Kong Bull Will Holdings	Hong Kong	General Investment Business	\$385,105 ( HKD 95,765 ( USD 355 )	385,105 ( HKD 95,765 ( USD 355 )	11,619	100.00	2,181	23,071	23,071	Subsidiary
	Trustbond Technology Corp	Taiwan	Electronic Components Sales	43,682	16,704	1,605	80.24	65,041	15,197	10,549	Subsidiary
	BULL WILL TRADING(S) PTE LTD	Singapore	Sand and Gravel Sales	-	959 ( SGD 43 )	-	-	-	-	(3,418)	Equity Method Investee Note
Hong Kong Bull Will Holding CO LTD	Hong Kong Serial Investment CO LTD	Hong Kong	General Investment Business	385,097 ( HKD 95,765 ( USD 355 )	385,097 ( HKD 95,765 ( USD 355 )	11,619	100.00	2,180	23,072	23,072	Subsidiary
Hong Kong Serial Investment CO LTD	BULL WILL Electronics CO LTD	British Virgin Islands	Agent for the Company's Products and Manufacturing	106,660 ( HKD 26,550 )	106,660 ( HKD 26,550 )	3	100.00	-	(113)	(113)	Subsidiary

Note 1: The Company disposed of 30% of BULL WILL TRADING(S) PTE LTD in 2022.

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Table 5: Investment Information on Mainland China

1. Name of the invested company in mainland China, main business items, paid-up capital, investment method, capital inward and outward remittance, investment profit and loss, book value of the ending investment, and investment profit and loss repatriated:

Unit: NT\$ 1,000

Name of Investee Company in Mainland China	Main Business	Paid-Up Capital	Investment	Accumulated Investment Amount Remitted from Taiwan at the Beginning of the Current Period	Amount of Investment Remitted or Recovered in the Current Period		Accumulated Investment Amount Remitted from Taiwan at the Ending of the Current Period	The Investee's Current (Loss) Profit	Shareholding Ratio of the Company's Direct or Indirect Investments	Investment Profit or Loss Recognized at Current Period	Ending Book Value of Investments	Investment Income Remitted to Taiwan as of the Current Period	Note
					Remitted	Recovered							
Huizhou Chunchao Electronics CO LTD	Agent for the Company's Products and Manufacturing	\$51,403 ( HKD 13,000 )	(II)	47,151 ( HKD 12,050 )	-	-	47,151 ( HKD 12,050 )	28,601	100%	28,601	(81,409)	-	
Dongguan Zhao Kang Electronic CO LTD	Agent for the Company's Products and Manufacturing	35,738 ( HKD 9,000 )	(II)	35,738 ( HKD 9,000 )	-	-	35,738 ( HKD 9,000 )	(2,286)	100%	(2,286)	35,868	-	
Huizhou Bull Will Electronics	Agent for the Company's Products and Manufacturing	19,102 ( HKD 5,000 )	(II)	19,102 ( HKD 5,000 )	-	-	19,102 ( HKD 5,000 )	13,703	100%	13,703	47,566	-	

Note 1: The current investment profits and losses are recognized on the basis of financial statements verified by accountants.

Note 2: Investment methods can be divided into the following four categories, simply mark the category:

- (I) Through the third region remittance investment mainland company.
- (II) Reinvest in the mainland company by establishing a company through the third region investment.
- (III) Reinvest in mainland by reinvesting in existing companies in the third region.
- (IV) Other methods.

2. Investment Ceiling in Mainland China:

Aggregate Amount at the End of the Period Remitted from Taiwan	Investment Commission, MOEA	In accordance with Investment Commission, MOEA
Investment Amount in Mainland China	Approved Investment Amount	Investment Ceiling in Mainland China
308,828 ( USD 700, HKD 72,910 )	308,828 ( USD 700, HKD 72,910 )	183,892



Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)  
(all amounts are in NT\$ 1,000 unless otherwise indicated)

Table 6.: Information of Major Shareholders

Shares		
Name of Substantial Shareholders	Number of Shares	Shareholding Ratio
Shun-Fa Cho	3,788,481	19.17%
Mega International Commercial Bank With the Custody of Investment Account in Serial System LTD	2,666,474	13.49%
Fu-Tian Xie	1,559,963	7.89%

Note: (1) The information of major shareholders in this table refers to the information calculated by the company on the last business day at the end of each quarter of the total number of common shares and special shares held by the company which have been delivered without physical registration (including treasury stocks) by the shareholders. As for the capital stock recorded in the company's financial report and the number of shares actually delivered without physical registration, the calculation basis may be different or has differences..

Note: (2) If the above information belongs to the shareholders who have entrusted their shares to the trust, it is revealed by the trustor who opened a special trust account with the trustee. As for the stock ownership declaration made by a shareholder who holds more than 10% of the shares of an insider pursuant to the Securities and Exchange Act, his stock ownership includes his own stock ownership plus the shares he has entrusted to the trust and has the right to use the trust property, etc. Please refer to the Market Observation Post System for insider equity filing information.

BULL WILL CO LTD  
Statements of Cash and Cash Equivalents  
December 31, 2022

Unit: NT\$ 1,000

Item	Summary	Amount	Note
<u>Cash in Treasury</u>			
	Petty Cash	\$59	
	Subtotal	59	
<u>Bank Deposit</u>			
Checking Deposit		7	
Demand Deposit		55,885	
Foreign Currency Demand Deposit	USD 802,000 / Exchange rate 30.70	24,620	
	HKD 26,000 / Exchange Rate 3.941	102	
	SGD 1,000 / Exchange Rate 22.89	23	
	Subtotal	80,637	
	Total	<u>\$80,696</u>	

BULL WILL CO LTD

Financial Assets Measured at Fair Value Through Profit or Loss - Current

December 31, 2022

Unit: NT\$ 1,000

Item	Units (1,000 Shares)	Acquisition Cost	Fair Value		Provide Collateral Or Pledged Status	Note
			Net Unit Value	Total Amount		
Stocks						
Yulon Finance Corporation	15	2,721	155.50	2,338	None	
Cathay PHLX Semiconductor Fund	30	900	22.65	679	"	
ShareHope Medicine CO LTD	5	176	33.80	169	"	
Evergreen International Storage & Transport CORP	22	725	27.80	612	"	
DingZing Advanced Materials INC	1	58	60.40	60	"	
JPP Holding CO LTD	3	207	67.50	203	"	
Yuanta U.S. 20+ Year BBB Corporate Bond ETF Fund	22	789	35.10	772	"	
Yao Sheng Electronic CO LTD	6	320	48.80	293	"	
KING CHOU MARINE TECHNOLOGY	8	320	38.50	308	"	
ICP DAS CO LTD	4	375	84.50	338	"	
Formosa Laboratories INC	2	146	73.50	147	"	
Minus: Valuation Adjustment		(818)				
Total		\$5,919		5,919		

BULL WILL CO LTD

Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss

December 31, 2022

Unit: NT\$ 1,000

Item	Units (1,000 Shares)	Acquisition Cost	Fair Value		Provide Collateral Or Pledged Status	Note
			Net Unit Value	Total Amount		
Non-Current Asset						
Stocks						
Japan Bull Will Group Incorporation	-	306	-	-	None	
Minus: Valuation Adjustment		(306)				
Subtotal		-				
Total		-				

BULL WILL CO LTD  
Statement of Bill Receivable and Accounts Receivable  
December 31, 2022

Unit: NT\$ 1,000

Item	Summary	Amount	Note
Bills Receivable			
Company A	Loans	\$27	
Company B	Loans	53	
Company C	Loans	248	
Subtotal		328	
Accounts Receivable			
Company E	Loans	29,098	
Company F	Loans	25,674	
Company G	Loans	7,502	
Company H	Loans	5,918	
Company I	Loans	4,977	
Company J	Loans	4,738	
Other	Loans	14,694	Amount Does Not Exceed 7% of the Balance of the Account
Subtotal		92,601	
Minus:		(436)	
Allowance for Bad Debts			
Net Amount		92,165	
Accounts Receivable - Related Parties			
Huizhou Jun Chao Electronic CO LTD	Loans	31,283	Amount Does Not Exceed 7% of the Balance of the Account
Other	Loans	891	
Subtotal		32,174	
Total		\$124,667	

BULL WILL CO LTD  
Statement of other accounts receivable  
December 31, 2022

Unit: NT\$ 1,000

Item	Summary	Amount	Note
Other Accounts Receivable			
Accounts Receivable for Stock Delivery		\$2,599	
Other		10	
Subtotal		2,609	
Other Accounts Receivable - Related Parties			
Serial System	Capital Loan and Interest	30,833	
BWTS	Capital Loan and Interest	11,094	
Other	Payment on Behalf of Others	464	Amount Does Not Exceed 5% of the Balance of the Account
Subtotal		42,391	
Total		\$45,000	

BULL WILL CO LTD  
List of inventories  
December 31, 2022

Unit: NT\$ 1,000

Item	Summary	Amount		Note
		Cost	Market Price	
Commodities		\$84,386	\$6,497	Net realizable value
Minus: Allowance for Inventory Valuation and Obsolescence Losses		(77,889)		
		\$6,497	6,497	

BULL WILL CO LTD

Statement of Changes in Investment (Credits) Property Accounted for Using the Equity Method

January 1 to December 31, 2022

Unit: NT\$ 1,000 / 1,000 Shares

Item	Opening Balance		Current Increase		Current Decrease		Investment (Loss) Profit Recognized by the Equity Method	Capital Surplus	Accumulated Conversion Adjustments	Unrealized Sales Gross Margin	Ending Balance			Note
	Shares	Amount	Shares	Amount	Shares	Amount					Shares	Shareholding Ratio %	Amount	
BULL WILL TRADING(S) PTE LTD	43	5,068	-	-	(43)	(2,016)	(3,418)	-	366	-	-	-	-	
		5,068		-		(2,016)	(3,418)	-	366	-			-	
Hong Kong Bull Will Holding CO LTD	11,619	(20,715)	-	-	-	-	23,071	-	(257)	15	11,619	100	2,114	
		(20,715)		-		-	23,071	-	(257)	15			2,114	
Trustbond Technology Corp	300	17,372	1,305	26,978	-	-	10,549	10,142	-	-	1,605	80.24	65,041	
		17,372		26,978		-	10,549	10,142	-	-			65,041	



BULL WILL CO LTD

### Statement of Short-Term Loan

December 31, 2022

Unit: NT\$ 1,000

[illegible]

BULL WILL CO LTD

Statement of accounts payable

December 31, 2022

Unit: NT\$ 1,000

Supplier Name	Summary	Amount	Note
Accounts Payable			
Company A		\$7,744	
Company B		6,929	
Company C		2,552	
Other		6,877	Amount Does Not Exceed 7% of the Balance of the Account
Total		<u>\$24,102</u>	

BULL WILL CO LTD  
Statement of other accounts payable  
December 31, 2022

Unit: NT\$ 1,000

Item	Summary	Amount	Note
Other Payables			
Payable Salary and Board and Supervisor Remuneration		\$7,478	
Payable Expense		<u>3,256</u>	
Total		<u><u>\$10,734</u></u>	

Statement of other current liabilities  
December 31, 2022

Unit: NT\$ 1,000

Item	Summary	Amount	Note
Temporary Receipts		\$7,466	
Receipts Under Custody		<u>250</u>	
		<u><u>\$7,716</u></u>	

BULL WILL CO LTD  
Statement of Long-Term Loan  
December 31, 2022

Unit: NT\$ 1,000

Creditor	Summary	Ending Balance	Ending Interest	Financing Credit	Mortgage or Collateral	Note
Xinyi Branch of Bank of Panhsin	Credit Loan	\$1,944	3.070%	1,944	None	
Taiwan Cooperative Bank - East Taipei Branch	Credit Loan	11,533	2.346%	11,533	None	
Minus: Long-Term Loan Due Within One Year		(4,805)				
Net Amount		<u>\$8,672</u>				

BULL WILL CO LTD  
Statement of Operating Cost  
January 1 to December 31, 2022

Unit: NT\$ 1,000

Item	Amount		Note
	Subtotal	Total	
Plus: Beginning Commodities	\$81,665		
Plus: Current Commodity Purchase	184,220		
Minus: Ending Commodities	<u>(84,386)</u>		
Sales Cost		\$181,499	
Other impairments		<u>312</u>	
Total		<u>\$181,811</u>	

BULL WILL CO LTD  
Statement of Sales Expenses  
January 1 to December 31, 2022

Unit: NT\$ 1,000

Item	Amount	Note
Salary Expenditure	\$5,748	Account Balance Did Not Exceed 5%
Rental Expenditure	645	
Freight	940	
Other Expenses - Exporting	1,738	
Other Expenses - Others	2,475	
	<u>\$11,546</u>	

Statement of Administration Expenses  
January 1 to December 31, 2022

Unit: NT\$ 1,000

Item	Amount	Note
Salary Expenditure	\$20,035	Account Balance Did Not Exceed 5%
Other Expenses - Labor	5,514	
Other Expenses - Others	8,269	
	<u>\$33,818</u>	

BULL WILL CO LTD  
Statement of Research Expenses  
January 1 to December 31, 2022

Unit: NT\$ 1,000

Item	Amount	Note
Salaries	\$1,669	Account Balance Did Not Exceed 5%
Rental Expenditure	215	
Insurance	167	
Depreciation & Depletion	142	
Other Expenses - Others	207	
	<u>\$2,400</u>	

Real Estate, Plant, and Equipment	Please refer to Note 6 (7) to the individual financial report.
Right-of-Use Assets	Please refer to Note 6 (8) to the individual financial report.
Investment Real Estate	Please refer to Note 6 (9) to the individual financial report.
Lease Liability	Please refer to Note 6 (12) to the individual financial report.
Operating Income	Please refer to Note 6 (19) to the individual financial report.
Non-Operating Income and Expenses	Please refer to Note 6 (21) to the individual financial report.