Stock Symbol: 3498

USUN TECHNOLOGY CO., LTD.

2022 Annual Report

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I. (1) Spokesperson:

Name: Cheng-Hsiang Yeh

Title: Senior Manager

Tel: (03) 385-2628

E-mail: stockspeaker@usuntek.com

(2) Deputy Spokesperson:

Name: Chiu-Feng Huang

Title: Chairman

Tel: (03) 385-2628

E-mail: services@usuntek.com.tw

II. Address and Telephone Number of Headquarters, Branches and Plant:

Head office and factory: No. 68, Shengde North Road, Xihai Village, Dayuan District, Taoyuan City, 33751

Tel: (03) 385-2628

III. Stock Transfer Agent:

Name: Grand Fortune Securities Co. Ltd.

Address: 6F, No.6, Section 1. Zhongxiao West Road Taipei, Taipei City 100405

Web: http: //www.gfortune.com.tw

Tel: (02) 2371-1658

IV. Auditors in the Most Recent Year:

Auditors: Jo-Ying Tsai, Zheng-Jun Chiu

Agency: Deloitte Touche Tohmatsu Limited

Address: 20F, Taipei Nan Shan Plaza No. 100, Songren Rd., Xinyi Dist., Taipei 110016

Web: http: //www.deloitte.com.tw

Tel: (02)2725-9988

V. Overseas Securities Exchange: None

VI. Corporate Website: http: //www.usuntek.com

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(I) Letter to Shareholders

Letter to Shareholders

Dear shareholders,

First of all, I would like to thank all shareholders for taking the time to attend this year's ordinary meeting of shareholders of the Company, I, along with all colleagues, sincerely welcome all of you, and prepared the materials of the shareholders' meeting for reference to all shareholders. The Company and its subsidiaries are hereby reporting our r business conditions and future outlook:

(I) FY2022 Business Report

I Performance of the business plan

The consolidated operating income of the Company in FY2022 was NTD 1,740,809 thousand, an increase of NTD 274,328 thousand from NTD 1,466,481 thousand of FY2021, and the net profit after tax in FY2022 was NTD 102,638 thousand attributable to the Parent Company, and the basic EPS was NTD 1.68.

Unit: NTD Thousand

Unit: NTD Thousand Item	FY2022	FY2021	Difference
Operating income	1,740,809	1,466,481	274,328
Realized operating margin	446,022	502,449	(56,427)
Operating profit and loss	(65,467)	29,031	(94,498)
Net profit or loss after tax attributable to Parent Company	102,638	16,551	86,087
EPS (NTD)	1.68	0.27	1.41

II Budget implementation: The Company and its subsidiary have not disclosed their financial forecasts in 2022, so there is no available report for budget implementation.

III Analysis of financial revenue and expenditure and profitability

Unit: NTD Thousand

			FY2022	FY2021
Financial income and expenditure	Operating income		1,740,809	1,466,481
	Operating margin		446,022	502,449
	Profit before tax (loss)		105,240	38,219
Profitability	Return on Assets (%)		2.69	0.42
	Return on Shareholders' Equity (%)		4.35	0.72
	Ratio to paid-in capital (%)	Operating income	(10.41)	4.57
		Net income before tax	16.74	6.02
	Profit margin (%)		5.85	2.61
	EPS (NTD)		1.68	0.27

IV Research and development status

1. Plant-Wise Smart Automation Equipment
2. Automated Loading and Unloading for Stamping Die
3. Foil Application Line
4. Lens Assembly Machine
5. Automated PU Injection Molding Machine
6. Semi-Automatic Assembly Line with PU Dispensing Equipment
7. The Packaging System for Tubes with Medium Diameter
8. Smart Bonding Equipment for Soft Materials
9. AR Lens Bonding Devices
10. Coating Process for Wafer_3um Piezoelectric Materials
11. Coating Process for 75nm-thick Biochips
12. The Process with CO2 Laser Preheating to Reduce Film Cutting Dust

13. Precision Cutting Technology for PC Materials
14. Double-Sided Film Stripping Equipment for the 8.5th Generation Glass
15. Thermoforming Lamination Equipment for Curved Surfaces
16. The Automated AMR Production System
17. Development of the AMR Control System
18. Development of SLAM

(II) Summary of FY 2023 Business Plan

I. Business Policies

Our company specializes in researching, designing, and manufacturing automation system equipment. In response to industry trends, we actively develop automation process equipment which meets customer needs, render comprehensive technical services, and establish close partnerships with our clients. We adhere to the business policy of "Satisfy Customer Needs and Build Our Future Together," the quality policy of "The Right Time, The Right Quality, and The Right Price" and the core values of "Integrity, Enthusiasm, Innovation, Professionalism, Proactivity, and Flexibility." By integrating our internal resources and persistently improving, we strengthen our competitive advantage and niche market.

II. Expected Sales Volume and Basis

Our company has set the expected products sales volume and amount for the next fiscal year, based on the "Sales Forecasting Operation" of the internal control management procedure, "Sales and Collection Cycle", along with the factor of the industry's economic cycle.

III. Significant Production and Sales Policies

1. Marketing Strategies

(1) Place customer satisfaction as our top priority, and render professional technical services which integrate machinery, electronics, and software to deliver high-performance and cost-effective automation manufacturing so as to assist our clients to seize favorable business opportunities.
(2) Uphold the corporate management philosophy of "Integrity, Responsibility, Innovation, and Service" to enhance our competitiveness.
(3) Transform ourselves from equipment manufacturer to a smart manufacturing and automation integration solution provider.
(4) Develop smart and autonomous mobile robot architectures to flexibly respond to factory automation applications.
(5) Expand our international market share and establish overseas technical cooperation to maximize our core value and volume.
(6) Incessantly improve our customer service support and response time to enhance service quality.

2. Production and Quality Strategies

(1) Develop new raw material suppliers to reduce product costs, through healthy competition, and ensure the stable source and quality of key components.
(2) Strictly manage supplier qualifications externally and implement the quality policy of delivering on time and on quality to customers without allowing defective products to flow into subsequent internal processes. Fortify the execution of the supplier evaluation system, review and replace unsuitable suppliers every year, focus on high-quality supply chain relationships, and implement the quality policy of "Customer satisfaction as our top priority."
(3) Comprehensively manage quality control in respect of abnormal numbers, lead times, industrial safety, and inventory, among others. Reinforce the abnormal statistical analysis, develop training courses or technical bulletins in accordance with the degree of influence, avoid repeated abnormalities, and minimize costs to achieve the Company's quality goals.
(4) Strengthen the integration of production and manufacturing, improve the level of product manufacturing, enhance production efficiency, and reduce production costs.
(5) Further integrate group resources and establish the most efficient production management model to maximize market competitiveness.

IV. Future Business Development Strategies

Short-Term Strategies

Focusing on the core business and showcasing enterprise value:

1. Place customer satisfaction as our top priority, and render professional technical services which integrate machinery, electronics, and software to deliver high-performance and cost-effective automation manufacturing so as to assist our clients to seize favorable business opportunities.
2. Uphold the corporate management philosophy of "Integrity, Responsibility, Innovation, and Service" to enhance our competitiveness.
3. Transform ourselves from equipment manufacturer to a smart manufacturing and automation integration solution provider.
4. Develop smart and autonomous mobile robot architectures to flexibly respond to factory automation applications.

Medium-Term Strategies

Extending the core business and expanding our operational scale:

1. Metaverse.
2. Integration of industrial smart automation systems.
3. Precision coating and bonding equipment.
4. PCB/CCL smart production equipment.
5. The smart production equipment for the fiberglass industry.

Long-Term Strategies

Investing in future trends and expanding the operating market:

Investing in Mixed-Reality (MR) technology products.

V. Impact of External Competitive, Regulatory and Macro-Operating Environments

Despite the gradual containment of the COVID-19 pandemic around the world, the global economy still faces formidable challenges in the post-pandemic era. These challenges include the ongoing Russia-Ukraine conflict, inflationary threats, geopolitical risks, China's economic policies, US-China trade tensions, and climate changes, among other uncertain factors. Major international organizations predict that global economic growth this year will be lower than last year. With the lackluster economic growth of the two major economies, i.e., China and the U.S.A, coupled with pressure to reduce inventory and other factors, the inflation rate, although exhibiting signs of deceleration, remains high. Furthermore, the monetary policies of various central banks, spearheaded by the US Federal Reserve (Fed), are anticipated to remain stringent. Therefore, the global economic outlook for 2023 is not sanguine.

Looking forward to 2023, most economic projections forecast low growth or even recession. Fortunately, the impact of the domestic pandemic has gradually waned, and the government has considerably eased relevant preventive and control measures. As a result, domestic consumption and related industries have improved, leading to a shift in economic support from exports to domestic demand. Consequently, the performance of Taiwan's economy in 2023 is expected to remain stable, primarily reliant on private consumption support.

Our company will persist in cultivating the automation equipment market amid the severe challenges and uncertainties of the global economy. In addition to mastering core technologies and enhancing market cultivation, one of our upcoming challenges will be the low-carbon issue. Our company will incorporate environmental protection and energy conservation into our business model and adhere to corporate governance regulations and sustainable management principles.

Additionally, we will continue to uphold our market awareness and technological superiority by introducing tailored equipment for diverse industries. We will remain committed to our fundamental principles, relentlessly striving for excellence, and investing in the development of niche, high-cost-effective products. As we look ahead, our company maintains a cautiously optimistic outlook and will maintain a steady course of action to continuously enhance our core competitiveness and elevate the company's value. We aspire to achieve a mutually beneficial business outcome for our shareholders, customers, and employees.

Chiu-Feng Huang
Chairman
USUN Technology Co. Ltd.

(II) COMPANY PROFILE

I. Date of Incorporation: April 7, 1981

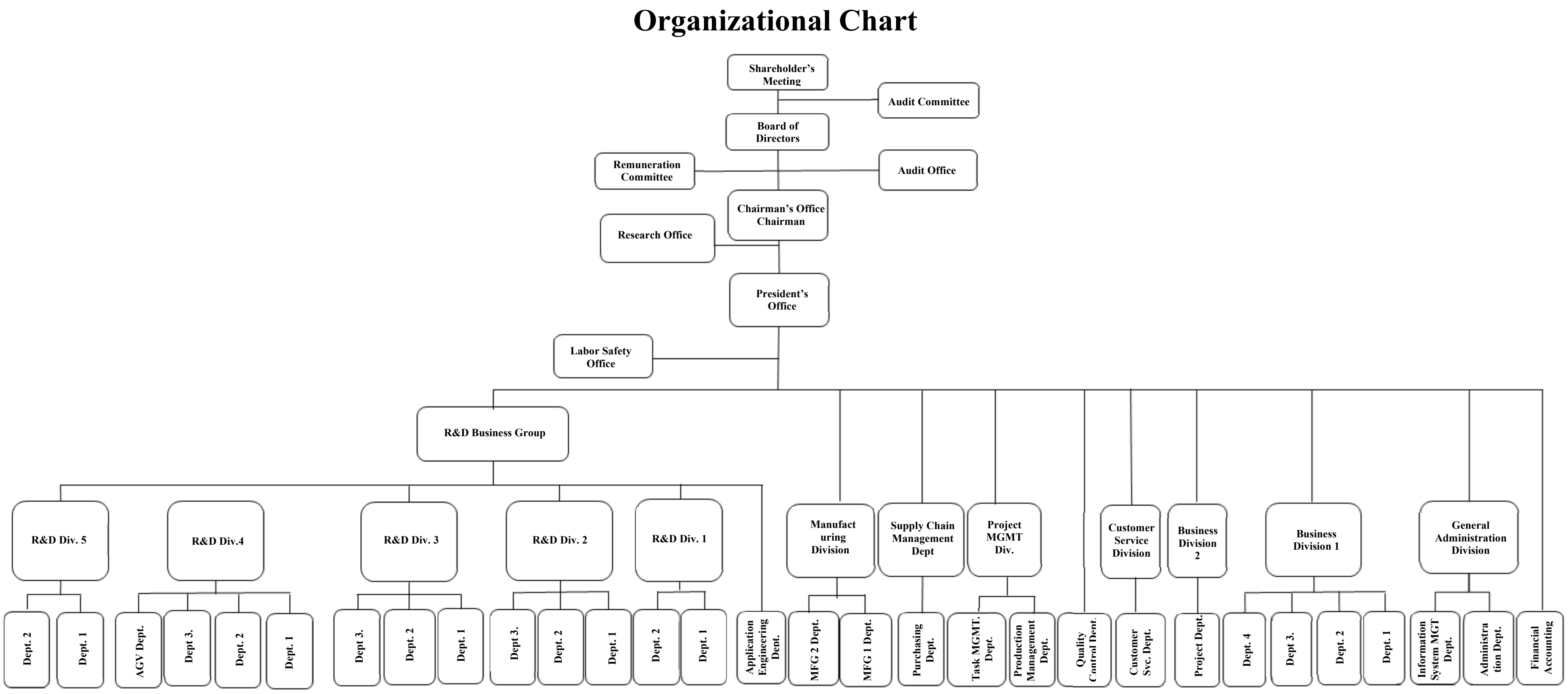
II. Company History

1981	On April 4, Chairman Chiu-Feng Huang founded Yangcheng Industrial Co., Ltd. with a main focus on lifts, storage and conveying equipment.
1982	Started manufacturing and selling hydraulic lift tables and obtained a new type patent (Patent Number 17032) for a new aerial work platform with multi-section cylinders.
1987	Began manufacturing and selling automation equipment and logistics systems for factory automation (FA).
1990	Entered the CCL and PCB automation industry, including systems for multilayer printed circuit board lamination and automatic disassembly, as well as automatic substrate stacking machines.
1994	Relocated to Taoyuan Dayuan near Chiang Kai-shek International Airport (approximately 15 minutes away).
1995	Completed the construction of its manufacturing plant, which covers an area of approximately 6,600 square meters, and the office building and factory building site about 12,000 square meters.
1996	Certified by the certification of the Automation Group of the Industrial Bureau, Ministry of Economic Affairs and obtained the patent certificate for the "Magic Holder" product, which was launched in the same year.
1998	Obtained international quality standard ISO-9001 certification.
2000	Invested in the establishment of a new factory in Shanghai, and the Company name was changed to "Yangcheng Technology."
2001	Introduced the CI plan and updated its logo and English name to "USUN TECHNOLOGY CO., LTD." The Company also obtained international quality standard ISO-9001-2000 certification.
2002	Stepped into the LCD equipment market.
2004	Joined the FPD equipment development alliance.
2005	Introduced the 3D CAD "Inventor" drawing system and PDM (Product Data Management System) computer system.
2006	The Company's stock was listed on the Emerging Stock Market.
2007	The Company's stock was listed on Taipei Exchange (TPEx).
2008	Established USUN MATERIALS SCIENCE, entering the optical coating glass market.
2009	Planned and introduced the Digiwin TIPTOP resource integration system. The "Key Equipment Technology Integration Plan for Large-size LCD Panels" was selected as a Year 2009 Technological and Professional Excellence Program (industry-academia-research cooperation) Award by Ministry of Economic Affairs.
2014	The Company was included in the " TPEx 50 Index " by TPEx. Listed as a component stock of the MSCI Global Small Cap Indices. Featured in People Spotlight of Taipei Exchange, TPEx’s monthly magazine. Purchased real estate in Banqiao District, New Taipei City, and established the Banqiao Research and Development Center.
2015	Foxconn Technology Group participated in the company's private placement and subscribed for 14 million shares in total with an investment of NTD 560 million, with a shareholding ratio of 15.2%.
2019	Purchased ten lots of land including Lot Numbers 289, 364, 367-374 in Xihai Section Dayuan District of Taoyuan City.
2022	The Optical Module Precision Assembly Machine won the 31st Taiwan Excellence Award.

(III)CORPORATE GOVERNANCE REPORT

I. Organization

(I) Organizational Chart



(II) Major Corporate Functions

Department	Functions
Audit Office	Check and review deficiencies in the internal control system, measure the effect and efficiency of operations, provide suggestions about improvement to ensure that the internal controls may be implemented continuously and effectively, and serve as the basis for review on amendments to the internal controls.
Research Office	R&D of new products, new process and new methods.
President Office	Business & management environment analysis, and research and preparation of strategies; preparation of the Company's annual budget, differentiation analysis on the execution results and control thereof; preparation of and follow-up on the Group's business & management statements; execution of the tasks assigned by the Company's President.
Labor Safety Office	Implementation of the automatic labor safety and health inspection, the establishment of occupational disaster prevention plans, collection and management of information about safety and health, and health promotion under the labor safety and health laws.
Financial Accounting Dept.	Establishment, execution and supervision of financial accounting-related operating standards, financial planning, allocation of the fund, financial accounting statements, cost and budget analysis and control, corporate governance-related matters, shareholders' service-related matters, and control over various subsidiaries' operations.
R&D Business Group	- Responsible for the power control design of the Company's automation cases and R&D cases - Assist in the technology research, development and guidance of the new system for new products, new process and new specifications to improve the competitiveness of products. For example, technical direction for new product design, enhancement of design aesthetics of new products, including exploitation of new functions, new styles and new materials, to build the competitive strengths in innovation and uniqueness with the product design. - Planning and design of AGV。
Customer Service Division	After-sale maintenance service for equipment, assistance in inspection & acceptance and warranty upon completion of equipment, assistance in installation, adjustment and test run, control over construction quality and progress, and resolution of customer complaints.
Manufacturing Division	Manufacturing, assembly, installation & test run and maintenance of the Company's products, control over the construction progress, and allocation of human resources.
Business Division	- Sale of automated equipment, development and maintenance of new and old customers, integration of market information, integration of system products improvement orientation and follow-up on the execution thereof, introduction and application of project management practices, system cases and planning, proposals, evaluation on the price, and customer inquiry service. - Integration of customers' demands for customization of products.
Quality Control Dept.	Preparation and execution of the quality system program, self-made and outsourcing quality inspection and control, establishment of quality standards and inspection operations, stand-alone and system inspection and testing, incoming and external inspection, application of statistical technology about quality inspection data, and vendors' performance assessment and evaluation.
Supply Chain Management Dept.	- Procurement of raw materials & supplies and production equipment required by the Company's production, and vendors' development and management. - Receipt, dispatching, storage and management of raw materials and supplies required by the Company's production
Production Management Dept.	Establishment and maintenance of detailed schedules for production, audit on the time to complete stand-alone printing, scheduling of delivery date of stand-alone printing, control over the time when the materials are in place in accordance with the production schedule, follow-up on the project progress/short supply of materials, early warning and review/countermeasures against abnormality in production plans and arrangement of project installation plans.
General Administration Division	- Preparation of the Company's management regulations and systems, HR planning and management, and general affairs. - Computer hardware and software management, implementation of the Company's application system, integration and application of data and ERP system interface, and establishment and enhancement of the system information security mechanism.

II. Information on Directors , President, Executive Vice President, Senior Vice President, Vice President and the Chiefs of All the Company's Divisions and Branch Units

(I) Directors

1. Background of directors

April 22, 2023；Unit: Thousand Shares

Title	Nationality/ Place of Incorporation	Name	Gender /Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Taiwan	Chiu-Feng Huang	Male 61~70	8.20.2021	3 Years	4.7.1981	4,541	7.15	4,541	7.22	1,486	2.36	0	0	Graduated from Department of Mechanical Engineering, Taipei City University of Science and Technology	Chairman, Shanghai Osun Technology Inc. Chairman, Fo Shan Usun Technology Inc. Chairman, Usun Materials Science Co., Ltd. Chairman, Shanghai Usun Materials Science Co., Ltd. Director, Hebei Quancheng Industrial Technology Co., Ltd. Director, Jettera Advanced Building (Guangdong) Co., Ltd. Chairman, Chenghan Technology Inc. Representative of Juristic Person Director, Sissca Co., Ltd.	Director	Shih-Shuan Huang	Father and son	
Director	Taiwan	Tseng Jung-Chien	Male 61~70	8.20.2021	3 Years	6.17.2015	0	0	0	0	0	0	0	0	Department of Civil Engineering, National Taipei University of Technology Mayor of Daxi Township, Taoyuan County Director-General, Agricultural Development Bureau, Taoyuan County Government	None	None	None	None	
Director	Taiwan	Hon Hai Precision Industry Co., Ltd.	Not applicable.	8.20.2021	3 Years	6.20.2016	5,180	8.16	5,180	8.24	0	0	0	0	-	-	-	-	-	
	Taiwan	Representative Kuo-Hong Lai	Male 51~60	111.10.20	3 Years	10.20.2022	0	0	0	0	0	0	0	0	Graduated from the Department of Mechanical Engineering, China College of Industry and Commerce Manager, Dantai Technology Director, Mactech Corporation	Manager of Hon Hai Precision Industry Co., Ltd	None	None	None	
Director	Taiwan	Huang Shih-Hsuan	Male 31~40	8.20.2021	3 Years	6.15.2018	531	0.84	531	0.84	1	0.00	0	0	Male Master of Mechanical Engineering, Nippon Institute of Technology Engineer, Toshiba Home Appliance Technology Co., Ltd.	Senior Director, Usun Technology Co., Ltd. Director, Shanghai Usun Technology Inc. Director, Fo Shan Usun Technology Inc. Chairman, Deluxe Shine Investment Limited Representative of Juristic Person Director, Servtech Co., Ltd.	Chairman	Chiu-Feng Huang	Father and son	
Independent Director	Taiwan	Tsai Chung-Piao	Male 61~70	8.20.2021	3 Years	6.27.2006	0	0	0	0	0	0	0	0	PhD, University of Illinois. Chair Professor, Minghsin University of Science and Technology	Chair Professor, Department of Mechanical and Computer - Aided Engineering, Feng Chia University	None	None	None	
Independent Director	Taiwan	Weng Juan-Chi	Female, 61~70	8.20.2021	3 Years	6.17.2015	0	0	0	0	0	0	0	0	Master of Accounting, Jinan University, Guangzhou Auditor, National Taxation Bureau of Taipei	CPA, Trust and Assist CPAs	None	None	None	
Independent Director	Taiwan	Chung-Jen Chen	Male 51~60	8.20.2021	3 Years	6.17.2015	0	0	0	0	0	0	0	0	PhD in Management, Rensselaer Polytechnic Institute (RPI) Associate Professor, Department of Business Administration, NTU Associate Professor, Department of Business Administration, NCKU	Distinguished Professor, Department of Business Administration, NTU Director, Center for Technology Policy and Industry Development, NTU Independent Director, ATEN International Co., Ltd. Independent Director, Solteam Incorporation	None	None	None	

2. Major shareholders of the institutional shareholders

(1) Major shareholders of the institutional shareholders:

April 2, 2023

Name of Institutional Shareholders	Major Shareholders
Hon Hai Precision Industry Co., Ltd.	Taiming Gou (12.56%), Citibank (Taiwan) Ltd. in custody for Government of Singapore (2.78%), New Labor Pension Fund (1.64%), LGT Bank AG (1.20%), JPMorgan Chase Hosting Vanguard Developing Markets Index Fund (1.19%), JPMorgan Chase Bank Hosting Vanguard STAR Developed Markets Index Fund (1.14%), Citibank Hosting Norges Bank Investment Account (1.06%), Citibank Hosting Hon Hai Precision Industry Co., Ltd. Depositary Receipts Account (1.06%), China Trust Commercial Bank Hosting Yuanta Taiwan Top 50 ETF (0.89%), iShares Core MSCI Emerging Markets ETF (0.82%).

(2) Major shareholders of major institutional shareholders listed above: None.

3. Professional qualifications and independence analysis of directors and supervisors

Criteria / Name	Professional qualification and experience	Status of Independency (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chiu-Feng Huang	Five years of working experience required for the Company's business and currently serves as the Chairman of USUN Technology Co. Ltd and has not violated any provisions under Article 30 of the Company Act	(1)非 Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (2) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received compensation, or a spouse thereof. (3) Not been a person of any conditions defined in Article 27 of the Company Act.	None
Jung-Chien Tseng	Five years of working experience required for the Company's business. Worked as the Mayor of Daxi Town, Taoyuan County, Director of Agricultural Development Bureau of Taoyuan County Governmentdoes and has not violated any provisions under Article 30 of the Company Act.	(1) Not an employee of the company or any of its affiliates. (2) Not a director or supervisor of the company or any of its affiliates. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs. (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor, or employee of any other company the majority of whose director seats or voting shares and those of any other company are controlled by the same person. (7)If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of any other company or institution whose chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. (8)Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (9)Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received compensation, or a spouse thereof. (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. (11) Not been a person of any conditions defined in	None

		Article 30 of the Company Act.	
Shih-Shuan Huang	Has more than five years of working experience required for the Company's business, worked as an engineer at Toshiba Lifestyle Products and Services Corporation, is currently working as The Senior Commissioner in USUN Technology Co. Ltd and has not violated any provisions under Article 30 of the Company Act.	(1) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (2) Not a director, supervisor, or employee of any other company the majority of whose director seats or voting shares and those of any other company are controlled by the same person. (3) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (4) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received compensation, or a spouse thereof. (5) Not been a person of any conditions defined in Article 27 of the Company Act.	None
Chung-Piao Tsai	Has more than five years of working experience required for the Company's business, graduated from the University of Illinois with a Ph.D., worked as Chair Professor, National Chiao Tung University, Chair Professor in Minghsin University of Science and Technology, is currently a Chair Professor of Department of Mechanical and Computer - Aided Engineering in Feng Chia University and has not violated any provisions under Article 30 of the Company Act.	(1) Not an employee of the company or any of its affiliates. (2) Not a director or supervisor of the company or any of its affiliates. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs. (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor, or employee of any other company the majority of whose director seats or voting shares and those of any other company are controlled by the same person. (7)If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of any other company or institution whose chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. (8)Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (9)Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received compensation, or a spouse thereof. (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. (11) Not been a person of any conditions defined in Article	None

		30 of the Company Act.	
Juan-Chi Weng	Has more than five years of working experience required for the Company's business, graduated from Guangzhou Jinan University with a Master's degree in Accounting, worked as Auditor in National Taxation Bureau of Taipei and Accounting Manager in UNICAP ELECTRONICS INDUSTRIAL CORP., now is a CPA in Trust and Assist CPAs and has not violated any provisions under Article 30 of the Company Act.	(1) Not an employee of the company or any of its affiliates. (2) Not a director or supervisor of the company or any of its affiliates. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs. (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor, or employee of any other company the majority of whose director seats or voting shares and those of any other company are controlled by the same person. (7)If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of any other company or institution whose chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. (8)Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (9)Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received compensation, or a spouse thereof. (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. (11) Not been a person of any conditions defined in Article 30 of the Company Act.	None
Chung-Jen Chen	Has more than five years of working experience required for the Company's business, and graduated Rensselaer Polytechnic Institute (RPI) with PhD in management. Worked as Associate Professor, Department of Business Administration in NTU, Associate Professor of Department of Business Administration in NCKU, Professor of Department of Business Administration in NTU, Director of Center for Technology Policy and Industry Development in NTU, Independent Director of ATEN International Co., Ltd, Independent Director in Solteam Incorporation and has not violated any provisions under Article 30 of the Company Act.	(1) Not an employee of the company or any of its affiliates. (2) Not a director or supervisor of the company or any of its affiliates. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs. (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor, or employee of any other company the majority of whose director seats or voting shares and those of any other company are controlled	2

		by the same person. (7)If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of any other company or institution whose chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. (8)Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (9)Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received compensation, or a spouse thereof. (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. (11) Not been a person of any conditions defined in Article 30 of the Company Act.	
Hon Hai Precision Industry Co., Ltd., Representative: Kuo-Hong Lai	Graduated from the Department of Mechanical Engineering, China College of Industry and Commerce Manager, Dantai Technology Director, Mactech Corporation Currently works as Manager in Hon Hai Precision Industry and has not violated any provisions under Article 30 of the Company Act.	(1) Not an employee of the company or any of its affiliates. (2) Not a director or supervisor of the company or any of its affiliates. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs. (5) Not a director, supervisor, or employee of any other company the majority of whose director seats or voting shares and those of any other company are controlled by the same person. (6)If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of any other company or institution whose chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. (7)Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (8)Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received compensation, or a spouse thereof. (9) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.	

Note:In accordance with Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings and Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, the Company has obtained Declarations of Independence of Independent Directors, confirming that they all meet the independence qualification requirements stipulated by the law

4. Diversification and Independency of the Board:

(1) Diversification of the Board: `

The Board Composition Diversity Polices are set out in Corporate Governance Best Practice Principles and Regulations Governing the Election of Directors.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

Ability to make operational judgments.
Ability to perform accounting and financial analysis.
Ability to conduct management administration.
Ability to conduct crisis management.
Knowledge of the industry.
An international market perspective.
Ability to lead.
Ability to make policy decisions.

The Company's current Board of Directors consists of 7 directors, including 4 non-independent directors and 3 independent directors. The Board members are well experienced and specialized in finance, business and management.

The current Board of Directors consists of 7 directors, and its specific management objectives and target achievement of the diversity policy are as follows:

Managerial Goals	Target Achievement
More than one-third of the board seats are independent directors;	Achieved
At least 1 female director of the board members;	Achieved
Directors concurrently act as managerial officers shall not be more than one-third of the board seats;	Achieved
No more than two directors have a marital relationship, or a relative within the second degree of kinship to any other director of the Company.	Achieved
Adequately diverse professional knowledge and skills.	Achieved

The Board members have implemented and achieved diversity as follows:

Diversified items / Name		Gender (M/F)	Concurrently Servicing as an employee	Basic composition						Diverse Expertise and Skills							
				Length of tenure of Independent Directors			Age										
				Under 3 years	3-9 years	Over 9 years	41 to 50	51 to 60	61 to70	Judgment of operation	Judgment of operation	Judgment of operation	Judgment of operation	Judgment of operation	Judgment of operation	Judgment of operation	Judgment of operation
Director	Chiu-Feng Huang	M	✓			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓
	Tseng Jung-Chien	M			✓				✓	✓		✓	✓		✓	✓	✓
	Representative of juristic person, Hon Hai Precision Industry Co., Ltd.: Kuo-Hong Lai	M		✓					✓	✓	✓	✓	✓	✓	✓	✓	✓
	Huang Shih-Hsuan	M	✓		✓		✓			✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Tsai Chung-Pia	M			✓				✓	✓			✓	✓	✓	✓	✓
	Weng Juan-Chi	F			✓				✓	✓	✓		✓		✓	✓	✓
	Chen Chung-Jen	M			✓			✓		✓	✓		✓		✓	✓	✓

(2) Independence of the Board of Directors:

The current Board of Directors of the Company consists of a total of seven members, including three independent directors and two directors with employee status (constituting 43% and 29% of the total board members, respectively). Furthermore, there are no more than two directors who have a spousal or close family relationship within the second degree of kinship and the Company also complies with Section 3 and Section 4 of Article 26 of the Securities and Exchange Act. The Company also places importance on gender equality within the composition of the Board of Directors. Currently, out of the seven Directors, one is a female director, accounting for a ratio of 14%. The Board of Directors of the Company maintains independence (please refer to the Disclosures on Professional Qualifications and Independence of Independent Directors in this annual report, Pages 9-12). All directors possess diverse educational backgrounds, genders, and work experiences (please refer to the Director's Profiles on Page 7 of this annual report).

(II) Information on President, Vice Presidents, Senior Vice Presidents, Department Heads and Branch Heads

April 22, 2023；Unit: Thousand Shares

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Managerial officers who are Spouses or Within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	Taiwan	Chia-Cheng Chen	Male	1.4.2021	0	0	0	0	0	0	Department of Mechanical Engineering, National Taiwan University of Science and Technology President, Usun Technology Co., Ltd.	None	None	None	None	
Vice President	Taiwan	Cheng-Hsiu Hsu	Male	3.24.2021	0	0	0	0	0	0	Department of Mechanical and Materials Engineering, Tatung University Technical Specialist, National Chung-Shan Institute of Science & Technology Managing Director, Zhongshan Shenglong Presses Co., Ltd.	None	None	None	None	
Vice President	Taiwan	Ting-Yu Kuo (Note 1)	Male	2.10.2023	0	0	0	0	0	0	MBA, California State Polytechnic University, Pomona Senior Assistant Vice President, Fo Shan Usun Technology Inc.	None	None	None	None	
Senior Assistant Vice President	Taiwan	Tsai-Feng Kuo	Male	3.1.2010	1	0.00	0	0	0	0	Graduated from Department of Electrical Engineering, Ming Chi University of Technology Assistant Vice President, Manufacturing Operation Group, Usun Technology Co., Ltd.	None	None	None	None	
Senior Assistant Vice President	Taiwan	Cheng Wan-Jung	Male	10.12.2013	0	0	0	0	0	0	Graduated from Taipei Municipal Fuxing High School Assistant Vice President, Usun Technology Co., Ltd.	None	None	None	None	
Assistant Vice President	Taiwan	Wen-Chien Wu	Male	7.4.2019	3	0.01	0.3	0.00	0	0	Department of Mechanical and Computer-Aided Engineering, Feng Chia University Special Assistant, Fo Shan Usun Technology Inc.	Supervisor, Fo Shan Usun Technology Inc.	None	None	None	
Assistant Vice President	Taiwan	Chongsheng Liang (Note 2).	Male	8.9.2022	5	0.01	0	0	0	0	Graduated from Mechanical Drawing Department of Yung Ping Technological Senior High School Senior Director, USUN (Foshan) Technology Co., Ltd	None	None	None	None	
Head of Accounting (Concurrently Head of Corporate Governance)	Taiwan	Cheng-Hsiang Yeh	Male	12.25.2014	0	0	0	0	0	0	Graduated from Department of Accounting, National Chung Hsing University Project Junior Manager, Underwriting Dept. of Jih Sun Securities Co., Ltd. Project Assistant	Director, Shanghai Usun Technology Inc. Juristic Person Director's Representative of Shinn Puu Technology Co., Ltd	None	None	None	

Note 1: Newly hired as Vice President on February 10, 2023
Note 2: Senior Director promoted to Assistant Vice President on August 9, 2022

(III) Remuneration of Directors, President, and Vice President

1. Remuneration of Directors for FY2022

(1) Remuneration of Directors and Independent Directors (names and methods of remuneration are disclosed individually)

Unit: NTD Thousand

Title	Name	Director's Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to After Tax Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Chiu-Feng Huang	456	456	0	0	551	551	0	0	1,007 0.98	1,007 0.98	4,872	4,872	0	0	507	0	507	0	6,386 6.22	6,386 6.22	None
Director	Jung-Chien Tseng	456	456	0	0	551	551	0	0	1,007 0.98	1,007 0.98	0	0	0	0	0	0	0	0	1,007 0.98	1,007 0.98	None
Director	Hon Hai Precision Industry Co., Ltd., Representative: Kuo-Hong Lai	456	456	0	0	551	551	0	0	1,007 0.98	1,007 0.98	0	0	0	0	0	0	0	0	1,007 0.98	1,007 0.98	None
Director	Shih-Shuan Huang	456	816	0	0	551	551	0	0	1,007 0.98	1,367 1.33	2,062	2,062	0	0	225	0	225	0	3,294 3.21	3,654 3.56	None
Independent Director	Chung-Piao Tsai	456	456	0	0	551	551	0	0	1,007 0.98	1,007 0.98	0	0	0	0	0	0	0	0	1,007 0.98	1,007 0.98	None
Independent Director	Juan-Chi Weng	456	456	0	0	551	551	0	0	1,007 0.98	1,007 0.98	0	0	0	0	0	0	0	0	1,007 0.98	1,007 0.98	None
Independent Director	Chung-Jen Chen	456	456	0	0	551	551	0	0	1,007 0.98	1,007 0.98	0	0	0	0	0	0	0	0	1,007 0.98	1,007 0.98	None

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: The remuneration of the directors of The Company shall be agreed upon by the Board of Directors according to the level of involvement in the operation of The Company and the value of their according contributions to the general industry standard in accordance with the provisions of the Articles of Associations.
2. Remuneration other than as disclosed in the table above and received by the directors during the most recent year for services provided to the companies in the financial statements (e.g., acting as a non-employee advisor for the parent/all companies included in thefinancial services/ investees): NTD 0.

Note 1: The distribution of employee’s and director's remunerations of The Company has been approved by the resolution of the Board of Directors on 23.03.2023 and has not been issued as of the date of publication of the Annual Report, and thus is presented in the proposed figures.

Remuneration Bracket Table

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies included in the consolidated statements H	The Company	All companies included in the consolidated statements I
Below NTD 1,000,000	-	-	-	-
NTD 1,000,000 (included)~NTD 2,000,000 (not included)	Chiu-Feng Huang, Jung-Chien Tseng, Shih-Shuan Huang, Kuo-Hong Lai (Representative of Hon Hai Precision Industry Co., Ltd.), Chung-Piao Tsai, Juan-Chi Weng, Chung-Jen Chen	Chiu-Feng Huang, Jung-Chien Tseng, Shih-Shuan Huang, Kuo-Hong Lai (Representative of Hon Hai Precision Industry Co., Ltd.), Chung-Piao Tsai, Juan-Chi Weng, Chung-Jen Chen	Jung-Chien Tseng, Kuo-Hong Lai (Representative of Hon Hai Precision Industry Co., Ltd.), Chung-Piao Tsai, Juan-Chi Weng, Chung-Jen Chen	Jung-Chien Tseng, Kuo-Hong Lai (Representative of Hon Hai Precision Industry Co., Ltd.), Chung-Piao Tsai, Juan-Chi Weng, Chung-Jen Chen
NTD 2,000,000 (included) ~ NTD 3,500,000 (not included)	-	-	Shih-Shuan Huang	-
NTD 3,500,000 (included) ~ NTD 5,000,000 (not included)	-	-	-	Shih-Shuan Huang
NTD 5,000,000 (included) ~ NTD 10,000,000 (not included)	-	-	Chiu-Feng Huang	Chiu-Feng Huang
NTD 10,000,000 (included) ~ NTD 15,000,000 (not included)	-	-	-	-
NTD 15,000,000 (included) ~ NTD 30,000,000 (not included)	-	-	-	-
NTD 30,000,000 (included) ~ NTD 50,000,000 (not included)	-	-	-	-
NTD 50,000,000 (included) ~ NTD 100,000,000 (not included)	-	-	-	-
NTD 100,000,000 and above.	-	-	-	-
Total	7	7	7	7

2. Remuneration for President and Vice Presidents for FY2022

(1) Remuneration for president and vice presidents (names and methods are disclosed individually)

Unit: NTD Thousand

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Chia-Cheng Chen	2,885	2,885	0	0	926	926	402	0	402	0	4,213 4.10	4,213 4.10	0

Note 1: The Company's employee remuneration distribution has been approved by the resolution of the Board of Directors on March 23, 2023, and has not been issued as of the date of publication of the Annual Report, and thus is presented in the proposed figures.

Remuneration Bracket Table

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidated financial statements
Below NTD 1,000,000		
1,000,000 (included) ~ NTD 2,000,000 (not included)		
2,000,000 (included) ~ NTD 3,500,000 (not included)		
3,500,000 (included) ~ NTD 5,000,000 (not included)	Chia-Cheng Chen	Chia-Cheng Chen
5,000,000 (included) ~ NTD 10,000,000 (not included)		
10,000,000 (included) ~ NTD 15,000,000 (not included)		
15,000,000 (included) ~ NTD 30,000,000 (not included)		
30,000,000 (included) ~ NTD 50,000,000 (not included)		
50,000,000 (included) ~ NTD 100,000,000 (not included)		
NTD 100,000,000 and above		
Total	1	1

3. The individual remuneration of the five highest remunerated managerial executives in a TWSE/TPEx listed company (names and methods are disclosed individually)

Unit: NTD Thousand

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D) (Note 1)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Chia-Cheng Chen	2,885	2,885	0	0	926	926	402	0	402	0	4,213 4.10	4,213 4.10	0
Assistant Vice President	Chongsheng Liang	1,621	1,719	0	0	539	539	161	0	161	0	2,321 2.26	2,419 2.36	0
Assistant Vice President	Shih-Shuan Huang	1,530	1,629	0	0	532	532	225	0	225	0	2,287 2.23	2,386 2.32	0
Senior Assistant Vice President	Tsai-Fong Kuo	1,570	1,570	0	0	438	438	174	0	174	0	2,182 2.13	2,182 2.13	0
Assistant Vice President	Wen-Chien Wu	1,417	1,417	0	0	358	358	154	0	154	0	1,929 1.88	1,929 1.88	0

Note 1: The Company's Employee Remuneration Distribution has been approved by the resolution of the Board of Directors on March 23, 2023, and has not been issued as of the date of publication of the Annual Report, and thus is presented in the proposed figures.

4. Names of the managerial officers distributing employee remuneration, and the status of distribution

2022, Unit: NTD Thousand

	Title	Name	Shares amount	Cash Amount (Note 1)	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	President	Chia-Cheng Chen	0	1,316	1,316	1.28
	Senior Assistant Vice President	Tsai-Fong Kuo				
	Senior Assistant Vice President	Wan-Rong Cheng				
	Assistant Vice President	Shih-Shuan Huang				
	Assistant Vice President	Wen-Chien Wu				
	Assistant Vice President	Chongsheng Liang				
	Head of Accounting (Concurrently Head of Corporate Governance)	Cheng-Hsiang Yeh				

Note 1: The Company's Employee Remuneration Distribution has been approved by the resolution of the Board of Directors on March 23, 2023, and has not been issued as of the date of publication of the Annual Report, and thus is presented in the proposed figures.

(IV) Total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by the Company and by all companies included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, presidents, and vice presidents, and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1.The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income in parent company only financial reports

Unit: NTD Thousand

Item / Year	2022	2021
Net Income (After Tax) in the Company's Individual Financial Statements	102,638	16,551
Proportion of Director Remuneration Paid by the Company	14%	58%
Proportion of Director and Supervisor Remuneration Paid by All Companies in the Consolidated Report	15%	60%
Proportion of Remuneration Paid to Managerial officers at Vice President level and above by the Company	4%	31%
Proportion of Remuneration Paid to Managerial officers at Vice President level and above by All Companies in the Consolidated Report	4%	31%

Note 1: The above remuneration includes travelling reimbursement, executive compensation, remuneration, and other compensations.

Note 2: On March 23, 2022, the Board of Directors approved the distribution of NTD 19,290,357 (15%) for employees and NTD 3,858,071 (3%) for directors for Year 2022, subject to approval at FY2023 Ordinary Meeting of Shareholders.

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

(1).Directors' remuneration in the Company consists of two components: base remuneration and performance-based compensation:

A. Base remuneration: As per Article 20 of the Articles of Association, if the Company generates an annual profit, the Board of Directors may allocate up to 3% of the profit as directors' remuneration. The remuneration for individual directors is determined based on their involvement and contribution to the Company's operations, as well as their responsibilities, authorities, and performance evaluation results.

B. Performance-based compensation is determined based on the actual number of directors on the Board and approved on a monthly basis.

(2) Managerial remuneration in the Company comprises three components: salary, bonus and employee compensation, and employee welfare:

A. Salary: The appointment, dismissal, and remuneration of President and Vice Presidents are conducted in accordance with the Company's provisions. Remuneration is determined based on their level of involvement in the Company's operations, the responsibilities they shoulder, and the

Company's salary management measures. The remuneration is evaluated by the Remuneration Committee and approved by the Board of Directors.

B. Bonuses and employee compensation: These are linked to the Company's business objectives, departmental and individual performance goals, and the managers' roles and responsibilities.

C. Employee welfare: Designed to be provided to employees in compliance with relevant laws and regulations and considering their needs. Please refer to Pages 65 of this Annual Report for details on Employee Welfare Measures.

(3) Directors and managerial officers of The Company undergo performance evaluations based on the "Regulations Governing Performance Assessment on Board of Directors" and the "Performance Management and Appraisal Measures," respectively.

A. Directors conduct self-assessment using a questionnaire covering various evaluation indicators, including understanding of the Company's goals and tasks, awareness of Directors' responsibilities, involvement in the Company's operations, internal relationship management and communication, professional development, internal control, etc.

B. Managerial officers' performance evaluations are conducted at the end of the year.

Assessment Items	Description	
Performance Indicators 60%	Finance	Revenue Generation, Cost Control, Quality Management, Anomaly Reduction, Project Progress Control
	Corporate Sustainability	Workplace Safety, Talent Cultivation, Carbon Reduction, Health Promotion, Customer Satisfaction
Core Competencies 40%	Execution (Cross-Team Collaboration), Leadership (Strategic Thinking), Entrepreneurship (Business Acumen), Adaptability (Risk Awareness), Sensitivity (Developing Others)	

Respondents are rated based on their demonstration of various behavioral indicators during the evaluation period.

(4) The Company has established Remuneration Committee:

A. To regularly review the performance evaluation standards, annual and long-term performance objectives, and salary and remuneration policies, systems, standards, and structures for directors and managerial officers. The content of the performance evaluation standards is disclosed in the annual report.

B. To evaluate the achievement of performance goals for directors and managerial officers and determines the content and amount of individual remuneration based on the evaluation results obtained through the performance evaluation standards.

C. The remuneration of directors and managerial officers takes into account industry benchmarks, individual time commitment, responsibilities undertaken, personal goal achievements, performance in other positions, remuneration trends for similar positions within the Company in recent years, as well as the Company's achievement of short-term and long-term business goals and financial status. This evaluation ensures the reasonableness of the association between individual performance and the Company's business performance and future risks.

(5) Relevance of the future risks: The Company's remuneration practices are assessed and modified in accordance with anticipated environmental changes and business performance. In the event that directors and employees engage in misconduct causing financial losses to the Company, appropriate actions will be taken in accordance with applicable laws and regulations. The reduction in the proportion of directors' remuneration in 2022 primarily stems from the higher net profit after tax recorded in 2022, compared to 2021. Following the evaluation, no significant uncertainties are anticipated for the future.

III.IMPLEMENTATION OF CORPORATE GOVERNANCE

(i) Operations of the Board of Directors

A Total of 5 (A) meetings of the Board of Directors were held in FY 2022. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	Chiu-Feng Huang	5	0	100	-
Director	Jung-Chien Tseng	5	0	100	-
Institutional Director Representative	Kuo-Hong Lai	5	0	100	-
Director	Shih-Shuan Huang	5	0	100	-
Independent Director	Chung-Piao Tsai	5	0	100	-
Independent Director	Chung-Jen Chen	5	0	100	-
Independent Director	Juan-Chi Weng	5	0	100	-

Other describable items:

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

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act: Matters referred to in Article 14-3 of the Securities and Exchange Act: Please refer to the operation of the Audit Committee in this Annual Report, and all independent directors have approved all proposals.

(II) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors: None.

II. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Name of Director	Content of the Motion	Reasons for Avoidance of Interests	Voting Participation	Remark
Chiu-Feng Huang	The amount of the Company's 2021 year-end bonus to managerial officers	Directors' interests are involved.	Pursuant to applicable laws, directors shall avoid the according discussion and voting.	The Board Meeting on January 21st, 2022.

III. TWSE/TPEx-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors

Evaluation cycle	Duration	Scope	Approach	Evaluated content
Once a year	1.1.2022 ~ 12.31.2022	Performance evaluation of Board of Directors	Self-assessment via internal questionnaire	1. Level of involvement in the Company's operations 2. Enhancement of decision-making quality of the Board of Directors 3. Composition and structure of the Board of Directors 4. Selection and ongoing professional development of Directors 5. Internal control

IV. Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g. establishment of an Audit Committee, improvement of information transparency etc.), and the progress of such enhancements.

1. In accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange " issued by the Financial Supervisory Commission of the Executive Yuan on March 18, 2011, the Company, on October 26, 2011, established the Remuneration Committee through a resolution passed at the Board Meeting. The committee members are appointed by the Board of Directors, and its operations adhere to the Company's Organizational Regulations of the Remuneration Committee. The Committee assists in enhancing the performance evaluation and compensation system for Directors and managerial officers, and ensures the implementation of corporate governance.
2. In accordance with the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies" issued by the Financial Supervisory Commission of the Executive Yuan on March 28, 2006, the Company, on May 7, 2015, established Audit Committee through a resolution passed at the Board Meeting. The committee members are appointed by the Independent Directors (three seats) of the Board of Directors, and its operations adhere to the Company's Organizational Regulations of the Audit Committee. The Committee assists in decision-making by the Board of Directors and contributes to the sound governance of the Company.
3. The Board of Directors and the Audit Committee fully execute the resolutions passed in their respective meetings.

(II) Implementation Status of Board Evaluations and Annual Priorities

The Audit Committee of The Company was established on June 17, 2015, and is composed of Independent Directors (three seats) of the Board of Directors, and an Independent Director is elected by all members to serve as the Convener and the Chairman of the meeting. The Audit Committee was established to strengthen the oversight function of the Board of Directors and to oversee the adequate expression in the Company's financial statements, selection (discharge) and independence & performance of the external auditor, effective implementation of the Company's internal controls, related laws and rules which the Company complies with, control over the Company's existing or potential risks. Its main functions are:

1. Adoption or amendment of an internal control system pursuant to Article 14-1 of Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. Adoption or amendment, pursuant to Article 36-1 of Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
4. A matter bearing on the personal interest of a director.
5. A material asset or derivatives transaction.
6. A material monetary loan, endorsement, or provision of guarantee.
7. The offering, issuance, or private placement of any equity-type securities.
8. The hiring or dismissal of an attesting CPA, or the compensation given thereto.
9. The appointment or discharge of a financial, accounting, or internal auditing officer.
10. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
11. Any other material matter so required by the company or the Competent Authority.

A total of 5 (A) Audit Committee meetings were held in FY2022. The attendance of the independent directors was as follows:

Title	**Name**	**Attendance in Person (B)**	**By Proxy**	**Attendance Rate (%)【B/A】**	**Remarks**
Independent Director	Chung-Piao Tsai	5	0	100	-
Independent Director	Juan-Chi Weng	5	0	100	-
Independent Director	Chung-Jen Chen	5	0	100	-

Other mentionable items:

I. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:
   (1) Matters referred to in Article 14-5 of the Securities and Exchange Act.
   (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

<table>
<tr><th>Date of Audit Committee Meeting</th><th>Content of the Motion</th><th>Matters listed in Article 14-5 of the Securities and Exchange Act</th><th>Resolutions which have not been approved with the consent of one-half or more of all Audit Committee members but have been undertaken upon the consent of two-thirds or more of all directors</th></tr>
<tr><td rowspan="3">01.21.2022
2nd Meeting, 3rd Audit Committee</td><td>Funds lending by the Company</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">Resolution of Audit Committee (January 21, 2022): Unanimously approved by all attending committee members.</td></tr>
<tr><td colspan="3">Company's response to the Audit Committee's opinion: All attending directors unanimously approved the resolution.</td></tr>
<tr><td rowspan="6">03.25. 2022
3rd Meeting, 3rd Audit Committee</td><td>2021 Operating Report and Financial Statements</td><td>V</td><td>None</td></tr>
<tr><td>2021 Profit Distribution</td><td>V</td><td>None</td></tr>
<tr><td>Assessment of Effectiveness of Internal Control System and Internal Control System Statement for 2021</td><td>V</td><td>None</td></tr>
<tr><td>Amendment to Operating Procedure for Acquisition or Disposal of Assets of the Company</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">Resolution of Audit Committee (March 25, 2022): Unanimously approved by all attending committee members.</td></tr>
<tr><td colspan="3">Company's response to Audit Committee's opinion: All attending Directors unanimously approved the resolution.</td></tr>
<tr><td rowspan="2">05. 12. 2022
4th Meeting, 3rd</td><td>2022Q1 Financial Statements of the Company</td><td>V</td><td>None</td></tr>
<tr><td>Funds lending of the Subsidiary Company</td><td>V</td><td>None</td></tr>
</table>

Audit Committee	Resolution of Audit Committee (May 12, 2022): Unanimously approved by all attending committee members.		
	Company's response to Audit Committee's opinion: All attending Directors unanimously approved the resolution.		
08. 09. 2022 5th Meeting, 3rd Audit Committee	2022Q2 Financial Statements of the Company	V	None
	Amendment to Regulations Governing Prevention of Insider Trading of the Company	V	None
	Resolution of Audit Committee (August 9,, 2022): Unanimously approved by all attending committee members.		
	Company's response to Audit Committee's opinion: All attending Directors unanimously approved the resolution.		
11. 09.2022 6th Meeting, 3rd Audit Committee	2022Q3 Financial Statements of the Company	V	None
	Appointment of Accounting Firm and Certified Public Accountants	V	None
	Development of Audit Plan for FY2023	V	None
	Establishment of the Company's "Guidelines for Risk Management Practices"	V	None
	Establishment of the Company's "Procedures for Handling Material Non-public Information"	V	None
	Resolution of Audit Committee (November 9, 2022): Unanimously approved by all attending committee members.		
	Company's response to Audit Committee's opinion: All attending Directors unanimously approved the resolution.		

II. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.

III. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.).

(I) The Audit Committee of the Company comprises exclusively of Independent Directors and convenes at least once per quarter, with the flexibility to convene as necessary. The Committee has the authority to extend invitations to auditors or the head of internal audit for attendance, facilitating separate communications to address pertinent matters.

(II) Communication between the Head of Internal Audit and the Audit Committee:

The interaction between the Company's Audit Committee and the Head of Internal Audit has proven satisfactory. The primary modes of communication and engagement are outlined as follows:

1. During each session of the Audit Committee and the Board Meeting, the Head of Internal Audit delivers comprehensive reports on audit findings and progress made in rectifying exceptional issues. They respond to queries raised by Independent Directors, enhancing audit practices as instructed, thereby ensuring the efficacy of internal control systems and fulfilling supervisory responsibilities.
2. Regularly reporting unusual audit findings to the Audit Committee, meticulously reviewing internal regulations, and amending pertinent measures to consistently optimize operational processes.
3. In addition to submitting progress reports on audit work and tracking reports on deficiencies for review by the Independent Director, reports and follow-up responses on questions raised by the Independent Director are also provided before further implementing improvements and tracking measures based on the recommendations of the Independent Director.

Date	Subject to Communicate with Head of Internal Audit	Result
01.21.2022 Audit Committee	Status Report on Internal Audit (Dedicated Meeting)	Smooth communication
03.25.2022 Audit Committee	Evaluation of the Effectiveness of the Internal Control System and Statement on the Internal Control System for 2021 (Dedicated Meeting)	Smooth communication
05.12.2022 Audit Committee	Status Report on Internal Audit (Dedicated Meeting)	Smooth communication
08.09.2022 Audit Committee	Status Report on Internal Audit (Dedicated Meeting)	Smooth communication
11.09.2022 Audit Committee	Formulation of the Audit Plan for the FY2023 (Dedicated Meeting)Status Report on Internal Audit	Smooth communication

(III) Communication between the Auditor and the Audit Committee:

The Audit Committee maintains regular communication with the Company's external auditors concerning review or audit outcomes of quarterly financial statements and other pertinent statutory obligations. Moreover, they conduct independent assessments pertaining to the appointment of auditors and the provision of audit and non-audit services.

Date	Communication Subject	Result
03.25.2022 Audit Committee	Operating Report and Financial Statements for 2021.	Unanimously Approved
05.12.2022 Audit Committee	2022Q1 Financial Statements for the Company.	Unanimously Approved
08.09.2022 Audit Committee	2022Q2 Financial Statements for the Company.	Unanimously Approved
11.09.2022 Audit Committee	1. 2022Q3 Financial Statements for the Company. 2. Appointment of Accounting Firm and Certified Public Accountants.	Unanimously Approved

(III) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”:

Evaluation Item	Implementation Status [1]			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”?	✓		Pursuant to "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies", the Company has formulated the "Corporate Governance Best Practice Principles" as ratified during the 14th 2nd Board Meeting on November 11, 2021. We have fortified our internal control framework and enhanced information transparency in alignment with the "Corporate Governance Best Practice Principles" to uphold the rights of shareholders and stakeholders. The principles can be accessed and downloaded in the Corporate Governance section of our corporate website at http: //www.usuntek.com.tw.	None
II. Shareholding structure & shareholders’ rights				
(I) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(I) The Company has established the "Parliamentary Rules for Shareholders' Meetings" and associated internal operational protocols. We have appointed spokespersons and proxy spokespersons to handle relevant matters, and their contact details are disclosed on our corporate website.	None
(II) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(II) The Company maintains continuous oversight of the shareholdings of Directors, executives, and shareholders with ownership exceeding 10% through the shareholder register provided by the securities transfer agent. Monthly reports are submitted, in accordance with regulations, to declare changes in shareholdings as well as occurrences of stock pledges and releases.	None
(III) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(III) We adhere to the "Subsidiary Supervision Operating Procedures," "Internal Audit System," and relevant statutory requirements.	None
(IV) Does the company establish internal rules against insiders trading with undisclosed information?	✓		(IV) The Company has enacted the "Regulations Governing Prevention of Insider Trading" as part of our internal control framework.	None
III. Composition and Responsibilities of the Board of Directors				
(I) Does the Board develop and implement a policy for the diversified composition of its members?	✓		(I) The Company has explicitly stipulated a diverse policy for the composition of the Board of Directors in Article 20 of the "Corporate Governance Best Practice Principles." Currently, our Directors and Independent Directors possess extensive and diversified educational and professional backgrounds. The Board comprises 7 Directors, including 3 Independent Directors, thereby surpassing the mandate that Independent Directors account for more than one-third of the Board and "that no more than one-third of the Directors concurrently serve as company executives." For detailed information regarding the implementation of board diversity, please refer to Pages 14-15.	None
(II) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	(II) We have established the Remuneration Committee and the Audit Committee, and additional functional committees will be established as necessitated by operational requirements and regulatory obligations.	None
(III) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	✓		(III) The Board of Directors approved the "Regulations Governing Performance Assessment on the Board of Directors" on August 12, 2020. The assessment was concluded prior to the first quarter of 2023, and the assessment results were submitted during the 10th Meeting of the 14th Board of Directors on March 23, 2023. The self-assessment results for the 2022 Board of Directors are as follows:	None

Evaluation Item	Implementation Status[1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			1. Assessment Period: January 1, 2022 ~ December 31, 2022. 2. Performance Assessment of Individual Directors: All Directors met expectations and received positive evaluations. 3. Performance Assessment of the Board of Directors: The overall performance of the Board of Directors satisfied corporate governance requirements.	
(IV) Does the company regularly evaluate the independence of CPAs?	✓		(IV) The independence of auditors is evaluated annually by the Board of Directors in compliance with Article 47 of the Certified Public Accountant Act and No.10 Announcement of Ethics for Professional Accountants. Please refer to Note (1) for the evaluation criteria. (The most recent evaluation was conducted on November 9, 2022).	None
IV. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the Board of Directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	✓		The establishment of a dedicated corporate governance unit was approved by the Board of Directors on May 10, 2023, as resolved. The position of Corporate Governance Officer was assumed by the senior manager of our Finance and Accounting Department, entrusted with overseeing corporate governance-related matters. The key responsibilities include: 1. Conducting Board of Directors and shareholders' meetings in compliance with legal requirements. 2. Compiling minutes of Board of Directors and shareholders' meetings. 3. Assisting directors in their appointments and ongoing professional development. 4. Providing necessary materials to directors for executing their duties. 5. Assisting directors in compliance with applicable laws and regulations. 6. Handling other matters stipulated in the Company's bylaws or agreements. Business performance for the year 111 was executed as follows: 1. Serving as the primary point of contact between directors and the company. 2. Assisting directors in the execution of their duties and providing them with necessary company information during meetings, facilitating smooth communication and exchange with business executives. 3. Advocating compliance with corporate governance-related laws and regulations at board meetings. 4. Providing information on relevant training courses for directors and assisting in arranging their professional development. 5. Assisting in communication matters between the Audit Committee, accountants, and the internal audit manager. 6. Drafting the board meeting agenda, notifying directors, convening meetings, providing meeting materials, and giving prior notification on any conflicts of interest. Completing the minutes of the board meeting within twenty days after the meeting. 7. Assisting in the organization of shareholder meetings.	None

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company has established a dedicated section on its website to cater to investor relations, ensuring timely disclosure of pertinent financial business information to stakeholders on the Market Observation Post System. Moreover, designated spokespersons and proxy spokespersons and disseminate all relevant information to the public, while comprehensive data is furnished to financial institutions and creditors, with efficient communication channels in place for employees.	None
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		For matters concerning shareholders' meetings, the Company has engaged the services of Division of Stock Affairs of Grand Fortune Securities Co., Ltd., a professional stock agency.	None
VII. Information Disclosure				
(I) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(I) The Company has launched the website http: //www.usuntek.com.tw as a platform to disclose relevant information on financial, operational, and corporate governance. Besides, in accordance with pertinent regulations, financial and operational data is promptly divulged on Market Observation Post System website.	None
(II) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		(II) The Company has appointed dedicated personnel responsible for information disclosure and implemented a robust spokesperson system. Financial business operations and associated disclosure matters are communicated in adherence to regulations via the Market Observation Post System website.	None
(III) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		✓	(III) The Company duly announces and files its annual financial reports within the prescribed timeframe, ensuring the timely announcement and filing of first, second, and third quarter financial reports, as well as monthly operational updates.	None
VIII Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		(I) Safeguarding employee rights and welfare: Adhering to Labor Standard Act and relevant regulations to protect their entitlements. (II) Cultivating investor relations: Facilitating full disclosure of information to enable investors to grasp the Company 's operational status, thereby engaging in effective communication with investors through shareholders' meetings and spokespersons. (III) Nurturing supplier relationships: Managing partnerships based on equality and mutual benefit to foster a mutually advantageous environment. (IV) Upholding stakeholders' rights: 1. Responsibility to customers: Providing secure, high-quality products, complete and accurate product information, and promptly addressing customer complaints. 2. Responsibility to shareholders: Prioritizing the maximization of shareholder interests as the paramount objective of company operations. (V) Directors' Training: The Company actively encourages Directors to partake in training initiatives, and discloses the details of their participation in Corporate Governance section of the Market Observation Post System website. (Note 2) (VI) Procurement of directors' liability insurance: The Company has procured directors' liability insurance coverage for all Directors with the insurance policy underwritten by Shin Kong Insurance, spanning from October 16, 2022, to October 16, 2023.	None

Evaluation Item	Implementation Status[1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			(VII) Information security risks: 1. Infrastructure establishment: Emphasizing unified planning, locally adaptable implementation, centralized control, and clearly delineated responsibilities. 2. Implementation of information security measures in 2021: (1). Automated backups: Conducting daily backups of all servers on two separate devices, and performing monthly recovery drills. (2). Email archiving and review: Archiving all outgoing and incoming emails on two distinct servers for effective management. (3). Anti-virus system updates: Weekly updates to protect computers and servers. (4). Network activity logging: Comprehensive logging of external website activities for individual users. (5). Instant messaging record retention: Strictly prohibit file transfers through instant messaging software. (6). Training on information security	
IX. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange and for unimproved items, please propose prioritized reinforcements: Not applicable. The Company has enhanced the disclosure of the Company's website and annual reports, and increased the transparency of corporate information to fully implement Corporate Governance Best Practice Principles.				

Note (1): Assessment criteria for the independence and suitability of accountants

Item	Independence and Eligibility	Is requirement for independence met?
1	As of the most recent audit engagement, no instance of non-replacement for seven years has arisen.	Yes
2	No significant financial interest is held with the client.	Yes
3	All inappropriate relationships with the Company are to be avoided.	Yes
4	The Accountant must ensure that their assistant personnel adhere to principles of honesty, fairness, and independence.	Yes
5	Financial statements of the service organization within the previous two years are ineligible for audit and certification.	Yes
6	The Accountant's name is strictly prohibited from being utilized by any other individual or entity.	Yes
7	The Accountant must not possess any shares of the Company or related enterprises.	Yes
8	No monetary borrowings are to be established between the Accountant and the Company or related enterprises.	Yes
9	No joint investment or shared interest is to be held with the Company or related enterprises.	Yes
10	The Accountant must not be concurrently engaged in regular work with the Company or related enterprises, nor receive a fixed salary.	Yes
11	The accountant must not engage in decision-making processes concerning the Company or related enterprises.	Yes
12	There must be no relationship with the Company's management personnel that includes a spouse, direct blood relative, direct in-law, or second-degree relative by blood or marriage.	Yes
13	No commission related to the business may be received.	Yes
14	As of present, there have been no instances of being punished or damages to the principles of independence.	Yes

Note (2): Training of Directors of the Company

Position	Name	Date	Hosting Organization	Course Name	Hours
Director	Chiu-Feng Huang	11/15/2022	Corporate Operating and Sustainable Development Association	Risk Management of Digital Transformation	3
		11/24/2022	Corporate Operating and Sustainable Development Association	Case Study of Material Corporate Information Disclosure and Director Responsibilities	3
Director	Shih-Shuan Huang	08/24/2022	Corporate Operating and Sustainable Development Association	Strategies and Management for Corporate Upgrading and Transformation	3
		11/24/2022	Corporate Operating and Sustainable Development Association	Case Study of Material Corporate Information Disclosure and Director Responsibilities	3
Director	Jung-Chien Tseng	08/25/2022	Taipei Exchange	Internal Equity Advocacy Meeting for OTC and Emerging Stock Market Companies	3
		12/07/2022	Corporate Operating and Sustainable Development Association	Legal Validity of Actions between Directors and Companies	3
Independent Director	Chung-Piao Tsai	08/25/2022	Taipei Exchange	Internal Equity Advocacy Meeting for OTC and Emerging Stock Market Companies	3
		11/15/2022	Corporate Operating and Sustainable Development Association	Risk Management of Digital Transformation	3
Independent Director	Chung-Jen Chen	05/05/2022	Taiwan Corporate Governance Association	Net Zero Emissions, Carbon Neutrality, and Corporate Regulatory Compliance	3
		08/08/2022	Taiwan Corporate Governance Association	Competitiveness vs. Survival: ESG Trends and Strategies	3
		11/03/2022	Securities and Futures Institute	Supervising Corporate Risk Management and Crisis Contingency as a Director	3
		11/08/2022	Taiwan Corporate Governance Association	A Macro Perspective on Global Corporate Sustainable Development - From Vision 2050 to Action 2021	3
Independent Director	Juan-Chi Weng	12/13/2022	R.O.C.C.P.A	Cash-Out Mergers and Protection of Shareholders' Equity and Director Conflict of Interest in Corporate Mergers and Acquisitions	3
		12/16/2022	R.O.C.C.P.A	Opportunities and Challenges for Accountants amid the International ESG and Net Zero Emissions Trends	3

(IV) Composition, Responsibilities and Operations of the Remuneration Committee

1. Information on members of Remuneration Committee

<table>
<tr><th colspan="2">Criteria
Title
Name</th><th>Professional Qualification Requirements</th><th>Independence Criteria</th><th>Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member</th></tr>
<tr><td>Convener and Independent Director</td><td>Chung-Jen Chen</td><td rowspan="2">See Section 3 on Page 9-12, Professional qualifications and independence analysis of directors and supervisors</td><td rowspan="3">(1) Not an employee of the company or any of its affiliates.
(2) Not a director or supervisor of the company or any of its affiliates.
(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
(6) Not a director, supervisor, or employee of any other company the majority of whose director seats or voting shares and those of any other company are controlled by the same person.
(7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of any other company or institution whose chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses.
(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received compensation, or a spouse thereof.
(10) (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</td><td>2</td></tr>
<tr><td>Independent Director</td><td>Chung-Piao Tsai</td><td>0</td></tr>
<tr><td>Committee Member</td><td>Chen-En Ko</td><td>Science & Technology Advisory to the Executive Yuan
Dean, College of Management, National Taiwan University
Chairman and President of Chung-Hua Institution for Economic Research
Supervisor of the Central Bank
Director and Managing Supervisor of Taiwan Stock Exchange
Director and Supervisor of Taipei Exchange
Member of the Financial Reconstruction Fund of the Executive Yuan
Chairman of Taiwan Corporate Governance Association
Member of the Board of Directors of the American Accounting Association
Professor Emeritus (retired), Department of Accounting, College of Management, National Taiwan University
Member of Board of Science and Technology, the Executive Yuan</td><td>4</td></tr>
</table>

2. Responsibilities of the Remuneration Committee:

The Committee shall exercise due care of a prudent manager, faithfully fulfill the following duties, and submit proposed recommendations for discussion by the Directors:

(1). Regularly review these regulations and propose amendments.

(2). Establish and periodically review the performance evaluation criteria for Directors and executives of the Company, annual and long-term performance goals, as well as policies, systems, standards, and structures for remuneration and disclose performance evaluation criteria in the annual report.

(3). Regularly evaluate the achievement of performance goals by Directors and executives of the Company and, based on the evaluation results obtained from the performance evaluation criteria, determine the content and amount of their individual remuneration.

3. Information on the Operation of the Remuneration Committee

(1) There are 3 members in the Remuneration Committee.

(2) Tenure of this Board of Directors: The eligibilities and attendance record of the Remuneration Committee members are as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Convener	Chung-Jen Chen	2	0	100	-
Committee Member	Chung-Piao Tsai	2	0	100	-
Committee Member	Chen-En Ko	2	0	100	-

Other mentionable items:

The Remuneration Committee held two ordinary meetings on January 21, 2022, and August 9, 2022.

I Agendum includes:

(1). Election of the Convener for the fifth term of the Remuneration Committee.

(2). Year-end bonus amount for executives in 2021.

(3). Promotion of Chongsheng Liang, Senior Director of Foshan Business Division, to the Assistant Vice President, and promotion of Shih-Shuan Huang, Assistant Vice President and Senior Manager of Business Division 1, to Assistant Vice President in the President's Office, as well as salary adjustments.

The above motions were reviewed or approved by the Remuneration Committee.

II. If the Board of Directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company’s response to the remuneration committee’s opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.

III. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members’ opinions and the response to members’ opinion should be specified: None.

(V) Fulfillment of Sustainable Development and Variance with Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and reasons.

<table>
<tr><th rowspan="2">Promotion Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Abstract Explanation</th></tr>
<tr><td>I. Does the company establish a governance structure to promote sustainable development, and set up a dedicated (or part-time) unit to promote sustainable development? if Board of Directors authorize senior managers to handle relevant matters? And the supervision status by the Board of Directors.</td><td></td><td>✓</td><td>The Company has established the "Sustainable Development Code of Practice" and the President’s Office is currently responsible for promoting sustainable development on a part-time basis. The Company incessantly promotes its business philosophy and corporate social responsibility obligations. Depending on the overall operational scale of the Company, the necessity of submitting a report to the Directors will be considered separately.</td><td>No material differences. ◦</td></tr>
<tr><td>II. Does the company conduct environment, society, and corporate governance risk assessment of the Company based on materiality principle, and set related risk management policy and /or strategy?</td><td>✓</td><td></td><td>The Company incorporates environmental, social, and corporate governance issues related to its operations into its business plan, including operational management, business, and quality control policies.</td><td>No material differences. ◦</td></tr>
<tr><td>III. Environmental issues
(I) Does the company establish proper environmental management systems based on the characteristics of their industries?</td><td>✓</td><td></td><td>(I) The Company's production processes are categorized into the low-pollution industry, and the Environmental Protection Agency does not regulate the discharge of wastewater and air pollution. The Company has developed a waste management plan, and the responsibility for managing and reporting waste lies with the Occupational Safety and Health Office. The operation and management of waste comply with the Waste Disposal Act and relevant regulations.</td><td>No material differences.</td></tr>
<tr><td>(II) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</td><td>✓</td><td></td><td>(II) The Company improves energy efficiency by regularly measuring and evaluating the electricity consumption efficiency of internal equipment such as air conditioning systems and compressors. Obsolete equipment is replaced with energy-efficient models which offer higher energy savings. To reduce environmental impact, the Company complies with domestic environmental regulations and participates in international green product activities. The Company mainly utilizes metals as raw materials, and any resulting waste is classified, recycled, and reused.</td><td>No material differences.</td></tr>
<tr><td>(III) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?</td><td>✓</td><td></td><td>(III) The Company assesses climate-related risks and opportunities in terms of their likelihood and impact. The identified risk issues and corresponding response measures are as follows:
Possible Risks
<table>
<tr><th>Aspect</th><th>Risk</th><th>Responsive Measures</th></tr>
<tr><td>Environmental regulations</td><td>Increasing difficulty in waste disposal</td><td>Promote waste reduction through source classification and material or packaging recycling</td></tr>
<tr><td rowspan="2">Global warming</td><td rowspan="2">Increased load of air conditioning and power shortage</td><td>Transition to energy-saving LED lighting fixtures throughout the facility in November 2018.</td></tr>
<tr><td>Prioritizes energy efficiency when procuring machinery.</td></tr>
</table></td><td>No material differences.</td></tr>
</table>

Extreme weather	Increased costs due to flooding and damage to facilities	Establish Contingency Team (To address climate change and prevent typhoons, and heavy rain).
		Establish an internal contingency mechanism (To responding promptly at the first instance to reduce losses).

Opportunities

Related Opportunities	Responsive Measures
Increased demand for products	The Company already has automatic conveying equipment, which can meet the needs of a waste treatment plant and the customized need for the waste screening conveyor belts or subsequent crushing equipment and among others.

Evaluation Item	Yes	No	Description	Deviations
(IV) Does the company calculate greenhouse gas emission, water usage, and total weight of waste in last two years and set up policies regarding reducing carbon saving energy, water use reduction, and other waste management?	✓		(IV) The Company's greenhouse gas emissions primarily come from electricity usage, liquefied petroleum gas, and vehicle fuels. The annual emissions are as follows:	No material differences.

Emission Source / Year	Electricity		LPG		Gasoline for cars		Total emissions (Ton)
	Usage (Thousand kWh)	Emissions (Ton)	Usage (KL)	Emissions (Ton)	Usage (KL)	Emissions (Ton)	
2021	1829	918	16.85	29.56	18.239	43.07	990.63
2022	1534	780.85	10.54	18.49	15.2	35.95	835.29

The Company continuously improves energy efficiency and plans for diversified energy usage. Currently, a solar power system has been installed on the rooftops of the Dayuan Factory Area, generating solar energy which is sold back to the Taiwan Power Company. The estimated annual carbon offset from solar energy is as follows:

Emission Source / Year	Solar Power	
	Regenerative power (1000 kWh)	Offsetting emissions (tons)
FY2022	261	131
Remarks: It is expected to apply for activation in July 2022.		

Waste reduction:
The Company strives to minimize raw material consumption, production waste such as scraps, packaging materials, and obsolete materials through process design and technological improvements. Qualified disposal facilities are appointed to manage waste disposal. Wastewater: For testing water, subsidence water is recycled and reused.

Year	Usage (m3)	General Waste (tons)	Hazardous Waste (tons)
2021	5257	28.21	1.1
2022	12328	28.62	-

IV. Social issues (I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(I) In addition to complying with relevant labor laws and regulations, the company has formulated employee handbooks and management regulations, and also supports the spirit and basic principles of human rights protection revealed in international human rights conventions such as the "United Nations Universal Declaration of Human Rights", " UN Global Compact " and "International Labor Conventions", and is committed to integrating the principles and spirit of human rights into the value and culture of the enterprise, as the company's commitment to human rights protection. USUN Technology fulfills its corporate social responsibilities to protect the basic human rights of all employees and abide by labor and gender equality in the place where it operates. Relevant laws and regulations, formulate relevant human rights protection, labor policies and implement relevant measures. The relevant human rights protection measures are as follows:	No material differences.

Focus on issues	**specific measure**
Occupational Safety Management	1. Regularly monitor the workplace environment and maintain facilities and equipment to ensure workplace safety.
	2. Regularly inspect and replace drinking water, lighting and fire protection equipment in the workplace.
	3. Regularly implement labor safety and health education and training for employees on the job to improve employees' safety awareness.
Maternal Protection	1. Really follow the labor laws and the provisions of gender equality in work.
	2. Set up a nursing room to take care of the needs of maternal colleagues.
Employee Health Management 1. Conduct Regular Employee Health Checks.	1. Conduct regular employee health checks.
	2. Contracted medical personnel come to the company regularly to provide health consultation services for colleagues.
	3. Organize health education lectures from time to time to teach employees to promote physical and mental health and related knowledge.
	4. Various associations have been established to encourage employees to have leisure activities and promote stress relief and exercise.
Prohibition Of Forced Labor	1. Do follow the labor laws and regulations, and clearly stipulate in the work rules and related personnel regulations.
	2. Through the attendance management system, the attendance time and overtime situation of employees are recorded, and employees and their direct supervisors are reminded of the overtime status and legal regulations, and overtime pay is issued according to law.
Eliminate Discrimination and Sexual Harassment	1. Discrimination and sexual harassment are clearly prohibited in the work rules and personnel regulations, and an equal and safe workplace environment is provided.

<table>
<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td>2. When new employees report to work, they will be informed of the prohibition of discrimination and sexual harassment courses to enhance employees' awareness of gender equality.</td></tr>
<tr><td></td><td>3.Provide complaint channels so that employees can express in time, and relevant cases will be handled by special personnel.</td></tr>
<tr><td>Employee Communication Channel</td><td>1. Provide employee complaint channel "I have something to say" mailbox, actively create a positive and transparent communication environment, and ensure that everyone's voice and suggestion can be responded to and improved in a timely manner.</td></tr>
</table></td><td></td></tr>
<tr><td>(II) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?</td><td>✓</td><td></td><td>(II) To fulfill its responsibility to provide a good workplace, care for employees, and meet their needs, the Company strives to create a reasonable and friendly work environment. It establishes a comprehensive employee welfare system, health management activities, and channels for labor-management communication to retain excellent talents and achieve operational excellence. In addition to implementing human-centered management and various welfare measures, the Company attracts and motivates outstanding talents by sharing profits with employees. It has formulated the "Work Incentive Bonus Regulations", "Remuneration Committee Operation and Management Regulations", "Excellent Employee Selection and Incentive Regulations”, “Reward and Punishment Regulations" and "Performance Management and Assessment Regulations". Through transparent and explicit management practices, bonuses are calculated based on the Company's operational performance and individual achievements, providing employees with reasonable compensation. The Employee Welfare measures and programs can be found on Page 65 of this Annual Report.</td><td>No material differences.</td></tr>
<tr><td>(III) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?</td><td>✓</td><td></td><td>(III) The Company places paramount importance on the safety and well-being of its workforce and has forged a strategic partnership with Ten-Chen Medical Group to provide monthly consultations of their specialized physicians, in addition to bestowing health maintenance services and education. The Company also conducts regular appraisals of the work environment's safety, performs periodic health check-ups on employees, and disseminates pertinent safety and health management knowledge to staff members through internal networks, thus bolstering the organization's resilience and fostering the physical and mental well-being of its workforce.
Furthermore, the Company has formulated meticulous safety and health guidelines which distinctly outline measures to safeguard the personal safety of employees and the work environment. In order to augment employees' consciousness of occupational safety and health and ensure compliance with legal obligations, we have acquired a total of 170 professional licenses pertaining to occupational health and safety.</td><td>No material differences.</td></tr>
<tr><td>(IV) Does the company provide its employees with career development and training sessions?</td><td>✓</td><td></td><td>(IV) The Company highly esteems the learning and advancement of its workforce and has systematically orchestrated employee training and development initiatives. In 2022, USUN Technology invested in courses which encompass supervisor optimization training and performance exhibition, professional skills training, employee self-improvement training, and continuous training conducted by internal instructors, thereby facilitating the dissemination of knowledge via an internal instructor system.
The aforementioned courses are tailored with the Company's annual operational plans, ensuring that supervisors and employees stay attuned to the latest developments and receive education and training programs in line with current</td><td>No material differences.</td></tr>
</table>

			affairs. This enhances the proficiency and managerial acumen of colleagues in carrying out diverse business tasks. Not only does the Company encourage employees to pursue further education and arrange internal educational training, but also afford them the opportunity to seek external education and training programs to fortify their capabilities and advance their careers. The Company procures new books on a monthly basis to cultivate an environment of perpetual learning and foster a workplace which values literature。	
(V) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	✓		(V) The Company operates as a smart automation integration enterprise. Our specialized equipment, optoelectronic touch panel devices, and PCB/CCL equipment products adhere rigorously to stringent international standards. Consequently, the marketing and labeling of our products adhere to pertinent laws and international standards. Moreover, we have obtained product liability insurance for select company products to safeguard consumer rights. Should customers have any inquiries regarding our products, they can contact the Company via telephone or email, as we have established a customer service complaint channel. The Company has dedicated a customer service center to address customer dissatisfaction or complaints, assigning personnel to comprehend, coordinate, and appropriately resolve relevant matters.	No material differences.
(VI) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights?	✓		(VI) The Company has instituted a "Supplier Evaluation Form" and advocates for collaborative efforts with suppliers in environmental conservation, occupational safety and health, labor rights, and business integrity, thereby fulfilling our corporate social responsibility. Through daily interactions and periodic evaluations, the Company assesses and appraises suppliers. If a supplier contravenes corporate social responsibility or substantially impacts the environment and society, the business relationship is terminated. Furthermore, any grievances received are treated with confidentiality, subject to verification, and met with suitable measures.	No material differences.
V. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third-party verification unit?		✓	Although the Company has yet to produce a sustainability report, it discloses its fulfillment of social responsibilities in the annual report and uploads information to the Market Observation Post System website.	Subject to future operational and management needs
VI. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies: The Company has established a "Sustainable Development Code of Practice" and published relevant information on the Company's website. No material differences.				
VII. Other useful information for explaining the status of corporate social responsibility practices: None				

(VI) Implementation of ethical management, differences with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and reasons thereof:

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Summary	
I. Establishment of ethical corporate management policies and programs (I) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external	✓		(I) On November 11, 2021, during the 2nd Board Meeting of the 14th term of the Company's Board of Directors, the "Ethical Corporate Management Best	No material differences.

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Summary	
correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?			Practice Principles" were adopted as a solemn commitment by the Directors and management to actively implement the policy of ethical business operation. The Company has also established internal regulations to ensure the effective implementation of ethical business practices and adherence to laws and regulations. The relevant guidelines have been disseminated on the Company's website for shareholders' perusal.	
(II) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	✓		(II) The Company has set forth the "Ethical Management Best Practice Principles" to expressly state the Company's ethical management policy prohibiting the Company from engaging or involving in any unethical business activities. Meanwhile, the audit unit would audit the compliance thereof periodically.	No material differences.
(III) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	✓		(III) The Company has set forth the "Ethical Management Best Practice Principles" and related internal regulations covering the issues identified in the left row. The reward & punishment and grievance systems expressly stated by the Company have also been promoted through the internal educational training programs and fulfilled accordingly.	No material differences.
II. Fulfill operations integrity policy (I) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		(I) Before establishing business relations with any customer, vendor or trading counterpart, the Company is used to selecting the vendors with the strongest competitiveness and engaged in ethical management based on integrity, fairness and justice principles. Meanwhile, when executing any business contract with a trading counterparty, the legal affairs unit would review the contractual terms and conditions to prevent the Company from trading with anyone with ethical conduct record.	No material differences.
(II) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	✓		(II) For the time being, the Company has its audit unit promote ethical corporate management operations in line with the internal control and reports the implementation thereof to the Board of Directors periodically.	No material differences.
(III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(III) The Company has internally established the "Ethical Management Best Practice Principles" to govern the	No material differences.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Summary</th></tr>
<tr><td>

(IV) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?
(V) Does the company regularly hold internal and external educational trainings on operational integrity?</td><td>

✓

✓</td><td></td><td>employees. Any Board member who has a conflict of interest with voting shall recuse himself/herself from the voting at the Board of Directors meeting. The disclosure of conflicts of interest related to the Company's FY2022 Board Meetings has been presented in (1) Board Meeting Operations of Section III within the annual report (please refer to page 22). Directors who possess a conflict of interest with the agenda under discussion will proactively recuse themselves from participating in the deliberations and voting, strictly adhering to the policy of preventing conflicts of interest.
(IV) In order to ensure the fulfillment of ethical management, the Company has already established an effective accounting system and internal control system. The internal auditors would periodically audit compliance with the systems referred to in the preceding paragraph. The CPA would also conduct audits on the implementation of internal controls annually.
(V) The Company would promote Ethical Management Best Practice Principles through various channels in order to ensure fulfillment thereof.</td><td>

No material differences.

No material differences.</td></tr>
<tr><td>III. Operation of the integrity channel
(I) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?
(II) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?
(III) Does the company provide proper whistleblower protection?</td><td>✓
✓
✓</td><td></td><td>(I) The Company has set up the employee opinion mailbox and also enacted the “Grievance Management Regulations”. The HR unit is dedicated to accepting the grievances and reflecting any misconduct in a timely manner.
(II) Any whistle-blowing cases shall be accepted by the HR unit. The cases will be kept in confidence to protect the whistle-blower’s interest and privacy.
(III) The Company assures that the whistle-blower would be protected from suffering any consequence of the whistle-blowing.</td><td>No material differences.
No material differences.
No material differences.</td></tr>
<tr><td>IV. Strengthening information disclosure
Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</td><td>✓</td><td></td><td>The Company’s “Ethical Management Best Practice Principles” have been disclosed on the MOPS and the Company’s website and annual report.</td><td>No material differences.</td></tr>
<tr><td colspan="5">V. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: The operation and content of the "Ethical Corporate Management Best Practice Principles" adopted by the Company on November 11, 2021, during the 2nd Board Meeting of the 14th term of the Board of Directors, align harmoniously with the provisions outlined in the "Ethical Corporate Management Best Practice Principles for Listed and OTC Companies."</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate a better understanding of the company’s ethical corporate management policies:
a. The Company has already strengthened the promotion of the work rules to enable its employees to know about the Company’s ethical management policy. Meanwhile, the Company has also established its accounting system and audit</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Summary</th></tr>
<tr><td colspan="5">operations as the regulations to be followed by the Company's management and employees. The auditors shall also report the Company's internal control systems and audits to the Board of Directors periodically to effectively fulfill the ethical management system.
b. The Company also expressly states the directors' recusal for conflict of interest in its "Parliamentary Rules for the Board of Directors Meetings", providing that any director involved in a interest with himself/herself or the juristic person represented by him/her is not allowed to join the relevant discussion and voting but shall be recused from the discussion and voting.</td></tr>
</table>

(VII) If the Company has established corporate governance principles or other relevant guidelines, references to such principles must be disclosed: The Company has established "Corporate Governance Best Practice Principles" and corresponding regulations to safeguard shareholder rights and augment Director responsibilities. For additional details, please visit the Company's website at http: //www.usuntek.com.tw.

(VIII) Other important information helpful for increasing understanding of your company's corporate governance may be disclosed along with the above information:

1. The Company has instituted a "Code of Conduct" and mandates employees to sign a "Labor Contract" upon commencement of employment, delineating the ethical standards and confidentiality obligations which employees must uphold in their daily conduct.
2. The Company has an Audit Committee which offers pertinent advice and guidance concerning company operations and management decisions, thereby enhancing the level of corporate governance.
3. To establish a robust internal mechanism for managing and disclosing significant information, prevent improper information disclosure, and ensure consistency and accuracy in the Company's public statements, the Company has developed the "The Procedure for Processing Internal Significant Information."。

(IX) Implementation of Internal Control Systems

1. Internal Control Systems

USUN Technology Co. Ltd.
Statement of Internal Control System

Date: March 23, 2023

The following declaration has been made based on the 2022 self-assessment of the Company’s internal control system:

1. The Company is aware that creation, implementation, and maintenance of internal control system are the responsibilities of its Board of Directors and management and has duly established such a system. The purpose of internal control system is to provide reasonable assurances concerning the outcome and efficiency of the Company’s operations (including profitability, business performance, and asset security), the reliability, timeliness, and transparency of reported information, and compliance and accomplishment of relevant regulations and goals.
2. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure the achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
3. The Company evaluates the effectiveness of its internal control system design and execution using the criteria outlined in “Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets” (hereinafter referred to as the “Regulations”). The criteria introduced by the “Regulations” consists of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communication, and 5. Monitoring activities. Each major element is further broken down into several sub-elements. Please refer to the “Regulations” for more details.
4. The Company has adopted the abovementioned criteria to validate the effectiveness of its internal control system design and execution.
5. Based on the assessment result in the preceding paragraph, the Company holds that the design and implementation of the Company's internal control system (including the supervision and management of subsidiaries and the overall implementation of information security) as of December 31, 2022 can provide reasonable assurance regarding the management understands the degree of achievement of operational effectiveness and efficiency objectives; the reporting is reliable, timely, and transparent and complies with applicable rules; and applicable laws, regulations, and bylaws have been complied with.
6. This statement constitutes part of the Company’s annual report and prospectus and shall be disclosed to the public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This declaration was passed unanimously without objection by all 7 Directors present at the board meeting dated March 23, 2023.

Chiu-Feng Huang. Chairman

Chen Chia-Cheng, President

USUN Technology Co. Ltd.

2. The public companies shall disclose its CPA's audit report if it engage a CPA to conduct a special audit of its internal control system: None.

(X) If there has been any legal penalty against the company and its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

(XI) Major resolutions passed in shareholder meetings and board of director's meetings held in the most recent year up till the publication date of this annual report:

Important resolutions of the Board of Directors and their implementation

1. The Company's FY2022 Shareholders' Ordinary Meeting took place on June 22, 2022, at No. 68, Shengde North Road, Xihai, Dayuan, Taoyuan City. The resolutions of attending shareholders and their corresponding executions are as follows:

Resolutions in Shareholders' Ordinary Meeting	Execution
Approval of the Company's FY2021 Business Report and Financial Statements	Approval of the Company's FY2021 Business Report and Financial Statements The Company's FY2021 Business Report and Financial Statements indicated Consolidated Annual Revenue of NTD 1,466,481 thousand, with a Net Profit Attributable to the Parent Company of NTD 16,551 thousand, resulting in Earnings Per Share of NT$0.27.
Approval of the Company's FY2021 Profit Distribution Motion	Implemented as per the resolution.
Amendment of the Company's "Articles of Association"	Implemented as per the resolution. Approved by the Ministry of Economic Affairs for registration and announcement and published on the Company's website on July 13, 2022.
Amendment of the Company's "Operating Procedure for Acquisition or Disposal of Assets"	Announced on August 11, 2022, on the Company's website and implemented according to the amended procedure.

2. Major Resolutions of Board Meetings

Date of the Board Meeting	Important Resolutions
1/28/2021	Approval of FY2021 business plan
	Approval of appointment of managerial officers
	Approval of loaning to others
	Approval of the application for facilities with the bank
	Approval of drawdown of facilities
	Approval of cancelation of treasury stocks
	Approval of remuneration to managerial officers
	Approval of 2020 year-end bonus
3/24/2021	Passed 2020 business report and financial statements
	Approval of 2020 covering of loss
	Approval of convention of 2021 annual general meeting
	Approval of nomination of candidates for directors and independent directors
	Approval of non-competition restriction imposed on new directors
	Passed 2020 "Evaluation on Effectiveness of Internal Control System" and "Declaration of Internal Control System"

Date of the Board Meeting	Important Resolutions
	Approval of appointment of managerial officers
	Approval of remuneration to managerial officers
	Approval of drawdown of facilities
5/11/2021	Approval of the subsidiary's loaning to others
7/09/2021	Approval of re-scheduled date of the convention of 2021 annual general meeting
8/12/2021	Approval of change of the chief auditor
	Approval of loaning to others
	Approval of the application for facilities with the bank
	Approval of drawdown of facilities
8/20/2021	Election of the Chairman of Board
11/11/2021	Approval of the rotation and replacement of Certified Public Accountants within the accounting firm.
	Approval of the appointment of accounting firms and Certified Public Accountants.
	Approval of the Company's FY2022 Audit Plan.
	Approval of the appointment of members of the 5th term of Remuneration Committee
	Approval of applying for loan commitments from various banks.
	Approval of utilizing loan commitments from banks.
	Approval of the "Ethical Corporate Management Best Practice Principles" by the Company.
	Approval of the "Ethical Management Best Practice Principles" by the Company.
	Approval of the "Corporate Social Responsibility Best Practice Principles" by the Company.
	Approval of the "Corporate Governance Best Practice Principles" by the Company.
1/21/2022	Approval of the FY2022 business plan targets for the Company.
	Approval of capital decrease through the retirement of shares held in treasury stock upon the expiration of a three-year holding period for the shares repurchased in the sixth buyback by the Company.
	Approval of application for loan commitments from various banks.
	Approval of utilization of loan commitments from various banks.
	Approval of the Company's funding lending.
	Approval of the year-end bonus amount for the Company's executives for FY2021.
03.25.2022	Approval of FY2021 business report and financial statements.
	Approval of distribution of earnings for FY2021.
	Approval of allocation of employee compensation for FY2021.
	Approval of amendment to the "Articles of Association" of the Company.
	Approval of amendment to the "Operating Procedure for Acquisition or Disposal of Assets" of the Company.
	Approval of matters related to the convening of the Company's 2022 shareholders' ordinary meeting.
	Approval of assessment of the effectiveness of the internal control system for FY2021 and issuance of the internal control system statement.
	Approval of revision of the "Corporate Social Responsibility Best Practice Principles" of the Company.
	Approval of application for loan commitments from various banks.
	Approval of utilization of loan commitments from various banks.
05.12.2022	Approval of funding lending of the Company.

Date of the Board Meeting	Important Resolutions
	Approval of utilization of loan commitments from various banks.
	Approval of planning of greenhouse gas inventory and the verification schedule for the Company.
08.09.2022	Approval of amendment of the "Regulations Governing Prevention of Insider Trading" of the Company.
	Approval of application for utilization of loan commitments from various banks.
	Approval of application for loan commitments from Taipei Fubon Commercial Bank.
	Approval of promotion and salary adjustment of the Company's executives.
11.09.2022	Approval of appointment of accounting firms and Certified Public Accountants.
	Approval of appointment of the Chief Information Security Officer (also the Convener) for the Company.
	Approval of transfer of repurchased company shares to employees.
	Approval of preparation of the audit plan for the Company for the FY2023.
	Approval of revision of the "The Board Meeting Rules" of the Company.
	Approval of Establishment of the "Risk Management Practice Guidelines" of the Company.
	Approval of establishment of the "Procedures for Processing Internal Material Information" of the Company.
	Approval of application for utilization of loan commitments from various banks.
	Approval of application for loan commitments from Bank Sinopac.
01.09.2023	Approval of the FY2022 operating plan targets for the Company.
	Approval of funding lending of the Company.
	Approval of revision of the "Regulations Governing Prevention of Insider Trading" of the Company.
	Approval of application for loan commitments from Hua Nan Commercial Bank.
	Approval of the year-end bonus amount for the Company's executives for FY2022.
03.10.2023	Approval of sale of equity in the subsidiary company Shin Puu Technology Co., Ltd.
03.23.2023	Approval of the FY2022 business report and financial statements.
	Approval of distribution of employee remuneration and director remuneration for FY2022.
	Approval of distribution of earnings for FY2022.
	Approval of revision of “Guidelines on the Transferring of the Share Buy-Back Program” of the Company.
	Approval of matters related to the convening of the Company's 2022 Shareholders' Ordinary Meeting.
	Approval of appointment of the Company's executives.
	Approval of assessment of the effectiveness of the internal control system for FY2022 and issuance of the internal control system statement.
	Approval of revision of the "Internal Control System Handling Guidelines" of the Company.
	Approval of the revision of the "Sustainable Development Code of Practice" by the company.
	Approval of the revision of the "Corporate Governance Best Practice Principles" by the company.
	Approval of General Principles for The Pre-Approval Of Non-Assurance Services Policy by the Company.
	Approval of applications for loan commitments from various banks.
	Approval of application for loan commitments from The Export-Import Bank of the Republic of China.
	Approval of applications for the utilization of loan commitments from various banks.

Date of the Board Meeting	Important Resolutions
04.18.2023	Approval of execution of the issuance of common stock through private placement.
	Approval of convening matters related to FY2023 shareholders ‘ordinary meeting (added the agenda for the shareholders ‘ordinary meeting)
05.10.2023	Approved the financial statements for FY2023 Q1
	Approved the funding loan to the subsidiary.
	Approved the sale of equity of Servtech Co., Ltd., the Company’s reinvestment.
	Approved the appointment of the Corporate Governance Officer of the Company.

(XII) Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

(XIII) Resignation or Dismissal of the Company’s Key Individuals in Financial Statements (including Chairman, President and Heads of Accounting and Internal Audit) last year and up till the publication date of this annual report: None.

IV. INFORMATION REGARDING THE COMPANY’S AUDIT FEE

Disclosure of CPA professional service fee

Amount Unit: NTD Thousand

Accounting Firm	Name of CPA	Period Covered by CPA’s Audit	Audit remuneration	Non-audit Fee	Total	Remark
Deloitte Touche Tohmatsu Limited	Jo-Ying Tsai	January 1, 2022	3,980	288	4,268	Transfer Pricing Report: NTD 100 thousand Appraisal Report Review: NTD 60 thousand Travel and Printing Expenses: NTD 128 thousand
	Zheng-Jun Chiu	December 31, 2022				

In the event of any following incident, companies shall disclose the following information:

(I) Change of accounting firm and the audit fee of the changing year is less than previous year, the amount of audit fee respectively and the reason of change shall be disclosed: None.

(II) If there is a more than 10% decrease of audit fee compared to previous year, the amount, percentage and reason shall be disclosed: None..

V. REPLACEMENT OF CPAs

(I) Regarding the former CPA

Replacement Date	From the financial report on October 1, 2021 (approved by the resolution of the Board of Directors on November 11, 2021)
Replacement reasons and explanations	Based on the necessity of rotation of accountants stipulated by relevant laws and regulations, from 2021Q4, the Company's Chief Accountant will be switched from Accountant Ming-Yen Zhen to Accountant Jo-Ying Tsai, and the Countersigning Accountant will continue to be Accountant Zheng-Jun Chiu.
Describe whether the Company terminated or the CPA did not accept the appointment	Not Applicable
The Opinions Other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions	Not Applicable
Is There Any Disagreement in Opinion with the Issuer	Not Applicable
Other Revealed Matters	Not Applicable

(II) Regarding the succeeding CPA

Name of accounting firm	Deloitte Touche Tohmatsu Limited
Name of CPA	Jo-Ying Tsai, Zheng-Jun Chiu
Date of appointment	From the financial report on October 1, 2021 (approved by the resolution of the Board of Directors on November 11, 2021)

Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the Company's financial reports which the CPA might issue prior to the engagement.	Not Applicable
Succeeding CPA’s written opinion of disagreement toward the former CPA	Not Applicable

(III) Formal response from former CPA regarding Article 10, Paragraph 6, Subparagraph 1, and Subparagraph 2, Item 3 of the Guidelines: None.

VI. The Company’s Chairman, Chief Executive Officer, Chief Financial Officer, and managerial officers in charge of its finance and accounting operations did not hold any positions in the Company’s independent auditing firm or its affiliates during 2022: None.

VII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report. Where the counterparty in any such transfer or pledge of equity interests is a related party, disclose the counterparty's name, its relationship between that party and the company as well as the company's directors, supervisors, managerial officers, and ten-percent shareholders, and the number of shares transferred or pledged.

(I) Changes in equity transfer and pledging

Unit: Share

Title	Name	FY2022		As of April 22, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Chiu-Feng Huang	0	0	0	0
Institutional Director	Hon Hai Precision Industry Co., Ltd.	0	0	0	0
Representative of Institutional Director	Kuo-Hong Lai	0	0	0	0
Director	Jung-Chien Tseng	0	0	0	0
Director	Shih-Shuan Huang	0	0	0	0
Independent Director	Chung-Piao Tsai	0	0	0	0
Independent Director	Chung-Jen Chen	0	0	0	0
Independent Director	Juan-Chi Weng	0	0	0	0
President	Chia-Cheng Chen	0	0	0	0
Vice President	Din-Yu Kuo (Note 1)	0	0	0	0
Senior Assistant Vice President	Tsai-Fong Kuo	0	0	0	0
Senior Assistant Vice President	Wan-Rong Cheng	0	0	0	0
Assistant Vice President	Wen-Chien Wu	0	0	0	0
Assistant Vice President	Chongsheng Liang (Note 2)	5,000	0	0	0
Head of Accounting	Cheng-Hsiang Yeh	0	0	0	0

Note 1: With office assumed on February 10, 2023, calculations are made based on the date after assumption.
Note 2: With office assumed on August 09,2022, calculations are made based on the date after assumption.

(II) The information about the counterparty who is a related party in any transfer or pledge of equity interests of a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent: None

(III) Equity Pledge: None

VIII. Relationship information, if among the Company's the 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another

April 22, 2023；Unit: Share

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Hon Hai Precision Industry Co., Ltd.	5,180,000	8.24	0	0	0	0	None	None	
Hon Hai Precision Industry Co., Ltd. Representative: Kuo-Hong Lai	0	0	0	0	0	0	None	None	
Chiu-Feng Huang	4,540,977	7.22	1,486,232	2.36	0	0	Hsueh-O Tsao Shih-Shuan Huang Shin-Wei Huang	Husband and wife Father and son Father and son	
Hung Yuan International Investment Co., Ltd.	3,836,000	6.10	0	0	0	0	Hon Hai Precision Industry Co., Ltd.	Its subsidiary	
Hung Yuan International Investment Co., Ltd. Representative: De-Tsai Huang	0	0	0	0	0	0	None	None	
Jiuyu Investment Co., Ltd.	2,302,456	3.66	0	0	0	0	None	None	
Jiuyu Investment Co., Ltd. Representative: Shin-Wei Huang	1,239,127	1.97	0	0	0	0	Chiu-Feng Huang Hsueh-O Tsao Shih-Shuan Huang	Father and son Mother and son Brothers	
Deluxe Shine Investment Limited	2,064,637	3.28	0	0	0	0	None	None	
Deluxe Shine Investment Limited Representative: Shih-Shuan Huang	530,875	0.84	800	0.0	0	0	Chiu-Feng Huang Hsueh-O Tsao Shin-Wei Huang	Father and son Mother and son Brothers	
Hsueh-O Tsao	1,486,232	2.36	4,540,977	7.22	0	0	Chiu-Feng Huang Shih-Shuan Huang Shin-Wei Huang	Husband and wife Mother and son Mother and son	
Shin-Wei Huang	1,239,127	1.97	0	0	0	0	Chiu-Feng Huang Hsueh-O Tsao Shih-Shuan Huang	Father and son Mother and son Brothers	
Hung Yuan International Investment Co., Ltd.	784,000	1.25	0	0	0	0	None	None	
Hung Yuan International Investment Co., Ltd. Representative: De-Tsai Huang	0	0	0	0	0	0	Hon Hai Precision Industry Co., Ltd.	Its subsidiary	
Huai-Yun Hsu	644,100	1.02	0	0	0	0	None	None	
Shih-Shuan Huang	530,875	0.84	800	0	0	0	Chiu-Feng Huang Hsueh-O Tsao Shin-Wei Huang	Father and son Mother and son Brothers	

IX. The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company

March 31, 2023; Unit: Share

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/ Managerial officers		Total Ownership	
	Shares	%	Shares	%	Shares	%
YAMCHEN (BVI) CO.,LTD	4,000,000	100.00	0	0	4,000,000	100.00
USUN TECHNOLOGY CO.,LTD	8,000,000	100.00	0	0	8,000,000	100.00
MONDE INVESTMENT CO., LTD	122,500	49.00	0	0	122,500	49.00
USUN MATERIALS SCIENCE CO., LTD	39,894,000	89.65	500,000	1.12	40,394,000	90.77
UMS OPTIC CO., LTD	16,960,000	71.77	6,280,000	26.58	23,240,000	98.35
Chenghan Technology Co. Ltd.	1,000,000	100.00	0	0	1,000,000	100.00

(IV) Funding Status

I. Capital and Shares

(I) Source of Capital

Unit: Thousand Shares, NTD Thousand

Month/ Year	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Effective (Approval) Date and Document No.
09.11.2000	10	12,000	120,000	12,000	120,000	Cash capital increase 50,000 Capitalized retained earnings 20,000	None	Approved by Letter Jing-(089)-Shang No. 133200 dated September 11, 2000
08.17.2001	10	25,000	250,000	25,000	250,000	Cash capital increase115,808 Capitalized retained earnings 14,192	None	Approved by Letter Jing-(090)-Shang No. 09001313410 dated August 17, 2001
10.29.2001	10	25,712	257,120	25,712	257,120	Cash capital increase	None	Approved by Letter Jing-(090)-Shang No. 09001423730 dated October 29, 2001
12.29.2003	10	30,000	300,000	30,000	300,000	Cash capital increase	None	Approved by Letter Jing-Shou-Chong-Zi No.09233197760 dated December 29, 2003
05.07.2004	10	32,140	321,400	32,140	321,400	Cash capital increase	None	93.05.07Approved by Letter Jing-Shou-Chong-Zi No. dated 09332079600 dated
09.28.2006	10	60,000	600,000	39,868	398,680	Capitalized retained earnings	None	95.09.28Approved by Letter Jing-Shou-Chong-Zi No.09532875980 dated September 28, 2006
08.28.2007	10	60,000	600,000	44,652	446,522	Capitalized retained earnings	None	96.08.28Approved by Letter Jing-Shou-Chong-Zi No.09632676230 dated August 28, 2007
09.28.2007	10	60,000	600,000	49,409	494,092	Cash capital increase	None	Approved by Letter Jing-Shou-Chong-Zi No.09632821710 dated September 28, 2007
09.09.2008	10	60,000	600,000	52,824	528,244	Capitalized retained earnings	None	Approved by Letter Jing-Shou-Shang-Zi No.09701230530 dated September 9, 2008
08.03.2009	10	100,000	1,000,000	62,824	628,244	Cash capital increase	None	Approved by Letter Jing-Shou-Shang-Zi No.09701230530 dated August 3, 2009
09.04.2009	10	100,000	1,000,000	65,746	657,460	Capitalized reserve 15,702 Capitalized retained earnings 13,514	None	Approved by Letter Jing-Shou-Shang-Zi No.09801204480 dated September 4, 2009
09.16.2010	10	100,000	1,000,000	68,030	680,302	Capitalized retained earnings	None	Approved by Letter Jing-Shou-Shang-Zi No.09901210430 dated September 16, 2010
05.20.2011	10	100,000	1,000,000	68,377	683,772	Stock warrants Shares conversion	None	Approved by Letter Jing-Shou-Shang-Zi No.10001101190 dated May 20, 2011
09.22.2011	10	100,000	1,000,000	67,893	678,932	Retirement of treasury shares	None	Approved by Letter Jing-Shou-Shang-Zi No.10001221920 dated September 22, 2011
11.25.2011	10	100,000	1,000,000	67,894	678,942	Stock warrants Shares conversion	None	Approved by Letter Jing-Shou-Shang-Zi No.10001269830 dated November 25, 2011
01.15.2013	10	100,000	1,000,000	67,988	679,879	Stock warrants Shares conversion	None	Approved by Letter Jing-Shou-Shang-Zi No.10201005190 dated January 15, 2013
04.25.2013	10	100,000	1,000,000	68,144	681,442	Stock warrants Shares conversion	None	Approved by Letter Jing-Shou-Shang-Zi No.10201075870 dated April 25, 2013
06.21.2013	10	100,000	1,000,000	69,144	691,442	ssuance of new restricted employee share	None	Approved by Letter Jing-Shou-Shang-Zi No.10201114870 dated June 21, 2013
11.15.2013	10	100,000	1,000,000	69,190	691,905	Stock warrants Shares conversion/Retirement of new employee shares	None	Approved by Letter Jing-Shou-Shang-Zi No.10201224780 dated November 15, 2013
11.26.2013	10	100,000	1,000,000	77,190	771,905	Cash capital increase	None	Approved by Letter Jing-Shou-Shang-Zi No.10201239310 dated November 26, 2013
04.15.2014	10	100,000	1,000,000	77,611	776,106	Stock warrants Shares	None	Approved by Letter Jing-Shou-Shang-Zi No.10301059760 dated April 15,

Month/ Year	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Effective (Approval) Date and Document No.
						conversion/Retirement of new employee shares and treasury shares		2014
08.26.2014	10	100,000	1,000,000	77,499	774,989	Stock warrants Shares conversion/Retirement of new employee shares and treasury shares	None	Approved by Letter Jing-Shou-Shang-Zi No.10301176790 dated August 26, 2014
01.16.2015	10	100,000	1,000,000	77,020	770,200	Retirement of new employee shares and treasury shares	None	Approved by Letter Jing-Shou-Shang-Zi No.10401004180 dated January 16, 2015
05.27.2015	10	100,000	1,000,000	77,482	774,816	ssuance of new restricted employee share	None	Approved by Letter Jing-Shou-Shang-Zi No.10401093660 dated May 27, 2015
09.09.2015	10	100,000	1,000,000	78,111	781,114	ssuance of new restricted employee share/Retirement of new employee shares	None	Approved by Letter Jing-Shou-Shang-Zi No.10401178690 dated September 9, 2015
12.03.2015	10	100,000	1,000,000	92,056	920,556	Cash capital increase/Retirement of new employee shares	None	Approved by Letter Jing-Shou-Shang-Zi No.10401257050 dated December 3, 2015
01.26.2016	10	100,000	1,000,000	92,036	920,360	Retirement of new restricted employee shares	None	Approved by Letter Jing-Shou-Shang-Zi No.10501016430 dated January 26, 2016
05.24.2016	10	100,000	1,000,000	91,755	917,550	Retirement of new restricted employee shares	None	Approved by Letter Jing-Shou-Shang-Zi No.10501102430 dated May 24, 2016
11.29.2016	10	100,000	1,000,000	91,640	916,403	Retirement of new restricted employee shares	None	Approved by Letter Jing-Shou-Shang-Zi No.10501274600 dated November 29, 2016
02.14.2017	10	100,000	1,000,000	92,288	922,877	ssuance of new restricted employee share/Retirement of new restricted employee shares	None	Approved by Letter Jing-Shou-Shang-Zi No.10601019160 dated February 14, 2017
06.30.2017	10	100,000	1,000,000	91,718	917,181	Retirement of new restricted employee shares	None	Approved by Letter Jing-Shou-Shang-Zi No.10601066880 dated May 26, 2017
02.27.2018	10	100,000	1,000,000	91,676	916,757	Retirement of new restricted employee shares	None	107.02.27Approved by Letter Jing-Shou-Shang-Zi No.10701018730 dated
08.31.2018	10	100,000	1,000,000	64,173	641,730	Cash capital decrease	None	Approved by Letter Jing-Shou-Shang-Zi No.10701110240 dated August 31, 2018
03.04.2021	10	120,000	1,200,000	63,473	634,730	Retirement of treasury shares	None	Approved by Letter Jing-Shou-Shang-Zi No.11001033480 dated March 4, 2021
02.23.2022	10	120,000	1,200,000	62,873	628,730	Retirement of treasury shares	None	Approved by Letter Jing-Shou-Shang-Zi No.11101022840 dated February 23, 2022

April 22, 2023, Unit: Thousand Shares

Share Type	Authorized Capital				Unit of Employee's Stock Warrants
	Issued Shares	Un-issued Shares	Treasure Shares	Total Shares	
Registered common shares	60,411	57,127	2,462	120,000	10,000

(II) Shareholder structure

April 22, 2023

Shareholder structure / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Personal	Treasury Shares	Total
Number of Shareholders	0	1	156	34	30,629	1	30,821
Shareholding (shares)	0	1,400	14,400,884	2,320,311	43,688,413	2,462,000	62,873,008
Percentage	0.00	0.00	22.90	3.69	69.49	3.92	100.00

(III) Shareholding Distribution Status (Par Value: NTD 10)

April 22, 2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1-999	25,681	1,133,194	1.80
1000-5000	3,921	8,192,947	13.03
5001-10000	607	4,634,534	7.37
10001-15000	186	2,313,416	3.68
15001-20000	117	2,133,998	3.39
20001-30000	102	2,521,759	4.01
30001-40000	56	1,981,491	3.15
40001-50000	25	1,150,605	1.83
50001-100000	66	4,508,803	7.17
100001-200000	34	4,510,791	7.17
200001-400000	12	3,297,966	5.26
400001-600000	4	1,953,975	3.11
600001-800000	2	1,428,100	2.27
800001-1000000	-	-	0.00
1000001 以上	8	23,111,429	36.76
合計	30,821	62,873,008	100.00

(IV) List of Major Shareholders: The number of shares and stake held by the shareholder with a stake of 5 percent or greater, or the shareholder who ranks among the top 10 in shareholding percentage.

April 22, 2023

Major Shareholder's Name	Shares	Percentage
Hon Hai Precision Industry Co., Ltd.	5,180,000	8.24%
Chiu-Feng Huang	4,540,977	7.22%
Hung Yang Venture Investment Co., Ltd.	3,836,000	6.10%
Jiuyu Investment Co., Ltd.	2,302,456	3.66%
Deluxe Shine Investment Limited	2,064,637	3.28%
Hsueh-E Tsao	1,486,232	2.36%
Hsin-Wei Huang	1,239,127	1.97%
Hung Yuan International Investment Co., Ltd.	784,000	1.25%
Huai-Yun Hsu	644,100	1.02%
Shih-Shuan Huang	530,875	0.84%

(V) Market Price, Net Worth, Earnings and Dividends per Share and Relevant Information during the Past Two Years

Unit: New Taiwan dollar, Thousand Shares

Item \ Year			2021	2022	As of March 31, 2023
Market Price per Share	Highest Market Price		52.30	37.85	40.65
	Lowest Market Price		30.35	21.2	33.30
	Average Market Price		43.04	30.05	37.14
Net Worth per Share	Before Distribution (Note 1)		37.63	39.40	42.57
	After Distribution (Note 1)		Not applicable.	37.40	Not applicable.
Earnings per Share	Weighted Average Shares (Thousand shares)		61,273	61,216	60,411
	EPS (After Tax)		0.27	1.68	-0.33
Dividends per Share	Cash Dividends (Note 2)		0	2.0	Not applicable.
	Stock dividend	EPS (NTD)	0	0	Not applicable.
		Dividends from Capital Surplus	0	0	Not applicable.
	Accumulated Undistributed Dividends		0	0	Not applicable.
Return on Investment	Price / Earnings Ratio (Note 3)		159.41	17.89	Not applicable.
	Price / Dividend Ratio (Note 4)		Not applicable.	15.03	Not applicable.
	Cash Dividend Yield Rate (Note 5)		0%	6.66%	Not applicable.

Note 1: The figures provided are based on the number of shares issued at the end of the year and the distribution approved by the shareholders' meeting of the subsequent year.

Note 2: The profit distribution proposal for FY2022 was approved by the Board of Directors on March 23, 2022, but has not yet been approved by the shareholders' ordinary meeting.

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

Note 4: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share. Cash dividends for 2021 were 0, hence not applicable.

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

(VI) Proposed Distribution of Dividend

1. The dividend policy

If the Company has earnings annually:

(1) the payments to tax liability, and

(2) the compensation of the accumulated deficit should be done first,

(3) Then 10% of the rest amount should be extracted to the legal reserve. If the legal reserve has reached the amount of paid-in capital of the company, this extraction may not be required. In addition, if the special reserve shall be reversed or reserved, according to the law or operating requirements,

(4) For shareholder’s bonus, after provisions of Item (1) to (3), the remaining amount plus accumulated undistributed retained earnings can be combined to distribute this earning through issuing new shares after the Board of the Director develops the proposal and submits it in the shareholder’s meeting.

If the Company intends to distribute all or part of the dividends, bonuses, statutory surplus reserve, or capital reserve in cash, the proposal shall be authorized by the Board of Directors meeting with over 2/3 of the entire board members attending and approval of over half of those present at the meeting, and then submit the proposal to the shareholders meeting for resolution.

Pursuant to Article 41-1 of the Securities and Exchange Act, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of stockholders' equity, such as foreign currency translation reserve, unrealized valuation gain/loss on available-for-sale financial assets, gain/loss from changes in fair value of hedging instruments in cash flow hedges, etc.

The Company's dividend distribution policy depends on the Company's future investment environment, capital budget, balanced dividend, long-term financial planning and shareholders' rights. Annual dividends shall be paid with priority in cash dividends, and stock dividends may also be distributed

2. The proposed dividend distribution at this shareholder's meeting:

   In 2022, the Company achieved a post-tax net profit of NTD 102,638,262. On March 23, 2023, the Board of Directors approved the proposed distribution of cash dividends to shareholders for FY2022, totaling NT$120,822,016 (NTD 2 per share). The ex-dividend date, payment date, and other related matters for the cash dividend distribution will be determined by the Chairman after approval at the shareholder's ordinary meeting on June 20, 2023.

3. Expected significant changes in the dividend policy: None.

(VII) Impact of Stock Dividend Distribution to Be Approved by Annual Shareholders' Meeting on Business Performance and EPS: Not applicable. ◦

In 2022, The Company issued a cash dividend of NTD120,822,016 through a resolution of the Board of Directors on March 23, 2023, pending the resolution of the shareholders' meeting, and there is no gratuitous allotment.

(VIII) Remuneration of employees and directors

1. Percentage or scope of the remuneration for employees, directors and supervisors, as stated by the Articles of Association:

   If the If the company makes a profit in the year, it should extract no less than 5% for the employee's remuneration and be resolute by the Board of Directors whether to distribute it by stock or cash. The object must be employees who meet certain conditions, and the conditions are authorized by the Board of Directors to resolute. The company can base on the profit amount and let the Board of Directors resolute the director's remuneration which is less than 3%. The employee's compensation and the directors' compensation shall be reported to the shareholders' meeting. However, when the company still has accumulated losses, it should retain the amount of compensation in advance, and then provide employees' compensation and directors' compensation according to the proportion of the preceding paragraph. When the directors of the Company perform their duties with the Company, regardless of the Company's operating profit or loss, the Company may pay remuneration. The Board of Directors is authorized to come to an agreement in accordance with their participation in the corporate operation and the value of their contribution along with the industry standards.

2. Regarding the estimation basis for the provision of employee and director remuneration, the calculation basis for stock-based employee compensation, and the accounting treatment for any differences between the actual distribution amount and the estimated amount in the parent company only financial statements for the fiscal year prior to the date of publication, when significant changes occur in the distribution amount decided by the directors, adjust the originally recognized annual expense accordingly. If there are still changes in the amount after the publication date of the individual financial statements, they are accounted for based on accounting estimates and adjusted in the subsequent year's financial statements. Since the Company offered to settle the compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

3. The approval of remuneration distribution by Board of Directors
   (1) The remuneration for employees and directors will be distributed in cash or shares. (In cash or in shares) and expenses previously recognized: For FY2022, pursuant to the resolution of the Board of Directors on March 23, 2023, the Company proposes to distribute NTD 19,290,357 (15%) in cash for employee remuneration and NTD 3,858,071 (3%) for Directors' remuneration, with both amounts being paid in cash and consistent with the accrued expenses on the books.
   (2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income for the current period and total employee compensation: Not applicable.

4. Information of 2021 Distribution of Compensation of Employees, Directors and Supervisors (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated: Regarding the employee remuneration distribution plan for FY2021, as

per the resolution of the Board of Directors on March 25, 2022, The Company proposes to distribute NTD 1,425,896 in cash (not yet distributed) for employee remuneration. There will be no distribution of Director remuneration, which is consistent with the estimated amount of expenses recorded for the year.

(IX) The Company's repurchase of the Company's shares:

	The first batch in 2018	The first batch in 2020	The second time in 2020	For the first time in 2022
Purpose of buy-back	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees
Timeframe of buy-back	2018/12/5-2019/1/2	2020/1/13-2020/3/5	2020/8/18-2020/10/12	2022/11/15-2022/12/30
Price range (NTD)	25-45	20-35	28-50	21-38
Class, quantity of shares repurchased (shares)	600,000 common shares	600,000 common shares	1,000,000 common shares	862,000 common shares
Value of shares repurchased (NTD)	21,265,499	16,145,998	39,596,791	28,950,584
Percentage of total company shares held (%)	60.00	75.00	100.00	86.20
Quantity of repurchased shares as a percentage of total shares to be repurchased (%)	Retired 600,000 shares	0	0	0
Shares sold/transferred	0	600,000	1,600,000	2,462,000
Accumulated number of company shares held	0	0.95	2.54	3.92

II. Issuance of Corporate Bonds: None.

III. Status of Preferred Stock: None.

IV. Status of Global Depository Receipts: None.

V. Status of Employee Stock Options

(I) The impact of employee stock warrants which have not yet reached the maturity date as of the date of the annual report on shareholders' equity: None.

(II) As of the date of the annual report, names, acquisition and subscriptions of managerial officers or top ten employees who have acquired employee stock warrant: None.

VI. Issuance of New Restricted Employee Shares:

(I) For all new restricted employee shares for which the vesting conditions have not yet been met for the full number of shares, the status up to the date of publication of the annual report and the effect on shareholders' equity: None.

(II) Names and acquisition status of managerial officers who have acquired new restricted employee shares and of employees who rank among the top ten in the number of new restricted employee shares acquired, cumulative to the date of publication of the annual report: None.

VII. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None

VIII. For the period as of the quarter preceding the date of publication of the annual report, the Company did not face any event with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits.

(V) Financing Plans and Implementation

I. Business Activities

(I) Scope of Business

1. Primary operating activities

Code	Business Type
E604010	Machinery Installation Construction.
CB01010	Machinery and Equipment Manufacturing
CB01990	Other Machinery Manufacturing.
CB01030	Pollution Controlling Equipment Manufacturing.
E603020	Elevator Installation Engineering
F401010	International Trade
CC01010	Manufacturing of Power Generation, Transmission and Distribution Machinery
F113010	Wholesale of Machinery
F113020	Wholesale of Household Appliance.
CC01030	Electrical Appliances and Audiovisual Electronic Products Manufacturing
CC01050	Data Storage Media Units Manufacturing.
CC01080	Electronics Components Manufacturing
CC01060	Wired Communication Equipment and Apparatus Manufacturing
CC01070	Telecommunication Equipment and Apparatus Manufacturing
F113050	Wholesale of Computers and Clerical Machinery Equipment
F113070	Wholesale of Telecommunication Apparatus
F119010	Wholesale of Electronic Materials.
F219010	Retail Sale of Electronic Materials
I501010	Product Designing
I301010	Software Design Services
F118010	Wholesale of Computer Software
I301030	Electronic Information Supply Services
J101060	Wastewater (Sewage) Treatment
ZZ99999	All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. The proportion of the main product business:

Unit: NTD Thousand

Products	2021		2022	
	Operating income	Proportion of operating (%)	Operating income	Proportion of operating (%)
CCL And PCB Automation Equipment	480,718	32.78	870,585	50.01
FPD and Touch Panel Devices	722,609	49.28	413,705	23.77
Other Automation Equipment	116,985	7.98	347,462	19.96
Other	146,169	9.96	109,057	6.26
Total	1,466,481	100.00	1,740,809	100.00

3. Goods (Services)

(1) CCL Plant-wide equipment
(2) PCB automation equipment
(3) FPD automation equipment
(4) Other automation equipment
(5) Others: refers to the Company's researched, developed and patented multi-purpose hook products and various automation system repair and maintenance income.

4. New products (services) to be developed in the future

The products to be developed in the future are listed below:

(1) The U.S.A door frame automatic assembly system
(2) The development for multi-purpose AMR driverless vehicle
(3) The multi-purpose optical lens assembly machine
(4) The development of rigid and flexible board system
(5) The development of small logistics return lines
(6) The development of the bonding process and equipment for the AR industry
(7) The development of semiconductor-grade high-end coating processes and equipment
(8) The study of the drilling on T≦1mm panel glass with nanosecond ultraviolet laser
(9) Development of laser heating modules for the CCL industry

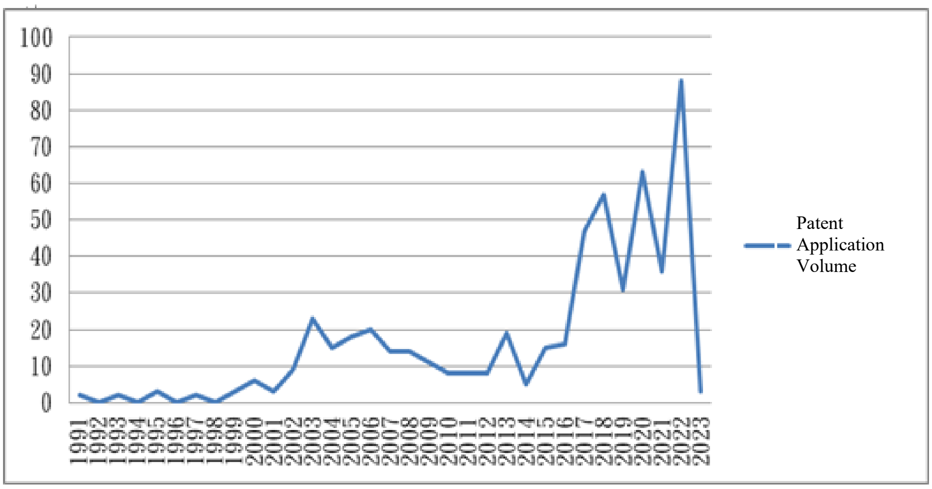


Figure 1 The Historical Patent Application Volume of USUN Technology

(II) Industry overview

1. The current status and prospect of the industry

The Company, founded in 1981, has accumulated more than 30 years of experiences in integration of automated mechanical and electrical systems and is a professional equipment supplier with a diverse business scope. Its automation equipment covers a wide variety of industrial applications and its business scope includes all kinds of machinery and auxiliary machinery and equipment across all industries (across the machinery industry) which adopt the Company's products, with metal processing, testing equipment, plant-wide automated transportation and processing and other various types of industries on the special or general production machinery as primary applications. These include various industrial chain processing automation equipment, Flat Panel Display (FPD) equipment, Printed Circuit Board (PCB)/ Copper Clad Laminate (CCL) equipment and 3C industrial automatic assembly, system integration conveyor equipment, etc.

The following is a summary of industries to which the Company's main products belong:

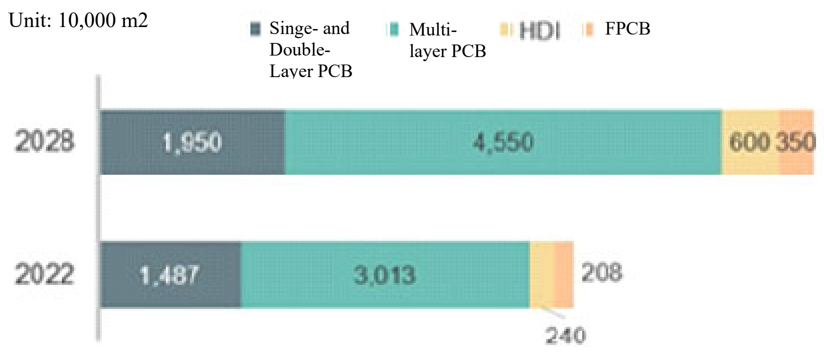
(1) Overview of the Printed Circuit Board industry

Taiwan Printed Circuit Association (TPCA) indicated that the production value of the global circuit board in 2022 amounted to USD 88.2 billion, with an annual growth of 3.2%. In 2022Q4, Taiwan's PCB production value was NTD 234.4 billion, with an annual growth rate of -2.6%. Robustly driven by the support of diverse advanced applications, such as ADAS, Servers satellite communicationsubstrates and other high-end application products, the production value throughout Year 2022 was NTD 903.3 billion or an annual growth of 10.5%, marking the second consecutive year of double-digit growth. Under the influence of international conflicts, high inflation, high inventory and other incessant negative factors, the original optimistic atmosphere immersing Year 2021 began to change with the release of global economic and consumption data in 2022. The global PCB production value revealed the growth momentum weakening quarter by quarter, with a considerable degree in weakening momentum.

According to TPCA’s observation, the electronics industries across Taiwan, Japan and South Korea are facing the same predicament. While the chip supply and demand have not yet stabilized, substrates have become a locomotive to offset negative factors, even to fuel the industrial growth. The robust demand for high-speed computing and the continuous upgrading of terminal product specifications are the reasons why global PCBs significantly outperformed the terminal sales trend. In particular, for sectors in Japan and South Korea, such as Ibiden, Shinko, Samsung Motor (SEMCO), LG Innotek, etc.., their substrate revenue accounts for more than 90% of their PCB business. In other words, the growth almost comes from the substrates; the Chinese enterprises which used to enjoy rapid growth suffered from visibly slowing growth resulting from the relatively low proportion of substrates. Under the customer's requirements to diversify geopolitical risks, the PCB industry has increased its attention to Southeast Asia such as Thailand, Vietnam and Malaysia. The new topology of the global industrial chain has been emerging after the epidemic. At the same time, extreme weather has turned into a global risk, and low-carbon transformation has become a key issue for enterprises to survive. In addition, the negative impact of high inflation and high interest rates in 2023 will continue in the first half of the year, and the growth driver which the industry relied on in the past will also be struggling in maintaining its strong momentum, so the challenge is more arduous, and Taiwan's PCB industry still has to stay cautious.

Based on TPCA analysis, the consumer product segment faced headwinds in 2022. Nonetheless, there was strong demand in high-end applications such as substrates, electric vehicle and servers, etc. This demand served as a robust growth driver for PCB manufacturing. On the other hand, the critical raw materials and equipment required for high-end PCB manufacturing still heavily relied on foreign suppliers. Although Taiwan's PCB materials and equipment have gradually transitioned towards advanced processes, the market penetration rate for high-value-added markets remains relatively low, which poses a significant challenge for the innovation and upgrade of Taiwan's PCB industry value chain, calling for urgent breakthroughs. Prismark predicts that.in the next five years, new directions driving the growth in PCB demand will include 5G, Artificial Intelligence, the Internet of Things (IoT), Industry 4.0, cloud servers, storage devices, and automotive electronics.

Estimated Usage of Automotive PCB



Source: Fuji Chimera Research Institute& CMK

(2) Overview of FPD Panel Industry

In 2022, the FPD panel industry faced numerous challenges, including the Russian-Ukrainian war, global inflation and interest rate hikes, and lockdowns across China, which led to brand factories cutting their ordering volume. Due to the consequential oversupply, panel prices plummeted, with some TV panel prices hitting historical lows. As a result, it is projected that Taiwan's panel industry will suffer from a year-long loss in profit performance. In particular, the TV panel market experienced a difficult year due to the global macroeconomic impact on demand. Samsung Electronics, a leading TV brand, shifted its strategy from high inventory to de-inventory mode in the middle of the year, prompting other brands to adopt an overall conservative procurement strategy. Panel factories witnessed a decline in shipments and area, leading to record-low utilization rates. Preliminary statistics from Sigmaintell indicate that global TV panel shipments are expected to be 270 million pieces, a decline by 1% YOY, with the global TV panel market's revenue scale estimated to decline by 44% year-on-year to approximately USD 23.7 billion in 2022. The growth of TV and IT panel production value has slowed due to market saturation.

In 2022, LCD panels, suffering the most, saw a significant decline in shipments and the average size of LCD TV panels decreasing for the first time in nearly a decade. To curb the continued slide in LCD panel prices, the average utilization rates of three major panel manufacturers, BOE, China Star Optoelectronics Technology and Huike, once dropped below 70%. In terms of OLED, rigid OLED mobile phone panels experienced a sharp decline of 38%, while the growth of soft OLED panels also slowed down. White OLED TV panels declined, and foldable OLED panels of smart phones increased by 77%. However, their underlying market was too small to stop the decline of the entire OLED market. In 2022, the demand for ultra-large sizes of 75 inches and above grew significantly due to the aggressive brand strategies, the demand orientation of profit margins, and the impact of the consumer market's demand. The growth of large-size market in the China for many years slowed down. The global supply pattern of display panels is also being rebuilt and reshuffled, with Chinese panel manufacturers' global market penetration increasing from 32.3% in 2019 to 55.5% in 2022. Sigmaintell predicts that the global share of Chinese panel manufacturers will grow slightly to 57.3% in 2023 so they may maintain their dominance in global display panel supply.

The data of TrendForce estimates that the total shipment of Mini LED backlight displays in 2022 will increase by 74% year-on-year to approximately 16.8 million units, with TVs as the major application of various brands. It is forecasted that Mini LED TV shipments will increase by 13% year-on-year to 4.4 million units in 2023. At present, the development of the FPD panel industry still mainly focuses on TFT-LCD. TFT-LCD enjoys the advantages of broad product applications and economies of scale, which meets the demand for the digital era's full range of IT products and consumer electronics. Taiwan, South Korea, Japan, and China are the world's major TFT-LCD-production countries. According to Omdia's survey report, in 2022, China and Taiwan were the world's top two TFT-LCD production regions, with a market share of large-size panel shipments of approximately 55% and 25%, respectively.

TV Panel Shipment Volume in the Past Five Years

Year	2019	2020	2021	2022	2023 (Est.)
Shipment (in 100 million pieces)	2.89	2.74	2.70	2.72	2.64
Data Source: TrendForce	-0.10	-5.40	-1.40	0.80	-2.80

(3) Overview of machinery and equipment industry (automation equipment)

In 2022, the export value of machinery and equipment is expected to reach USD 34.813 billion, with an annual growth rate of 5.1%, a record high. The annual output value may also reach NTD1.45 trillion for the first time, creating another record high. Taiwan Association of Machinery Industry has reported that the export value of machinery and equipment in last was USD 2.73 billion, or a YOY decrease of 8.7%. However, the cumulative export value of machinery and equipment reached USD 34.813 billion last year, representing an annual increase of 5.1%, and NTD 1.3268 trillion after conversion, or an annual increase of 11.2%. These figures not only hit a record high but also surpassed the *trillion* landmark.

Year 2022 is an extraordinary year in economic history, with the industry facing challenges such as material shortages, labor shortages, ship shortages and raw material price surges during the first half of the year due to booming economy and skyrocketing orders. However, in the second half of the year, the worsening Russian-Ukrainian conflict, the continued interest rate hikes of the U.S,A to suppress inflation, and China's strict implementation of Zero Covid and Lockdown measures resulted in a hard hit against the demand for the machinery industry and impacted the confidence of domestic and foreign enterprises in continuous investment. As a result, the machinery industry has experienced a sharp decline in orders and sales, and the overall operation for the year has been volatile, like a rollercoaster ride. Hence, the industry's operations for the year were a mixed bag. In response to climate change, governments and companies around the world are increasingly paying attention to such issues as carbon neutrality, net zero carbon emissions, circular economy, and corporate ESG. Apple, Amazon, Walmart, and other well-known American manufacturers begun to require their suppliers to reduce carbon emission year-by-year.

Generally speaking, despite innumerable challenges, the future of the machinery industry remains promising. As many countries become more aware of their local supply chain's chip shortage caused by the epidemic and other factors and their need to achieve net zero carbon emissions, an increasing demand for low-carbon and high-performance equipment to improve related processes will be witnessed. The business opportunities for machinery and equipment will thus emerge, and the continuous development of the IoT, with the implementation of sensors and Artificial Intelligence, will be the primary solution for the machinery industry after hardware development. Taiwan Printed Circuit Association (TPCA) reported a slight increase of 4.8% in the revenue of TWSE/TPEx-Listed PCB equipment companies in 2022, compared to 2021.

2. The Interrelation between Upstream, Midstream, and Downstream Segments of the Industry

Essentially, the automation sector is not confined to a specific industrial chain but rather integrated into each industrial chain, serving as a technical and service support. Thus, to enhance production advantages, each sector must focus on cost minimization and efficiency maximization and automation plays a pivotal role in achieving these goals. The structural composition of the Company's industry across upstream, midstream, and downstream segments is as follows:

Upstream	Middle Stream	Downstream
Motor Industry Automation Component Industry Mechanical Processing Industry	Automated Process Equipment Industry	CCL Industry PCB Industry FPD Industry Touch Panel Industry Other Industries (3C, Logistics, etc.)

(1).Upstream: The equipment industry's upstream segment mainly comprises suppliers of processed parts and components (such as bearings, motors, and pneumatic components) necessary for automation equipment and external suppliers specializing in mechanical and electrical engineering.

(2).Midstream: Refers to equipment manufacturers, which adopt appropriate modularization to cater to the diverse requirements of downstream customers. Since downstream customers (such as panel factories) employ distinct manufacturing processes, equipment specifications vary accordingly. Consequently, most equipment is produced in a customized manner.

(3).Downstream: The downstream segment encompasses various industries related to automation equipment, including CCL, PCB, FPD, touch panel, 3C, and logistics manufacturers.

According to the analysis on changes within the upstream industry, the primary raw materials for processed parts and components comprise bulk metals (like iron, aluminum, and stainless steel) so fluctuations in bulk metal prices tend to prompt upstream suppliers to adjust supply prices. However, the Company possesses the capability to partially pass on production costs to downstream customers, and its current supplier network is sufficiently diversified, thus mitigating significant risks stemming from upstream industry changes.

Considering changes within the downstream industry, the Company has observed an increased investment proportion in various sectors, including CCL, PCB, FPD, touch panel, 3C, and logistics, driven by cost-reduction initiatives and global expansion strategies. Consequently, equipment companies have established production bases in China to minimize costs and provide localized customer service. To this end, the Company has also established production bases in Shanghai and Foshan. In order to mitigate risks associated with excessive dependence on any single industry, Yangcheng Technology has expanded its automation equipment offerings beyond the CCL, PCB, and FPD industries and encompass the 3C, logistics, and touch panel industries. This strategic diversification is fueled by the prevalence of smartphones and tablets as mainstream electronic products, which are expected to exhibit future growth. Additionally, rising wages in China and significant personnel cost increases have rendered the era of cheap labor obsolete, thereby driving demand for automation equipment within the 3C industry. In summary, the impact of downstream industry changes on the Company remains relatively limited.

3. Product Development Trends and Product Competition

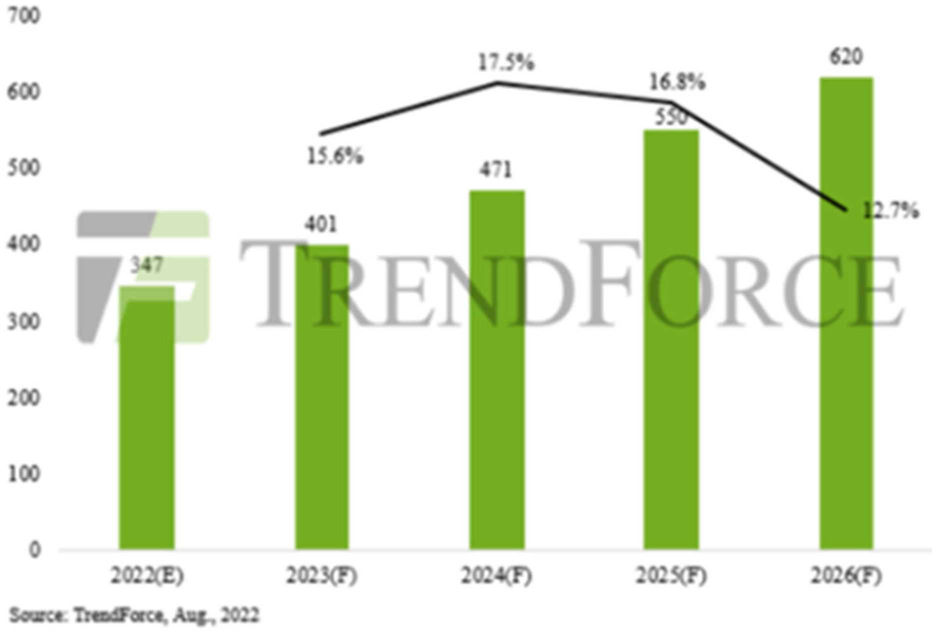
The conflict between Russia and Ukraine has raised awareness among governments and multinational corporations regarding the escalating risk of geopolitical conflicts. Consequently, an increasing number of companies are adjusting their supply chain strategies on a larger and faster scale. Taiwan, economically and strategically positioned as a vital supplier of semiconductor, PCB, and other electronic components worldwide, holds significant geopolitical importance. It is crucial to actively participate in restructuring movement of the global supply chain in order to found a strong position in the new arena.

As ESG and Industry 5.0 mindset have been introduced and small-volume but large-variety production has become a prominent trend in the current manufacturing industry, enhancing production efficiency and reducing costs are enterprises' crucial objectives in their transformation towards smart manufacturing. Countries worldwide have joined the energy conservation and carbon reduction movement in response to climate change, and the manufacturing industry is surely no exception. The traditional manufacturing sector is recognized as a major energy consumer. Therefore, transitioning from introducing smart technologies to implementing smart factories and aligning with the global trend on net-zero carbon emissions through precision manufacturing and efficient energy management becomes an important concern. Additionally, catalyzed by factors such as declining birthrates and net-zero carbon emissions, implementing automation through smart manufacturing is an issue which the manufacturing industry must confront.

Influential reports from institutions such as the Institute of Commerce and Research, the Taiwan Economic Institute, and the Institute of Industry and Research indicate that, Year 2023 will witness three significant trends. The first one is the breakthrough and innovative application of AI, similar to the new version of the conversational robot, ChatGPT. The second trend is the continued rise of sustainability across various industries. With the approaching net-zero timeline of Year 2050, global laws and regulations are being tightened and consumers and investors are increasingly inclined towards embracing sustainable values. This shift is subverting traditional business models. The third trend is the emergence of global geopolitical tensions. Variables such as the Russian-Ukrainian conflict and the Sino-US chip war continue to impact global industrial and economic structures, intensifying the political dynamics among major countries. In the machinery industry, several noteworthy trends are forming in 2023, particularly in the semiconductor equipment sector. First, companies need to prepare themselves for the low-carbon era. Second, there will be a streamlining and digitalization of production management processes. Third, collaboration with the supply chain to develop Green Machinery for customers will be emphasized. Alongside mastering core technologies and strengthening market cultivation, future challenges will involve addressing low-carbon issues and integrating environmental protection and energy conservation into business models. Furthermore, the application of AI will undoubtedly be a highlight in this year's smart manufacturing landscape.

According to a survey, the global smart manufacturing market is projected to grow from USD 258.72 million in 2022 to USD 365.22 million in 2028, with a compound annual growth rate of 6.0%. The current smart manufacturing market exhibits several prominent characteristics. Firstly, the automotive industry is experiencing rapid growth, generating significant demand for flexible manufacturing, energy efficiency, carbon reduction, and new software and materials. This growth drives the development of smart factory solutions. Secondly, due to supply chain migration, many international supply chains have shifted towards Southeast Asia and India, stimulating the rise of automation, robotics, 3D printing, smart molds, logistics and Internet of Things (IoT), cold chain technology, laser applications, and other technologies. During recent years, Malaysia, Vietnam, Thailand, and Singapore have witnessed significant investments in electronic manufacturing, including printed circuit boards (PCBs), electric vehicles (EVs), semiconductors, and information communications, triggering a wave of smart manufacturing equipment investment.

Graph - Estimated Global Smart Manufacturing Market Size from 2022 to 2026 (Unit: Billions in USD)



Source: TrendForce

(III) Technology and R&D

1. R&D expenses invested in during latest year ad as of the date of publication of the Annual Report

Unit: NTD Thousand

Item	FY2022	As of the end of March, 2023
Research and development expense	243,076	66,951
Net operating income	1,740,809	300,994
% of revenue	13.96%	22.24%

2. Successfully developed technologies and products in the latest year and as of the date of publication of the Annual Report

Year	Major R&D Achievements
2022	1. Plant-Wise Smart Automation Equipment 2. Automated Loading and Unloading for Stamping Die 3. Foil Application Line 4. Lens Assembly Machine 5. Automated PU Injection Molding Machine 6. Semi-Automatic Assembly Line with PU Dispensing Equipment 7. The Packaging System for Tubes with Medium Diameter 8. Smart Bonding Equipment for Soft Materials 9. AR Lens Bonding Devices 10. Coating Process for Wafer_3um Piezoelectric Materials 11. Coating Process for 75nm-thick Biochips 12. The Process with CO2 Laser Preheating to Reduce Film Cutting Dust 13. Precision Cutting Technology for PC Materials 14. Double-Sided Film Stripping Equipment for the 8.5th Generation Glass 15. Thermoforming Lamination Equipment for Curved Surfaces 16. The Automated AMR Production System 17. Development of the AMR Control System 18. Development of SLAM

(IV)Long-term and short-term business development plans

1. Short-term business development plan
   (1) Short-term business development plan
      A. With a customer-centric approach, we aim to meet the highest standards by proactively gathering information on customer demand, ensuring accurate delivery, maintaining excellent quality, and offering competitive pricing in our marketing services to assist customers in seizing favorable business opportunities.
      B. Actively expanding our presence in the Chinese markets and increasing our market share in emerging countries by deepening our collaboration with regional industrial chains.
   (2) Production and quality strategies
      A. Seek new suppliers of raw materials to foster healthy competition, reduce product costs, and ensure a stable supply of key components.
      B. Leveraging our ERP system, we are effectively managing raw materials and enhancing production management.
      C. Strictly adheres to the quality policy of prioritizing customer satisfaction as our guiding principle.
      D. We have implemented comprehensive quality control measures encompassing anomaly tracking, construction timeline management, industrial safety, and inventory management. These initiatives aim to reduce costs and achieve our quality goals. ◦
   (3) R&D strategies
      A. In response to changeful market dynamics and customer needs, we continuously evaluate our developed products, upgrading their quality and cost-efficiency, which allows us to render customers with high-quality and cost-effective equipment services in a timely manner.
      B. Actively engage in government-led automation equipment development plans and collaborate with key technology alliances to access relevant government resources and leverage key technology advancements.
   (4) Management strategies
      A. Prioritize strengthening our after-sales service to sustain business growth and profitability.
      B. Closely monitor global market changes and provide real-time information to management to optimize operational performance.
2. Long-term business development plans
   (1) Marketing Strategies
      A. Align with the localization policies of automation process equipment to enhance marketing efforts

and expand the development of related equipment.
B. Unceasingly explore industri0es with automation needs and diversify our customer base.
C. To globalize our business, we actively cultivate marketing talents, found a robust marketing network, and expand our market share.

(2) Production and Quality Strategies
A. We aim to integrate production and manufacturing, maximizing our product manufacturing capabilities so as to perfect our production efficiency and reduce costs.
B. We optimize the integration of resources between our parent and subsidiary companies, establishing the most efficient production management model to boost market competitiveness.

(3) R&D Strategies
A. We vigorously pursue the development of niche products and venture into diverse industries to mitigate risks.
B. Through incessant integration of the PDM system, we are constructing a comprehensive database of shared institutions and components to facilitate resource sharing, accelerates R&D processes and operations.
C. We persistently participate in relevant government-led automation equipment development plans, aligning with national industrial development policies and, through collaborative development, accelerate product development, acquire key technologies, and support business marketing activities.

(4) Management Strategies
A. We are committed to establishing a comprehensive quality control system, ensuring customer satisfaction and creating a brighter future for our customers.
B. We maintain a sound financial structure and fortify comprehensive financial planning to minimize operational risks and ensure consistent business performance.

II. MARKET AND SALES OVERVIEW

(I)Market analysis

1. Main Sales Areas of Products (Services)

Unit: NTD Thousand

Area \ Year		2021		2022	
		Amount	Proportion (%)	Amount	Proportion (%)
Domestic sales		825,542	56.29	512,780	29.46
Overseas Sales	Asia	480,561	32.77	1,169,334	67.17
	Americas	144,796	9.87	58,695	3.37
	Europe	15,582	1.06	-	-
	Subtotal	640,939	43.71	1,228,029	70.54
Total		1,466,481	100.00	1,740,809	100.00

2. The Market Share

The Company's automated process equipment is not limited to a single market, so relying solely on market share information from one industry will fail to fully reflect its true position. According to the Taiwan Association of Machinery Industry, the estimated overall output value of Taiwan's machinery in 2022 was NTD 1.45 trillion. According to the Company's estimated consolidated revenue in 2022 of NTD 1.741 billion, the Company's market share would be approximately 0.12% and the peer's market shares within the industry were also small. Hence, the Company still maintains a certain industrial position in the automation machinery and equipment industry for the future.

3. Market Supply and Demand and Future Market Growth

In its World Economic Outlook report, the International Monetary Fund predicts that the global economy will experience slower growth in 2023, projecting a growth rate of 2.7%, compared to the 3.2% growth rate in 2022. This forecasted growth rate is the lowest since 2001.

(1) Printed Circuit Board Industry

According to the TPCA (Taiwan Printed Circuit Association), the demand for terminal electronic products is expected to be conservative due to the overall less-than-perfect economic outlook. This may lead to continued sluggish sales and inventory accumulation in the first half of this year. Nevertheless, the second half of the year presents an opportunity for gradual recovery. Overall, the volatility of global terminal products is expected to decrease in 2023, with a slight recession.

TPCA believes that the low-orbit satellite industry has significantly improved its visibility. The willingness and intensity of manufacturers' investment have concurrently increased, contributing to the establishment of a positive supply-demand cycle. It is anticipated that the output value of Taiwan's PCB in low-orbit satellite-related products will experience accelerated growth in the coming years. Low-orbit satellite communication networks are increasingly recognized as vital communication solutions for rural and remote areas, as well as mobile vehicles on land, sea, and air. Major players like SpaceX, OneWeb, Telesat, Viasat, Amazon, and others have recently entered the low-orbit satellite market, indicating promising future growth in this consumer market. Market research agencies estimate that the global satellite industry's output value will reach USD 308.3 billion in 2023, with an annual growth rate of 4.5%. Prismark estimates that, in 2023, the PCB industry, including RPCB multilayer boards, FPC + modules, HDI, and IC substrates, will experience a decline in output value across the whole industry. The estimated output values are USD 37.34 billion, USD 13.427 billion, USD 11.528 billion, and USD 16.073 billion, respectively. These figures represent a slide by1 3.57%, 3%, 2%, and 7.71% compared to 2022.

Estimated Market Size of Various PCBs Worldwide

	RPCB Multilayer Boards	Flexible Boards + Modules	HDI	IC Substrates
2022 (E)	387.21	138.42	117.63	174.15
2023 (F)	373.40	134.27	115.28	160.73
2024 (F)	381.79	141.31	122.25	174.41
2025 (F)	419.39	148.72	129.65	189.26
2026 (F)	444.30	156.52	137.49	205.38
2027(F)	450.48	164.73	145.81	222.86
2022~2027 CAGR	3.1%	3.5%	4.4%	5.1%
Date Source:	Prismark		Unit:	USD Million

Looking ahead to 2023, given the unfavorable overall economic outlook, the demand for terminal electronic products is expected to be conservative. However, as inflation slows down, the demand for economy and consumption is projected to resume growth in the second half of the year. As a result, there is still a chance for a slight 3% growth in the global PCB output value, reaching a total of USD 90.8 billion. The rapid growth of electric vehicles has brought about innovative trends in the century-old automotive industry, known as "CASE" (Connectivity, Autonomous, Shared, and Electrified). This has increased the demand for automotive chips and automotive PCBs. Automotive PCBs are expected to increase by 50% compared to 2022. Single and double panels and multi-layer boards still account for the largest volume. Nevertheless, HDI and FPC are experiencing the strongest growth driven by ADAS, smart cockpits, and battery flexible boards. By 2028,

(2) FPD Panel Industry

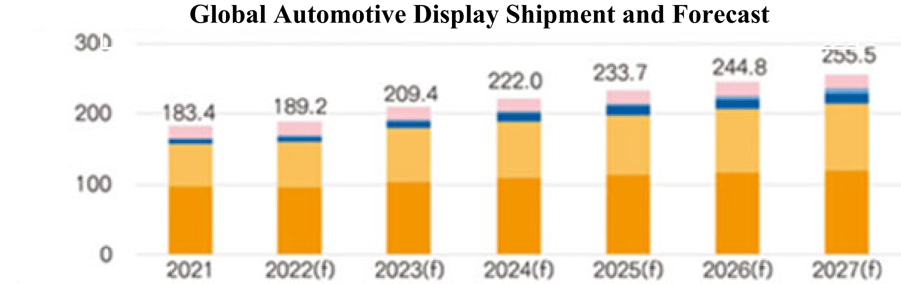
In the context of global warming and the pursuit of zero carbon emissions, renowned car manufacturers are investing in the fields of electric vehicles and autonomous driving due to environmental protection and safety considerations. In-car environments have focused on visual presentations of safety sensing, in-car information, entertainment needs, and multimedia connectivity. As the benefits of the pandemic diminish from 2022 to 2023, competition among processor platforms will remain intense. The expansion of ultra-micro 5nm and the use of ARM architecture in the industry's product line will improve the cost performance of NB, contributing to NB shipment growth, albeit at a slower rate. From 2024 to 2025, a new wave of replacement demand is expected.

Based on the "Mini/Micro LED Display Industry White Paper" released by China Video Industry Association, the automotive market is poised to become a key growth driver for Mini LED technology. The adoption of Mini LED in the automotive sector is projected to expand starting in 2023, with the market size expected to reach 4.5 million units by 2025, exhibiting a compound annual growth rate of 159%.

In 2023, European and American automakers will gradually expand the application of Mini LED backlight displays to a wider variety of vehicle models, with an estimated shipment of 450,000 units. It is anticipated that shipments of automotive Mini LED backlight displays will experience significant growth in 2024 and beyond.

Panel manufacturers must strategically prioritize diverse emerging technologies such as high resolution, ultra-large size, high refresh rate, LTPO, and Mini-LED to drive product innovation and explore new market opportunities. These efforts will enhance the competitiveness of enterprises during a period of low demand. Global economy will suffer from weaker impact from the pandemic and the benefit brought to commercial displays by the pandemic will also disappear. Still, some commercial display markets will continue to grow, possibly making Year 2023 a pivotal year for advertising screens.

Looking ahead to the global large-size LCD panel industry and market development by 2025, the overall supply and demand will tend to be healthy. The supply side will be dominated by two major Chinese players, BOE and TCL China Star, which are expected to control nearly 49% of the production capacity, thus leading the market trends. During the period from 2020 to 2025, Taiwanese manufacturers' CAGR for large-size LCD panel capacity is estimated to be only 0.1%. We will not be able to compete directly with Chinese enterprises in TV applications. Therefore, we need to solidify our market share in areas such as notebooks, monitors, and non-mainstream applications to create opportunities for profit. With the advent of the digital economy era, the industry is adapting to upgrade and transform with new thinking. It is transitioning from a manufacturing-oriented approach to a cross-domain integration model, creating new user-centric values. By integrating across different fields and industries, it aims to create new experiences and expand into vertically oriented markets driven by various applications, seizing the new business opportunities in the smart display market estimated at a scale of USD 170 billion.



	2021	2022(f)	2023(f)	2024(f)	2025(f)	2026(f)	2027(f)
Other	17.5	19.1	17.5	18.6	19.0	19.2	19.4
Rear Mirror	2.4	2.6	2.9	3.0	3.5	5.0	6.6
Head-up Displays	6.1	6.5	9.3	11.3	13.0	13.9	14.6
Dash Board	60.6	65.7	76.0	80.4	85.2	90.0	94.8
Center Console	96.8	95.3	103.7	108.7	113.0	116.7	120.2

Source: DIGITIME Research 2023/1

Global Automotive Display Shipment and Forecast

(3) Machinery and equipment manufacturing (automation equipment sector)

IEKCQM from Industrial Technology Research Institute indicated, “The projected growth rate for manufacturing output value in 2023 is 3.24%, but a cautious approach is advisable.” According to Grand View Research, a global research organization, the global market for industrial automation and control systems is forecasted to reach USD 28.99 billion by 2028, with a compound annual growth rate of 8.9%. Enterprises are actively investing in energy conservation, carbon reduction, remote operation, virtual reality, and simulation operations to meet the increasing market demands. These investments aim to address the challenges associated with the slow development of Industry 4.0 and accelerate the advancement of related technologies. The market research firm believes that these trends will also impact the size of the global smart manufacturing market. Preliminary estimates suggest that, by 2026, the global smart manufacturing market size will reach USD 620 billion.

The market size of smart manufacturing is expected to reach USD 347 billion this year, with successive annual increases to USD 401 billion, USD 471 billion, and USD 550 billion over the next three years. According to TrendForce, the initial estimated annual growth rates are 15.6%, 17.5%, and 16.8%, respectively. By 2026, the overall market size may even surpass USD 620 billion, nearly doubling the size of this year's market, while maintaining double-digit growth at an annual growth rate as high as 12.7%. Since the outbreak of the pandemic, the automation industry has experienced significant growth. The global industrial automation market is estimated to reach $196.6 billion in 2021 and is projected to expand to over $412.8 billion by 2030. Furthermore, it is expected to grow at a compound annual growth rate (CAGR) of 8.59% during the forecast period from 2022 to 2030.

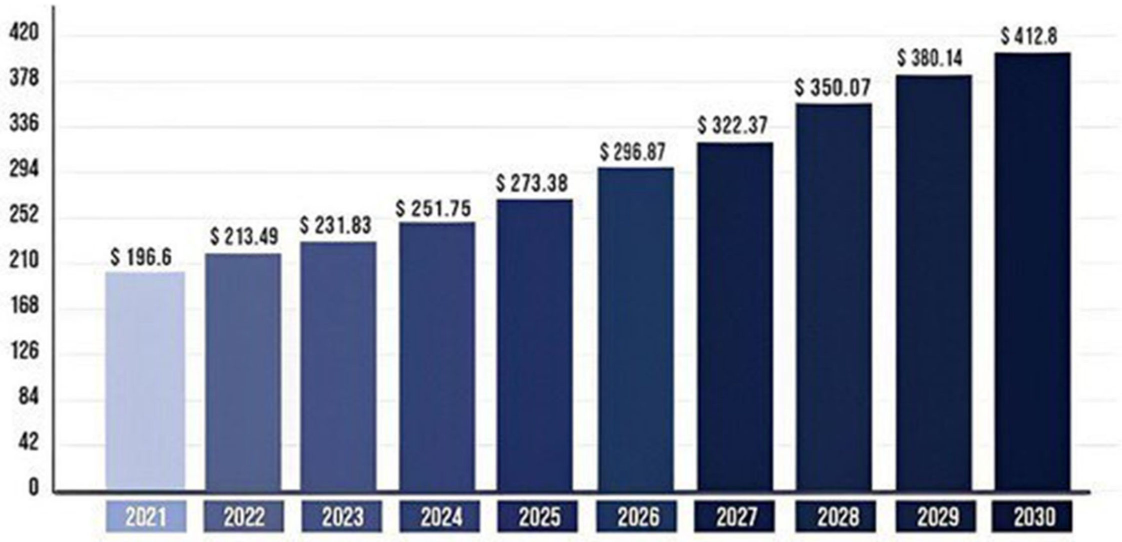


Figure 1: Industrial Transformation Led to Rapid Growth of the Global Automation Market. （source：Precedence Research）

Looking ahead to 2023, despite the limited improvement in the market atmosphere, many operators maintain an optimistic outlook on customer investment demand. The Company holds a favorable position with its current order backlog and anticipates a gradual recovery in demand during the second half of the year. The inflation, interest rate hikes, and sluggish terminal demand will cause an impact on corporate capital expenditure. However, due to the clear trend of global and decentralized supply chains, coupled with the emergence of new demand amid the chip ban, the supply chain has flourished. Consequently, equipment factories continue to experience strong business performance.

Looking ahead, the Company remains optimistic and maintains a positive outlook. We approach our operations with cautious optimism and strive for steady and prudent management.

4. Competitive advantage

With over 30 years of dedication in the automation equipment business, the Company specializes in researching, developing, designing, and manufacturing automation system equipment. It possesses extensive experience in sales and after-sales service, and has successfully implemented ISO9001 and ERP systems. Notably, the management team excels in integrating the production, sales, and research and development of automation equipment, providing the Company's products with differentiation and cost-competitive advantage within the industry. Additionally, in response to industry trends, the Company enthusiastically develops automated process equipment which meets customer needs, offering a comprehensive range of technical services and fostering close cooperative relationships with customers.

Among numerous domestic automation equipment manufacturers, the Company stands out by boasting a strong product design team capable of competing with well-known equipment manufacturers in Japan and abroad. The Company's leading development technology and adaptability in rapid product design have secured its position as an industry leader. Furthermore, customer maintenance remains a priority as the Company continues to cultivate existing customers and seeks more effective and cost-saving solutions. The Company enjoys a good customer dependence and return rate.

Looking towards the future, the Company plans to navigate the impact of the Sino-US trade war and weakening terminal demand by means of integrating internal resources and investing vigorously in the research and development of flexible and unmanned process equipment. This approach aims to enhance competitive advantages and occupy favorable niches. The Company adheres to its business philosophy of "Satisfying Customers and Building the Future Together" and upholds the quality policy of "On schedule, With quality, and At Competitive Prices" to serve customers continually. Additionally, the Company seeks to leverage its progressively diversified product lines, including FPD automation equipment, PCB and CCL automation equipment, and 3C and other customized automation equipment.

5. Favorable and unfavorable factors for development prospect and according countermeasures

(1). Favorable factors:

A. Extensive experience in research and development and technology integration.

B. A robust business model and excellent quality control.
C. Provision of comprehensive and prompt customer services.
D. Rising wages in China leading to increased demand for automation equipment.

(2). Unfavorable factors and countermeasures:

A. Downstream electronics industry faces challenges of high land and labor costs, resulting in relocations.
Countermeasures:
The Company established Shanghai and Foshan Sun companies, capitalizing on the advantages of cross-strait division of labor. This measure enables continued service provision to existing Taiwanese customers while expanding our customer base across nearby regions of China, minimizing the impact of customer relocations.

B. Economic fluctuations cause delays or suspensions in capital expenditure by single-industry manufacturers.
Countermeasures:
Vigorously venturing into different industries to diversify risks and maintaining strong relationships with customers while closely monitoring industry trends. This strategy allows the Company to seize the best opportunities to launch new products ahead of the industry.

C. The growing number of domestic manufacturers leads to fierce price competition.
Countermeasures:
The Company is aggressively pursuing the development of niche products, establishing entry barriers through advanced technical capabilities, and adopting a strategic approach to avoid engaging in price competition with competitors. Furthermore, the Company maintains a vigilant eye on industry trends and fosters strong customer relationships, enabling it to seize optimal opportunities and spearhead the introduction of new products which align with customer needs.

D. The difficulty to acquire exceptional R&D talents poses a challenge to the Company's long-term sustainability.
Countermeasures:
The Company has implemented various measures to attract and cultivate exceptional technical talents, including competitive salary packages, bonuses, and comprehensive welfare systems. By focusing on knowledge management, experience accumulation, and strengthening competitiveness, the Company strives to enhance its overall appeal to employees. In addition, the Company has implemented employee incentive plans such as the Equity Subscription Program, which boosts employee engagement and attracts outstanding talents to continuously contribute to the Company's success. Recognizing the inconvenience of its current location, the Company took proactive steps in Year 2014 by purchasing real estate in the Banqiao District of New Taipei City and establishing an R&D center in Year 2015.

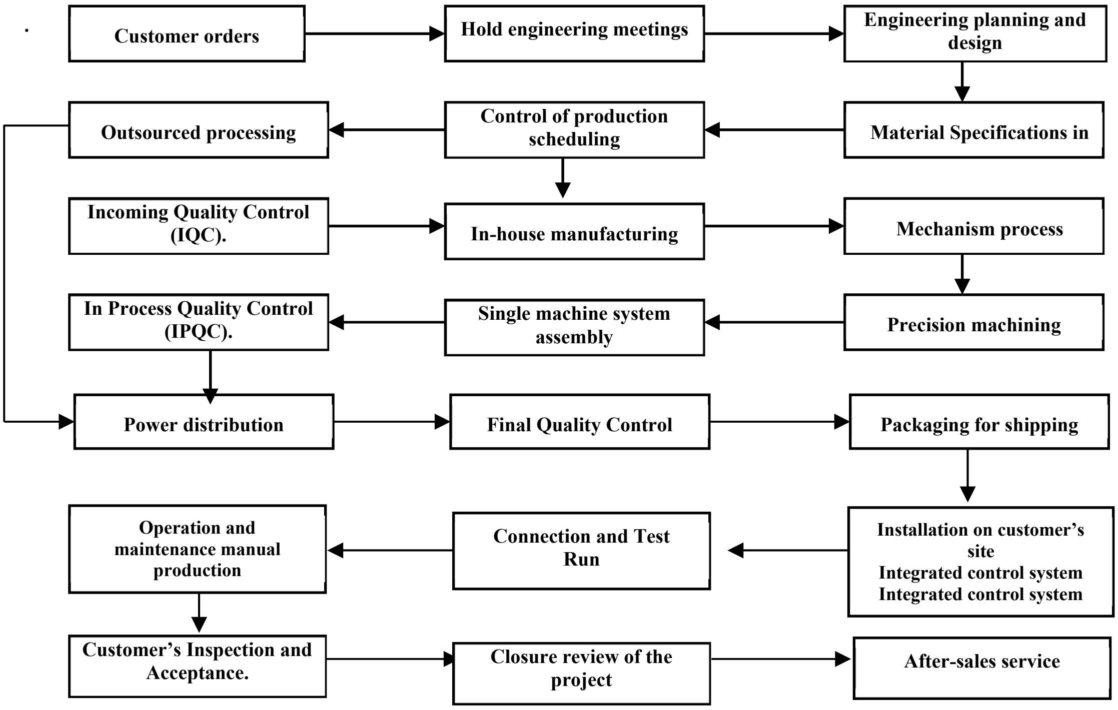
(II) Significance and Production Processes of Key Products

1. Key Products and their Significance

Item		Important uses and functions
Fully Automated Production Systems	Optoelectronic Touch Panel Smart Production Equipment	Optoelectronic Touch Panel Smart Production Equipment Glass Panel Dismantling Machines, Automated Handling Systems, Dry Cleaning Machines, Bonding Machines For Polarizers/E-Paper/OCA/LOCA, Slit Coaters for PR/OC/PI, LCM+B/L Module Automated Assembly Lines
	Customized Specialized Equipment	Mask Machines, Veneer Core Builders, De-Mura+Gamma Turing Automated Inspection Equipment, AVI Loading And Unloading Machines, High-Speed Receiving Machines, Lid Opening and Film Tearing Machines, Laser Scanning Systems, FPC Electrical Testing Automated Loading and Unloading Machines, RTR CVL Double-Sided Automatic Bonding Machines, Fully Automated Sole Edge Grinding Machines, Lithium Battery Process Equipment, LENS Mount
	Industrial Smart Automation System Integration	Pallet Racking Systems, Containerized Warehousing Systems, Sorting Systems, WMS Warehouse Management Systems
	PCB/CCL/Fiberglass Industry Smart Production Equipment	PCB Auto Assembly, CCL Auto Assembly, Laminated Steel Auto Cleaner, CCL Auto Testing, CCL Auto Cutting, Fiberglass Industry Smart Production Equipment
Other	Equipment Maintenance and Repair	Equipment Maintenance and Upkeep Services.
	Multi-Purpose Hook Products	Suitable for organizing and storing cleaning tools in various industries, space-saving, and easy to use.

2. Production Processes

As an automation system equipment company, the Company adheres to the following principles and foundations of production processes for various automatic integrated conveyor systems:



(III) Major Raw Material Supply

The Company's primary product line comprises automation equipment for various industries, encompassing sensing, control, drive, and mechanism functionalities. Consequently, the related raw materials exhibit commonalities. Key raw materials encompass iron, non-alloy steel, aluminum, plastic materials, machining components, linear slide rails, motors, servo motors, reducers, frequency converters, electrical boxes, belts/rollers/chains, gears, air compression components, electrical control components, touch screens, electrostatic elimination rods, PLCs, and other materials. The majority of these materials are domestically sourced, and, due to the Company's strong creditworthiness, manufacturers typically ensure a stable supply.

(IV) Major Suppliers and Clients

1. Suppliers accounting for over 10% of total purchases in any of the past two years, along with reasons for changes in their contribution

Unit: NTD Thousand

	2021				2022				As of the previous quarter of 2023			
Item	Company Name	Amount	The Ratio of Net Purchases for The Year [%]	Relationship with the Issuer	Company Name	Amount	The Ratio of Net Purchases for The Year [%]	Relationship with the Issuer	Company Name	Amount	The Ratio of Net Purchases as of the End of the Previous Quarter of the Current Year [%]	Relationship with the Issuer
1	Other	1,115,808	100%	-	Vendor A	99,208	15.45%	None	Vendor B	14,704	16.24%	None
					Other	542,862	84.55%	-	Other	75,837	83.76%	-
	Net Purchases	1,115,808	100%		Net Purchases	642,070	100%		Net Purchases	90,541	100%	

The Company is an R&D, manufacturing, and sales enterprise specializing in automation equipment and integrated production line systems. We caters to various industries, including CCL, PCB, logistics and warehousing, FPD, touch panels, and other automation equipment or production lines. In 2022, the Company's largest single supplier accounted for 15.45% of the total purchase volume, amounting to NTD 99,208 thousand. This long-term partnership stems from the Company's focus on customized automation products, which necessitates supplier adjustments based on product requirements.

2. Customers representing over 10% of total sales in any of the past two years, along with reasons for changes in their contribution

Unit: set; NTD Thousand

Item	2021 Company Name	2021 Amount	2021 The Ratio of Net Sales for The Year [%]	2021 Relationship with the Issuer	2022 Company Name	2022 Amount	2022 The Ratio of Net Sales for The Year [%]	2022 Relationship with the Issuer	2023Q1 Company Name	2023Q1 Amount	2023Q1 The Ratio of Net Sales for The Year [%]	2023Q1 Relationship with the Issuer
1	Vendor A	431,945	29.45	None	B	722,311	41.49	None	C	63,675	21.15	None
2	Other	1,034,536	70.55	None	A	339,453	19.50	None	D	44,370	14.74	None
3					C	181,156	10.41	None	E	44,002	14.62	None
4					Other	497,889	28.60	None	Other	148,947	49.49	None
5												
	Net Sales	1,466,481	100.00		Net Sales	1,740,809	100.00		Net Sales	300,994	100.00	

The Company's manufactured automation equipment for clients across diverse industries, and the scale of production and sales to individual customers fluctuates based on industry conditions, as well as the capital expenditure policies and specific needs of each customer.

(V) Production Volume in the Last Two Years

Unit: set; NTD Thousand

Production Volume and Amount / Year / Main Product	2021 Capacity	2021 Quantity	2021 Amount	FY2022 Capacity	FY2022 Quantity	FY2022 Amount
CCL And PCB Automation Equipment	-	4,072	344,468	-	138	703,218
FPD and Touch Panel Devices	-	3,110	432,658	-	230	230,633
Other Automation Equipment	-	21	40,833	-	24	258,986
Other	-	18,486	146,073	-	16,691	101,951
Total	-	25,689	964,032	-	17,083	1,294,787

Note: The Company specializes in producing automated process equipment tailored to customer requirements. Given the variability in each system's component requirements and capacity, comparative capacity data is not provided.

(VI) Sales in the Last Two Years

Unit: set; NTD Thousand

Sales Volume And Amount / Year / Main Product	2021 Domestic Sales Quantity	2021 Domestic Sales Amount	2021 Overseas Sales Quantity	2021 Overseas Sales Amount	FY2022 Domestic Sales Quantity	FY2022 Domestic Sales Amount	FY2022 Overseas Sales Quantity	FY2022 Overseas Sales Amount
CCL And PCB Automation Equipment	4,071	361,947	1	118,771	108	148,274	30	722,311
FPD and Touch Panel Devices	3,070	259,884	40	462,726	199	41,373	31	372,332
Other Automation Equipment	20	120,934	1	-3,949	21	270,189	3	77,273
Other	11,121	82,777	7,365	63,391	9,697	52,944	6,994	56,113
Total	18,282	825,542	7,407	640,939	10,025	512,780	7,058	1,228,029

III. Human Resources

Unit: person; year; %

Year		2021	FY2022	As of March 31, 2023
Number of employees	Indirect employees	464	490	469
	Direct employees	247	234	231
	Total	711	724	700
Average age			38	38
Average years of service			6.8	8.22
Education distribution (%)	Ph.D.	0.4	1	1
	Masters	7.5	8	7
	Bachelor's Degree	44	52	47
	High school (inclusive) and below	48	39	45

IV. Environmental Protection Expenditure

Disclose the total amount of losses (including compensation) and disposals incurred by the Company due to environmental pollution in the latest fiscal year and up to the printing date of the annual report and outline future responsive measures (including improvement measures) and potential expenses (including estimated amounts for potential losses, disposals, and compensations resulting from the failure to implement responsive measures, with an explanation provided if reasonable estimation is not possible): None.

V. Labor Relations

(I) List any employee benefit plans, continuing education, training, retirement systems, the status of their implementation, and the status of labor agreements and measures for preserving employees' rights and interests

1. Employee Welfare`

The Company's welfare initiatives encompass both Company-provided welfare measures and those provided by the Employee Welfare Committee, receiving positive feedback and approval from employees.

(1) Welfare measures provided by the Company:

Various subsidies	Health Management
1. Free group insurance and business travel insurance 2. Marriage, childbirth, and childcare subsidies 3. Education and club subsidies 4. Marriage and funeral subsidies 5. Festival bonuses/gifts 6. Children's scholarships 7. Birthday cash gifts and cakes 8. Domestic and international travel allowances 9. Year-end banquets 10. Winter and summer uniforms and safety shoes 11. Rental subsidies 12. Free lunch and dinner 13. Free snacks, fruits, coffee, and fresh milk 14. Free parking 15. Partnership stores	1. Annual employee health check-ups 2. Employee health seminars (Monthly) 3. Occupational medical care (Monthly) 4. Maternal-friendly workplace protection 5. Air quality testing and maintenance. 6. Weight loss competitions 7. Health check-up programs that include cancer screening tests

16. Lunar New Year travel allowances for overseas staff. 17. Breastfeeding room for female employees. 18. Celebration for relocation. 19. Major illness condolence fund	

2. Staff development and training programs

To enhance employee skills and work quality, the Company conducts orientation training for new hires and provides regular general and specialized training in accordance with individual needs. The following statistics outline the Company's education and training efforts in 2022:

Training items	Number of classes	Total number of people	Total hours	Total Cost (NTD).
New hires	42	97	614	0
Professional functions - internal training	1342	1384	3718.5	490,400
Supervisor's Competence for - External Training	36	96	829.6	151,544
Total	1420	1577	5162.1	641,944

3. The Retirement System and Implementation

The Company has established The Retirement Program for Staff Employees, applicable to all official employees. Pursuant to the Program, the retirement benefits are determined based on the base units which the employee earns from years of service and the average monthly salary at the time of retirement. The pension is provided as a lump sum payment. Calculation of the pension base considers the first 15 years of service, with each full year entitling the employee to two pension bases. From the 16th year onwards, each year of service contributes to one pension base, with a maximum of 45 bases (under the old system).

The Company's pension system complies with the Labor Standards Act and operates as a government-managed defined benefit retirement plan. Employee pension payments are determined based on the years of service and the average salary for the six months preceding the approved retirement date. The Company allocates 7.62% of the total monthly salary for each employee, which is deposited into a dedicated account held by the Supervisory Committee of Workers' Retirement Preparation Fund at the Bank of Taiwan. The investment management of these funds is entrusted to Bureau of Labor Funds, Ministry of Labor, and the Company has no authority to influence investment strategies. Employees meeting the required years of service can apply for retirement under the regulations. The Company will then provide a one-time pension payment based on the accounting base derived from their length of service (under the old system).

The Company has implemented a new labor retirement system effective July 1, 2005, in compliance with the labor pension regulations. Under Labor Pension Act, employees who opt for the new system must contribute no less than 6% of their monthly wages to their labor pension accounts.

Within this range of 6%, employees have the option to voluntarily allocate funds. Once an employee reaches the age of 60 and has worked for at least 15 years under the new system, they may apply for either a monthly or a lump-sum pension. If an employee's years of service is less than 15 years, he or she shall apply for a lump-sum pension and the seniority shall be based upon the period in which the contributions to the pension have been made. If the seniority of an employee is interrupted, both his/her seniority before and after the interruption shall be combined in calculation and their seniority before they meet the provisions of Labor Pension Act should be retained. If the employee continues to work until they meet the retirement qualifications outlined in the Labor Standard Act, they may apply for retirement accordingly. The pension will be calculated based on their retained seniority accounting base (as specified in the provisions of the Labor Standard Act). Furthermore, a Labor Pension Supervisory Committee has been established, which convenes regular meetings every three months and may hold ad hoc meetings as necessary. In 2022, pension expenses amounted to NTD 14,204 thousand, and the provision for accrued pension (Net defined benefit - non-current liabilities) stood at NTD 3,575 thousand. The Reserve for employee welfare liabilities - current amounted to USD 9,781 thousand.

4. Agreements between labor and management: Labor Standard Act Law will be observed.
5. Employee Work Environment and Personal Safety

Agenda	Specific Measures
Occupational Safety Management	1. Regularly monitor the workplace and maintain facilities and equipment to ensure workplace safety.
	2. Regularly test and replace drinking water, lighting, and fire safety equipment in the workplace.
	3. Regularly provide occupational safety and health education and training for employees to

	enhance their safety awareness.
	4. Equip security rooms with Automated External Defibrillators (AEDs) and conduct annual First-Aid training courses, introducing CPR, fire evacuation, and AED operation methods.
Maternity Protection	1. Strictly adhere to labor laws and regulations and including gender-equality provisions.
	2. Establish nursery rooms to cater to the needs of female employees.
Employee Health Management	1. Conduct regular employee health check-ups.
	2. Include cancer screening programs in the health check-up scheme.
	3. Arrange periodic visits from contracted medical personnel to provide health consultation services to employees.
	4. Organize occasional health education seminars to educate employees on promoting physical and mental well-being and relevant knowledge.
	5. Establish various clubs to encourage employee leisure activities, stress relief, and physical exercise.
Prohibition of Forced Labor	1. Adhere to labor laws and regulations and clearly stipulate them in work rules and related personnel regulations.
	2. Utilize an attendance management system to accurately record employee attendance and overtime, remind employees and their immediate supervisors of overtime conditions and legal regulations, and duly compensate overtime pay in accordance with the law.
Prevention of Discrimination and Sexual Harassment	1. Explicitly prohibit discrimination and sexual harassment in work rules and personnel policies, providing an equal and safe workplace environment.
	2. Conduct training sessions on prohibiting discrimination and sexual harassment for new hires, reinforcing employees' awareness of gender equality.
	3. Provide channels for employees to file complaints and ensure dedicated handling of related cases.
Employee Communication Channels	1. Provide an employee complaint channel, such as a "I've Got Something to Say" mailbox, actively creating a positive and transparent communication environment to ensure that everyone's opinions and suggestions receive responses and timely improvements.

(II) Any losses suffered by the company in the most recent two fiscal years and up to the annual report publication date due to labor disputes (including labor inspection results found in violation of the Labor Standards Act, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions): The Company has not encountered any significant labor disputes thus far.

VI. Information Security Management

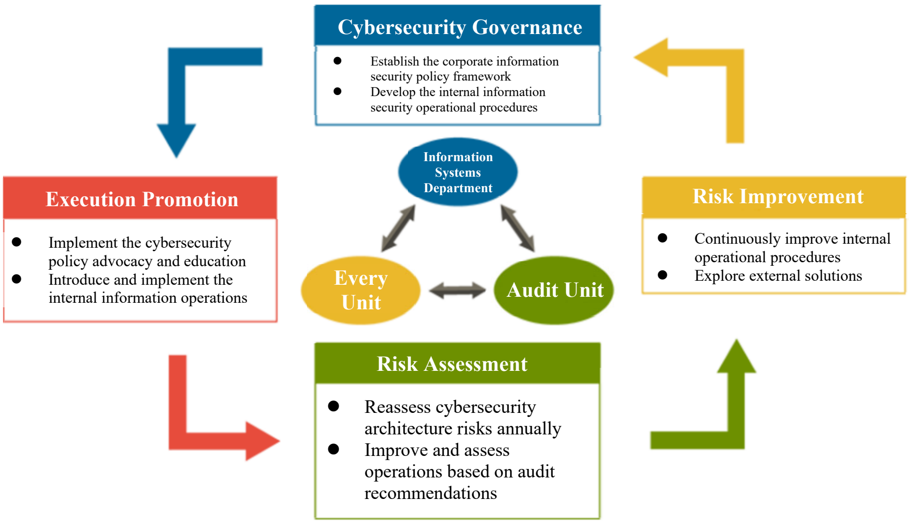
(I) Information and communication security risk management framework, information security policies, specific management plans, and resources invested in information security management.

1. Information Security Management Framework:

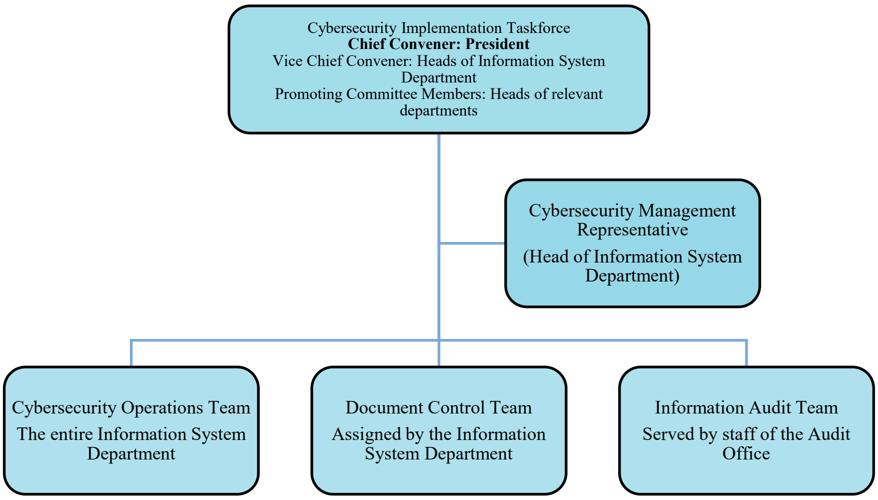
The Company adopts the Plan-Do-Check-Act (PDCA) circular management approach to ensure the achievement of reliability goals and continuous improvement.

(1) The Information System Department serves as the authority and responsibility unit for the Company's information security. It comprises a supervisor and several information technology professionals. The Department manages Shanghai and Foshan Information Divisions and take charge of formulating internal information security management policies, planning and executing information security operations, and implementing information security policies.

(2) The Company's Audit Office acts as the supervisory unit for information security oversight. It consists of an audit supervisor and several dedicated auditors who oversee the implementation of internal information security and regularly report information security inspections to the Audit Committee. Should any inadequacies be unearthed during the audit process, the audited units are expeditiously mandated to devise and present relevant improvement plans and actionable steps. Furthermore, the efficacy of these enhancement procedures will be tracked in order to mitigate internal information security risks.



(3) Information Security Organizations



2. Information Security Policies

To reinforce information security management, the Company establishes a secure and reliable operating environment to ensure the security of data, systems, related network environments, and equipment, thereby safeguarding the rights and interests of customers. The Company formulates information security policies, establishes procedures for reporting and responding to information security incidents, and develops management measures for the use of network information in compliance with relevant government regulations. It also continuously collects and analyzes the latest information security-related laws and regulations to formulate or revise corresponding management measures. Regular reviews of information security-related activities are conducted to ensure the Company's adherence to security policies.

(1). Compliance with various laws and regulations issued by the competent authority and the relevant regulations of the Company is required throughout various operations.

(2). The division of functions should be considered for task assignments and corresponding duty scopes should be clearly defined lest information or services be modified or misused without authorization.

(3). Personnel should undergo personal security background checks before engaging in information security-related work or processing confidential information. To regulate the confidentiality of the information held and used by employees, employees (including contractors) are required to sign Non-Disclosure Agreements (NDAs).

(4). When necessary for business purposes, the Company's vendors, outsourced vendors and consultants may be required to sign NDAs.

(5). Employees are obligated to safeguard the confidentiality of our company's proprietary and sensitive information, as well as client data. Unauthorized access, use, disclosure, or dissemination of such information to colleagues, vendors, or other parties unrelated to the business is strictly prohibited.

(6). Employees shall remain vigilant and promptly report any abnormal incidents or potential violations of security policies and procedures in accordance with the established protocols.

(7). The Company shall establish business continuity plans based on operational requirements and conduct periodic testing and drills to ensure their continued relevance and effectiveness.

(8). Significant changes in information equipment (including software and hardware) in each unit of the Company shall undergo technology and specification evaluations conducted with the assistance of the Information System Department.

(9). The Company provides education and training on information security to employees (including contracted employees) annually.

3. Specific Management Plan and Resources Invested in Information Security Management:

The Company's information security management mechanism encompasses three aspects: Regulatory Framework, Technological Applications, and Personnel Training.

(1). Regulatory Framework: The Company has established internal information security policies and procedures to govern the information security behavior of its personnel. These policies and procedures are periodically reviewed to ensure their alignment with changes in the operational environment, and adjustments are made as necessary. Regular internal audits are conducted to strengthen the operational management of the Company's information security.

(2). Technological Applications: To prevent various external information security threats, the Company has implemented various information security protection systems to enhance the comprehensive security of the information environment. Additionally, information security system tools are introduced to ensure that internal personnel's operational behavior aligns with the Company's systems and norms, facilitating effective personnel information security management.

(3). Personnel Training: The Company provides information security education and training to new employees upon their arrival, with a focus on practical courses. Furthermore, several online learning (E-Learning) courses on information security have been established to enhance the information security knowledge and professional skills of internal personnel.

The Company's information security incident reporting process involves continuous detection and protection of all network activities by the Information Security Center, which operates 24/7. Additionally, a classification table and notification process to classify information security incidents have been established.

Specific implementation measures are as follows:

Information Security Management Measures		
Category	Description	Related jobs
Authorization Management	Measures for managing personnel accounts, permissions, and system operation behaviors	• Review of personnel account authorization management • Regular inventory of personnel account permissions
Access Management	Measures for controlling personnel access to internal and external system-level data transmission channels	• Internal/external access control measures • Measures for controlling data leakage channels
External Threats	Measures for addressing internal system vulnerabilities, infection channels, and protection measures	• Regular updates for servers/computers • Virus protection and malicious program detection
System Availability	Measures for monitoring system/network availability and handling service interruptions	• Monitoring of system/network availability • Contingency measures for service interruptions • Data backup and redundancy measures, on-site/off-site backup mechanisms • Regular disaster recovery drills

Resources invested in information security:

The Company places a strong emphasis on information and communications security and continues to increase investments in the manpower deployment related to information security and software and hardware investments related to security protection frameworks. In the fiscal year 2022, the Company invested approximately NTD 15,000 thousand in software and hardware related to information security, demonstrating the Company's commitment to information and communications security.

(II) List the losses, possible impacts and response measures suffered due to major information security incidents in the latest year and as of the date of publication of the annual newspaper, and if they cannot be reasonably estimated, they should state the facts that cannot be reasonably estimated: None.

VII. Important Contracts

The important contracts currently valid and expiring in the current year as of the publication date of the annual report are as follows:

Contract Nature	Parties Involved	Contract Start and End Dates	Main Content	Restrictive Clauses
Comprehensive Credit Agreement	USUN Technology Co. Ltd. O-Bank	From 12/30/2020 to the completion of 5 years from the date of initial utilization.	Medium to long-term borrowings	Note

Note: Financial ratio limitations are as follows:

1. Current Ratio: refers to the proportion of current assets to current liabilities. It must stay at or above 120%.
2. Net Value (Shareholders' equity) must not fall below NTD1.5 billion.

VI. Financial Information

I. Five-Year Financial Summary

(I) Condensed Balance Sheet

1. Parent-Company-Only Condensed Balance Sheet – Based on IFRS

Unit: NTD Thousand

Item / Year		Financial Summary for The Last Five Years					Financial Information As of March 31, 2023
		2018	2019	2020	2021	2022	
Current assets		1,645,272	1,096,463	1,333,266	1,585,542	1,511,116	Not applicable.
Property, Plant and Equipment		332,913	564,540	551,616	555,310	553,475	
Intangible assets		5,785	3,375	5,979	3,668	6,796	
Other assets		1,621,241	1,364,189	1,205,498	1,393,792	1,333,801	
Total assets		3,605,211	3,028,567	3,096,359	3,538,312	3,405,188	
Current liabilities	Before distribution	648,235	535,883	702,418	918,854	780,212	
	After distribution (Note 2)	648,235	535,883	702,418	918,854	901,034	
Non-current liabilities		156,168	137,771	127,036	313,758	244,537	
Total liabilities	Before distribution	804,403	673,654	829,454	1,232,612	1,024,749	
	After distribution (Note 2)	804,403	673,654	829,454	1,232,612	1,145,571	
Equity attributable to shareholders of the parent		2,800,808	2,354,913	2,266,905	2,305,700	2,380,439	
Capital stock		641,730	641,730	641,730	634,730	628,730	
Capital surplus		1,415,210	1,415,210	1,415,210	1,399,798	1,386,463	
Retained earnings	Before distribution	880,060	443,683	408,264	394,975	506,868	
	After distribution (Note 2)	880,060	443,683	408,264	394,975	386,046	
Other equity interest		(67,662)	(75,039)	(71,885)	(46,795)	(56,929)	
Treasury stock		(68,530)	(70,671)	(126,414)	(77,008)	(84,693)	
Non-controlling interest		0	0	0	0	0	
Total equity	Before distribution	2,800,808	2,354,913	2,266,905	2,305,700	2,380,439	
	After distribution (Note 2)	2,800,808	2,354,913	2,266,905	2,305,700	2,259,617	

Note 1: Financial information has been audited and certified by CPAs.

Note 2: The 2022 Earning Distribution Proposal has been passed by the resolution of the Board of Directors of the Company.

2. Consolidated Condensed Balance Sheet – Based on IFRSs

Unit: NTD Thousand

Item \ Year		Financial Summary for The Last Five Years					Financial Information As of March 31, 2023
		2018	2019	2020	2021	2022	
Current asset		3,269,437	2,468,169	2,495,430	2,836,281	2,756,237	2,603,712
Real estate, plant, and equipment		645,773	834,752	656,110	646,771	636,283	632,198
Intangible asset		6,262	3,681	6,510	3,936	7,333	8,898
Other assets		342,154	250,990	429,001	482,788	423,973	611,857
Total assets		4,263,626	3,557,592	3,587,051	3,969,776	3,823,826	3,856,665
Current liabilities	Before distribution	1,302,462	1,047,570	1,168,745	1,351,123	1,172,767	1,059,276
	After distribution (Note 2).	1,302,462	1,047,570	1,168,745	1,351,123	1,293,589	Not applicable.
Non-current liabilities		154,289	149,829	146,616	308,931	267,342	222,471
Total liabilities	Before distribution	1,456,751	1,197,399	1,315,361	1,660,054	1,440,109	1,281,747
	After distribution (Note 2).	1,456,751	1,197,399	1,315,361	1,660,054	1,560,931	Not applicable.
Shareholders' equity attributable to owners		2,800,808	2,354,913	2,266,905	2,305,700	2,380,439	2,571,832
Equity		641,730	641,730	641,730	634,730	628,730	628,730
Capital reserve		1,415,210	1,415,210	1,415,210	1,399,798	1,386,463	1,386,463
Retain Earnings	Before distribution	880,060	443,683	408,264	394,975	506,868	486,946
	After distribution (Note 2).	880,060	443,683	408,264	394,975	386,046	Not applicable.
Other equity		(67,662)	(75,039)	(71,885)	(46,795)	(56,929)	154,386
Treasury stocks		(68,530)	(70,671)	(126,414)	(77,008)	(84,693)	(84,693)
Non-controlling equities		6,067	5,280	4,785	4,022	3,278	3,086
Total shareholders' equity	Before distribution	2,806,875	2,360,193	2,271,690	2,309,722	2,383,717	2,574,918
	After distribution (Note 2).	2,806,875	2,360,193	2,271,690	2,309,722	2,262,895	Not applicable.

Note 1: Financial information has been audited and certified by CPAs.

Note 2: The 2022 Earning Distribution Proposal has been passed by the resolution of the Board of Directors of the Company.

(II) ondensed Statement of Comprehensive Income

1. Parent-Company-Only Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NTD Thousand

Item \ Year	Financial Summary for The Last Five Years					Financial Information As of March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	876,116	562,190	1,143,142	832,319	1,450,766	Not applicable.
Gross profit	304,539	124,732	430,635	347,994	394,097	
Income from operations	(167,093)	(268,858)	81,468	(46,140)	(17,570)	
Non-operating income and expenses	103,499	(154,790)	(150,160)	72,946	123,024	
Net income before tax	(63,594)	(423,648)	(68,692)	26,806	105,454	
Current net profit from continuing operations	(50,558)	(433,467)	(35,975)	16,551	102,638	
Loss from discontinued operations	0	0	0	0	0	
Current net profit (loss)	(50,558)	(433,467)	(35,975)	16,551	102,638	
Other comprehensive income (income after tax)	(52,059)	(10,287)	3,710	22,444	1,051	
Total comprehensive income	(102,617)	(443,754)	(32,265)	38,795	103,689	
Net income attributable to shareholders of the parent	(50,558)	(433,467)	(35,975)	16,551	102,638	
Net income attributable to non-controlling interest	0	0	0	0	0	
Comprehensive income attributable to Shareholders of the parent	(102,617)	(443,754)	(32,265)	38,795	103,689	
Comprehensive income attributable to non-controlling interest	0	0	0	0	0	
Earnings per share	-0.63	-6.89	-0.58	0.27	1.68	

Note: Financial information has been audited and certified by CPAs.

2. Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NTD Thousand

Item \ Year	Financial Summary for The Last Five Years					Financial Information As of March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	1,909,640	1,476,277	1,906,807	1,466,481	1,740,809	300,994
Gross profit	447,757	207,893	563,479	502,449	446,022	100,411
Income from operations	(156,751)	(391,385)	(48,771)	29,031	(65,467)	652
Non-operating income and expenses	106,542	(29,724)	(3,666)	9,188	170,707	(4,508)
Net income before tax	(50,209)	(421,109)	(52,437)	38,219	105,240	(3,856)
Current net profit from continuing operations	(51,600)	(434,311)	(36,442)	15,788	101,894	(20,107)
Loss from discontinued operations	0	0	0	0	0	0
Current net profit (loss)	(51,600)	(434,311)	(36,442)	15,788	101,894	(20,107)
Other comprehensive income (income after tax)	(52,024)	(10,230)	3,682	22,244	1,051	226,071
Total comprehensive income	(103,624)	(444,541)	(32,760)	38,032	102,945	205,964
Net income attributable to shareholders of the parent	(50,558)	(433,467)	(35,975)	16,551	102,638	(19,922)
Net income attributable to non-controlling equities	(1,042)	(844)	(467)	(763)	(744)	(185)
Comprehensive income attributable to Shareholders of the parent	(102,617)	(443,754)	(32,265)	38,795	103,689	206,156
Comprehensive income attributable to non-controlling interest	(1,007)	(787)	(495)	(763)	(744)	(192)
Earnings per share	-0.63	-6.89	-0.58	0.27	1.68	-0.33

Note: Financial information has been audited and certified by CPAs.

(III) Names of the Auditors and Audit Opinions for the Past Five Fiscal Years.

Year	**Accounting Firm**	CPA	Audit Opinion
Year 2018	Deloitte Touche Tohmatsu Limited	Chien-Ming Yen、Zheng-Jun Chiu	Unqualified opinion
Year 2019	Deloitte Touche Tohmatsu Limited	Chien-Ming Yen、Zheng-Jun Chiu	Unqualified opinion
Year 2020	Deloitte Touche Tohmatsu Limited	Chien-Ming Yen、Zheng-Jun Chiu	Unqualified opinion
Year 2021	Deloitte Touche Tohmatsu Limited	Jo-Ying Tsai、Zheng-Jun Chiu	Unqualified opinion
Year 2022	Deloitte Touche Tohmatsu Limited	Jo-Ying Tsai、Zheng-Jun Chiu	Unqualified opinion

II. Five-Year Financial Analysis

(I) Parent-Company-Only Financial Analysis for the Past Five Years - Based on IFRS

Analyzed Items \ Year		Financial Analysis for the Last Five Years					As of March 31, 2023
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt Ratio	22.31	22.24	26.79	34.84	30.09	Not applicable.
	Ratio of long-term capital to property, plant and equipment	888.21	441.54	433.99	637.18	474.27	
Solvency (%)	Current ratio	253.81	204.61	189.81	172.56	193.68	
	Quick ratio	207.13	119.75	123.85	100.90	139.35	
	Interest earned ratio (times)	-29.93	-193.16	-25.85	22.04	32.80	
Operating performance	Accounts receivable turnover (times)	2.19	2.13	5.06	4.59	9.25	
	Average collection period	167	172	65	80	39	
	Inventory turnover (times)	1.84	1.38	1.93	1.08	2.27	
	Accounts payable turnover (times)	2.60	2.22	3.24	1.83	3.65	
	Average days in sales	198	265	189	338	161	
	Property, plant and equipment turnover (times)	2.72	1.25	2.05	1.50	2.62	
	Total assets turnover (times)	0.24	0.17	0.37	0.25	0.42	
Profitability	Return on total assets (%)	-1.31	-13.01	-1.11	0.53	3.03	
	Return on stockholders' equity (%)	-1.69	-16.81	-1.56	0.72	4.38	
	Pre-tax income to paid-in capital (%)	-9.91	-66.02	-10.70	4.22	16.77	
	Profit ratio (%)	-5.77	-77.10	-3.15	1.99	7.07	
	Earnings per share (NTD)	-0.63	-6.89	-0.58	0.27	1.68	
Cash flow	Cash flow ratio (%)	38.00	註	43.77	3.43	16.78	
	Cash flow adequacy ratio (%)	71.85	61.93	135.70	66.98	73.80	
	Cash reinvestment ratio (%)	6.91	註	13.20	1.28	5.23	
Leverage	Operating leverage	-0.93	-0.27	4.67	-6.40	-17.18	
	Financial leverage	0.99	0.99	1.03	0.97	0.84	

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Solvency:
   Quick Ratio: Primarily caused by a reduction in current asset, including inventory and prepaid expenses, along with a decrease in short-term borrowings and contractual liabilities.
   Interest Coverage Ratio: Primarily influenced by an increase in pre-tax net income.
2. Operating Capability:
   Receivables turnover and average collection days: Primarily due to an increase in current revenue and subsequent collection of receivables, resulting in a decrease in average accounts receivable.
   Inventory turnover ratio and average inventory turnover days: Primarily caused by an increase in sales revenue accompanied by an increase in cost of goods sold.
   Accounts payable turnover: Primarily caused by an increase in cost of goods sold.
   Real estate, plants and equipment turnover, and total assets turnover: Primarily caused by an increase in current revenue.
3. Profitability:
   Return on assets, return on equity, ratio of pre-tax net income to paid-in capital, net profit margin, and earnings per share: Primarily caused by an increase in current net profit.
4. Cash flow:
   Cash flow ratio and cash reinvestment ratio: Primarily caused by an increase in current net profit to raise net cash inflow from operating activities and decrease current liabilities.
5. Leverage:
   Operating leverage: Primarily caused by an increase in revenue and a decrease in net operating loss compared to the previous period.

Note: Operating cash flow is an outflow so it is not included in the calculations.

(II) Consolidated Financial Analysis for the Past Five Years - Based on IFRS

Analyzed Items / Year		Financial Analysis for the Last Five Years					As of March 31, 2023
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt Ratio	34.17	33.66	36.67	41.82	37.66	33.23
	Ratio of long-term capital to fixed assets	457.61	300.06	367.85	404.26	416.13	442.00
Solvency (%)	Current ratio	251.02	235.61	213.51	209.92	235.02	245.80
	Quick ratio	200.76	169.71	167.25	130.69	164.00	174.89
	Interest earned ratio (times)	-5.19	-32.00	-8.98	31.00	30.62	-5.82
Operating performance	Accounts receivable turnover (times)	2.00	1.88	3.12	3.52	5.42	3.44
	Average collection period	183	194	117	104	67	106
	Inventory turnover (times)	2.81	2.30	2.51	1.28	1.44	1.07
	Accounts payable turnover (times)	3.46	2.93	3.14	2.12	3.18	2.27
	Average days in sales	130	159	145	286	253	340
	Fixed assets turnover (times)	2.95	1.99	2.56	2.25	2.71	1.90
	Total assets turnover (times)	0.45	0.38	0.53	0.39	0.45	0.31
Profitability	Return on total assets (%)	-1.06	-10.84	-0.90	0.44	2.69	-2.05
	Return on stockholders' equity (%)	-1.73	-16.85	-1.58	0.69	4.35	-3.25
	Ratio to issued capital (%)	-7.82	-65.62	-8.17	6.02	16.74	-2.45
	Net Profit Margin (%)	-2.70	-29.42	-1.91	1.08	5.85	-6.68
	Profit ratio (%)	-0.63	-6.89	-0.58	0.27	1.68	-0.33
Cash flow	Earnings per share (NTD)	13.17	Note	43.34	Note	8.98	1.17
	Cash flow ratio (%)	79.29	105.00	212.35	55.45	47.88	122.68
	Cash flow adequacy ratio (%)	3.58	Note	21.55	Note	4.15	2.00
Leverage	Cash reinvestment ratio (%)	-1.62	-0.16	-7.13	14.92	-0.53	155.34
	Operating leverage	0.95	0.97	0.90	1.05	0.95	7.49

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Solvency:
   Quick ratio: Primarily caused by the decrease in current asset inventory and prepaid expenses, along with the decrease in current liabilities, including short-term borrowings and contractual liabilities, simultaneously contribute to this ratio.
2. Operating capability:
   Accounts receivable turnover and average collection days: The increase in current revenue and the subsequent collection of payments during the period result in a decrease in the average accounts receivable.
   Accounts payable turnover: The increase in cost of goods sold and the decrease in average accounts payable contribute to this ratio.
   Real estate, plants and equipment turnover: Caused by an increase in revenue.
3. Profitability:
   Return on assets, return on equity, ratio of pre-tax net income to paid-in capital, net profit margin and earnings per share: Primarily resulting from the increase in current net profit.
4. Cash flow:
   Cash flow ratio: Primarily influenced by the increase in current net profit, which raises the net cash flow from operating activities.
   Cash reinvestment ratio: Primarily influenced by the increase in current net profit, which brings in net cash flow from operating activities.
5. Leverage:
   Operating leverage: This is mainly caused by the increase in current net operating loss.

Note: Operating cash flow is an outflow so it is not included in the calculations.

The formulas are listed as follows:

1. Capital Structure
   (1) Debt-to-asset ratio = Total liabilities/Total assets.
   (2) Long-term fund to property, plant and equipment ratio = (Total equity + Non-current liabilities) / Net property, plant and equipment.
2. Solvency
   (1) Current ratio = Current assets / Current liabilities.

(2) Quick ratio = (Current assets – Inventory – Prepaid expense) / Current liabilities.
(3) Interest coverage ratio = Earnings before interest and taxes / Interest expense.

3. Operating Ability
   (1) Accounts receivable turnover = Net sales / Average accounts receivable
   (2) Average collection days = 365 / Receivables turnover.
   (3) Inventory turnover = Cost of goods sold / Average inventory.
   (4) Average payment turnover = Cost of goods sold / Average accounts payables.
   (5) Average inventory turnover days = 365 / Inventory turnover.
   (6) Property, plant, and equipment turnover = Net sales / Average net property, plant, and equipment.
   (7) Total asset turnover = Net sales / Average total assets.
4. Profitability
   (1) Return on assets = [Net profit + Interest expense (1 – Tax rate)] / Average total assets.
   (2) Return on equity = Net profit / Average total equity.
   (3) Net margin = Net profit / Net sales.
   (4) Earnings per share = (Net profit (loss) attributable to owners of the Company – Preferred share dividends) / Weighted average of shares outstanding.
5. Cash Flow
   (1) Cash flow ratio = Net cash generated from operating activities / Current liabilities.
   (2) Cash flow adequacy ratio = Five-year sum of net cash generated from operating activities / Five-year sum of capital expenditure, inventory additions and cash dividends).
   (3) Cash flow reinvestment ratio = (Net cash generated from operating activities – Cash dividends) / (Gross property, plant, and equipment + Long-term investments + Other non-current assets + Working capital).
6. Leverage
   (1) Operating leverage = (Net sales – Variable expenses) / Profit from operations.
   (2) Financial leverage = Profit from operations / (Profit from operations - Interest expenses).

III. The Audit Committee’s Audit Report on the Financial Report for the Most Recent Year

USUN Technology Co. LTD.

Audit Committee’s Audit Report

The Company’s FY2022 Business Report, Consolidated Financial Statements and Parent Company Only Financial Statements were audited by Audit Committee and approved by Board of Directors. The aforementioned Consolidated and Parent Company Only Financial Statements were audited and certified by Jo-Ying Tsai and Zheng-Jun Chiu, Independent Accountants from Deloitte Touche Tohmatsu Limited. Hence, in accordance with Article 14-4 of the Securities and Exchange Law and Article 219 of the Company Act, an unqualified opinion audit report is hereby presented.

Sincerely,

FY2023 General Shareholders’ Meeting

USUN Technology Co. LTD.

Audit Committee

Convener Juan-Chi Weng

March 28, 2023

IV. Financial Statements for the Most Recent Year: Please refer to Attachment 1 (Page 95 ~ Page 165).

V. Parent-Company-Only Financial Statements for the Most Recent Year audited and certified by CPAs: Please refer to Attachment 2 (Page 166 ~ Page 250).

VI. Financial Turnover Difficulties of the Company and its affiliates in the Most Recent Year and as of the Date of Publication of the Annual Report: None.

(VII) Review and Analysis of Financial Status and Financial Performance and Risk Factors

I. Financial Status

Unit: NTD Thousand

Item \ Year	2021	2022	Difference	
			Amount	%
Current assets	2,836,281	2,756,237	(80,044)	(2.82)
Fixed assets	646,771	636,283	(10,488)	(1.62)
Other assets	486,724	431,306	(55,418)	(11.39)
Total assets	3,969,776	3,823,826	(145,950)	(3.68)
Current liabilities	1,351,123	1,172,767	(178,356)	(13.20)
Long-term Liabilities	308,931	267,342	(41,589)	(13.46)
Total liabilities	1,660,054	1,440,109	(219,945)	(13.25)
Capital stock	634,730	628,730	(6,000)	(0.95)
Capital surplus	1,399,798	1,386,463	(13,335)	(0.95)
Retained earnings	394,975	506,868	111,893	28.33
Treasury shares	(77,008)	(84,693)	(7,685)	9.98
Other equities	(46,795)	(56,929)	(10,134)	21.66
Non-controlling equities	4,022	3,278	(744)	(18.50)
Total shareholder's equities	2,309,722	2,383,717	73,995	3.20

Analysis of material changes:
1. Retained earnings:Mmainly due to the increase in current profit.
2. Other equities: Mainly due to the decrease in unrealized gains and losses on financial assets measured at fair value through other comprehensive income (FVTOCI).

II. Financial performance

Unit: NTD Thousand

Item \ Year	2021	2022	Amount of the Change	Proportion of the Change (%)
Operating income	1,466,481	1,740,809	274,328	18.71
Operating margin	502,449	446,022	-56,427	(11.23)
Operating profit and loss	29,031	(65,467)	-94,498	(325.51)
Non-operating income and expenses	9,188	170,707	161,519	1,757.93
Net profit before tax	38,219	105,240	67,021	175.36
Current net profit	15,788	101,894	86,106	545.39
Net profit attributable to the owners of the Company	16,551	102,638	86,087	520.13

Analysis of Changes in Increase or Decrease:
Operating Income: Mainly caused by a decline in gross profit margin and an increase in to operating costs - anticipated credit loss expenses.
Non-operating Income and Expenses: Mainly driven by an increase in foreign exchange gains.
Pre-tax Net Income/ Current Net Income/ Net income attributable to shareholders of the Parent: Mainly influenced by an increase in non-operating income.

III. Analysis of Cash Flow

(I) Cash Flow Analysis for the Current Year

Unit: NTD Thousand

Item	2021	2022	Changes	
			Amount	%
Operating activities	(150,628)	105,353	255,981	(169.94)
Investment activities	48,935	(84,701)	(133,636)	(273.09)
Funding activities	218,804	(144,810)	(363,614)	(166.18)

Explanation of Changes in Proportional Variations:
1. Operating Activities: Mainly influenced by an increase in net profit for FY2022 and a decrease in inventory.
2. Investing Activities: Mainly driven by an increase in acquisition of financial assets at amortized cost.
3. Financing Activities: Mainly caused by a reduction in short-term borrowings and the acquisition of treasury stocks.

(II) Improvements for illiquidity: None.

(III) Cash Flow Analysis for the Coming Year

Unit: NTD Thousand

Cash and cash equivalents at beginning of the year (1)	Net cash flow from operating activities in current period (2)	Cash inflow (outflow)in current period (3)	Cash surplus (deficit) (1)+(2)-(3)	Remedy cash deficit	
				Investment plans Financing plans	Investment plans Financing plans
1,105,339	177,109	46,543	1,328,991	None	None

Analysis on Cash Flow for the Coming Year:
1. Operating Activities: It is anticipated that the net cash inflow from operating activities for the entire year will be approximately NTD 177,109 thousand.
2. Investing Activities: The net cash inflow from investing activities is projected to be around NTD 267,365 thousand due to the remitted proceeds from the sale of the Company's equity in the reinvestment in Shin Puu Technology.
3. Financing Activities: Primarily due to the distribution of cash dividends of NTD120,822 thousand, repayment of bank loans of NTD100,000 thousand, totaling approximately NTD 220,822 thousand for cash outflow.

IV. Major Capital Expenditure Items and Source of Capital: None.

V. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

(I) The Company's reinvestment policy:

The decision-making authority of the Company engages in reinvestment based on such factors as operational needs and future growth before an investment project team is established to propose investment plans. The investment project team conducts detailed assessments on organizational structure, investment objectives, location of new ventures, market conditions, business development, potential joint venture partners, shareholding ratios, reference prices, and financial conditions. Afterwards, an investment assessment proposal is prepared for the decision-making authority as the basis for investment decisions. Additionally, the Company closely monitors the operational status and analyzes the investment performance of its invested businesses to facilitate post-investment management and ongoing evaluation.

(II) Major Reasons for Profit or Loss:

1 Shanghai USUN Co., Ltd.: Achieved a profit of NTD 23,736 thousand in fiscal year 2022, primarily due to the rental of factory premises by Shanghai USUN and a change in operational strategy from production to purely order-based business, resulting in a significant reduction in operating expenses.

2. USUN (Foshan) Technology Co., Ltd.: Incurred a loss of NTD 26,368 thousand in the fiscal year 2022, mainly due to a decrease in revenue.

3. USUN MATERIALS SCIENCE Co., Ltd.: Currently, this company is not in substantial operation. The investment in USUN MATERIALS SCIENCE (SHANGHAI) Co., Ltd. incurs only basic expenses. USUN MATERIALS SCIENCE recorded a loss of NTD 7,170 thousand in the fiscal year 2022, while USUN MATERIALS SCIENCE (SHANGHAI) incurred a loss of NTD 41 thousand.

(III) Improvement Plans

USUN (Foshan) Technology Co., Ltd.: Enhance operational management capabilities to strengthen product yield, reinforce marketing and order acquisition efforts to improve gross profit margin and increase profitability momentum.

(IV) Future Investment Plans for the Next Year: None.

VI. Analysis of Risk Management:

(I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measure

Interest Rates: The Company's interest expense in 2022 amounted to NTD 3,553 thousand, accounting for 0.2% of operating income, which is relatively small. The Company, based on a conservative financial management approach, refers to reports from domestic and international economic research institutions and banking to grasp the trends of interest rates. It also maintains smooth communication channels with banks to monitor the current interest rate levels.

Foreign Exchange Rates: The Company gained NTD 120,319 thousand in conversion benefits in 2022, accounting for 6.91% of operating income. This is mainly attributed to the Company's major export receipts in US dollars and primarily domestic purchases of materials. The Company manages exchange rate fluctuation risks by using internal positions as hedging measures, taking into account market fluctuations, actual positions, expected future foreign currency cash flows, and the Company's funding status. Foreign currency trading in the spot market is conducted to mitigate exchange rate risks.

Inflation: The Company closely monitors economic and market fluctuations and maintains good relationships with suppliers and customers. Production equipment is well-adjusted in response to expected production costs, minimizing significant impacts of inflation.

(II) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

The Company adopts conservative and prudent financial operations and refrains from engaging in high-risk and highly leveraged investments. In the event of future derivatives trading, The Company is going to uphold conservative and prudent principles, focusing on mitigating risks associated with fluctuations in real foreign exchange transactions and interest rates of deposits and loans.

(III) Future Research & Development Projects and Corresponding Budget.

1. Product development

Unit: NTD Thousand

R&D Plan	Current Progress	Amount to Be Reinvested	Expected Completion Time For Mass Production
The U.S.A door frame automatic assembly system	Under testing	500	2023/06
The development for multi-purpose AMR driverless vehicle	Under testing	1,000	2023/12
The multi-purpose optical lens assembly machine	Under testing	1,000	2023/09
The development of rigid and flexible board system	Under testing	1,000	2023/12
The development of small logistics return lines	Under testing	2,000	2023/12
The development of the bonding process and equipment for the AR industry	Under production verification	2,000	2023/12
The development of semiconductor-grade high-end coating processes and equipment	Under testing	500	2023/12
The study of the drilling on T≦1mm	Under R&D		

panel glass with nanosecond ultraviolet laser			
Development of laser heating modules for the CCL industry	Under testing	500	2023/12

2. Technology development

Unit: NTD Thousand

R&D Plan	Current Progress	Amount to Be Reinvested	Expected Completion Time For Mass Production
Development of AMR Control System Technology	Under testing	2,000	2023/12
Development of Laser Engraving and Cutting Technology	Under testing	1,000	2023/12
Development of Precision and Asymmetric Gap Coating Technology	Under testing	2,000	2023/12
Development of SLIM Technology	Under design and planning	3,000	2023/12
Development of Curved Surface Bonding Technology	Under testing	1,000	2023/12

(IV) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance

The Company diligently monitors policies which may impact its financial business and promptly takes necessary actions to align with business needs and mitigate any adverse effects.

(V) Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance

The Company possesses outstanding in-house research and development capabilities to identify customer needs and propose improvement plans accordingly. By staying attuned to industry dynamics and market trends, the Company can adapt to technological changes and industry shifts. Furthermore, The Company plans to attract exceptional talent in the future to enhance its competitiveness and minimize the impact of technological and industrial changes on its finance.

(VI) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

Since its establishment, The Company has proactively enhanced internal management to improve operational efficiency and quality. As a result, The Company has maintained a positive corporate image and has not experienced any crises or negative reports affecting its market reputation. Moving forward, The Company is going to persistently prioritize its corporate governance requirements to mitigate various risks and prevent potential crises.

(VII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.

(VIII) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None.

(IX) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:

1. Risks of Concentrated Procurement

The Group engages in R&D, manufacturing, and sales of automation equipment and production lines across various industries, including CCL, PCB, FPD, touch panels, and logistics. Each industry requires specific raw materials, resulting in purchases from different manufacturers. The Group's largest single purchasing supplier (Company A), accounting for 15.45% of the total purchases in the year, has been a long term business partner of the Company. Given the fact that the Company us an automated equipment manufacturer, we focus on customized products and our suppliers vary in accordance with specific products. In addition, the Group's sources are mainly domestic, and, due to the Company's strong creditworthiness, the supply from manufacturers remains stable. A single purchasing supplier which accounts for as low as 14.45% of total annual purchases does not lead to risks for concentrated purchases.

2. Risks of Concentrated Sales of Goods

The Group's primary sales products include PCB/CCL automation equipment, FPD/touch panel automation equipment, and logistics automation equipment. In 2022, the top ten sales customers accounted for 87% of the net operating income. The Group's automation equipment has diverse applications, and its major customers are domestic and international TWSE/TPEx listed companies. The concentration of sales is inherent to the industry's business cycle and staggered orders, and it does not pose a long-term sales concentration risk.// The automation equipment manufactured by the Company has a wide range of applications, and our main customers for sales are predominantly listed companies both domestically and internationally. The concentration of sales is generated as a result of orders received based on the business cycles and phases of various industries, which is inherent to the Company's industry characteristics. There are currently no other instances of long-term sales concentration.

(X) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.

(XI) Effects of, Risks Relating to and Response to the Changes in Management Rights: None.

(XII) Litigation or Non-litigation Matters

1. The facts in dispute, amount in dispute, commencement date, main parties involved, and current status of any material impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company which was finalized or remained pending during the current fiscal year up to the publication date of the Annual Report shall be :

    (1) The litigation of Linzhou Zhiyuan Electronic Technology Co., Ltd. is described as follows:

    In 2020, Linzhou Zhiyuan Electronic Co., Ltd. (hereafter “Linzhou Zhiyuan”), a client, filed a civil lawsuit against the Company’s mainland subsidiary, Shanghai USUN, for delayed delivery, installation, and debugging, seeking breach of contract damages and compensation for economic losses. The plaintiff also applied to the People's Court of Linzhou City, Henan Province, for the seizure of the factory and bank deposits of Shanghai USUN. In February 2021, the People's Court of Linzhou City, Henan Province, ruled that Shanghai USUN must compensate Linzhou Zhiyuan for breach of contract damages and economic losses, totaling RMB 30,918,000 (approximately NTD 136,914,000). However, Shanghai USUN appealed to the Intermediate People's Court of Anyang City. In May 2021, the Intermediate People's Court of Anyang City made a ruling to remand the case to the People's Court of Linzhou City for retrial, stating that the facts were unclear. As of March 23, 2023, the retrial has not yet concluded so the mainland subsidiary did not estimate the possible losses.

    Furthermore, Shanghai USUN also filed a civil lawsuit against Linzhou Zhiyuan, which was judged by the People's Court of Linzhou City, Henan Province, in December 2021. The Company recognized the relevant account losses and appealed to the Henan Provincial Higher People's Court in January 2022.

    (2) The litigation of CLife Technology Co., Ltd. (hereinafter " CLife"):

    In 2021, CLife, a client, filed a civil lawsuit against USUN Technology for equipment quality acceptance delays and other reasons, seeking compensation in NTD 21,729,000. The Company also demanded that CLife pay an outstanding account receivable of NTD 8,316,000 (which has been fully recognized as a bad debt loss). However, as of March 23, 2023, the case has not yet been concluded so the Company did not estimate the possible losses.

2. Any litigation, non-litigious proceeding, or administrative dispute, with a material impact upon shareholders' equity or prices for the Company's securities, involving a company director, supervisor, president, de facto responsible person, or major shareholder with a stake of more than 10 percent, and the matter was finalized or remained: None.

(XIII) Other major risks and measures in response: None.

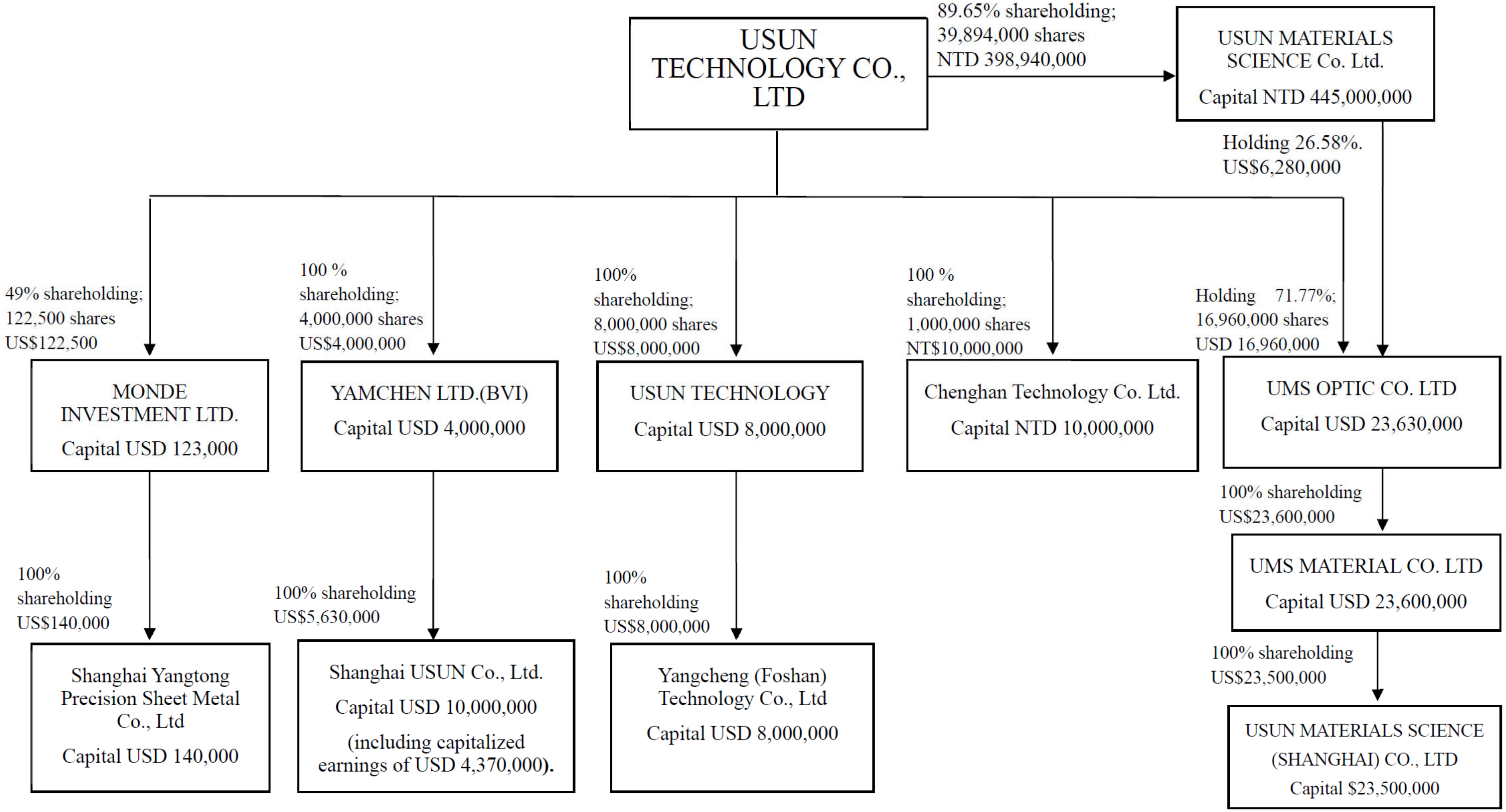
VII Other important matters: None.

VIII◦ Special Disclosure

I summary of Affiliated Companies

(I) The Consolidated Business Reports of Affiliated Enterprises

1. Chart of Affiliated Enterprises



2. Basic information of each affiliated enterprise of USUN Technology

Unit: NTD (foreign currency) thousand

Company name	Date of establishment	Address	Paid-in Capital	Main business activities or products
USUN Technology Co. Ltd.	04.07.1981	Taoyuan	NTD 634,730	Production automation equipment
YAMCHEN(B.V.I)CO.,LTD	03.09.2000	BVI	USD 4,000	General investment industry
Shanghai USUN Co. Ltd.	07.04.2000	China	USD 10,000	Production automation equipment
USUN TECHNOLOGY CO., LTD	06.06.2007	Seychelles	USD 8,000	General investment industry
USUN (Foshan) Technology Co., Ltd.	08.03.2007	China	USD 8,000	Production of automation equipment and parts processing, sales and maintenance
USUN MATERIALS SCIENCE Co. Ltd.	09.11.2008	Taoyuan	NTD445,000	Wholesale and retail of electronic materials
UMS OPTIC CO.,LTD	11.27.2008	Seychelles	USD 23,630	General investment industry
UMS MATERIAL CO.,LTD	11.27.2008	Seychelles	USD 23,600	General investment industry
USUN MATERIALS SCIENCE (SHANGHAI) Co. Ltd.	03.02.2009	China	USD 23,500	Production and sales of nano-coated optical glass
Chenghan Technology Co. Ltd.	10.29.2015	New Taipei City	NTD10,000	Production automation equipment

3. Presumed to have the same shareholder information with a control-and-subordination relationship: None.
4. Business Scope and Their Inter-associations of the Affiliated Companies

The business of the Company, Shanghai USUN, USUN (Foshan), and Chenghan Technology involve the manufacturing, processing, and trading of automated equipment. The business operations of USUN MATERIALS SCIENCE (SHANGHAI) include the manufacturing, processing, and trading of nanocoated optical glass.

5. Directors, supervisors and presidents of affiliated enterprises

Company name	Position	Name or representative	Shareholding	
			Shares	Ratio
USUN TECHNOLOGY CO., LTD	Director	Usun Technology Co., Ltd Representative: Chiu-Feng Huang	8,000,000	100%
USUN (Foshan) Technology Co., Ltd.	Chairman and President	Chiu-Feng Huang	0	0%
	Director	Shih-Shuan Huang	0	0%
	Director	Ding-Yu Kuo	0	0%
	Supervisor	Wen-Chien Wu	0	0%
YAMCHEN(B.V.I)CO.,LTD	Director	Usun Technology Co., Ltd Representative: Chiu-Feng Huang	4,000,000	100%
Shanghai USUN Co., Ltd.	Chairman and President	Chiu-Feng Huang	0	0%
	Director	Shih-Shuan Huang	0	0%
	Director	Cheng-Hsiang Yeh	0	0%
	Supervisor	Shin-Liang Liu	0	0%
UMS OPTIC CO.,LTD	Director	Usun Technology Co., Ltd Representative: Chiu-Feng Huang	16,960,000	71.77%
UMS MATERIAL CO.,LTD	Director	UMS OPTIC CO.,LTD Representative: Chiu-Feng Huang	23,600,000	100%
USUN MATERIALS SCIENCE Co. Ltd.	Chairman and President	Usun Technology Co., Ltd Representative: Chiu-Feng Huang	39,894,000	89.65%
	Supervisor	Shih-Shuan Huang	0	0%
USUN MATERIALS SCIENCE (SHANGHAI) Co. Ltd.	Chairman and President	Chiu-Feng Huang	0	0%
	Director	Rong-Hsian Wo	0	0%
	Director	Chia-Hao Ou	0	0%
	Supervisor	Jin-Lian Lin	0	0%
Chenghan Technology Co. Ltd.	Chairman and President	Usun Technology Co., Ltd Representative: Chiu-Feng Huang	1,000,000	100%

6. Operational Highlights of Affiliated Companies

Unit: NTD Thousand

Company Paid-in	Paid-in Capital	Total Assets	Total Liabilities	Stockholders' Equity	Revenues	Operating Profit	Profit (After Tax)	EPS (NTD) (After Tax)
YAMCHEN (BVI) CO.,LTD	122,840	8,141	0	8,141	0	0	23,775	Not applicable.
Shanghai USUN Co., Ltd.	307,100	351,425	348,002	3,423	5,482	5,013	23,736	Not applicable.
USUN TECHNOLOGY CO. LTD.	245,680	1,068,762	0	1,068,762	0	0	(26,368)	Not applicable.
USUN (Foshan) Technology Co., Ltd.	245,680	1,528,146	459,384	1,068,762	687,505	(58,505)	(26,368)	Not applicable.
USUN MATERIALS SCIENCE Co. Ltd.	445,000	42,415	6,808	35,607	0	(7,199)	(7,170)	Not applicable.
UMS OPTIC CO. LTD.	725,677	(24,657)	(12)	(24,645)	0	(39)	(90)	Not applicable.
UMS MATERIAL CO. LTD.	724,756	(25,224)	(5)	(25,219)	0	(48)	(53)	Not applicable.
USUN MATERIALS SCIENCE (SHANGHAI) CO. LTD.	721,685	14,836	43,716	(28,880)	0	(66)	(41)	Not applicable.
Chenghan Technology Co. Ltd.	10,000	9,963	0	9,963	0	0	17	Not applicable.

(II) Consolidated financial statements of affiliated enterprises

For the year ended December 31, 2022 (from January 1, 2022 to December 31, 2022), pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the companies that are required to be included in the consolidated financial statements of affiliates, are the same as those required to be included in the consolidated financial statements under International Financial Reporting Standards 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. As a result, USUN Technology Co. LTD. and Subsidiaries are not required to prepare consolidated financial statements of affiliates.

(III) The Affiliated Report: Not Applicable.

II. Private placement of securities in the most recent year and current year up till the publication date of this annual report: None.

III. Disposal or hold of the Company's shares by subsidiaries in the most recent year and current year up till the publication date of this annual report: None.

IV. Other supplementary notes, where applicable: None.

V. Occurrences that are significant to shareholders' equity or securities prices, as defined in Subparagraph 2, Paragraph 3 of Article 36 of the Securities and Exchange Act: None.

IX. Attachments

〈Attachment 1〉

DECLARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF AFFILIATED ENTERPRISES

For the year ended December 31, 2022, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the companies that are required to be included in the consolidated financial statements of affiliates, are the same as those required to be included in the consolidated financial statements under International Financial Reporting Standards 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. As a result, USUN Technology Co. LTD. and Subsidiaries are not required to prepare consolidated financial statements of affiliates.

Hereby declare

Company Name: USUN Technology Co. Ltd.

Responsible Person: Chiufeng Huang

March 23, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
USUN Technology Co. Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of USUN Technology Co. Ltd. and its subsidiaries (the "Consolidated Company")as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Conslidated Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The key audit matter of the consolidated financial statements for the year ended December 31, 2022 is described as follows:

<u>Sales Revenue Recognition</u>

The net sales revenue from the production of automation equipment in Year 2022 amounted to NTD 1,653,347 thousand, accounting for approximate 95% of net operating income in the consolidated financial statements and causes a significant impact on the consolidated financial statements. Meanwhile, the operating income carries an innate high risk. Hence, the Accountant lists the authenticity of the sales revenue of automation equipment as a key audit matter.

Please refer to revenue-related accounting policies in Note 4 (14) and Note 22 in respect of disclosure information.

The Accountant's main audit procedures on this key audit matter include:

a. .Understood and tested the effectiveness of the design and implementation of key internal controls related to the recognition of sales revenue;
b. Acquired the details on sales revenue of the automation equipment for Year 2022 and conducted detailed confirmation tests by sampling, verified the transaction certificates and post-period collections so as to confirm the authenticity of the sales revenue recognition;
c. Review, by sampling, the occurrence of sales return and discount after the period and whether any abnormality is seen in post-period collections.

Other Matter

We have audited and expressed an unqualified opinion with another matter paragraph on the parent company only financial statements of USUN Technology Co. Ltd. as of and for the years ended December 31, 2022 and 2021.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

6 Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Company to express an opinion on the

consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of USUN Technology Co. Ltd. and its subsidiaries for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Deloitte Touche Tohmatsu Limited

Independent Accountant	Independent Accountant
Jo-Ying Tsai	Zheng-Jun Chiu
Approval Number of Financial Supervisory Commission	Approval Number of Financial Supervisory Commission
Letter No. Gin-Guan-Zheng Shen 1100356048	Letter No. Gin-Guan-Zheng Shen 0930160267

March 28 2023

USUN TECHNOLOGY CO. LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In NTD Thousands)

		December 31, 2022		December 31, 2021	
Code	ASSETS	Amount	%	Amount	%
	CURRENT ASSETS (Notes 4)				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 1,105,339	29	$ 1,212,594	30
1136	Financial assets at amortized cost - current (Notes 4, 9 and 30)	225,458	6	130,688	3
1140	Contract assets - current (Notes 4 and 22)	207,049	5	117,781	3
1150	Notes receivable, net (Notes 4, 5, 10 and 22)	83,703	2	31,183	1
1170	Accounts receivable, net (Notes 4, 5, 10 and 22)	289,765	8	237,575	6
1200	Accounts receivable, related parties (Notes 4)	9,859	-	34,827	1
1220	Current income tax assets (Notes 4 and 24)	1,135	-	147	-
1310	Inventories (Notes 4, 5 and 11)	787,510	21	1,004,697	25
1421	Prepaid expenses	26,125	1	35,993	1
1429	Other prepayments	19,304	-	29,861	1
1470	Other current assets	990	-	935	-
11XX	Total current assets	2,756,237	72	2,836,281	71
	NONCURRENT ASSETS				
1510	Financial assets at FVTPL - noncurrent (Notes 4 and 7)	30,099	1	35,913	1
1517	Financial assets at fair value through other comprehensive income - noncurrent (Notes 4 and 8)	109,164	3	131,797	3
1535	Financial assets at amortized cost - noncurrent (Notes 4, 9 and 30)	24,095	1	23,714	1
1600	Property, plant and equipment (Notes 4, 14 and 30)	636,283	17	646,771	16
1755	Right-of-use assets (Notes 4 and 15)	50,298	1	58,414	2
1760	Investment properties, net (Notes 4, 16 and 30)	124,982	3	137,658	3
1821	Other intangible assets (Notes 4)	7,333	-	3,936	-
1840	Deferred income tax assets (Notes 4 and 24)	73,550	2	70,114	2
1920	Other prepayments	2,224	-	20,673	1
1990	Other intangible assets	9,561	-	4,505	-
15XX	Total noncurrent assets	1,067,589	28	1,133,495	29
1XXX	Total Asset	$ 3,823,826	100	$ 3,969,776	100
Code	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES (Note 4)				
2100	Short-term borrowings (Notes 17)	$ -	-	$ 110,000	3
2130	Contract liabilities - current (Notes 22)	484,028	13	550,075	14
2170	Accounts payable	369,533	10	446,011	11
2219	Other payables (Note 18 and 32)	231,440	6	199,340	5
2230	Current tax liabilities (Note 4, 24 and 32)	11,384	-	10,739	-
2250	Provisions - current (Notes 4 and 19)	13,300	1	18,818	1
2280	Lease liabilities - current (Notes 4 and 15)	7,217	-	8,386	-
2320	Current portion of long-term borrowings (Notes 17 and 30)	49,231	1	-	-
2399	Other current liabilities	6,634	-	7,754	-
21XX	Total current liabilities	1,172,767	31	1,351,123	34
	NONCURRENT LIABILITIES				
2540	Long-term borrowings (Notes 17 and 30)	110,769	3	160,000	4
2550	Provisions - noncurrent (Notes 4 and 19)	70,807	2	47,220	1
2570	Deferred income tax liabilities (Notes 4 and 24)	76,241	2	71,732	2
2580	Lease liabilities - noncurrent (Notes 4 and 15)	1,981	-	8,400	-
2640	Net defined benefit liabilities - noncurrent (Notes 4 and 20)	3,575	-	17,666	1
2645	Guarantee deposits received - noncurrent	3,969	-	3,913	-
25XX	Total noncurrent liabilities	267,342	7	308,931	8
2XXX	Total liabilities	1,440,109	38	1,660,054	42
	EQUITY ATTRIBUTABLE TO OWNERS OF USUN TECHNOLOGY(Note 4, 20, 21 and 24)				
	Capital stock				
3110	Common stock	628,730	16	634,730	16
	Capital surplus				
3210	Share issuance premium	1,384,141	36	1,397,476	35
3240	Disposal of asset betterment	2,322	-	2,322	-
3200	Total capital reserve	1,386,463	36	1,399,798	35
	Retained earnings				
3310	Legal reserve	264,447	7	264,447	7
3320	Special reserve	55,243	1	55,243	1
3350	Unappropriated earnings	187,178	5	75,285	2
3300	Total retained earnings	506,868	13	394,975	10
3400	Other equity	(56,929)	(1)	(46,795)	(1)
3500	Treasury stocks	(84,693)	(2)	(77,008)	(2)
31XX	Total equity attributable to owners of USUN Technology	2,380,439	62	2,305,700	58
36XX	Noncontrolling interests	3,278	-	4,022	-
3XXX	Total equity	2,383,717	62	2,309,722	58
	TOTAL LIABILITIES AND EQUITY	$ 3,823,826	100	$ 3,969,776	100

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

Chairman: Chiu-Feng Huang　　Manager: Chian-Cheng Chen　　Financial Accounting Manager: Cheng-Hsiang Yeh

USUN TECHNOLOGY CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In NTD Thousands, Except Earnings Per Share)

Code		Year 2022 Amount	Year 2022 %	Year 2021 Amount	Year 2021 %
4110	TOTAL OPERATING REVENUE (notes 4 and 22)	$ 1,761,666	101	$ 1,512,151	103
4190	Sales discount	(20,857)	(1)	(45,670)	(3)
4100	Operating revenue	1,740,809	100	1,466,481	100
5110	Operating costs (notes 4, 11, 20 and 23)	1,294,787	74	964,032	66
5900	Gross profit	446,022	26	502,449	34
	OPERATING EXPENSES (notes 4, 10, 20, 22 and 33)				
6100	Marketing	82,074	5	89,091	6
6200	General administration	160,552	9	170,792	12
6300	R&D Expenses	243,076	14	219,618	15
6450	Expected credit impairment loss (Gain on reversal)	25,787	2	(6,083)	(1)
6000	Total operating expenses	511,489	30	473,418	32
6900	Net operating (loss) profit	(65,467)	(4)	29,031	2
	Nonoperating income and expenses				
7100	Interest income (Note 4)	15,695	1	11,838	1
7130	Dividend income (Note 4)	9,643	-	9,643	1
7190	Other income (Note 23)	62,653	4	52,851	4
7610	(Losses) Gains on disposal of property, plant and equipment and intangible assets (Note 4)	50	-	(4)	-
7230	Currency exchange gain (Note 4)	135,385	8	5,644	-
7235	Loss of financial assets measured at FVTPL (Note 4)	(5,814)	-	(5,779)	-

(Cont.)

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Code		Year 2022 Amount	Year 2022 %	Year 2021 Amount	Year 2021 %
7630	Currency exchange loss (Note 4)	(15,066)	(1)	(22,014)	(2)
7050	Financial costs (Notes 4 and 23)	(3,553)	-	(1,319)	-
7070	Shares of losses of associates accounted for under equity method (Notes 4 and 13)	-	-	(455)	-
7590	Miscellaneous expenses (Note 23)	(28,286)	(2)	(41,217)	(3)
7000	TOTAL NON-OPERATING INCOME AND EXPENSES	170,707	10	9,188	1
7900	Income before income tax	105,240	6	38,219	3
7950	Income tax (Notes 4 and 24)	(3,346)	-	(22,431)	(2)
8200	NET INCOME	101,894	6	15,788	1
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified to				
8311	profit or loss:	11,185	-	(2,846)	-
8316	Unrealized profit (losses) on investments in equity instruments designated at fair value through other comprehensive income (Note 4)	(22,633)	(1)	28,699	2
8310		(11,448)	(1)	25,853	2
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations (Note 4 and 21)	15,623	1	(4,510)	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 24)	(3,124)	-	901	-
8360		12,499	1	(3,609)	-
8300	Total other comprehensive loss, net of income	1,051	-	22,244	2
8500	TOTAL COMPREHENSIVE INCOME	$ 102,945	6	$ 38,032	3

(Cont.)

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Code		Year 2022 Amount	%	Year 2021 Amount	%
	NET INCOME ATTRIBUTABLE TO:				
8610	Owners of USUN Company	$ 102,638	6	$ 16,551	1
8620	Noncontrolling interests	(744)	-	(763)	-
8600		$ 101,894	6	$ 15,788	1
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Owners of USUN Company	$ 103,689	6	$ 38,795	3
8720	Noncontrolling interests	(744)	-	(763)	-
8700		$ 102,945	6	$ 38,032	3
	EARNINGS PER SHARE (Note 25)				
9750	Basic	$ 1.68		$ 0.27	
9850	Diluted	$ 1.66		$ 0.27	

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

Chairman: Chiu-Feng Huang Manager: Chian-Cheng Chen Financial Accounting Manager: Cheng-Hsiang Yeh

USUN TECHNOLOGY CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

In NTD Thousands

		Equity Attributable to Owners of USUN TECHNOLOGY(Note 4, 20, 21 and 24)												
			Capital Surplus			Retained Earnings			Other Equity					
Code		Capital Stock	Share Issuing Premium	Gain on Sale of Fixed Assets	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Operations	Unrealized Losses on Financial Assets at Fair Value	Treasury Stock	Total	Noncontrolling Interests	Total Equity
A1	BALANCE ON JANUARY 1, 2021	$ 641,730	$ 1,412,888	$ 2,322	$ 1,415,210	$ 264,447	$ 55,243	$ 88,574	($ 97,348)	$ 25,463	($ 126,414)	$ 2,266,905	$ 4,785	$ 2,271,690
D1	Net profit for Year 2021	-	-	-	-	-	-	16,551	-	-	-	16,551	(763)	15,788
D3	Other comprehensive profit and loss for Year 2021	-	-	-	-	-	-	(2,846)	(3,609)	28,699	-	22,244	-	22,244
D5	Total comprehensive profit and loss for Year 2021	-	-	-	-	-	-	13,705	(3,609)	28,699	-	38,795	(763)	38,032
L3	Treasury stock retired	(7,000)	(15,412)	-	(15,412)	-	-	(26,994)	-	-	49,406	-	-	-
Z1	BALANCE ON DECEMBER 31ST, 2021	634,730	1,397,476	2,322	1,399,798	264,447	55,243	75,285	(100,957)	54,162	(77,008)	2,305,700	4,022	2,309,722
D1	Net profit for Year 2022	-	-	-	-	-	-	102,638	-	-	-	102,638	(744)	101,894
D3	Other comprehensive profit and loss for Year 2022	-	-	-	-	-	-	11,185	12,499	(22,633)	-	1,051	-	1,051
D5	Total comprehensive profit and loss for Year 2022	-	-	-	-	-	-	113,823	12,499	(22,633)	-	103,689	(744)	102,945
L1	Treasury stock acquired	-	-	-	-	-	-	-	-	-	(28,950)	(28,950)	-	(28,950)
L3	Treasury stock retired	(6,000)	(13,335)	-	(13,335)	-	-	(1,930)	-	-	21,265	-	-	-
Z1	Balance on December 31, 2022	$ 628,730	$ 1,384,141	$ 2,322	$ 1,386,463	$ 264,447	$ 55,243	$ 187,178	($ 88,458)	$ 31,529	($ 84,693)	$ 2,380,439	$ 3,278	$ 2,383,717

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

Chairman: Chiu-Feng Huang   Manager: Chian-Cheng Chen   Financial Accounting Manager: Cheng-Hsiang Yeh

USUN TECHNOLOGY CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

In NTD Thousands

Code		Year 2022	Year 2021
	Income before income tax		
A10000	Adjustments for:	$ 105,240	$ 38,219
A20010	Depreciation		
A20100	Amortization	61,341	53,494
A20200	Amortization of concessions	3,339	3,140
A20300	Expected credit losses (Gain on reversal)	25,787	(6,083)
A20400	Net losses on fair value changes of financial assets and liabilities at FVTPL	5,814	5,779
A20900	Financial costs	3,553	1,319
A21200	Interest income	(15,695)	(11,838)
A21300	Dividend income	(9,643)	(9,643)
A22300	Shares of losses of associates accounted for under equity method	-	455
A22500	Losses (gains) on disposal of property, plant and equipment	(50)	4
A23700	Loss for market price decline and obsolete and slow-moving inventories	7,348	(30,349)
A24100	Unrealized net gains on foreign exchange	(18,087)	(3,618)
A29900	Designated reserve for liabilities	23,420	15,069
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(99,659)	(71,954)
A31130	Notes receivable	(52,520)	4,844
A31150	Accounts receivable	(53,456)	318,212
A31180	Accounts receivable - related parties	23,484	(21,519)
A31200	Inventories	209,839	(470,550)
A31230	Prepaid expenses	9,868	(16,942)
A31220	Other prepayments	8,804	(10,041)
A31240	Other current assets	(55)	70
A32125	Contract liabilities	(66,047)	60,759
A32150	Accounts payable	(77,067)	(15,697)
A32180	Other payables	29,335	55,434
A32200	Provisions	(5,919)	(15,978)
A32230	Other current liabilities	(1,120)	(2,347)
A32240	Net defined benefit liabilities	(2,906)	(3,052)
A33000	Cash generated from operations	114,948	(132,813)
A33300	Interest paid	(3,732)	(1,335)
A33500	Income taxes paid	(5,861)	(16,480)

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Code		Year 2022	Year 2021
AAAA	Net cash generated from operating activities	105,355	(150,628)
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00040	Acquisition of financial assets at amortized cost	(95,151)	-
B00050	Disposal of financial assets at amortized cost	-	120,332
B00100	Acquisition of financial assets at FVTPL	-	(41,692)
B01800	Acquisition of investments accounted for using the equity method	-	(4,005)
B02700	Purchase of property, plant and equipment	(17,024)	(25,023)
B02800	Proceeds from the disposal of property, plant and equipment	50	-
B03700	Increase in refundable deposits	-	(18,928)
B03800	Decrease in refundable deposits	18,449	-
B04500	Acquisition of intangible assets	(6,705)	(464)
B05400	Acquisition of investment real estate	(6,058)	-
B06700	Decrease (Increase) in other non-current assets	405	(405)
B07200	Increase in prepayments for equipment	(5,484)	(211)
B07500	Interest received	17,179	9,688
B07600	Dividends received	9,643	9,643
BBBB	Net cash used in investing activities	(84,696)	48,935
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	100,000	235,000
C00200	Decrease in short-term borrowings	(210,000)	(125,000)
C01600	Proceeds from long-term borrowings	-	210,000
C01700	Repayment of long-term borrowings	-	(95,833)
C04020	Repayment of the principal portion of lease liabilities	(8,804)	(5,363)
C04900	Treasury stock acquired	(26,006)	-
CCCC	Net cash used (gained) in financing activities	(144,810)	218,804
DDDD	Effect of foreign exchange rate changes on cash and cash	16,896	(5,011)
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	(107,255)	112,100
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	1,212,594	1,100,494
E00200	CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 1,105,339	$ 1,212,594

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

Chairman: Chiu-Feng Huang Manager: Chian-Cheng Chen Financial Accounting Manager: Cheng-Hsiang Yeh

USUN TECHNOLOGY CO. LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In NTD Thousands, Unless Stated Otherwise)

1. COMPANY HISTORY

USUN Technology Co., Ltd. (hereinafter referred to as the "Company"; The Company and the entities controlled by the Company (hereinafter referred to as the Consolidated Company) were established on April 7, 1981, with the approval of the Ministry of Economic Affairs. Its main business scopes are the design, production and maintenance of automation equipment. The Company's shares have been listed on TPEx since September 11th, 2007.

These consolidated financial statements are expressed in the Company's functional currency, New Taiwan Dollar.

2. DATE AND PROCEDURES FOR APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors of USUN Technology on March 23, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

(1) Application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC) and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Consolidated Company’s accounting policies.

(2) The IFRSs endorsed by the FSC for application starting from 2022

New Standards/ Amendments/ Revising Guidelines and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that are recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments are applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issuance, the Conslidated Company has assessed that the application of above standards and interpretations will not have a material impact on the Consolidated Company's financial position and financial performance.

(3) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New Standards/ Amendments/ Revising Guidelines and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets by IASB between an Investor and its Affiliate or Joint Venture"	To be determined
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2024
Amendments to IAS 1 "Noncurrent Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Conslidated Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Consolidated Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

(2) Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and investment properties that are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

(3) Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

1 Assets held primarily for the purpose of trading;

2 Assets expected to be realized within 12 months after the reporting period; and

3 Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1 Liabilities held primarily for the purpose of trading;

2 Liabilities due to be settled within 12 months after the reporting period; and

3 Liabilities for which the Conslidated Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities not classified as current are non-current.

(4) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of USUN Technology and the entities controlled by USUN Technology(its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by USUN Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of USUN Technology and to the noncontrolling interests even if this results in the noncontrolling interests having a deficit balance.

See Note 12, Appendix 6 and Appendix 7 for the detailed information on subsidiaries, including the percentages of ownership and main businesses.

(5) Foreign Currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Nonmonetary items denominated in a foreign currency and measured at historical cost are not retranslated.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Consolidated Company's foreign operations (including subsidiaries in other countries or subsidiaries that use currencies different from the ones used by USUN Company) are translated into New Taiwan dollars using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting exchange differences are recognized in other comprehensive income (attributed to the owners of USUN Technology and noncontrolling interests as appropriate).

(6) Inventories

Inventory includes raw materials, materials, semi-finished products and work-in-progress. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price under normal conditions less estimated selling expenses. Cost is determined using the weighted-average method.

(7) Investments in Associates

An associate is an entity over which the Conslidated Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Conslidated Company uses the equity method to account for its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Consolidated Company's share of the profit or loss and other comprehensive income of the associate. The Conslidated Company also recognizes the changes in the Consolidated Company's share of equity of associates attributable to the Conslidated Company.

Any excess of the cost of acquisition over the Consolidated Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized.

When the Consolidated Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Consolidated Company's net investment in the associate), the Conslidated Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Conslidated Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, which forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Conslidated Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Conslidated Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Conslidated Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Consolidated Company's consolidated financial statements only to the extent of interests in the associate that are not related to the Conslidated Company.

(8) Real estate, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land, which is not depreciated, the depreciation of remaining property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(9) Investment properties

Investment properties are properties held to earn rental or for capital appreciation or both. Investment properties also includes land held for undecided future use.

Freeheld investment properties are measured initially at cost, including transaction costs, and are subsequently measured by the amount of cost less accumulated depreciation and accumulated impairment loss.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

All investment properties are depreciated using the straight-line method.

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

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

(10) Intangible Assets

1. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2. Derecognition of intangible assets

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

(11) Impairment of property, plant and equipment, investment properties, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Consolidated Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss. When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or incremental costs of obtaining a contract is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

(12) Financial Instruments

Financial assets and financial liabilities are recognized in the Consolidated Balance Sheet when the Consolidated Company becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(1) Measurement category

Financial assets held by the Consolidated Company are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

A. Financial assets at FVTPL

A financial asset is classified at FVTPL when the financial asset is mandatorily classified as FVTPL.

Financial assets are designated at FVTPL at the time of their original recognition if such designation eliminates or materially reduces measurement or recognition inconsistencies which would otherwise arise.

Financial assets held by the Consolidated Company measured at FVTPL are subsequently measured at fair value, and the interest and remeasurement gains or losses are recognized in interest income and net gains or losses measured at FVTPL, respectively. The fair value is determined in the manner described in Note 28.

B. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a. The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows.

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables and deposited margins, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

a. Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

b. For financial assets whose credit are not impaired on purchase or origination but become impaired subsequently, their interest income should be calculated by multiplying the effective interest rate by the amortized cost of such financial assets from the reporting period following the credit impairment.

A financial asset with impaired credit refers to the fact that the issuer or the borrower has suffered from significant financial difficulty or breached a contract, such as a default, or the borrower may enter bankruptcy, undergo a financial reorganization, or suffer from financial difficulty, causing financial assets to disappear from an active market.

Cash equivalents include time deposits which are acquired within 3 months, contain high liquid, stay readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value. These cash equivalents are held for meeting short-term cash commitments.

C. Investments in equity instruments at FVTOCI

On initial recognition, the Consolidated Company may make an irrevocable election to designate investments in equity instruments as FVTOCI. Designation as FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Consolidated Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(2) Impairment of financial assets and contract assets

The Consolidated Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Consolidated Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable and contract assets. For all other financial instruments, the Consolidated Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Consolidated Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Consolidated Company determines that the following situations indicate that a financial asset is in default (without considering any collateral held by the Consolidated Company):

A. Internal or external information show that the debtor is unlikely to pay its creditors.

B. Overdue for more than 90 days, unless reasonable and reliable information is available to indicate that the extended default basis is more appropriate.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

(3) Derecognition of financial assets

The Consolidated Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity instruments

Equity instruments issued by the Consolidated Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Consolidated Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Consolidated Company's own equity instruments.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss.

(13) Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

The warranty obligation to ensure that the product conforms to the agreed specifications is recognized at the Consolidated Company's best estimate of the expenditure required to settle the Consolidated Company's obligation when the sale of relevant products are recognized.

(14) Revenue Recognition

The Consolidated Company identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied

1. Revenue from the sale of goods

   Revenue from the sale of goods comes from sales of automation equipmen1t products. Since the client has the primary responsibility for the pricing and use of the goods after the products arrive at the client's designated place and are installed, and bears the risk of obsolescence of the goods, the Consolidated Company recognizes revenue and accounts receivable/contract assets at that point and transfers the warranty obligation to accounts receivable after it expires.

   At the time of dematerialization, the control over the ownership of the processed products is not transferred, and thus the income is not recognized at the time of dematerialization.

2. Income from labor services

   Income from labor services refers to the provision of maintenance services for machinery and equipment, and the according income is recognized at the time of provision of services.

(15) Leases

At the inception of a contract, the Consolidated Company assesses whether the contract is, or contains, a lease.

1. The Consolidated Company as lessor

   Leases are classified as finance leases whenever the terms of a lease transfer all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

   Lease payments under operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

   When a lease contains both land and building, the Consolidated Company assesses whether the elements are classified as financial leases or business leases based on whether almost all the risks and compensation attached to the ownership of the elements have been transferred to the lessee. Lease benefits are apportioned to the land and buildings in proportion to the fair value of the leasehold rights on the land and buildings on the date of commencement of the contract. If lease payments can be reliably apportioned to these two elements, each element is treated according to the applicable lease classification. If the lease payment cannot be reliably apportioned to these two elements, the overall lease is classified as a financial lease, but if both elements clearly meet the operating lease criteria, the overall lease is classified as an operating lease.

2. The Consolidated Company as lessee

The Consolidated Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities. Except where the definition of investment real estate is met, right-of-use assets are presented on a separate line in the consolidated balance sheets. For the recognition and measurement of right-of-use assets that meet the definition of investment real estate, please refer to (9) Accounting Policy for Investment Real Estate.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets and the end of the lease terms. Depreciation is shown from the commencement date of the lease until the end of the useful life of the underlying asset if ownership of the underlying asset is acquired at the end of the lease term, or if the cost of the right-of-use asset reflects the exercise of the purchase option.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Consolidated Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term resulting in a change in future lease payments, the Consolidated Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Consolidated Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(16) Cost of borrowing

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

(17) Government Grants

Government grants are not recognized until there is reasonable assurance that the Consolidated Company will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Consolidated Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

(18) Employee benefits

1. Short-term employee benefits

   Liabilities related to short-term employee benefits are measured by the non-discounted cash amount expected to be paid in exchange for employee services.

2. Retirement benefits

   Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions. Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur or when the settlement occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

   Net defined benefit liabilities represent the actual deficit in the Consolidated Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(19) Income Tax

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

1. Current tax

   The Consolidated Company determines the current income (loss) in accordance with the regulations enacted by the respective income tax reporting jurisdiction, and calculates the income tax payable (recoverable) accordingly.

   According to the *Income Tax Act* of Republic of China, an additional tax on unappropriated earnings is provided for as income tax in the year the stockholders approve to retain earnings.

   Adjustments to income tax payable in previous years are included in the income tax for the current period.

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for other expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income.

5. <u>KEY SOURCES OF CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTION UNCERTAINTY</u>

In the application of the Consolidated Company’s accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Consolidated Company will consider the recent development of Covid-19 pandemic and its possible impact on the economic environment into consideration of relevant significant accounting estimates, such as cash flow estimates, growth rates, discount rates, profitability, etc., and the management will continuously review the estimates and underlying assumptions. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation and Assumption Uncertainty

(1). Estimated impairment of financial assets

The provisions for impairment of accounts receivable are based on assumptions on probability of default and expected loss. The Consolidated Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Consolidated Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Notes 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

(2). Impairment of inventory

The net realization value of inventory is an estimate of the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost of completing the sale, which is based on current market conditions and historical sales experience of similar products, and changes in market conditions may materially affect such estimates, please refer to Note 11 for the carrying amount of inventory.

6. CASH AND CASH AGREEMENTS

	December 31, 2022	December 31, 2021
Cash on hand	$ 4,926	$ 3,987
Checking and demand deposits	736,396	830,512
Cash equivalents		
Time deposits with an original maturity date of less than 3 months	364,017	378,095
Total	$ 1,105,339	$ 1,212,594

The interest rates for demand deposits and bank time deposits with an original maturity date of less than 3 months on the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Demand deposit	0.001%~1.45%	0.001%~0.30%
Time deposits with an original maturity date of less than 3 months	0.975%~2.025%	0.21%~2.50%

7. FINANCIAL INSTRUMENTS MEASURED AT FVTPL

	December 31, 2022	December 31, 2021
Financial assets - non-current		
Foreign corporate bonds	$ 30,099	$ 35,913

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments

	December 31, 2022	December 31, 2021
Noncurrent		
Domestic unlisted (Over-The-Counter) common shares	$ 109,164	$ 131,797

The Consolidated Company invested in domestic unlisted common stock in accordance with medium to long-term strategies. Accordingly, the management elected to designate these investments in equity instruments as FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Consolidated Company's strategy of holding these investments for long-term purposes.

Among the aforementioned investments in equity instruments, the Company originally held 20% of SISSCA Co., Ltd. on March 17, 2020, and this investment is recognized using the equity method, but SISSCA conducted the cash capital increase in May 2021. The Company invested NTD 4,005 thousand and did not subscribe for new shares according to the original shareholding ratio, and the shareholding decreased from 20.00% to 6.21%, a decrease caused the Company to lose its significant impact since May 2021. The investment with the equity method was thus switched to financial assets measured at fair value through other comprehensive gains and losses.

On March 10, 2023, the Company sold all the shares of Shin Puu Technology Co., Ltd. to R&D CIRCUITS INC (Advantest Corporation Group.) by resolution of the Board of Directors. The transaction of this disposal amounted to approximately NTD 311,771 thousand to NTD 356,310 thousand. The difference of approximately NTD 44,539 thousand is a trusted retention money to cover contingent liabilities which may arise after delivery. The settlement and payment will be made no later than 15 months after closing.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31, 2022	December 31, 2021
Current		
Certificates of deposits with original maturities of more than 3 months (3)	$ 156,671	$ 34,760
Restricted assets (1)	68,787	95,928
	$ 225,458	$ 130,688
Noncurrent		
Restricted assets (2)	$ 24,095	$ 23,714

1. The Consolidated Company contracted the project and provided a performance bond, and, on December 31, 2022, and 2021, issued a deposit certificate as a pledge, which is a restricted asset.
2. Some clients and suppliers filed civil lawsuits against Shanghai USUN, the Company's subsidiary in mainland China, and applied to the local People's Court to execute provisional attachment of demand deposits. Please refer to Note 32 for details of the according litigations.
3. As of December 31, 2022, and 2021, the interest rates for demand deposits with an original maturity date of more than 3 months ranged from was 1.57% to 3.40% and from 1.80% to 3.00%, respectively.

For information on pledges of financial assets measured at amortized cost, please refer to Note 30.

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31, 2022	December 31, 2021
Notes receivable - incurred as a result of business		
Measured at amortized cost	$ 83,703	$ 31,183
Accounts Receivable		
Measured at amortized cost		
Gross Carrying Amount	$ 643,973	$ 571,841
Less: Allowance for impairment loss	(354,208)	(334,266)
Net accounts receivable	$ 289,765	$ 237,575

The average credit period of the Consolidated Company on sales of goods is 90~180 days, and no interest is calculated on accounts receivable. Before accepting a new client, the Consolidated Company evaluates the credit quality of the potential client through an internal credit rating mechanism and sets the credit limit of the client. Client's credit limit and rating are reviewed regularly.

To mitigate credit risk, the management of the Consolidated Company has delegated a dedicated team to be responsible for the credit limit determination, credit approval and other monitoring procedures to ensure that appropriate action has been taken to ensure that the recovery of overdue receivables has been taken. In addition, the Consolidated Company will review the recoverable amount of the receivables on a case-by-case basis on the balance sheet date to ensure that the unrecoverable receivables have been appropriately degraded losses.

The Consolidated Company recognizes loss allowance on accounts receivable based on expected credit losses during use of lifetime. The expected credit loss during use of lifetime is based on reference to the counterparty's default records and analysis of its current financial position. Since the historical experience of credit loss of the Consolidated Company shows that there is no significant difference in the loss patterns of different client groups, the provision matrix does not further distinguish client groups, but only sets the expected credit loss rate based on the number of days overdue on accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Consolidated Company cannot reasonably estimate the recoverable amount, the Consolidated Company will directly write off the according accounts receivable, but will continue the recourse activities, and any recovered amount will be recognized as profit or loss.

The loss allowance on the Consolidated Company's accounts receivable and notes receivable are as follows:

December 31, 2022

	Not overdue	Late 1~90 days	Late 91~270 days	Late 271~630 days	Overdue 631 days	total
Expected credit loss rate	0.58%	13.64%	13.57%	62.29%	93.14%	
Gross Carrying Amount	$ 263,200	$ 29,618	$ 35,654	$ 90,817	$ 308,387	$ 727,676
Loss allowance (lifetime ECLs)	(1,519)	(4,041)	(4,839)	(56,567)	(287,242)	(354,208)
Amortized cost	$ 261,681	$ 25,577	$ 30,815	$ 34,250	$ 21,145	$ 373,468

December 31, 2021

	Not overdue	Late 1~90 days	Late 91~270 days	Late 271~630 days	Overdue 631 days	total
Expected credit loss rate	0.52%	12.78%	26.97%	60.41%	100%	
Gross Carrying Amount	$ 117,636	$ 56,978	$ 66,475	$ 135,106	$ 226,829	$ 603,024
Loss allowance (lifetime ECLs)	(615)	(7,283)	(17,928)	(81,611)	(226,829)	(334,266)
Amortized cost	$ 117,021	$ 49,695	$ 48,547	$ 53,495	$ -	$ 268,758

Information on changes in allowance for impairment loss on accounts receivable is as follows:

	Year 2022	Year 2021
Balance on January 1	$ 334,266	$ 358,622
Impairment losses are listed (carryover) for the current year	15,832	(22,908)
Foreign currency conversion difference	4,110	(1,448)
Balance on December 31	$ 354,208	$ 334,266

11. INVENTORY

	December 31, 2022	December 31, 2021
Semi-finished products and work-in-process	$ 678,197	$ 856,570
raw material	109,234	148,016
material	79	111
	$ 787,510	$ 1,004,697

The cost of goods sold is as follows:

	Year 2022	Year 2021
The cost of inventory of goods sold	$ 1,287,439	$ 994,381
Inventory price decline and sluggish losses	7,348	(30,349)
	$ 1,294,787	$ 964,032

12. SUBSIDIARIES

The entities for the preparation of the consolidated financial statements are as follows:

Investor Company	Investee Company	Nature of Businesses	Percentage of Ownership (%) Dec. 31, 2022	Percentage of Ownership (%) Dec. 31, 2021
The Company	YAMCHEN (B.V.I.) CO., LTD.	Investment-related business	100.00%	100.00%
The Company	USUN TECHNOLOGY CO., LTD. (hereinafter USUN TECHNOLOGY)	Investment-related business	100.00%	100.00%
The Company	USUN MATERIALS SCIENCE Co. Ltd. (hereinafter USUN MATERIALS SCIENCE)	Wholesale and retail of electronic materials	89.65%	89.65%
The Company	UMS OPTIC CO., LTD. (hereinafter UMS OPTIC)	Investment-related business	71.77%	71.77%
The Company	Chenghan Technology Co. Ltd. (hereinafter Chenghan Technology)	Production automation equipment	100.00%	100.00%
USUN MATERIALS SCIENCE Co. Ltd.	UMS OPTIC CO., LTD. (hereinafter UMS OPTIC)	Investment-related business	26.58%	26.58%
YAMCHEN (B.V.I.) CO., LTD.	Shanghai USUN Co., Ltd. (hereinafter Shanghai USUN)	Production automation equipment	100.00%	100.00%
USUN TECHNOLOGY CO., LTD.	USUN (Foshan) Technology Co., Ltd. (hereinafter USUN (Foshan))	Production of automation equipment and parts processing, sales and maintenance	100.00%	100.00%
UMS OPTIC CO., LTD.	UMS MATERIAL CO., LTD.	Investment-related business	100.00%	100.00%
UMS MATERIAL CO., LTD.	USUN MATERIALS SCIENCE (Shanghai) Co., Ltd. (hereinafter USUN MATERIALS SCIENCE (Shanghai))	Production and sales of nano-coated optical glass	100.00%	100.00%

The Company has established JETERRA CO.,LIMITED, a 100% shareholding subsidiary in Hong Kong on March 6, 2019, by resolution of the Board of Directors on January 28, 2019, and intends to reinvest in JETERRA Construction Technology (Guangzhou) Co., Ltd., established in Guangzhou. JETERRA Construction Technology (Guangdong) Co., Ltd. has been deregistered in February 2022, and as of March 23, 2023, JETERRA Co., Limited is yet the unpaid share capital and the Company's intention to terminate the investment plan are not included in the preparation of the consolidated financial statements.

13. INVESTMENTS USING THE EQUITY METHOD

Associates that are not individually material	December 31, 2022 Carrying amount	December 31, 2022 Equity %	December 31, 2021 Carrying amount	December 31, 2021 Equity %
MONDE INVESTMENT LTD.	$ -	49.00	$ -	49.00

Aggregate information of associates that are not individually material

	Year 2022	Year 2021
The Consolidated Company's share Net loss for the year	$ -	($ 455)

For information on the nature of business, principal place of business and country of incorporation of the above-mentioned affiliated enterprises, please refer to the table in Appendix 6 "Information of Invested Companies, Region of Location...and Other Related Information".

The investment using the equity method and the Consolidated Company's share of its profit and loss and other comprehensive profit and loss are calculated according to financial statements which have not been audited by the Accountants; However, the management of the Consolidated Company is of the view that the financial statements of the above-mentioned investee companies which have not been audited by the Accountants will not result in material adjustments.

14. PROPERTY, PLANT AND EQUIPMENT

Freeheld

	Land	Houses & Construction	Machinery And Equipment	Transportation Equipment	Other Devices	Unfinished Works And Equipment To Be Inspected	Total
Cost							
Balance on January 1, 2022	$ 436,854	$ 274,423	$ 119,777	$ 16,361	$ 111,589	$ 102	$ 959,106
Additions	-	-	617	463	15,925	19	17,024
Disposals	-	-	(9,341)	(356)	(26,084)	-	(35,781)
Reclassification	-	1,790	-	-	529	-	2,319
Effects of foreign currency exchange difference	-	2,093	1,263	153	730	2	4,241
Balance on December 31, 2022	$ 436,854	$ 278,306	$ 112,316	$ 16,621	$ 102,689	$ 123	$ 946,909
Accumulated depreciation and impairment							
Balance on January 1, 2022	$ -	$ 120,223	$ 90,880	$ 14,737	$ 86,495	$ -	$ 312,335
Depreciation expense	-	10,697	7,155	899	11,882	-	30,633
Disposals	-	-	(9,341)	(356)	(26,084)	-	(35,781)
Reclassification	-	448	-	-	118	-	566
Effects of foreign currency exchange difference	-	1,034	1,022	132	685	-	2,873
Balance on December 31, 2022	$ -	$ 132,402	$ 89,716	$ 15,412	$ 73,096	$ -	$ 310,626
Net Balance on December 31, 2022	$ 436,854	$ 145,904	$ 22,600	$ 1,209	$ 29,593	$ 123	$ 636,283
Cost							
BALANCE ON JANUARY 1, 2021	$ 436,854	$ 279,148	$ 171,708	$ 17,127	$ 113,249	$ 376	$ 1,018,462
Additions	-	170	9,298	-	14,074	1,481	25,023
Disposal	-	(4,299)	(60,354)	(718)	(15,464)	-	(80,835)
Reclassification	-	-	(239)	-	(10)	(1,753)	(2,002)
Effects of foreign currency exchange difference	-	(596)	(636)	(48)	(260)	(2)	(1,542)
Balance on December 31, 2021	$ 436,854	$ 274,423	$ 119,777	$ 16,361	$ 111,589	$ 102	$ 959,106
Accumulated depreciation and impairment							
BALANCE ON JANUARY 1, 2021	$ -	$ 114,741	$ 143,065	$ 14,439	$ 90,107	$ -	$ 362,352
Depreciation expense	-	10,052	8,717	1,053	12,096	-	31,918
Disposal	-	(4,299)	(60,350)	(718)	(15,464)	-	(80,831)
Effects of foreign currency exchange difference	-	(271)	(552)	(37)	(244)	-	(1,104)
Balance on December 31, 2021	$ -	$ 120,223	$ 90,880	$ 14,737	$ 86,495	$ -	$ 312,335
Net on December 31, 2021	$ 436,854	$ 154,200	$ 28,897	$ 1,624	$ 25,094	$ 102	$ 646,771

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

Houses & Buildings	
Main buildings	15 to 50 years
Electromechanical equipment	15 to 20 years
Others	5 to 35 years
Machinery equipment	2 to 10 years
Transportation equipment	4 to 5 years
Other equipment	2 to 20 years

The amount of property and plant pledged as collateral for borrowings are set out in Note 30.

15. LEASE AGREEMENT

(1). Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount		
Land	$ 39,878	$ 41,356
Buildings	6,710	10,790
Transportation equipment	3,710	6,268
	$ 50,298	$ 58,414

	Year 2022	Year 2021
Additions to right-of-use assets	$ 1,097	$ 16,816
Depreciation charge for right-of-use assets		
Land	$ 2,173	$ 1,261
Buildings	4,673	1,113
Transportation equipment	3,071	3,027
	$ 9,917	$ 5,401

(2). Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount		
Current	$ 7,217	$ 8,386
Noncurrent	$ 1,981	$ 8,400

Discount rate ranges for lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Land	1.1996%	1.1996%
Buildings	1.1736%~3.8500%	1.1996%~3.8500%
Transportation equipment	1.1736%~1.9027%	1.1996%~1.9027%

(3). Material lease activities and terms

At the end of the lease terms, the Consolidated Company has no preferential right to acquire the remaining leased subjects, except for one lease agreement stipulating that the Consolidated Company will acquire ownership of the leased transportation equipment.

(4). Other lease information

	Year 2022	Year 2021
Expenses relating to short-term leases	$ 10,039	$ 10,806
Expenses relating to low-value asset leases	$ 1,685	$ 980
Total cash outflow for leases	($ 20,862)	($ 17,294)

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

16. INVESTMENT PROPERTIES

	December 31, 2022		
	Land	Houses And Buildings	Total
Cost			
Balance on January 1, 2022	$ 18,534	$ 339,391	$ 357,925
Additional provisions recognized	-	6,058	6,058
Effects of foreign currency exchange difference	265	4,829	5,094
Balance on December 31, 2022	$ 18,799	$ 350,278	$ 369,077
Accumulated Depreciation			
Balance on January 1, 2022	$ 1,548	$ 218,719	$ 220,267
Depreciation Expense	527	20,264	20,791
Effects of foreign currency exchange difference	18	3,019	3,037
Balance on December 31, 2022	$ 2,093	$ 242,002	$ 244,095
Net Balance on December 31, 2022	$ 16,706	$ 108,276	$ 124,982

	December 31, 2021		
	Land	Houses And Buildings	Total
Cost			
BALANCE ON JANUARY 1, 2021	$ 18,609	$ 340,771	$ 359,380
Effects of foreign currency exchange difference	(75)	(1,380)	(1,455)
Balance on December 31, 2021	$ 18,534	$ 339,391	$ 357,925
Accumulated Depreciation			
BALANCE ON JANUARY 1, 2021	$ 1,036	$ 203,865	$ 204,901
Depreciation Expense	515	15,660	16,175
Effects of foreign currency exchange difference	(3)	(806)	(809)
Balance on December 31, 2021	$ 1,548	$ 218,719	$ 220,267
Net Balance on December 31, 2021	$ 16,986	$ 120,672	$ 137,658

The right-of-use asset in the investment real estate refers to the land which the Consolidated Company leases in Shanghai and subleases it to Shanghai Zhanyun Information Consulting Co., Ltd. in the form of business lease.

The lease terms of investment properties range from 9 years. The rights of lease term extension contain clauses for market rental reviews. The lessee does not have a bargain purchase option to acquire the investment property at the expiry of the lease period.

In addition to the fixed lease payments, the lease agreement also stipulates a 3.5% increase in the lease payments every three years.

The maturity analysis of lease payments receivable under operating leases of investment properties is as follows:

	December 31, 2022	December 31, 2021
Year 1	$ 48,039	$ 46,949
Year 2	49,289	47,086
Year 3	49,289	48,592
Year 4	49,720	48,592
Year	51,014	48,734
More than 5 years	89,274	146,688
	$ 336,625	$ 386,641

Investment properties are depreciated on a straight-line basis over their estimated useful lives 10~20 years.

For the amount of investment properties subject to provisional attachment, please refer to Note 30.

The fair value of investment property is measured by the recent Level 3 input value at each balance sheet date by Prudential Cross-Strait Real Estate Appraisers Firm, an independent valuation firm. This evaluation is made on the basis of market evidence similar to the transaction price of real estate, and, according to the Consolidated Company's assessment, prices of recent transactions have not fluctuated significantly. Hence, the measurement is mainly based on the evaluation of the independent evaluation company, and the fair value obtained from the evaluation is as follows:

	December 31, 2022	December 31, 2021
Fair Value	$ 302,682	$ 343,382

17. BORROWINGS

(1) Short-term borrowings (December 31, 2022: None)

	December 31, 2021
Unsecured borrowings	
Bank credit loans	$ 110,000

The interest rates for short-term borrowings range are as follows:

	December 31, 2021
Bank credit loans	0.8458%~1.0610%

(2) Long-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings (Note 30)		
Medium and long-term borrowing from O-Bank	$ 160,000	$ 160,000
Less: Current portion	(49,231)	-
Long-term borrowing	$ 110,769	$ 160,000

On March 10, the Company applied for a medium and long-term loan from O-Bank, and obtained a credit line of $175,000 thousand, and the Company provided land, houses and buildings as collateral for the loan in accordance with the loan contract. Please refer to Note 30 for this matter. The maturity date of the Company's loan is March 2026, and the repayment of the principal starts in March 2023 by quarter and the credit line can be recycled.

In respect of the Company's loan contract with O-Bank, the annual consolidated financial statements shall maintain the following financial ratios and regulations: (1) Current Ratio: refers to the ratio of current assets divided by current liabilities, which should be maintained at more than 120% (inclusive). (2) Net Value: refers to the amount of assets after deducting liabilities, which should not be less than NTD 1.5 billion. (3) The ratio of the contract credit balance to the collateral loan value shall not exceed 80% each year.

The Company's borrowing interest rates range are as follows:

	December 31, 2022	December 31, 2021
Secured Borrowing	1.9525%~1.9631%	1.1736%~1.1845%

18. OTHER PAYABLES

	December 31, 2022	December 31, 2021
Salary and incentives payable	$ 90,736	$ 85,641
Litigation compensation payable	40,296	39,727
Employee bonuses payable	20,716	1,426
Bonus payable for unused leaves	9,781	9,317
Remuneration payable to directors	4,143	285
Proceeds payable for the repurchase of treasury stock (Note 21)	2,944	-
Other	62,824	62,944
	$ 231,440	$ 199,340

19. PROVISIONS

	December 31, 2022	December 31, 2021
Product warranty	$ 84,107	$ 66,038
Current	$ 13,300	$ 18,818
Noncurrent	70,807	47,220
	$ 84,107	$ 66,038

	Year 2022	Year 2021
Balance on January 1	$ 66,038	$ 67,136
Recognized in the current year	23,420	15,069
Used in the current year	(5,919)	(15,978)
Effects of foreign currency exchange difference	568	(189)
Balance on December 31	$ 84,107	$ 66,038

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Consolidated Company's obligations for warranties under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events
affecting product quality.

20. RETIREMENT BENEFIT PLANS

(1) Defined contribution plan

The Company and its subsidiary USUN Materials Science Co., Ltd. (hereinafter referred to as USUN Materials Science) in the Consolidated Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Consolidated Company makes monthly contributions to employees' individual pension accounts at 6% of monthly wages and salaries.

Employees of the subsidiary of the Consolidated Company in Mainland China are members of the retirement benefit plan operated by the PRC Government. The said subsidiary is required to allocate a specific percentage of payroll costs as the fund for the retirement benefit plan. The obligation of the Consolidated Company with respect to this government-operated retirement benefit plan is only to appropriate a specific amount.

(2) Defined benefit plan

The defined benefit plan adopted by the Consolidated Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Consolidated Company contributes amounts equal to 7.62% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Consolidated Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Consolidated Company's defined benefit plans were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 45,864	$ 54,512
Fair value of plan asse	(42,289)	(36,846)
Net defined benefit liabilities	$ 3,575	$ 17,666

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
BALANCE ON JANUARY 1, 2021	$ 51,929	($ 34,057)	$ 17,872
Service cost			
Current service cost	127	-	127
Interest expense (income)	205	(140)	65
Recognized in profit or loss	332	(140)	192
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(485)	(485)
Actuarial losses - demographic assumption changes	243	-	243
Actuarial gain - changes in financial assumptions	(1,898)	-	(1,898)
Actuarial loss - experience adjustments	4,986	-	4,986
Recognized in other comprehensive income	3,331	(485)	2,846
Contributions from the employer	-	(3,244)	(3,244)
Benefits paid	(1,080)	1,080	-
Balance on December 31, 2021	$ 54,512	($ 36,846)	$ 17,666

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance on January 1, 2022	$ 54,512	($ 36,846)	$ 17,666
Service cost			
Current service cost	132	-	132
Interest expense (income)	379	(267)	112
Recognized in profit or loss	511	(267)	244
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,785)	(2,785)
Actuarial losses - demographic assumption changes	7	-	7
Actuarial gain - changes in financial assumptions	(3,361)	-	(3,361)
Actuarial loss - experience adjustments	(5,046)	-	(5,046)
Recognized in other comprehensive income	(8,400)	(2,785)	(11,185)
Contributions from the employer	-	(3,150)	(3,150)
Benefits paid	(759)	759	-
Balance on December 31, 2022	$ 45,864	($ 42,289)	$ 3,575

The amounts of the defined benefit plan recognized under profit and loss are compiled by function as follows:

	Year 2022	Year 2021
Operating costs	$ 81	$ 67
Promotional expenses	27	(53)
Management expenses	33	38
R&D expenses	103	140
	$ 244	$ 192

Through the defined benefit plans under the Labor Standards Act, the Consolidated Company is exposed to the following risks:

1. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
2. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
3. Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2022	December 31, 2021
Discount rates	1.35%	0.70%
Expected rates of salary increase	3.00%	3.00%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2022	December 31, 2021
Discount rates		
0.25% increase	($ 1,207)	($ 1,537)
0.25% decrease	$ 1,254	$ 1,560
Expected rates of salary increase/decrease		
0.25% increase	$ 1,230	$ 1,560
0.25% decrease	($ 1,191)	($ 1,507)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2022	December 31, 2021
The expected contributions to the plan for the next year	$ 3,052	$ 3,426
The average duration of the defined benefit obligation	10年	11年

21. EQUITY

(1) Share Capital

	December 31, 2022	December 31, 2021
Stock authorized (in thousands)	100,000	100,000
Capital authorized	$ 1,000,000	$ 1,000,000
Issued and fully paid stock (in thousands)	62,873	63,473
Issued capital	$ 628,730	$ 634,730

Issued common stock, which have a par value of NTD 10, entitle their holders to one vote per share and a right to dividends.

To ensure timely access to raised funds and obtain long-term funds in the shortest possible time, while also limiting the transfer of the Company's operating rights within three years to promote stability and expansion, the shareholders' meeting approved the private placement of ordinary shares on June 17, 2015. The number of shares was capped at 15,000 thousand, with a nominal value of NTD 10 per share. According to the provisions of Article 43-8 of the Securities and Exchange Act, the private placement securities can only be freely transferred after 3 years from the delivery date and can only be traded over the counter after the completion of the supplementary office development bank. On October 23, 2015, the Board of Directors approved Hon Hai Precision Industry Co., Ltd. or its subsidiaries as the applicants for the private placement of ordinary shares, with November 6, 2015, as the base date for capital increase. The number of shares subscribed was 14,000 thousand, and the remaining 1,000 thousand shares were not processed further. The private placement price was calculated according to the business day before the pricing date, with a calculated private placement reference price of NTD 71.9 per share. The actual private placement price was set at NTD 40 per share, which is 55.63% of the reference price. This complies with the resolution of the 2015 annual shareholders' meeting, which stipulated that the price should not be less than 50% of the reference price and not less than the net value per share. On June 15, 2018, the Company passed a resolution at the ordinary meeting of shareholders to handle the cash capital reduction and return the share capital. The capital reduction ratio was about 30%, and the private placement ordinary shares mentioned above were involved in the capital reduction and return of share capital. Hon Hai Precision Industry Co., Ltd and its subsidiaries currently hold 9,800 thousand shares of the Company's private placement common shares.

By resolution of the Board of Directors on January 21, 2022, and January 28, 2021, 600 thousand shares and 700 thousand shares, respectively, were cancelled, with the basis date for the cancellation of share capital set on January 28, 2022 and January 28, 2021. The registration of changes was completed, and the reduction of capital reserve and retained surplus were adjusted to NTD 13,335 thousand and NTD 1,930 thousand respectively, as well as NTD 15,412 thousand and NTD 26,994 thousand, respectively.

(2) Capital reserve

	December 31, 2022	December 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Premium on issuance of ordinary shares	$ 1,336,558	$ 1,349,441
Premium on issuance of ordinary shares for restricted employee share options	39,037	39,407
Premium on issuance of ordinary shares for employee share options	8,546	8,628
	1,384,141	1,397,476
May be used to offset a deficit only (2)		
Disposal of asset betterment	2,322	2,322
	$ 1,386,463	$ 1,399,798

1. Such capital surplus may be used to offset a deficit. When the Company has no deficit, such capital surplus may be distributed as cash dividends or may be

transferred to capital stock once a year within a certain percentage of the Company's paid-in capital.

2. The capital reserve arising from the disposal of asset betterment shall not be used for any purpose other than to cover losses.

(3) Retained earnings and dividend policy

Under the dividend distribution policy as set forth in USUN Company's articles of incorporation (the "Articles"), where USUN Technology made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses in previous years, setting aside 10% of the net profit after tax plus the items other than the net profit after tax which is included in the current year's retained earnings as legal reserve, setting aside or reversing a special reserve in accordance with the laws and regulations; any possible remaining profit together with any undistributed accumulated retained earnings shall be used by USUN Company's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for the distribution of dividends and bonuses to stockholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 23-6 for *Compensation of employees and remuneration of directors*.

In accordance with the provisions of the Company's Articles of Association, cash dividends are given priority for profit distribution, and stock dividends may also be distributed. However, the proportion of stock dividends shall not exceed 50% of the total dividends.

The legal reserve may be used to offset a deficit. If USUN Technology has no deficit and the legal reserve exceeds 25% of USUN Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company held ordinary shareholders' meetings on June 22, 2022, and August 20, 2021, respectively, and resolved to pass resolutions that the losses of NTD 13,289 thousand and NTD 35,975 thousand for Year 2021 and Year 2020 were made up by the undistributed earnings on the books.

The appropriation of earnings for 2022, which had been proposed by USUN Company's board of directors on March 23, 2023, was as follows:

	Earning Distribution	Dividend Per Share (NTD)
Legal reserve	$ 10,264	
Special reserve	1,702	
Cash dividends	120,822	$ 2
	$132,788	

The distribution of surplus for Year 2022 is subject to the resolution of the shareholders' meeting expected to be held on June 20, 2023.

(4) Special Reserve

	Year 2022	Year 2021
Balance at the Beginning of the Year/End of the Year	$ 55,243	$ 55,243

When the Company first adopted IFRS, the amount of accumulated conversion adjustments transferred to retained surplus was $60,555 thousand, net of a decrease in retained earnings of $60,540 thousand (due to employee benefits - short-term accruable paid leave decreased by $3,472 thousand, and employee benefits - defined benefit pension plan decreased by $57,068 thousand). Therefore, a special reserve will be recognized only for the increase in retained surplus generated by the conversion to IFRSs by $15 thousand. A proportionate share of the special reserve relating to exchange differences arising from the translation of the financial statements of foreign operations (including the subsidiaries of the Company) will be reversed on the Company's disposal of foreign operations; upon the Consolidated Company's loss of significant influence, however, the entire special reserve will be reversed.

(5) Treasury Stock

Unit: Thousand shares

Transfer of shares to employees	Year 2022	Year 2021
Balance on January 1	2,200	2,900
Increased within this year	862	-
Written-off within this year	(600)	(700)
Balance on December 31	2,462	2,200

According to the provisions of the Securities and Exchange Law, a company is not allowed to repurchase shares exceeding 10% of the total number of issued shares; the total amount of the repurchased shares should not exceed the amount of retained earnings plus the premium of issued shares and the realized capital reserve. The aforementioned shares repurchased by the Company between 2018 and 2019 should be transferred within 3 years from the date of purchase. Furthermore, due to the amendment of the Securities and Exchange Law, the shares repurchased after 2020 should be transferred within 5 years from the date of repurchase. Failure to transfer them within the specified time limit would result in them being considered unissued shares of the Company, which would require registration for change. The company's treasury shares cannot be pledged in accordance with the provisions of the Securities and Exchange Act. The shareholders also do not have the right to receive dividends or voting rights until they are transferred.

On January 28, 2022, and January 28, 2021, the company cancelled 600 thousand and 700 thousand shares of treasury stock, respectively.

On November 9, 2022, the Board of Directors passed a resolution to repurchase and transfer shares to employees. The scheduled repurchase period was from November 10, 2022 to January 9, 2023. The number of shares to be repurchased was 1,000 thousand,

and the total amount of shares to be repurchased was capped at NTD 38,000 thousand. The actual buyback period was from November 15, 2022 to December 30, 2022. The actual number of shares bought back was 862 thousand shares, and the cost of buyback was NTD 28,950 thousand (including NTD 2,944 thousand of proceeds payable for the repurchase of treasury stock).

22. INCOME

	Year 2022	Year 2021
Client contract revenue		
Sales revenue	$ 1,653,347	$ 1,353,270
Service revenue	87,462	113,211
	$ 1,740,809	$ 1,466,481

Contract Balance

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable and accounts receivable (Note 10)	$ 373,468	$ 268,758	$ 565,312
Contract assets - Current			
Equipment sales	$ 251,433	$ 151,774	$ 79,820
Less: Loss allowance	(44,384)	(33,993)	(17,217)
Subtotal	$ 207,049	$ 117,781	$ 62,603
Contract liabilities - Current			
Equipment sales	$ 484,028	$ 550,075	$ 490,907

The changes in the balances of contract assets and contract liabilities primarily resulted from the timing difference between the Consolidated Company's satisfaction of performance obligations and the respective customer's payment.

The Consolidated Company recognizes the loss allowance of contract assets based on their lifetime expected credit losses. When invoices are issued, contract assets are reclassified as accounts receivable with the same credit risk characteristics as accounts receivable generated from similar contracts. Therefore, the Consolidated Company believes that the expected credit loss rates for accounts receivable can also be applied to contract assets.

The information regarding changes in loss allowance for contract assets is as follows:

	Year 2022	Year 2021
Balance on January 1	$ 33,993	$ 17,217
Impairment losses recognized within this year	9,955	16,825
Foreign currency conversion difference	436	(49)
Balance on December 31	$ 44,384	$ 33,993

23. CONSOLIDATED NET INCOME

(1) Other income

	Year 2022	Year 2021
Rental income	$ 45,688	$ 44,657
Government grants	10,966	1,927
Revenue recognition of time-barred receivables"	203	3,679
Other	5,796	2,588
	$ 62,653	$ 52,851

(2) Financial Costs

	Year 2022	Year 2021
Interest on bank borrowings	$ 3,219	$ 1,174
Interest on lease liabilities	334	145
	$ 3,553	$ 1,319

(3) Depreciation and amortization

	Year 2022	Year 2021
Depreciation expense categorized by function		
Operating costs	$ 14,493	$ 13,162
Operating expenses	26,057	24,157
Miscellaneous Expenditures	20,791	16,175
	$ 61,341	$ 53,494
Amortization expense categorized by function		
Operating costs	$ 682	$ 589
Operating expenses	2,657	2,551
	$ 3,339	$ 3,140

(4) Direct operating expenses of investment property – Recognized in miscellaneous expenditures

	Year 2022	Year 2021
Generated rental income	$ 26,770	$ 18,486

(5) Employee benefits expense

	Year 2022	Year 2021
Postemployment benefit) (Note 20)		
Defined contribution plans	$ 24,882	$ 22,125
Defined benefit plans	244	192
	25,126	22,317
Other employee benefits	546,041	526,674
Total employee benefit expenses	$ 571,167	$ 548,991
Categorized by function		
Operating costs	$ 220,579	$ 218,436
Operating expenses	350,588	330,555
	$ 571,167	$ 548,991

(6) Compensation of employees and remuneration of directors

In accordance with the provisions of the Articles of Association, the Company distributes compensation of employees and remuneration of directors at rates of no less than 15% and no more than 3%, respectively, of income before income tax.

The estimated employee compensation and directors' remuneration of the Company for 2022 and 2021 were resolved by the Board of Directors on March 23, Year 2023 and Year 2022, respectively, as follows:

Estimated Proportions

	Year 2022	Year 2021
Compensation of employees	15%	5%
Remuneration of directors	3%	1%

Amount

	Year 2022	Year 2021
Compensation of employees	$ 19,290	$ 1,426
Remuneration of directors	$ 3,858	$ 285

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate. As of December 31, 2022, the Company's employee compensation and directors' remuneration for Year 2021 have not yet been distributed.

Information on the compensation of employees and remuneration of directors resolved by USUN Company’s board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

24. INCOME TAX

(1) Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	Year 2022	Year 2021
Current tax		
In respect of the current period	$ 2,806	$ 21,055
Adjustments for prior year	2,561	(6,118)
	5,367	14,937
Deferred tax		
In respect of the current period	(2,021)	7,494
Income tax expense recognized in profit or loss	$ 3,346	$ 22,431

The reconciliation of accounting profit and income tax expense is as follows:

	Year 2022	Year 2021
Income before tax	$ 105,240	$ 38,219
Income tax expense (income) calculated at the statutory rate	$ 22,191	($ 16,320)
Nondeductible expenses in determining taxable income	70	67
Influencer of deferred tax on earnings of subsidiaries	(487)	14,254
Unrealized investment losses	1,282	1,400
Tax-exempt income	(1,929)	(1,929)
Income tax adjustments for previous years	2,561	(6,118)
Unrecognized loss carryforward (deduction)	(19,426)	31,159
Unrecognized deductible temporary differences	(2,352)	(82)
Income tax expense recognized in profit or loss	$ 3,346	$ 22,431

(2) Income tax recognized in other comprehensive income

	Year 2022	Year 2021
Deferred tax		
In respect of the current Period		
－Translations of foreign operations	($ 3,124)	$ 901

(3) Income tax assets and liabilities for the current period

	December 31, 2022	December 31, 2021
Current income tax assets		
Tax receivables	$ 1,135	$ 147
Current income tax liabilities		
Income tax payable	$ 11,384	$ 10,739

(4) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

Year 2022

	Balance on January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effects of Changes in Foreign Exchange	Balance on December 31
Deferred income tax assets					
Temporary difference					
Loss Allowance	$ 17,029	$ 7,288	$ -	$ 30	$ 24,347
Inventory valuation and obsolescence losses	20,779	(1,751)	-	-	19,028
Unrealized gains between affiliates	536	425	-	-	961
Provisions	4,986	2,774	-	-	7,760
Unused leave bonus	1,863	93	-	-	1,956
Financial assets measured at FVTPL	1,156	1,163	-	-	2,319
Unrealized foreign exchange loss	3,462	(3,462)	-	-	-
Translation difference in foreign operators	10,099	-	(3,124)	-	6,975
Unrealized sales discount	10,204	-	-	-	10,204
	$ 70,114	$ 6,530	($ 3,124)	$ 30	$ 73,550
Deferred income tax liabilities					
Temporary Difference					
Investments Using the Equity Method	($ 69,410)	($ 799)	$ -	$ -	($ 70,209)
Unrealized foreign exchange gains	(2,322)	(3,710)	-	-	(6,032)
	($ 71,732)	($ 4,509)	$ -	$ -	($ 76,241)

Year 2021

	Balance on January 1	Recognized in profit or loss	Recognized as others Comprehensive profit and loss	Effects of Changes in Foreign Exchange	Balance on December 31
Deferred income tax assets					
Temporary difference					
Loss Allowance	$ 8,199	$ 8,830	$ -	$ -	$ 17,029
Inventory valuation and obsolescence losses	24,117	(3,338)	-	-	20,779
Unrealized gains between affiliates	514	22	-	-	536
Provisions	4,366	620	-	-	4,986
Unused leave bonus	1,804	59	-	-	1,863
Financial assets measured at FVTPL	-	1,156	-	-	1,156
loss	2,404	1,058	-	-	3,462
Translation difference in foreign operators	9,198	-	901	-	10,099
Unrealized sales discount	10,204	-	-	-	10,204
	$ 60,806	$ 8,407	$ 901	$ -	$ 70,114
Deferred income tax liabilities					
Temporary Difference					
Investments Using the Equity Method	($ 53,847)	($ 15,563)	$ -	$ -	($ 69,410)
Unrealized foreign exchange gains	(1,984)	(338)	-	-	(2,322)
	($ 55,831)	($ 15,901)	$ -	$ -	($ 71,732)

(5) Deductible temporary differences and unused loss carryforwards for which no deferred income tax assets have been recognized in the consolidated balance sheets

	December 31, 2022	December 31, 2021
Loss carryforwards		
Expiry in 2022	$ -	$ 12,259
Expiry in 2023	5,947	5,947
Expiry in 2024	12,563	12,563
Expiry in 2025	6,053	6,053
Expiry in 2026	6,003	6,003
Expiry in 2027	6,577	6,577
Expiry in 2028	6,485	6,485
Expiry in 2029	45,431	133,922
Expiry in 2030	7,190	7,190
Expiry in 2031	172,581	172,581
Expiry in 2032	7,151	-
	$ 275,981	$ 369,580
Deductible Temporary Difference		
－USUN MATERIALS SCIENCE	$ 195,543	$ 195,519
－The Company	64,649	64,649
－USUN Foshan	72,640	59,525
	$ 332,832	$ 319,693

(6) Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

1. USUN MATERIALS SCIENCE

Unused Amount	Expiry Year
$ 5,947	2023
12,563	2024
6,053	2025
6,003	2026
6,577	2027
6,485	2028
6,845	2029
7,190	2030
7,176	2031
7,151	2032
$ 71,990	

2. USUN

Unused Amount	Expiry Year
$ 38,586	2029
165,405	2031
$ 203,991	

(7) Income tax assessments

Income tax returns of the Company and its subsidiary USUN Materials Science through 2020 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NTD Per Share

	Year 2022	Year 2021
Basic EPS	$ 1.68	$ 0.27
Diluted EPS	$ 1.66	$ 0.27

The earnings and weighted average number of common stocks used in the calculation of earnings per share were as follows:

Net Income for the Year

	Year 2022	Year 2021
Earnings used in the calculation of diluted earnings per share	$ 102,638	$ 16,551

Shares

Unit: Per Thousand Shares

	Year 2022	Year 2021
Weighted average number of common stocks used in the calculation of basic earnings per share	61,216	61,273
Effect of potentially dilutive common stock:		
Compensation of employees	566	44
Weighted average number of common stocks used in the calculation of diluted earnings per share	61,782	61,317

Since the Consolidated Company offered to settle the compensation paid to employees in cash or stock, USUN Technology assumed the entire amount of the compensation would be settled in stock and the resulting potential stock were included in the weighted average number of common stock outstanding used in the calculation of diluted earnings per share, if the effect was dilutive. Such dilutive effect of the potential stock was included in the calculation of diluted earnings per share until the number of stocks to be distributed to employees is resolved in the following year.

26. CAPITAL RISK MANAGMENT

The primary objective of the Consolidated Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize owner value.

The strategy of capital structure management is based on the Consolidated Company's industry scope, the future growth of industry, and products development blueprint to determine an applicable market share and further plan the required production capacity and the plant and equipment required to achieve such production capacity and the corresponding capital expenditure; Then, according to the nature of the industry, calculate the required working capital and cash, so as to devise an overall plan for the scale of various assets required for the long-term development of the Consolidated Company. Finallyy, the Consolidated Company will estimate possible product marginal utility, operating profit margin, and cash flows based on the competitiveness of the Consolidated Company's products, and will consider different risk factors like business cycle fluctuation and product life cycle, to determine the appropriate capital structure of the Consolidated Company

The management monitors the capital structure regularly and considers the potential cost and risk the Consolidated Company may be involved in various capital structures. In general, the Consolidated Company adopts prudent risk management strategies.

27. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

Year 2022

			Changes in Noncash Transactions					
	January 1, 2022	Cash Flows	New Leases	Financial Costs Amortization	Lease Modifications	Net Exchange Difference	Others	December 31, 2022
Short-Term Borrowing	$ 110,000	($ 110,000)	$ -	$ -	$ -	$ -	$ -	$ -
Long-Term Borrowing	160,000	-	-	-	-	-	-	160,000
Lease liabilities	16,786	(8,804)	1,097	334	-	119	(334)	9,198
Deposited Margin	3,913	-	-	-	-	56	-	3,969
	$ 290,699	($ 118,804)	$ 1,097	$ 334	$ -	$ 175	($ 334)	$ 173,167

Year 2021

			Changes in Noncash Transactions					
	January 1, 2021	Cash Flows	New Leases	Financial Costs Amortization	Lease Modifications	Net Exchange Difference	Others	December 31, 2021
Short-Term Borrowing	$ -	$ 110,000	$ -	$ -	$ -	$ -	$ -	$ 110,000
Long-Term Borrowing	45,833	114,167	-	-	-	-	-	160,000
Lease liabilities	5,333	(5,363)	16,816	145	-	-	(145)	16,786
Deposited Margin	3,928	-	-	-	-	(16)	-	3,912
	$ 55,094	$ 218,804	$ 16,816	$ 145	$ -	($ 16)	($ 145)	$ 290,698

28. FINANCIAL INSTRUMENTS

(1) Fair value information: Financial instruments that are not measured at fair value

The management of the Consolidated Company considers that the carrying amount of all financial assets and financial liabilities not measured at fair value is approaching their fair value.

(2) Fair value information: Financial instruments that are measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Foreign Corporate Bonds	$ 30,099	$ -	$ -	$ 30,099
Financial assets measured at fair value through other comprehensive income				
Equity Instrument Investments				
- Domestic unlisted securities	$ -	$ -	$ 109,164	$ 109,164

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Foreign Corporate Bonds	$ 35,913	$ -	$ -	$ 35,913
Financial assets measured at fair value through other comprehensive income				
Equity Instrument Investments				
-Domestic unlisted securities	$ -	$ -	$ 131,797	$ 131,797

There were no transfers of financial assets between the fair value measurements of Level 1 and Level 2 for the years ended December 31, 2022 and 2021.

2. Reconciliation of Level 3 fair value measurements of financial instruments

Year 2022

Financial Assets	Financial assets measured at FVOCI 1 Equity instruments
Balance on January 1	$ 131,797
Net gains included in other comprehensive income (Unrealized valuation losses on financial assets measured at fair value through other comprehensive gains and losses)	(22,633)
Balance on December 31	$ 109,164

Year 2021

Financial Assets	Financial assets measured at FVOCI 1
	Equity instruments
Balance on January 1	$ 97,880
Net gains included in other comprehensive income (Unrealized valuation losses on financial assets measured at fair value through other comprehensive gains and losses)	28,699
Balance on December 31	5,218
Balance on January 1	$ 131,797

3. Valuation techniques and inputs used for Level 3 fair value measurement

Domestic equity investments in unlisted companies are valued using the market approach. The company's financial data is employed to compare listed companies or peers with similar industrial properties for the average estimated stock price, and calculate the present value of expected profits and losses from holding this investment after considering the liquidity discount (about 20~30%).

(3) Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at FVTPL	$ 30,099	$ 35,913
Financial assets at amortized cost (Note 1)	1,740,443	1,685,799
Financial assets at fair value through other comprehensive income		
－Equity Instrument Investments	109,164	131,797
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	636,566	822,595

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, investments in debt instruments, notes receivable, accounts receivable - net amounts , contract assets - currents, other receivables (excluding tax refunds receivable) and deposited margin.

Note 1: The balances include financial liabilities at amortized cost, which includes short-term borrowings, accounts payable, other payables (excluding payroll and bonuses payable, unused leave bonus, employee compensation payable and directors' remuneration payable), long-term borrowings (including those mature within one year) and deposited margin.

(4) Financial risk management objectives and policies

The Consolidated Company's major financial instruments include equity and debt investments, accounts receivable, accounts payable, other payables, borrowings and lease liabilities. The Consolidated Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Consolidated Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

1. Market risk

The Consolidated Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see Note (a) below), interest rates (see Note (b) below) and other price risks (see Note (c) below).

a) Foreign currency risk

The Consolidated Company is engaged in foreign-currency-denominated purchase and sales transactions and, consequently, is exposed to arising exchange rate fluctuations.

The foreign currency financial assets and liabilities held by the Consolidated Company are subject to the risk of exchange rate changes, and the Consolidated Company has established a relevant control mechanism to monitor the fluctuations of the holding positions and market exchange rates at any time to reduce the exchange rate risks it faces.

Please refer to Note 31 for the carrying amount of monetary assets and monetary liabilities denominated in foreign currencies on the balance sheet date of the Consolidated Company.

<u>Sensitivity analysis</u>

The Consolidated Company was mainly exposed to the U.S. dollar.

The following table details the Consolidated Company's sensitivity to a 1% increase and decrease in the New Taiwan Dollar (NTD) against the U.S. Dollar. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel, and it represents management's basis for assessing the reasonably possible changes in foreign exchange rates. The positive number shown in the table below indicates a decrease in pre-tax profit associated with the NTD strengthening 1% against all relevant currencies. For a 1% weakening of the NTD against all relevant currencies, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	Year 2022	Year 2021
US Dollar Impact	$ 5,269	$ 7,295

Primarily cash and cash receivables, accounts receivable, other receivables, accounts payable and other payables denominated in U.S. dollars outstanding on the balance sheet date of the Consolidated Company.

Management believes that sensitivity analysis does not represent the inherent risk of exchange rates, as foreign currency risk on the balance sheet date does not reflect mid-year risk exposure. Therefore, management will still conduct exchange rate risk management in accordance with the policy of the Consolidated Company.

b) Interest rate risk

The Consolidated Company is exposed to interest rate risk because entities in the Consolidated Company borrow loans at both fixed and floating interest rates. To manage this risk, the Consolidated Company maintains an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Consolidated Company’s financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
－Financial assets	$ 589,475	$ 508,783
－Financial liabilities	9,198	46,786
Cash flow interest rate risk		
－Financial assets	760,490	856,234
－Financial liabilities	160,000	240,000

<u>Sensitivity Analysis</u>

The following sensitivity analyses are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. For assets with floating rate, the analysis assumes that the amount of the asset outstanding on the balance sheet date is outstanding for the entire year. The rate of change used in reporting interest rates to key management is a 0.1% increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

Had interest rates been 0.1% higher/lower and all other variables been held constant, the income before income tax for the years ended December 31, 2022 and 2021 would have increased by NTD 600 thousand and NTD 616 thousand, respectively, mainly due to the interest rate risk of the floating rate assets of the Consolidated Company.

c) Other price risks

The Consolidated Company has equity price risk arising from its investment in foreign corporate bonds and unlisted equity securities. The equity investment is not held for trading but for a strategic investment, and the investment targets selected by the Consolidated Company are carefully assessed and do not entail significant market risk.

<u>Sensitivity analysis</u>

<u>The following sensitivity analysis was determined based on the exposure to equity price risks at the end of the reporting period.</u>

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by NTD 301 thousand and NTD 359 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

The pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by NTD 1,092 thousand and NTD 1,318 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Consolidated Company. As at the end of the reporting period, the Consolidated Company’s maximum exposure to credit risk which will cause a financial loss to the Consolidated Company due to the failure of the counterparties to discharge their obligation and due to the financial guarantees provided by the Consolidated Company arises from the carrying amounts of the respective recognized financial assets as stated in the consolidated balance sheets.

The potential impact of non-performance by the counterparty or other party to the contract on financial assets has been considered in light of the Consolidated Company. This impact includes the concentration level, composition and contractual amount of credit risk for the financial products the Consolidated Company is engaged in. The counterparts of the Consolidated Company are all financially sound institutions, and significant credit risk is not expected to arise.

The Consolidated Company’s credit policy is to transact with creditworthy customers and to obtain sufficient collateral to mitigate risks arising from financial loss due to default. The Consolidated Companytransacts with customers with credit ratings above (including)the investment grade, and such ratings are provided by independent rating agencies. The Consolidated Company assesses the ratings based on other publicly available financial information and the records of transactions with its customers. The Consolidated Company will also utilize certain credit enhancement vehicle, such as prepayment and credit insurance, where appropriate, to mitigate the credit risk of specific customers.

The credit risk of the Consolidated Company was mainly concentrated in the top three conglomerates in terms of total accounts receivable, with the ratio of total accounts receivable from the aforementioned conglomerates being 57% and 53% respectively, as of December 31, 2022 and 2021.

3. Liquidity risk

The Consolidated Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Consolidated Company's operations and mitigate the effects of fluctuations in cash flows. In addition, the management monitors the utilization of the lines of credit in the bank and ensures compliance with loan covenants.

The Consolidated Company relies on bank borrowings as a significant source of liquidity. For the Consolidated Company's unutilized lines of credit as of December 31, 2022 and 2021, respectively, please refer to the description of Loan Facilities in Section (2) below.

(1) Liquidity and interest rate risk tables for non-derivative financial liabilities

The analysis of remaining contractual maturities for non-derivative financial liabilities is prepared based on the earliest possible repayment date that the Consolidated Company may be required to make, using the undiscounted cash flows of the financial liabilities, including principal and estimated interest. Therefore, bank borrowings which may be required to be repaid immediately by the Consolidated Company are included within the earliest period in the table, without considering the probability of the bank immediately exercising such right. Other non-derivative financial liabilities are analyzed based on the repayment dates specified in the contracts.

The undiscounted interest amount for interest cash flows paid at a floating rate is derived based on the yield curve as of the balance sheet date.

December 31, 2022

	Required to pay instantly or within 1 month	1~3 Months	3 Months ~ 1 Year	1~5 Years
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 90,736	$ -	$ 510,237	$ -
Floating rate instrument	257	12,802	38,858	115,467
Lease liabilities	503	949	5,915	2,001
	$ 91,496	$ 13,751	$ 555,010	$ 117,468

December 31, 2021

	Required to pay instantly or within 1 month	1~3 Months	3 Months ~ 1 Year	1~5 Years
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 85,641	$ -	$ 559,710	$ -
Floating rate instrument	26	30,038	-	-
Lease liabilities	210	428	81,730	165,958
Non-derivative financial liabilities	489	980	4,908	5,068
	$ 86,366	$ 31,446	$ 646,348	$ 171,026

(2) Loan Facilities

	December 31, 2022	December 31, 2021
Unsecured bank lines		
- Spent amount	$ -	$ 110,000
- Unspent amount	380,000	240,000
	$ 380,000	$ 350,000
Secured bank lines		
- Spent amount	$ 160,000	$ 160,000
- Unspent amount	380,450	167,200
	$ 540,450	$ 327,200

29. TRANSACTIONS WITH RELATED PARTIES

Transactions, account balances, gains and expenses between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Unless disclosed in other notes, details of transactions between the Consolidated Company and other related parties are all disclosed below.

Remuneration of key management personnel

	Year 2022	Year 2021
Short-term benefits	$ 16,899	$ 14,829
Post-employment benefits	510	604
	$ 17,409	$ 15,433

The remuneration of directors and key management personnel is determined by the remuneration committee based on the performance of individuals and market trends.

30. ASSETS PLEDGED OR MORTGAGED AS COLLATERAL

The following assets have been provided as collateral for financing borrowing and other purposes or have been restricted for the purpose of provisional attachment:

	December 31, 2022	December 31, 2021
Land	$ 436,854	$ 436,854
Investment property	124,982	137,658
Houses & buildings	78,524	79,237
Certificates of deposit (financial assets at amortized cost - currents)	68,787	95,928
Demand deposits (financial assets measured at amortized cost - non-current)	24,095	23,714
	$ 733,242	$ 773,391

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Consolidated Company and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

Unit: All foreign currency/NTD thousand

December 31, 2022

	Foreign Currency	Exchange Rate		Carrying Amount
Foreign Currency Assets				
Monetary Items				
USD	$ 14,715	30.7100	(USD: NTD)	$ 451,882
USD	5,993	6.9646	(USD: RMB)	184,044
Renminbi	7,636	4.4094	(RMB: NTD)	33,669
Japanese Yen	27,912	0.2324	(JPY: NTD)	6,487
Foreign Currency Liabilities				
Monetary Items				
USD	3,340	30.7100	(USD: NTD)	102,562
Renminbi	3,232	7.4094	(RMB: NTD)	14,249
USD	212	6.9646	(USD: RMB)	6,498

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying amount
Foreign Currency Assets			
Monetary Items			
USD	$26,739	27.6800 (USD: NTD)	$740,129
USD	398	6.5249 (USD: RMB)	11,016
Renminbi	8,596	4.3471 (RMB: NTD)	37,367
Japanese Yen	7,439	0.2405 (JPY: NTD)	1,789
Foreign Currency Liabilities			
Monetary Items			
Dollar	231	27.6800 (USD: NTD)	6,397
Dollar	552	6.5249 (USD: RMB)	15,282
Renminbi	3,222	4.3471 (RMB: NTD)	14,007
Japanese Yen	13,881	0.2405 (JPY: NTD)	3,338

The net gain and loss on (realized and unrealized) foreign exchange of the Consolidated Company for Year 2022 and Year 2021 were net gains of $120,319 thousand and net loss of $16,370 thousand, respectively. Due to the wide variety of foreign currency transactions and functional currencies of group individuals, it is not possible to disclose exchange gains and losses in foreign currencies that have a significant impact.

32. SIGNIFICANT CONTINGENT LIABILITIES

(1) The litigation of Linzhou Zhiyuan Electronic Technology Co., Ltd. is described as follows:

In 2020, Linzhou Zhiyuan Electronic Co., Ltd. (hereafter “Linzhou Zhiyuan”), a client, filed a civil lawsuit against the Company’s mainland subsidiary, Shanghai USUN, for delayed delivery, installation, and debugging, seeking breach of contract damages and compensation for economic losses. The plaintiff also applied to the People's Court of Linzhou City, Henan Province, for the seizure of the factory and bank deposits of Shanghai USUN. In February 2021, the People's Court of Linzhou City, Henan Province, ruled that Shanghai USUN must compensate Linzhou Zhiyuan for breach of contract damages and economic losses, totaling RMB 30,918 thousand (approximately NTD 136,914 thousand). However, Shanghai USUN appealed to the Intermediate People's Court of Anyang City. In May 2021, the Intermediate People's Court of Anyang City made a ruling to remand the case to the People's Court of Linzhou City for retrial, stating that the facts were unclear. As of March 23, 2023, the retrial has not yet concluded so the mainland subsidiary did not estimate the possible losses.

Furthermore, Shanghai USUN also filed a civil lawsuit against Linzhou Zhiyuan, which was judged by the People's Court of Linzhou City, Henan Province, in December 2021. The Consolidated Company recognized the relevant account losses and appealed to the Henan Provincial Higher People's Court in January 2022.

(2) The litigation of CLife Technology Co., Ltd. (hereinafter " CLife"):
In 2021, CLife, a client, filed a civil lawsuit against USUN Technology for equipment quality acceptance delays and other reasons, seeking compensation in NTD 21,729 thousand. The Company also demanded that CLife pay an outstanding account receivable of NTD 8,316 thousand (which has been fully recognized as a bad debt loss). However, as of March 23, 2023, the case has not yet been concluded so the Company did not estimate the possible losses.

33. <u>SEPARATELY DISCLOSED ITEMS</u>

(1). Significant transactions (2). Information on investees

a. Financing provided to others: Appendix 1
b. Endorsements/guarantees provided: None
c. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Appendix 2
d. Marketable securities acquired or disposed of at costs or prices of at least NTD300 million or 20% of the paid-in capital: None
e. Acquisition of individual real estate at costs of at least NTD300 million or 20% of the paid-in capital: None
f. Disposal of individual real estate at prices of at least NTD300 million or 20% of the paid-in capital: None
g. Total purchases from or sales to related parties amounting to at least NTD100 million or 20% of the paid-in capital: Appendix 3
h. Receivables from related parties amounting to at least NTD100 million or 20% of the paid-in capital: Appendix 4
i. Trading in derivative instruments: None
j. Others: Significant transactions between USUN Technology and its subsidiaries and among subsidiaries: Appendix 5
k. Information on investees: Appendix 6

(3). Information on investments in mainland China

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Appendix 7
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
    1 The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Appendix 5.
    2 The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Appendix 5.
    3 The amount of property transactions and the amount of the resultant gains or losses: None
    4 The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
    5 The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None
    6 Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: Appendix 5。

(4). Information on major stockholders: List all stockholders with ownership of 5% or greater showing the name of the stockholder, the number of shares owned, and percentage of ownership of each stockholder: Appendix 8

34. INFORMATION ON THE OPERATION DEPARTMENT

The information provided to the Consolidated Company's chief operating decision maker in order to allocate resources to the segments and assess their performance focuses on the type of goods or services delivered or provided. As required by IFRS 8 "Operating Segments," the Consolidated Company defined its operating segments as follows:

A. Income from major products and services

The income analysis of the main products and services of the continuing operation of the Consolidated Company is as follows:

	Year 2022	Year 2021
Automation equipment	$ 1,653,347	$ 1,353,270
Maintenance income	87,462	113,211
	$ 1,740,809	$ 1,466,481

B. Regional Information

The Consolidated Company's revenue from continuing operations of external clients by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from external clients		Non-current assets	
	Year 2022	Year 2021	December 31, 2022	December 31, 2021
Taiwan	$ 244,938	$ 194,543	$ 575,561	$ 573,959
China	1,388,904	1,095,066	252,896	277,325
Other	106,967	176,872	-	-
	$ 1,740,809	$1,466,481	$ 828,457	$851,284

C. Main Customer Information

Revenue from a single client exceeding 10% of the total revenue of the Consolidated Company is as follows:

	Year 2022	Year 2021
Client A (Note)	$ 913,208	$ 130,737
Client B (Note)	462,555	703,124
	$ 1,375,763	$833,861

Note: From automation equipment revenue.

USUN TECHNOLOGY CO. LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2022

Appendix 1

In NTD Thousand
Unless Stated Otherwise

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Year (Note 3)	Ending Balance (Note 3)	Actual Amount Borrowed (Note 3)	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3 and 4)	Aggregate Financing Limit (Note 3 and 4)	Remark
													Item	Value			
1	USUN (Foshan) Technology Co., Ltd	Shanghai USUN Technology Co., Ltd	Other receivables	Yes	$ 190,472 (RMB 43,196 thousand)	$ 190,472 (RMB 43,196 thousand)	$110,236 (RMB 25,000 thousand)	3.70%-3.85%	2	$ -	Operational capital	$ -	—	$ -	$ 427,505 (RMB 96,952 thousand)	$ 427,505 (RMB 96,952 thousand)	
							58,189 (RMB 13,196 thousand)	-	2	-	Operational capital	-	—	-			

Note 1: The Number column is explained below:

(1) The Company is coded “0”.

(2) The subsidiaries are coded sequentially beginning from “1” by each individual company.

Note 2: The method of filling in the Nature of Financing is as follows:

(1) “1” represents business counterparties

(2) “2” represents the financing necessary for short-term financing facility.

Note 3: The amount of NTD is converted at theRMB central exchange rate on December 31, 2022.

Note 4: The amount of lending offered to others by a foreign company which the Company owns 100% voting shares, directly or indirectly, shall not exceed 40% of the lender’s net worth. The max lending amount to a single counterparty shall not exceed 40% of the lender’s net worth.

USUN TECHNOLOGY CO. LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

December 31, 2022

Appendix 2

In NTD Thousand
Unless Stated Otherwise

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company (Note 2)	Financial Statement Account	Final					Remark (Note 4)
				Number of shares/denominations	Carrying amount (Note 3)	Percentage of Ownership (%)	Fair value (Note 3)	Number of shares/ Unit	
USUN Technology Co., Ltd	Equity in unlisted (over the counter) companies								
	Shin Puu Technology Co., Ltd.	—	Financial assets at FVTOCI - non-current	3,214,234	$ 99,320	18.50	$ 99,320	3,214,234	Note 5
	SISSCA Co., Ltd.	—	Financial assets at FVTOCI - non-current	620,500	5,917	2.86	5,916	620,500	Note 5
	Servtech Co., Ltd	—	Financial assets at FVTOCI - non-current	324,825	3,167	14.91	3,167	324,825	Note 5
	Asia Pacific Microsystems, Inc.	—	Financial assets at FVTOCI - non-current	70,124	760	0.15	760	70,124	Note 5
	Taiwan Leader Advanced Technology Corp.	—	Financial assets at FVTOCI - non-current	384,300	-	0.37	-	384,300	—
	Shin Era Technology Co., Ltd.	—	Financial assets at FVTOCI - non-current	23,484	-	0.55	-	23,484	—
	3DFAMILY Technology Co., Ltd	—	Financial assets at FVTOCI - non-current	3,300,000	-	19.96	-	3,300,000	—
	Corporate bonds								
	Amazon. Com. Inc. (Amazon)	—	Financial assets measured at FVTPL - non-current	600,000	16,480	-	16,480	600,000	Note 6
	Oracle Corp.	—	Financial assets measured at FVTPL - non-current	600,000	13,619	-	13,619	600,000	Note 6

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates, and securities derived from the items above that fall within the scope of IFRS 9 "Financial Instruments".

Note 2: If the issuer of securities is not a related person, this column is exempted.

Note 3: The carrying amount is the carrying balance after fair value valuation adjustment and net of loss allowance.

Note 4: The securities listed above are not guaranteed, pledged to borrow or otherwise restricted for use by the agreement.

Note 5: The fair value at the end of the period is calculated using the market method based on the Company's financial data, taking into account industry information and liquidity discounts.

Note 6: The closing fair value at the end of the period is calculated based on the closing price of the corporate bonds as of December 31, 2022.

Note 7: For information on invested subsidiaries and affiliates, please refer to Appendix 6 and 7.

USUN TECHNOLOGY CO. LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTD 100 MILLION OR 20% OF THE PAID-IN CAPITAL

January 1, 2022, to December 31, 2022

Appendix 3

In NTD Thousand

Unless Stated Otherwise

Purchaser/seller	Related Party	Relationship	Transaction Detail				Differences in Transaction Terms Compared to Third Party Transaction		Notes/Accounts (Payable) or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
USUN Technology Co., Ltd	USUN (Foshan) Technology Co., Ltd	Subsidiaries of the Company	Purchase	$ 401,126	57%	Monthly loan settlement 70 days	-	Note 1	$ 118,950	38%	-
USUN (Foshan) Technology Co., Ltd	USUN Technology Co., Ltd	The parent company of the Company	Sales	$ 401,126	61%	Monthly loan settlement 70 days	-	Note 1	$ 118,950	46%	-

Note 1: Products purchased by the Company from related parties cannot be compared with non-related parties because these products are customized, and prices are agreed.

Note 2: Fully written off on preparation of the Consolidated Financial Statements.

USUN TECHNOLOGY CO. LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL December 31, 2022

Appendix 4

In NTD Thousands

Unless Stated Otherwise

Company Name	Related Party	Relationship	Ending Balance (Note 3)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Action Taken		
USUN (Foshan) Technology Co., Ltd	USUN Technology Co., Ltd	Subsidiaries of the Company	$ 133,459	6.88	$-	—	$5,797	Note 1
USUN (Foshan) Technology Co., Ltd	Shanghai USUN Technology Co., Ltd	Subsidiaries of the Company	177,445	0.02	-	—	-	Note 1

Note 1: No impairment loss is required for recognition upon assessment.

Note 2: Amount Received in Subsequent Period are amounts recovered as of March 23, 2023.

Note 3: The ending balance receivable from related parties of USUN Technology Co., Ltd., $ 133,459 thousand, includes accounts receivable of NTD 118,950 thousand and other receivables of $14,509 thousand;

The ending balance receivable from related parties of Shanghai USUN Co., Ltd., $ 177,445 thousand, includes accounts receivable of NTD 8,020 thousand and the accounts receivable reclassified from lending of $ 58,189 thousand and other receivables of $ 111,236 thousand.

Note 4: Fully written off on preparation of the Consolidated Financial Statements.

USUN TECHNOLOGY CO. LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

January 1, 2022, to December 31, 2022

Appendix 5

In NTD Thousands

Unless Stated Otherwise

numbering (Note 1)	Investee Company	Counterparty	Relationship	Transactions			
				Financial Statement Accounts	Amount (Note 4)	Payment Term	% of Total Sales or Assets (Note 3)
0	USUN Technology Co., Ltd	Shanghai USUN Technology Co., Ltd	1	Accounts payable	$ 461	Note 5	-
0	USUN Technology Co., Ltd	USUN (Foshan) Technology Co., Ltd	1	Other receivables	2,536	Note 5	-
0	USUN Technology Co., Ltd	USUN (Foshan) Technology Co., Ltd	1	Accounts payable	118,950	Note 5	3%
0	USUN Technology Co., Ltd	USUN (Foshan) Technology Co., Ltd	1	Other payables	14,509	Note 5	-
0	USUN Technology Co., Ltd	USUN (Foshan) Technology Co., Ltd	1	Cost of goods sold	401,126	Note 5	23%
0	USUN Technology Co., Ltd	USUN (Foshan) Technology Co., Ltd	1	Promotional expenses	3,221	Note 5	-
0	USUN Technology Co., Ltd	USUN Materials Science Co., Ltd	1	Other income	6,360	Note 5	-
1	Shanghai USUN Technology Co., Ltd	USUN (Foshan) Technology Co., Ltd	3	accounts receivable	10,945	Note 5	-
1	Shanghai USUN Technology Co., Ltd	USUN (Foshan) Technology Co., Ltd	3	Other receivables	52,454	Note 5	1%
1	Shanghai USUN Technology Co., Ltd	USUN (Foshan) Technology Co., Ltd	3	Accounts payable	8,020	Note 5	-
1	Shanghai USUN Technology Co., Ltd	USUN (Foshan) Technology Co., Ltd	3	Other payables	169,425	Note 5	4%
1	Shanghai USUN Technology Co., Ltd	USUN (Foshan) Technology Co., Ltd	3	Sales Revenue	412	Note 5	-
1	Shanghai USUN Technology Co., Ltd	USUN (Foshan) Technology Co., Ltd	3	Cost of goods sold	1,408	Note 5	-
1	Shanghai USUN Technology Co., Ltd	USUN (Foshan) Technology Co., Ltd	3	Interest expense	4,203	Note 5	-
1	Shanghai USUN Technology Co., Ltd	USUN Materials Science (Shanghai) Co., Ltd	3	Other receivables	40,085	Note 5	1%
1	Shanghai USUN Technology Co., Ltd	USUN Materials Science (Shanghai) Co., Ltd	3	Other payables	733	Note 5	-

Note 1: Parties to the intercompany transactions are identified and numbered as follows:

a “0” for the Parent Company

b “1” onward for subsidiaries.

Note 2: Relationships with counterparties are categorized into the following three types:

a From the parent company to its subsidiary.

b From a subsidiary to its parent company.

c Between subsidiaries.

Note 3: Regarding the proportion of transaction amount to the total consolidated revenue or assets, if it is recognized in the balance sheet account, it is shown with the ending balance as a percentage of the total consolidated assets; if it is in the profit or loss account, it is shown with the cumulative amount throughout the period as a percentage of the total consolidated revenue.

Note 4: Corresponding transactions have been written off in Consolidated Financial Statements.

Note 5: The transaction prices are mutually agreed, and the terms of receipt and payment are the same as ordinary transactions.

USUN Technology Co. Ltd. and Investees

Information on Name and Location of Investees

January 1, 2022, to December 31, 2022

Appendix 6

In NTD

Unit: Unless otherwise specified

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 4)		Shares Held at the End of Period (Note 4)			Net Income (Losses) of the Investee (Note 5)	Share of Profits/ Losses of Investee (Note 5)	Remark
				End of Current Period	End of Last Year	Shares	Percentage of Ownership (%)	Carrying amount			
USUN Technology Co., Ltd	YAMCHEN (B.V.I.) CO., LTD.	B.V.I.	General investment industry	$ 122,840 (USD4,000 thousand)	$ 122,840 (USD4,000 thousand)	4,000,000	100.00	$5,859 (USD 191 thousand)	$23,775 (USD798 thousand)	$29,108 (USD976 thousand)	Sub-companies, Note 2
	USUN TECHNOLOGY CO., LTD.	Seychelles	General investment industry	245,680 (USD8,000 thousand)	245,680 (USD8,000 thousand)	8,000,000	100.00	1,065,956 (USD34,710 thousand)	(26,368) (USD-885 thousand)	(25,053) (USD-841 thousand)	Subsidiaries, Note 3
	USUN Materials Science Co., Ltd	Taiwan	Wholesale and retail of electronic materials	398,940	398,940	39,894,000	89.65	31,921	(7,170)	(6,428)	Sub-companies
	UMS OPTIC CO., LTD.	Seychelles	General investment industry	520,842 (USD 16,960 thousand)	520,842 (USD 16,960 thousand)	16,960,000	71.77	(17,697) (USD-576 thousand)	(90) (USD-3 thousand)	(64) (USD-2 thousand)	Sub-companies
	Chenghan Technology Co., Ltd	Taiwan	Production of automation equipment	10,000	10,000	1,000,000	100.00	9,980	-	17	Sub-companies
	MONDE INVESTMENT LTD.	Brunei	General investment industry	3,777 (USD 123 thousand)	3,777 (USD 123 thousand)	122,500	49.00	-	-	-	Investments using the equity method, Note 7
USUN Materials Science Co., Ltd	UMS OPTIC CO., LTD.	Seychelles	General investment industry	192,859 (USD6,280 thousand)	192,859 (USD6,280 thousand)	6,280,000	26.58	(6,553) (USD-213 thousand)	(90) (USD-3 thousand)	(24) (USD-1 thousand)	Sub-companies
UMS OPTIC CO., LTD.	UMS MATERIAL CO., LTD.	Seychelles	General investment industry	724,756 (USD 23,600 thousand)	724,756 (USD 23,600 thousand)	23,600,000	100.00	(25,224) (USD-821 thousand)	(53) (USD-2 thousand)	(53) (USD-2 thousand)	Sub-companies

Note 1: Please refer to Appendix 7 for Information on Investments in Mainland China.

Note 2: Due to having added back the net recognized amount of NTD 5,333 thousand from realized sidestream transactions.

Note 3: Deducted the recognized amount of $284 thousand for unrealized countercurrent transactions and added $1,599 thousand for realized countercurrent transactions.

Note 4: The New Taiwan Dollar is converted at the central USD exchange rate as of December 31, 2022.

Note 5: The New Taiwan Dollar is converted at the average USD exchange rate for Year 2022.

Note 6: The above breakdown does not include JETERRA Co., Limited, a 100% subsidiary established on March 6, 2019, which has not been actually invested as of March 23, 2023share capital and the company has intended to terminate the investment plan.

Note 7: Calculations are based on financial statements which have not been audited by Accountants.

USUN TECHNOLOGY CO. LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2022

In NTD
Unit: Unless otherwise specified

Appendix 7

Investee Company	Principal Business	Total Amount of Paid-in Capital (Note 2)	Investment Method (Note 1)	Accumulated Investment Remitted from Taiwan, Beginning of Period (Note 2)	Investment of Flows		Accumulated Investment Remitted from Taiwan, End of Period (Note 2)	Net Income (Losses) of the Investee (Note 3)	Percentage of Ownership	Share of Profit (Loss) (Note 3)	Carrying Amount of Investment, End of Period (Note 2)	Accumulated Repatriation of Investment Income as of End of Period	Remark
					Outflow	Inflow							
Shanghai USUN Technology Co., Ltd	Production of automation equipment	$ 307,100 (USD10,000 thousand) (Note 5)	(2)	$ 172,897 (USD5,630 thousand)	$-	$-	$ 172,897 (USD 5,630 thousand)	$23,736 (USD796 thousand)	100%	$23,736 (USD 796 thousand)	$3,423 (USD111 thousand)	$-	Note 6
USUN (Foshan) Technology Co., Ltd	Production of automation equipment and parts processing, sales and maintenance	245,680 (USD8,000 thousand)	(2)	245,680 (USD8,000 thousand)	-	-	245,680 (USD 8,000 thousand)	(26,368) (USD-885 thousand)	100%	(26,368) (USD -885 thousand)	1,068,762 (USD34,802 thousand)	-	Note 6
Shanghai Yangtong Precision Sheet Metal Co., Ltd	Institutional sheet metal paint	4,299 (USD140 thousand)	(2)	2,119 (USD69 thousand)	-	-	2,119 (USD 69 thousand)	-	49%	-	-	-	Note 6
USUN Materials Science (Shanghai) Co., Ltd	Production and sales of nano-coated optical glass	721,685 (USD23,500 thousand)	(2)	710,077 (USD23,122 thousand)	-	-	710,077 (USD 23,122 thousand)	(41) (USD -1 thousand)	95.6%	(41) (USD -1 thousand)	(27,609) (USD-899 thousand)	-	Note 6

Accumulated Outward Remittance for Investment in Mainland China, End of Period (Note 2)	Investment Amount Authorized by the Investment Commission, MOEA (Note 2)	Limit on Investment Amount Stipulated by Investment Commission, MOEA (Note 4)
$ 1,130,773 (USD 36,821 thousand)	$ 1,284,937 (USD 4 1,841 thousand)	$1,428,263

Note 1: Three methods of investment in China are as follows:

1. The Consolidated Company made the investment directly.
2. The Consolidated Company made the investment indirectly through a company registered in a third region (Please refer to Appendix 6 for the investment in the third regions).
3. Others.

Note 2: Conversion is made at the central USD exchange rate as of December 31, 2022.

Note 3: Conversion is made at the average USD exchange rate for Year 2022.

Note 4: The calculation is made by taking 60% of the net value of the Company at the end of December, 2022.

Note 5: The difference between the paid-in capital and the remittance from Taiwan results from the earnings of Shanghai USUN Technology Co., Ltd. reclassified to the capital increase of USD 4,370 thousand.

Note 6: The investment profit and loss recognized in the current period is all audited by Accountants, except for that of Shanghai Yangtong Precision Sheet Metal Co., Ltd., which is calculated according to financial statements unaudited by Accountants.

USUN Technology Co. Ltd.

INFORMATION ON MAJOR STOCKHOLDERS

DECEMBER 31, 2022

Appendix 8

Name of Major Stockholder	Shareholding	
	Number of Shares	Percentage of Ownership (%)
Hon Hai Precision Industry Co., Ltd	5,180,000	8.23%
Chiufeng Huang	4,540,977	7.22%
Hongyang Venture Capital Co., Ltd	3,836,000	6.10%

Note A: The information on major stockholders presented in the above table lists the major stockholders whose combined shareholdings of ordinary and preference shares are at least 5% of USUN Company's total shares, as calculated by the Taiwan Depository & Clearing Corporation based on the number of dematerialized shares (including treasury shares) which have been registered and delivered on the last working day of the current quarter. The number of shares recorded in USUN Company's consolidated financial statements may be different from the number of dematerialized shares which have completed registration and delivery due to differences in the basis of preparation and calculation.

〈**Attachment 2**〉

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
USUN Technology Co. Ltd.

Opinion

We have audited the accompanying balance sheets of USUN Technology Co. Ltd. (the "Company") as of December 31, 2022 and 2021, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial reports, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial reports by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial reports section of our report. We are independent of the Companies in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The key audit matter of the financial reports for the year ended December 31, 2022 is described as follows:

Sales Revenue Recognition

The net sales revenue from the production of automation equipment in Year 2022 amounted to NTD 1,396,478 thousand, accounting for approximate 96% of net operating income in the financial reports and causes a significant impact on the financial reports. Meanwhile, the operating income carries an innate high risk. Hence, the Accountant lists the authenticity of the sales revenue of automation equipment as a key audit matter.

Please refer to revenue-related accounting policies in Note 4 (13) and Note 20 in respect of disclosure information.

The Accountant's main audit procedures on this key audit matter include:

a. .Understood and tested the effectiveness of the design and implementation of key internal controls related to the recognition of sales revenue;
b. Acquired the details on sales revenue of the automation equipment for Year 2022 and conducted detailed confirmation tests by sampling, verified the transaction certificates and post-period collections so as to confirm the authenticity of the sales revenue recognition;
c. Review, by sampling, the occurrence of sales return and discount after the period and whether any abnormality is seen in post-period collections.

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

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

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

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

Auditors’ Responsibilities for the Audit of the Financial Reports

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

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

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

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

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

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

6 Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the USUN Technology Co. Ltd. in order to express an opinion on the financial reports. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial reports of USUN Technology Co. Ltd. for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Deloitte Touche Tohmatsu Limited

Independent Accountant	Independent Accountant
Jo-Ying Tsai	Zheng-Jun Chiu
Approval Number of Financial Supervisory Commission	Approval Number of Financial Supervisory Commission
Letter No. Gin-Guan-Zheng Shen 1100356048	Letter No. Gin-Guan-Zheng Shen 0930160267

March 28, 2023

USUN TECHNOLOGY CO. LTD.

BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In NTD Thousands)

Code	ASSETS	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT ASSETS (Notes 4)				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 774,771	23	$ 743,975	21
1136	Financial assets at amortized cost - current (Notes 4, 9 and 28)	17,632	-	50,650	2
1140	Contract assets (Notes 4 and 20)	88,164	3	-	-
1150	Notes receivable, net (Notes 4, 5 and 10)	-	-	100	-
1170	Accounts receivable, net (Notes 4, 5 and 10)	199,406	6	114,066	3
1200	Other receivables (Note 4)	3,998	-	12,088	-
1210	Other receivables – related parties (Notes 4 and 27)	2,536	-	6,127	-
1220	Current income tax assets (Notes 4 and 22)	715	-	147	-
1310	Inventories (Notes 4, 5 and 11)	397,423	12	532,299	15
1421	Prepaid expenses (Note 27)	18,226	-	106,025	3
1429	Other prepayments	8,245	-	20,065	1
11XX	Total current assets	1,511,116	44	1,585,542	45
	NONCURRENT ASSETS				
1510	Financial assets at FVTPL - noncurrent (Notes 4 and 7)	30,099	1	35,913	1
1517	Financial assets at fair value through other comprehensive income - noncurrent (Notes 4 and 8)	109,164	3	131,797	4
1550	Investment using the equity method (Note 4 and 12)	1,113,716	33	1,125,874	32
1600	Property, plant and equipment (Notes 4, 14 and 30)	553,475	16	555,310	16
1755	Right-of-use assets (Notes 4 and 15)	6,065	-	10,834	-
1821	Other intangible assets (Note 4)	6,796	-	3,668	-
1840	Deferred income tax assets (Notes 4 and 22)	64,689	2	66,120	2
1920	Other prepayments	843	-	19,107	-
1990	Other intangible assets	9,225	1	4,147	-
15XX	Total noncurrent assets	1,894,072	56	1,952,770	55
1XXX	Total Asset	$ 3,405,188	100	$ 3,538,312	100

Code	LIABILITIES AND EQUITY	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT LIABILITIES (Note 4)				
2100	Short-term borrowings (Notes 15 and 28)	$ -	-	$ 110,000	3
2130	Contract liabilities - current (Notes 4 and 20)	257,267	8	416,335	12
2170	Accounts payable	192,197	6	262,436	8
2180	Accounts payable – related parties (Note 27)	119,411	4	4,273	-
2200	Other payables (Note 16)	134,725	4	93,977	3
2220	Other payables – related parties (Note 27)	14,509	-	14,228	-
2250	Provisions - current (Notes 4 and 19)	3,010	-	5,503	-
2280	Lease liabilities - current (Notes 4 and 14)	4,271	-	5,589	-
2320	Current portion of long-term borrowings (Notes 15 and 28)	49,231	1	-	-
2399	Other current liabilities	5,591	-	6,513	-
21XX	Total current liabilities	780,212	23	918,854	26
	NONCURRENT LIABILITIES				
2540	Long-term borrowings (Notes 15 and 28)	110,769	3	160,000	5
2550	Provisions - noncurrent (Notes 4 and 17)	35,790	1	19,425	1
2570	Deferred income tax liabilities (Notes 4 and 22)	76,241	2	71,732	2
2580	Lease liabilities - noncurrent (Notes 4 and 14)	465	-	4,002	-
2640	Net defined benefit liabilities - noncurrent (Notes 4 and 18)	3,575	-	17,666	-
2650	Investment credit balance of accounted for using equity method (Note 4 and 12)	17,697	1	40,933	1
25XX	Total noncurrent liabilities	244,537	7	313,758	9
2XXX	Total liabilities	1,024,749	30	1,232,612	35
	EQUITY ATTRIBUTABLE TO OWNERS OF USUN TECHNOLOGY(Note 18, 19, and 22)				
	Capital stock				
3110	Common stock	628,730	18	634,730	18
	Capital surplus				
3210	Share issuance premium	1,384,141	41	1,397,476	39
3240	Disposal of asset betterment	2,322	-	2,322	-
3200	Total capital reserve	1,386,463	41	1,399,798	39
	Retained earnings				
3310	Legal reserve	264,447	8	264,447	7
3320	Special reserve	55,243	2	55,243	2
3350	Unappropriated earnings	187,178	5	75,285	2
3300	Total retained earnings	506,868	15	394,975	11
	Other equity				
3410	Exchange differences on translation of foreign financial statements.	(88,458)	(3)	(100,957)	(3)
3420	Unrealized Gains on financial assets at FVTOCI	31,529	1	54,162	2
3400	Total other equity	(56,929)	(2)	(46,795)	(1)
3500	Treasury stocks	(84,693)	(2)	(77,008)	(2)
3XXX	Total equity	2,380,439	70	2,305,700	65
	TOTAL LIABILITIES AND EQUITY	$ 3,405,188	100	$ 3,538,312	100

The accompanying notes are an integral part of the financial reports.

Chairman: Chiu-Feng Huang　　Manager: Chian-Cheng Chen　　Financial Accounting Manager: Cheng-Hsiang Yeh

USUN TECHNOLOGY CO. LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In NTD Thousands,
Except Earnings Per Share)

Code		Year 2022 Amount	Year 2022 %	Year 2021 Amount	Year 2021 %
4110	TOTAL OPERATING REVENUE (Note 4, 20 and 27)	$ 1,452,494	100	$ 843,186	101
4190	Sales discount	(1,728)	-	(10,867)	(1)
4100	Operating revenue	1,450,766	100	832,319	100
5110	Operating costs (Note 4, 11, 18, 21 and 27)	1,056,669	73	484,325	58
5900	Gross profit	394,097	27	347,994	42
	OPERATING EXPENSES (Note 4, 10, 18, 21 and 27)				
6100	Marketing	70,233	5	73,770	9
6200	General administration	121,814	8	109,266	13
6300	R&D Expenses	205,485	14	181,806	22
6450	Expected credit impairment loss	14,135	1	29,292	4
6000	Total operating expenses	411,667	28	394,134	48
6900	Net operating loss	(17,570)	(1)	(46,140)	(6)
	Nonoperating income and expenses				
7230	Currency exchange gain (Note 4)	115,085	8	5,639	1
7235	Loss of financial assets measured at FVTPL (Note 4)	(5,814)	(1)	(5,779)	(1)
7590	Miscellaneous expenses	(46)	-	(122)	-
7630	Currency exchange loss (Note 4)	(15,083)	(1)	(22,494)	(3)
7100	Interest income (Note 4)	8,367	-	2,796	-
7130	Dividend income (Note 4)	9,643	1	9,643	1

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Code		Year 2022 Amount	Year 2022 %	Year 2021 Amount	Year 2021 %
7190	Other income (Note 21 and 27)	16,608	1	13,716	2
7050	Financial costs (Notes 4 and 21)	(3,316)	-	(1,274)	-
7070	Shares of (losses) gains of subsidiaries and associates accounted for under equity method (Notes 4 and 12)	(2,420)	-	70,821	9
7000	TOTAL NON-OPERATING INCOME AND EXPENSES	123,024	8	72,946	9
7900	Income before income tax	105,454	7	26,806	3
7950	Income tax (Notes 4 and 22)	(2,816)	-	(10,255)	(1)
8200	NET INCOME	102,638	7	16,551	2
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified to				
8311	Remeasurement of definite benefit plan (Note 4 and 18)	11,185	1	(2,846)	-
8316	Unrealized profit (losses) on investments in equity instruments designated at fair value through other comprehensive income (Note 4 and 19)	(22,633)	(2)	28,699	3
8310		(11,448)	(1)	25,853	3
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial reports of foreign operations (Note 4 and 19)	15,623	1	(4,510)	-

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Code		Year 2022 Amount	%	Year 2021 Amount	%
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 22)	(3,124)	-	901	-
8360		12,499	1	(3,609)	-
8300	Total other comprehensive loss, net of income	1,051	-	22,244	3
8500	TOTAL COMPREHENSIVE INCOME	$ 103,689	7	$ 38,795	5
	EARNINGS PER SHARE (Note 25)				
9750	Basic	$ 1.68		$ 0.27	
9850	Diluted	$ 1.66		$ 0.27	

The accompanying notes are an integral part of the financial reports.

Chairman: Chiu-Feng Huang Manager: Chian-Cheng Chen Financial Accounting Manager: Cheng-Hsiang Yeh

USUN TECHNOLOGY CO. LTD.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

In NTD Thousands

			Capital Surplus (Note 4 and 19)			Retained Earnings (Note 4, 18 and 19)			Other Equity Items (Note 4, 19 and 22)			
Code		Common Stock (Note 4 and 19)	Share Issuing Premium	Gain on Sale of Fixed Assets	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial reports of Operations	Unrealized gains (losses) on Financial Assets at FVTOCI	Treasury Stock (Note 4 and 19)	Total Equity
A1	BALANCE ON JANUARY 1, 2021	$ 641,730	$1,412,888	$ 2,322	$1,415,210	$ 264,447	$ 55,243	$ 88,574	($ 97,348)	$ 25,463	($ 126,414)	$2,266,905
D1	Net profit for Year 2021	-	-	-	-	-	-	16,551	-	-	-	16,551
D3	Other comprehensive profit and loss after tax for Year 2021	-	-	-	-	-	-	(2,846)	(3,609)	28,699	-	22,244
D5	Total comprehensive profit and loss for Year 2021	-	-	-	-	-	-	13,705	(3,609)	28,699	-	38,795
L3	Treasury stock retired	(7,000)	(15,412)	-	(15,412)	-	-	(26,994)	-	-	49,406	-
Z1	BALANCE ON DECEMBER 31ST, 2021	634,730	1,397,476	2,322	1,399,798	264,447	55,243	75,285	(100,957)	54,162	(77,008)	2,305,700
D1	Net profit for Year 2022	-	-	-	-	-	-	102,638	-	-	-	102,638
D3	Other comprehensive profit and loss for Year 2022	-	-	-	-	-	-	11,185	12,499	(22,633)	-	1,051
D5	Total comprehensive profit and loss for Year 2022	-	-	-	-	-	-	113,823	12,499	(22,633)	-	103,689
L1	Treasury stock acquired	-	-	-	-	-	-	-	-	-	(28,950)	(28,950)
L3	Treasury stock retired	(6,000)	(13,335)	-	(13,335)	-	-	(1,930)	-	-	21,265	-
Z1	Balance on December 31, 2022	$ 628,730	$1,384,141	$ 2,322	$1,386,463	$ 264,447	$ 55,243	$ 187,178	($ 88,458)	$ 31,529	($ 84,693)	$2,380,439

The accompanying notes are an integral part of the financial reports.

Chairman: Chiu-Feng Huang Manager: Chian-Cheng Chen Financial Accounting Manager: Cheng-Hsiang Yeh

USUN TECHNOLOGY CO. LTD. AND

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

In NTD Thousands

Code		Year 2022	Year 2021
	Income before income tax		
A10000	Adjustments for:	$ 105,454	$ 26,806
A20010	Depreciation		
A20100	Amortization	23,829	22,451
A20200	Amortization of concessions	3,098	2,775
A20300	Expected credit losses	14,135	29,292
A20400	Net losses on fair value changes of financial assets at FVTPL	5,814	5,779
A20900	Financial costs	3,316	1,274
A21200	Interest income	(8,367)	(2,796)
A21300	Dividend income	(9,643)	(9,643)
A22300	Shares of losses (gains) of subsidiaries and associates accounted for under equity method	2,420	(70,821)
A23700	Loss for market price decline and obsolete and slow-moving inventories	(8,757)	(16,689)
A23900	Unrealized gains with subsidiaries and affiliates	2,125	110
A24100	Unrealized net gains on foreign exchange	(23,103)	(3,792)
A29900	Designated reserve for liabilities	20,334	5,791
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(89,005)	-
A31130	Notes receivable	100	559
A31150	Accounts receivable	(79,958)	60,151
A31160	Accounts receivable - related parties	-	48,856
A31180	Accounts receivable - related parties	8,115	(10,020)
A31190	Other receivables - related parties	3,404	(5,384)
A31200	Inventories	143,633	(152,194)
A31220	Other prepayments	87,799	(17,618)
A31230	Other prepayments	11,820	(10,882)
A32125	Contract liabilities	(159,068)	126,021
A32150	Accounts payable	(70,828)	1,363
A32160	Accounts payable - related parties	120,341	1,685
A32180	Other payables	37,649	8,026
A32190	Other payables - related parties	281	(520)
A32200	Provisions	(6,462)	(2,699)

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Code		Year 2022	Year 2021
A32230	Other current liabilities	(922)	(2,731)
A32240	Net defined benefit liabilities	(2,906)	(3,052)
A33000	Cash generated from operations	134,648	32,098
A33300	Interest paid	(3,161)	(1,181)
A33500	Income tax return (paid)	(568)	576
AAAA	Net cash generated from operating activities	130,919	31,493
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00050	Disposal of financial assets at amortized cost	33,018	4,045
B00100	Acquisition of financial assets at FVTPL	-	(41,692)
B01800	Acquisition of investments accounted for using the equity method	-	(4,005)
B02700	Purchase of property, plant and equipment	(16,128)	(22,307)
B03700	Increase in refundable deposits	-	(18,272)
B03800	Decrease in refundable deposits	18,264	-
B04500	Acquisition of intangible assets	(6,226)	(464)
B06700	Decrease (Increase) in other non-current assets	405	(405)
B07100	Increase in prepayments for equipment	(5,483)	(303)
B07500	Interest received	9,643	2,760
B07600	Dividends received	8,342	9,643
BBBB	Net cash generated from (to) investing activities	41,835	(71,000)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	100,000	235,000
C00200	Decrease in short-term borrowings	(210,000)	(125,000)
C01600	Proceeds from long-term borrowings	-	210,000
C01700	Repayment of long-term borrowings	-	(95,833)
C04020	Repayment of the principal portion of lease liabilities	(5,952)	(3,896)
C04900	Treasury stock acquired	(26,006)	-
CCCC	Net cash used (gained) in financing activities	(141,958)	220,271
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	30,796	180,764
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	743,975	563,211
E00200	CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 774,771	$ 743,975

The accompanying notes are an integral part of the financial reports.

Chairman: Chiu-Feng Huang Manager: Chian-Cheng Chen Financial Accounting Manager: Cheng-Hsiang Yeh

USUN TECHNOLOGY CO. LTD.

NOTES TO FINANCIAL REPORTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In NTD Thousands, Unless Stated Otherwise)

1. COMPANY HISTORY

USUN Technology Co., Ltd. (hereinafter referred to as the "Company") were established on April 7, 1981, with the approval of the Ministry of Economic Affairs. Its main business scopes are the design, production and maintenance of automation equipment.

The Company's shares have been listed on TPEx since September 11th, 2007.

These financial reports are expressed in the Company's functional currency, New Taiwan Dollar.

2. DATE AND PROCEDURES FOR APPROVAL OF FINANCIAL REPORTS

The financial reports were approved by the Board of Directors of USUN Technology on March 23, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

(1) Application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC) and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies.

(2) The IFRSs endorsed by the FSC for application starting from 2022

New Standards/ Amendments/ Revising Guidelines and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that are recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments are applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial reports were authorized for issuance, the Company has assessed that the application of above standards and interpretations will not have a material impact on the Company's financial position and financial performance.

(3) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New Standards/ Amendments/ Revising Guidelines and Interpretations	Effective Date Issued by IASB(Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets by IASB between an Investor and its Affiliate or Joint Venture"	To be determined
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2024
Amendments to IAS 1 "Noncurrent Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the financial reports were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The financial reports have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities.

(2) Basis of Preparation

The financial reports have been prepared on the historical cost basis except for financial instruments and investment properties that are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

When preparing individual financial statements, the Company utilizes the equity method for its invested subsidiaries and affiliates. To align the profit and loss, other comprehensive profit and loss, and equity reported in the individual financial statements with those attributable to the owners of the Company in the consolidated financial statements, adjustments are made to the "Investments Accounted for Using the Equity Method", "Share of Profit and Loss from Subsidiaries and Affiliates Accounted for Using the Equity Method", "Share of Other Comprehensive Profit and Loss from Subsidiaries and Affiliates Accounted for Using the Equity Method" and related equity items. These adjustments address the accounting treatment differences between the individual basis and consolidated basis of financial reporting.

(3) Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

1 Assets held primarily for the purpose of trading;
2 Assets expected to be realized within 12 months after the reporting period; and
3 Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1 Liabilities held primarily for the purpose of trading;
2 Liabilities due to be settled within 12 months after the reporting period; and
3 Liabilities for which the Companies does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities not classified as current are non-current.

(4) Foreign Currencies

In preparing the financial reports of each individual entity, transactions in currencies other than the Company’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Nonmonetary items denominated in a foreign currency and measured at historical cost are not retranslated.

For the purposes of presenting the financial reports, the assets and liabilities of the Company’s foreign operations (including subsidiaries or affiliates in other countries or those that use currencies different from the ones used by USUN) are translated into New Taiwan dollars using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year. The resulting exchange differences are recognized in other comprehensive income.

(5) Inventories

Inventory includes raw materials, materials, semi-finished products and work-in-progress. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price under normal conditions less estimated selling expenses. Cost is determined using the weighted-average method

(6) Investment in Subsidiaries:

The Company applies the equity method for its investments in subsidiaries.

The term “subsidiaries” refer to entities over which the Company has control.

Under equity method, investments are initially recognized at cost, and the carrying amount is subsequently adjusted to reflect the Company's share of the subsidiary's profit and loss, other comprehensive profit and loss and profit distributions. In addition, changes in the Company's ownership interests in subsidiaries are also recognized on a proportional basis.

If the Company's share of losses in a subsidiary reaches or exceeds its interest in the subsidiary (including the carrying amount and Other long-term equity interests in the net investment component of the subsidiary that essentially belongs to the Company), the losses continue to be recognized on a pro rata basis.

When assessing impairments, the Company considers cash-generating units as a whole in its financial reporting and compares their recoverable amounts with carrying amounts. If the recoverable amount of an asset increases, any impairment loss previously recognized shall be reversed up to the amount that would have been recognized if the asset had not been impaired. However, the carrying amount of the asset after the reversal of the impairment loss shall not exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized."

Unrealized profits and losses on downstream transactions between the Company and its subsidiaries are eliminated in the individual financial statements. Profits and losses arising from upstream and downstream transactions between the Company and its subsidiaries are recognized in the individual financial statements only to the extent that they are unrelated to the Company's interest in the subsidiary.

(7) Investments in Associates

An associate is an entity over which the Companies has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Companies uses the equity method to account for its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Companies also recognizes the changes in the Company's share of equity of associates attributable to the Companies.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Companies discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Companies has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, which forms part of the carrying amount of the investment The reversal of any impairment loss shall be recognized to the extent that the recoverable amount of the investment subsequently increases.

The Companies discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Companies accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Companies transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial reports only to the extent of interests in the associate that are not related to the Companies.

(8) Real estate, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation.

Except for freehold land, which is not depreciated, the depreciation of remaining property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(9) Intangible Assets

1. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2. Derecognition of intangible assets

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

(10) Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or incremental costs of obtaining a contract is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

(11) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(1) Measurement category

Financial assets held by the Company are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

A. Financial assets at FVTPL

A financial asset is classified at FVTPL when the financial asset is mandatorily classified as FVTPL.

Financial assets are designated at FVTPL at the time of their original recognition if such designation eliminates or materially reduces measurement or recognition inconsistencies which would otherwise arise.

Financial assets held by the Company measured at FVTPL are subsequently measured at fair value, and the interest and remeasurement gains or losses are recognized in interest income and net gains or losses measured at FVTPL, respectively. The fair value is determined in the manner described in Note 26.

B. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a. The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows.

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables (including related parties) and deposited margins, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

a. Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

b. For financial assets whose credit are not impaired on purchase or origination but become impaired subsequently, their interest income should be calculated by multiplying the effective interest rate by the amortized cost of such financial assets from the reporting period following the credit impairment.

A financial asset with impaired credit refers to the fact that the issuer or the borrower has suffered from significant financial difficulty or breached a contract, such as a default, or the borrower may enter bankruptcy, undergo a financial reorganization, or suffer from financial difficulty, causing financial assets to disappear from an active market.

Cash equivalents include time deposits which are acquired within 3 months, contain high liquid, stay readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value. These cash equivalents are held for meeting short-term cash commitments.

C. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as FVTOCI. Designation as FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established unless the dividends clearly represent a recovery of part of the cost of the investment.

(2) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable and contract assets. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without considering any collateral held by the Company):

A. Internal or external information show that the debtor is unlikely to pay its creditors.

B. Overdue for more than 90 days, unless reasonable and reliable information is available to indicate that the extended default basis is more appropriate.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

(3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity instruments

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss.

(12) Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

The warranty obligation to ensure that the product conforms to the agreed specifications is recognized at the Company's best estimate of the expenditure required to settle the Company's obligation when the sale of relevant products are recognized.

(13) Revenue Recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied

1. Revenue from the sale of goods

   Revenue from the sale of goods comes from sales of automation equipmen1t products. Since the client has the primary responsibility for the pricing and use of the goods after the products arrive at the client's designated place and are installed, and bears the risk of obsolescence of the goods, the Company recognizes revenue and accounts receivable/contract assets at that point and transfers the warranty obligation to accounts receivable after it expires.

   At the time of dematerialization, the control over the ownership of the processed products is not transferred, and thus the income is not recognized at the time of dematerialization.

2. Income from labor services

   Income from labor services refers to the provision of maintenance services for machinery and equipment, and the according income is recognized at the time of provision of services.

(14) Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

If the Company is the lessor, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets and the end of the lease terms. Depreciation is shown from the commencement date of the lease until the end of the useful life of the underlying asset if ownership of the underlying asset is acquired at the end of the lease term, or if the cost of the right-of-use asset reflects the exercise of the purchase option.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term resulting in a change in future lease payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are separately Lease liabilities are presented separately on the individual balance sheets.

(15) Cost of borrowing

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

(16) Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

(17) Employee benefits

1. Short-term employee benefits

   Liabilities related to short-term employee benefits are measured by the non-discounted cash amount expected to be paid in exchange for employee services.

2. Retirement benefits

   Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions. Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur or when the settlement occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

   Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(18) Income Tax

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

a. Current tax

The Company determines the current income (loss) in accordance with the regulations enacted by the respective income tax reporting jurisdiction, and calculates the income tax payable (recoverable) accordingly.

According to the *Income Tax Act* of Republic of China, an additional tax on unappropriated earnings is provided for as income tax in the year the stockholders approve to retain earnings.

Adjustments to income tax payable in previous years are included in the income tax for the current period.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for other expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income.

5. <u>KEY SOURCES OF CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTION UNCERTAINTY</u>

In the application of the Company’s accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company will consider the recent development of Covid-19 pandemic in Taiwan and its possible impact on the economic environment into consideration of relevant significant accounting estimates, such as cash flow estimates, growth rates, discount rates, profitability, etc., and the management will continuously review the estimates and underlying assumptions. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation Uncertainty

(1). Estimated impairment of financial assets

The provisions for impairment of accounts receivable are based on assumptions on probability of default and loss on default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Notes 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

(2). Impairment of inventory

The net realization value of inventory is an estimate of the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost of completing the sale, which is based on current market conditions and historical sales experience of similar products, and changes in market conditions may materially affect such estimates, please refer to Note 11 for the carrying amount of inventory.

6. CASH AND CASH AGREEMENTS

	December 31, 2022	December 31, 2021
Cash on hand	$ 4,134	$ 3,551
Checking and demand deposits	539,767	582,971
Cash equivalents		
Time deposits with an original maturity date of less than 3 months	230,870	157,453
Total	$ 774,771	$ 743,975

The interest rates for demand deposits and bank time deposits with an original maturity date of less than 3 months on the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Demand deposit	0.001%~1.45%	0.001%~0.20%
Time deposits with an original maturity date of less than 3 months	0.975%~1.22%	0.21%~2.50%

7. FINANCIAL INSTRUMENTS MEASURED AT FVTPL

	December 31, 2022	December 31, 2021
Financial assets - non-current		
Foreign corporate bonds	$ 30,099	$ 35,913

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments

	December 31, 2022	December 31, 2021
Noncurrent		
Domestic unlisted (Over-The-Counter) common shares	$ 109,164	$ 131,797

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

Among the aforementioned investments in equity instruments, the Company originally held 20% of SISSCA Co., Ltd. on March 17, 2020, and this investment is recognized using the equity method, but SISSCA conducted the cash capital increase in May 2021. The Company invested NTD 4,005 thousand and did not subscribe for new shares according to the original shareholding ratio, and the shareholding decreased from 20.00% to 6.21%, a decrease caused the Company to lose its significant impact since May 2021. The investment with the equity method was thus switched to financial assets measured at fair value through other comprehensive gains and losses.

On March 10, 2023, the Company sold all the shares of Shin Puu Technology Co., Ltd. to R&D CIRCUITS INC (Advantest Corporation Group.) by resolution of the Board of Directors. The transaction of this disposal amounted to approximately NTD 311,771 thousand to NTD 356,310 thousand. The difference of approximately NTD 44,539 thousand is a trusted retention money to cover contingent liabilities which may arise after delivery. The settlement and payment will be made no later than 15 months after closing.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31, 2022	December 31, 2021
Current		
Certificates of deposits with original maturities of more than 3 months (2)	$ 17,632	$ 28,670
Restricted assets (1)	-	21,980
	$ 17,632	$ 50,650

1. The Company contracted the project and provided a performance bond, and, on December 31, 2021, issued a deposit certificate as a pledge with an amount of NTD 21,980 thousand. Therefore, it is listed as a restricted asset.
2. As of December 31, 2022, and 2021, the interest rates for demand deposits with an original maturity date of more than 3 months ranged from was 2.35% and from 2.90% to 3.00%, respectively.

For information on pledges of financial assets measured at amortized cost, please refer to Note 28.

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31, 2022	December 31, 2021
Notes receivable - incurred as a result of business		
Measured at amortized cost	$ -	$ 100
Accounts Receivable		
Measured at amortized cost		
Gross Carrying Amount	$ 259,178	$ 160,544
Less: Allowance for impairment loss	(59,772)	(46,478)
Net accounts receivable	$ 199,406	$ 114,066

The average credit period of the Company on sales of goods is 90~180 days, and no interest is calculated on accounts receivable. Before accepting a new client, the Company evaluates the credit quality of the potential client through an internal credit rating mechanism and sets the credit limit of the client. Client's credit limit and rating are reviewed regularly.

To mitigate credit risk, the management of the Company has delegated a dedicated team to be responsible for the credit limit determination, credit approval and other monitoring procedures to ensure that appropriate action has been taken to ensure that the recovery of overdue receivables has been taken. In addition, the Company will review the recoverable amount of the receivables on a case-by-case basis on the balance sheet date to ensure that the unrecoverable receivables have been appropriately degraded losses.

The Company recognizes loss allowance on accounts receivable based on expected credit losses during use of lifetime. The expected credit loss during use of lifetime is based on reference to the counterparty's default records and analysis of its current financial position. Since the historical experience of credit loss of the Company shows that there is no significant difference in the loss patterns of different client groups, the provision matrix does not further distinguish client groups, but only sets the expected credit loss rate based on the number of days overdue on accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably estimate the recoverable amount, the Company will directly write off the according accounts receivable, but will continue the recourse activities, and any recovered amount will be recognized as profit or loss.

The loss allowance on the Company's accounts receivable and notes receivable are as follows:

December 31, 2022

	Not overdue	Late 1~90 days	Late 91~270 days	Late 271~630 days	Overdue 631 days	total
Expected credit loss rate	0.95%	18.54%	14.26%	76.44%	65.81%	
Gross Carrying Amount	$ 141,338	$ 18,088	$ 26,097	$ 27,189	$ 46,466	$ 259,178
Loss allowance (lifetime ECLs)	(1,336)	(3,353)	(3,722)	(20,784)	(30,577)	(59,772)
Amortized cost	$ 140,002	$ 14,735	$ 22,375	$ 6,405	$ 15,889	$ 199,406

December 31, 2021

	Not overdue	Late 1~90 days	Late 91~270 days	Late 271~630 days	Overdue 631 days	total
Expected credit loss rate	1.01%	15.86%	31.38%	59.80%	-%	
Gross Carrying Amount	$ 38,833	$ 38,037	$ 35,347	$ 48,427	$ -	$ 160,644
Loss allowance (lifetime ECLs)	(394)	(6,032)	(11,092)	(28,960)	-	(46,478)
Amortized cost	$ 38,439	$ 32,005	$ 24,255	$ 19,467	$ -	$ 114,166

Information on changes in allowance for impairment loss on accounts receivable is as follows:

	Year 2022	Year 2021
Balance on January 1	$ 46,478	$ 17,186
Impairment losses are listed for the current year	13,294	29,292
Balance on December 31	$ 59,772	$ 46,478

11. INVENTORY

	December 31, 2022	December 31, 2021
Semi-finished products and work-in-process	$ 315,984	$ 420,722
raw material	81,360	111,466
material	79	111
	$ 397,423	$ 532,299

The cost of goods sold is as follows:

	Year 2022	Year 2021
The cost of inventory of goods sold	$ 1,065,426	$ 501,014
Reversed loss on inventory price decline and sluggish losses	8,757	(16,689)
	$ 1,056,669	$ 484,325

12. INVESTMENTS USING THE EQUITY METHOD

	December 31, 2022	December 31, 2021

Investments in subsidiaries	$ 1,113,716	$ 1,125,874

(1). Investments in subsidiaries

Investees	December 31, 2022 Amount	December 31, 2022 Shareholding (%)	December 31, 2021 Amount	December 31, 2021 Shareholding (%)
YAMCHEN (B.V.I.) CO., LTD.	$ 5,859	100.00	($ 23,291)	100.00
USUN TECHNOLOGY CO., LTD.	1,065,956	100.00	1,077,565	100.00
USUN MATERIALS SCIENCE Co. Ltd.	31,921	89.65	38,346	89.65
UMS OPTIC CO., LTD.	(17,697)	71.77	(17,642)	71.77
Chenghan Technology Co., Ltd	9,980	100.00	9,963	100.00
	1,096,019		1,084,941	
Add: Investment credit balances using the equity method converted to non-current liabilities	17,697		40,933	
	$ 1,113,716		$ 1,125,874	

For details of invested subsidiaries held indirectly by the Company, please refer to Note 31.

The Company has established JETERRA CO., LIMITED, a 100% shareholding subsidiary in Hong Kong on March 6, 2019, by resolution of the Board of Directors on January 28, 2019, and intends to reinvest in JETERRA Construction Technology (Guangzhou) Co., Ltd., established in Guangzhou. JETERRA Construction Technology (Guangdong) Co., Ltd. has been deregistered in February 2022, and as of March 23, 2023, JETERRA Co., Limited is yet the unpaid share capital and the Company's intended to terminate the investment plan.

(2). Investment in affiliates

Associates that are not individually material	December 31, 2022 Amount	December 31, 2022 Equity %	December 31, 2021 Amount	December 31, 2021 Equity %
MONDE INVESTMENT LTD.	$ -	49.00	$ -	49.00

Aggregate information of associates that are not individually material

	Year 2022	Year 2021
The Company's share		
Net loss for the year	$ -	($ 455)

The aforementioned company's share of profits and losses, including its equity method investment in Hokusai Technology Co., Ltd., a related company, until May 2021 (starting from May 2021, due to failure to subscribe for new shares in proportion to the original shareholding, resulting in a significant impact, the equity method investment was reclassified as financial assets measured at fair value through other comprehensive income).

For information on the nature of business, principal place of business and country of incorporation of the above-mentioned affiliated enterprises, please refer to the table in Appendix 5 "Information of Invested Companies, Region of Location...and Other Related Information".

The share of profit and loss and other comprehensive profit and loss arising from the Company's investment in affiliates, using the equity method, is calculated according to financial reports which have not been audited by the Accountants; However, the management of the Company is of the view that the financial reports of the above-mentioned investee companies which have not been audited by the Accountants will not result in material adjustments.

13. PROPERTY, PLANT AND EQUIPMENT

Freeheld

	Land	Houses & Construction	Machinery And Equipment	Transportation Equipment	Other Devices	Total
Cost						
Balance on January 1, 2022	$436,854	$127,677	$ 32,679	$ 5,663	$ 61,262	$664,135
Additions	-	-	546	60	15,522	16,128
Disposals	-	-	(9,143)	-	(23,557)	(32,700)
Balance on December 31, 2022	$436,854	$127,677	$ 24,082	$ 5,723	$ 53,227	$647,563
Accumulated depreciation						
Balance on January 1, 2022	$ -	$ 45,021	$ 19,404	$ 5,374	$ 39,026	$108,825
Depreciation expense	-	3,459	4,043	113	10,348	17,963
Disposals	-	-	(9,143)	-	(23,557)	(32,700)
Balance on December 31, 2022	$ -	$ 48,480	$ 14,304	$ 5,487	$ 25,817	$ 94,088
Net Balance on December 31, 2022	$436,854	$ 79,197	$ 9,778	$ 236	$ 27,410	$553,475
Cost						
BALANCE ON JANUARY 1, 2021	$436,854	$131,806	$ 31,940	$ 5,663	$ 52,065	$658,328
Additions	-	170	9,076	-	13,061	22,307
Disposal	-	(4,299)	(8,337)	-	(3,864)	(16,500)
Balance on December 31, 2021	$436,854	$127,677	$ 32,679	$ 5,663	$ 61,262	$664,135
Accumulated depreciation						
BALANCE ON JANUARY 1, 2021	$ -	$ 45,769	$ 22,773	$ 5,266	$ 32,904	$106,712
Depreciation expense	-	3,551	4,968	108	9,986	18,613
Disposal	-	(4,299)	(8,337)	-	(3,864)	(16,500)
Balance on December 31, 2021	$ -	$ 45,021	$ 19,404	$ 5,374	$ 39,026	$108,825
Net on December 31, 2021	$436,854	$ 82,656	$ 13,275	$ 289	$ 22,236	$555,310

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

Houses & Buildings	
Main buildings	35 to 50 years
Electromechanical equipment	15 years
Others	5 to 35 years
Machinery equipment	5 to 10 years
Transportation equipment	5 years
Other equipment	2 to 15 years

The amount of property and plant pledged as collateral for bank borrowings are set out in Note 28.

14. LEASE AGREEMENT

(1). Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount		
Land	$ 890	$ 1,957
Buildings	1,465	2,609
Transportation equipment	3,710	6,268
	$ 6,065	$ 10,834

	Year 2022	Year 2021
Additions to right-of-use assets	$ 1,097	$ 8,154
Depreciation charge for right-of-use assets		
Land	$ 1,067	$ 178
Buildings	1,728	633
Transportation equipment	3,071	3,027
	$ 5,866	$ 3,838

(2). Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount		
Current	$ 4,271	$ 5,589
Noncurrent	$ 465	$ 4,002

Discount rate ranges for lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Land	1.1996%	1.1996%
Buildings	1.1736%~1.1996%	1.1996%~1.9027%
Transportation equipment	1.1736%~1.9027%	1.1996%~1.9027%

(3). Material lease activities and terms

At the end of the lease terms, the Company has no preferential right to acquire the remaining leased subjects, except for one lease agreement stipulating that the Company will acquire ownership of the leased transportation equipment.

(4). Other lease information

	Year 2022	Year 2021
Expenses relating to short-term leases	$ 3,415	$ 7,360
Expenses relating to low-value asset leases	$ 60	$ 131
Total cash outflow for leases	($ 9,527)	($ 11,487)

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

15. BORROWINGS

(1) Short-term borrowings (December 31, 2022：None)

	December 31, 2021
Unsecured borrowings	
Bank credit loans	$ 110,000

The range of interest rates for short-term borrowings range are as follows:

	December 31, 2021
Bank credit loans	0.8458%~1.0610%

(2) Long-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings (Note 28)		
Medium and long-term borrowing from O-Bank	$ 160,000	$ 160,000
Less: Current portion	(49,231)	-
Long-term borrowing	$ 110,769	$ 160,000

On March 10, the Company applied for a medium and long-term loan from O-Bank, and obtained a credit line of $175,000 thousand, and the Company provided land, houses and buildings as collateral for the loan in accordance with the loan contract. Please refer to Note 28 for this matter. The maturity date of the Company's loan is March 2026, and the repayment of the principal starts in March 2023 by quarter and the credit line can be recycled.

In respect of the Company's loan contract with O-Bank, the annual financial reports shall maintain the following financial ratios and regulations: (1) Current Ratio: refers to the ratio of current assets divided by current liabilities, which should be maintained at more than 120% (inclusive). (2) Net Value: refers to the amount of assets after deducting liabilities, which should not be less than NTD 1.5 billion. (3) The ratio of the contract credit balance to the collateral loan value shall not exceed 80% each year.

The Company's borrowing interest rates range are as follows:

	December 31, 2022	December 31, 2021
Secured Borrowing	1.9525%~1.9631%	1.1736%~1.1845%

16. OTHER PAYABLES

	December 31, 2022	December 31, 2021
Salary and incentives payable	$ 59,776	$ 54,995
Employee bonuses payable	20,716	1,426
Bonus payable for unused leaves	9,781	9,317
Travel expense payable	5,080	2,910
professional service fee payable	4,996	3,821
Insurance premium payable	4,728	4,772
Remuneration payable to directors	4,143	285
Proceeds payable for the repurchase of treasury stock (Note 19)	2,944	-
Other	22,561	16,451
	$ 134,725	$ 93,977

17. PROVISIONS

	December 31, 2022	December 31, 2021
Product warranty	$ 38,800	$ 24,928
Current	$ 3,010	$ 5,503
Noncurrent	35,790	19,425
	$ 38,800	$ 24,928

	Year 2022	Year 2021
Balance on January 1	$ 24,928	$ 21,830
Recognized in the current year	20,334	5,797
Used in the current year	(6,462)	(2,699)
Balance on December 31	$ 38,800	$ 24,928

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events
affecting product quality.

18. RETIREMENT BENEFIT PLANS

(1) Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly wages and salaries.

(2) Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 7.62% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy. The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 45,864	$ 54,512
Fair value of plan asse	(42,289)	(36,846)
Net defined benefit liabilities	$ 3,575	$ 17,666

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
BALANCE ON JANUARY 1, 2021	$ 51,929	($ 34,057)	$ 17,872
Service cost			
Current service cost	127	-	127
Interest expense (income)	205	(140)	65
Recognized in profit or loss	332	(140)	192
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(485)	(485)
Actuarial losses - demographic assumption changes	243	-	243
Actuarial gain - changes in financial assumptions	(1,898)	-	(1,898)
Actuarial loss - experience adjustments	4,986	-	4,986
Recognized in other comprehensive income	3,331	(485)	2,846
Contributions from the employer	-	(3,244)	(3,244)
Benefits paid	(1,080)	1,080	-
Balance on December 31, 2021	$ 54,512	($ 36,846)	$ 17,666

	Present Value of the Defined	Fair Value of the Plan Assets	Net Defined Benefit Liabilities

	Benefit Obligation		
Balance on January 1, 2022	$ 54,512	($ 36,846)	$ 17,666
Service cost			
Current service cost	132	-	132
Interest expense (income)	379	(267)	112
Recognized in profit or loss	511	(267)	244
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,785)	(2,785)
Actuarial losses - demographic assumption changes	7	-	7
Actuarial gain - changes in financial assumptions	(3,361)	-	(3,361)
Actuarial loss - experience adjustments	(5,046)	-	(5,046)
Recognized in other comprehensive income	(8,400)	(2,785)	(11,185)
Contributions from the employer	-	(3,150)	(3,150)
Benefits paid	(759)	759	-
Balance on December 31, 2022	$ 45,864	($ 42,289)	$ 3,575

The amounts of the defined benefit plan recognized under profit and loss are compiled by function as follows:

	Year 2022	Year 2021
Operating costs	$ 81	$ 67
Promotional expenses	27	(53)
Management expenses	33	38
R&D expenses	103	140
	$ 244	$ 192

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

i. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

ii. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

iii. Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2022	December 31, 2021
Discount rates	1.35%	0.70%
Expected rates of salary increase	3.00%	3.00%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2022	December 31, 2021
Discount rates		
0.25% increase	($ 1,207)	($ 1,537)
0.25% decrease	$ 1,254	$ 1,560
Expected rates of salary increase/decrease		
0.25% increase	$ 1,230	$ 1,560
0.25% decrease	($ 1,191)	($ 1,507)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2022	December 31, 2021
The expected contributions to the plan for the next year	$ 3,052	$ 3,426
The average duration of the defined benefit obligation	10 years	11 years

19. EQUITY

(1) Common stock

	December 31, 2022	December 31, 2021
Stock authorized (in thousands)	100,000	100,000
Capital authorized	$ 1,000,000	$ 1,000,000
Issued and fully paid stock (in thousands)	62,873	63,473
Issued capital	$ 628,730	$ 634,730

Issued common stock, which have a par value of NTD 10, entitle their holders to one vote per share and a right to dividends.

To ensure timely access to raised funds and obtain long-term funds in the shortest possible time, while also limiting the transfer of the Company's operating rights within three years to promote stability and expansion, the shareholders' meeting approved the private placement of ordinary shares on June 17, 2015. The number of shares was capped at 15 thousand, with a nominal value of NTD 10 per share. According to the provisions of Article 43-8 of the Securities and Exchange Act, the private placement securities can only be freely transferred after 3 years from the delivery date and can only be traded over the counter after the completion of the supplementary office development bank. On October 23, 2015, the Board of Directors approved Hon Hai Precision Industry Co., Ltd. or its subsidiaries as the applicants for the private placement of ordinary shares, with November 6, 2015, as the base date for capital increase. The number of shares subscribed was 14,000 thousand, and the remaining 1,000 thousand shares were not processed further. The private placement price was calculated according to the business day before the pricing date, with a calculated private placement reference price of NTD 71.9 per share. The actual private placement price was set at NTD 40 per share, which is 55.63% of the reference price. This complies with the resolution of the 2015 annual shareholders' meeting, which stipulated that the price should not be less than 50% of the reference price and not less than the net value per share. On June 15, 2018, the Company passed a resolution at the ordinary meeting of shareholders to handle the cash capital reduction and return the share capital. The capital reduction ratio was about 30%, and the private placement ordinary shares mentioned above were involved in the capital reduction and return of share capital. Hon Hai Precision Industry Co., Ltd and its subsidiaries currently hold 9,800 thousand shares of the Company's private placement common shares.

By resolution of the Board of Directors on January 21, 2022, and January 28, 2021, 600 thousand shares and 700 thousand shares, respectively, were cancelled, with the basis date for the cancellation of share capital set on January 28, 2022 and January 28, 2021. The registration of changes was completed, and the reduction of capital reserve and retained surplus were adjusted to NTD 13,335 thousand and NTD 1,930 thousand respectively, as well as NTD 15,412 thousand and NTD 26,994 thousand, respectively.

(2) Capital reserve

	December 31, 2022	December 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Premium on issuance of ordinary shares	$ 1,336,558	$ 1,349,441
Premium on issuance of ordinary shares for restricted employee share options	39,037	39,407
Premium on issuance of ordinary shares for employee share options	8,546	8,628
	1,384,141	1,397,476
May be used to offset a deficit only (2)		
Disposal of asset betterment	2,322	2,322
	$ 1,386,463	$ 1,399,798

1. Such capital surplus may be used to offset a deficit. When the Company has no deficit, such capital surplus may be distributed as cash dividends or may be transferred to capital stock once a year within a certain percentage of the Company's paid-in capital.
2. The capital reserve arising from the disposal of asset betterment shall not be used for any purpose other than to cover losses.

(3) Retained earnings and dividend policy

Under the dividend payout policy as set forth in USUN Company's articles of incorporation (the "Articles"), where USUN Technology made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses in previous years, setting aside 10% of the net profit after tax plus the items other than the net profit after tax which is included in the current year's retained earnings as legal reserve, setting aside or reversing a special reserve in accordance with the laws and regulations; any possible remaining profit together with any undistributed accumulated retained earnings shall be used by USUN Company's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for the distribution of dividends and bonuses to stockholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 21-5 for *Compensation of employees and remuneration of directors*.

In accordance with the provisions of the Company's Articles of Association, cash dividends are given priority for profit distribution, and stock dividends may also be distributed. However, the proportion of stock dividends shall not exceed 50% of the total dividends.

The legal reserve may be used to offset a deficit. If USUN Technology has no deficit and the legal reserve exceeds 25% of USUN Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company held ordinary shareholders' meetings on June 22, 2022, and August 20, 2021, respectively, and resolved to pass resolutions that the losses of NTD 13,289 thousand and NTD 35,975 thousand for Year 2021 and Year 2020 were made up by the undistributed earnings on the books.

The appropriation of earnings for 2022, which had been proposed by USUN Company's board of directors on March 23, 2023, was as follows:

	Earning Distribution	Dividend Per Share (NTD)
Legal reserve	$ 10,264	
Special reserve	1,702	
Cash dividends	120,822	$ 2
	$132,788	

The distribution of surplus for Year 2022 is subject to the resolution of the shareholders' meeting expected to be held on June 20, 2023.

(4) Special Reserve

	Year 2022	Year 2021
Balance at the Beginning of the Year/End of the Year	$ 55,243	$ 55,243

When the Company first adopted IFRS, the amount of accumulated conversion adjustments transferred to retained surplus was $60,555 thousand, net of a decrease in retained earnings of $60,540 thousand (due to employee benefits - short-term accruable paid leave decreased by $3,472 thousand, and employee benefits - defined benefit pension plan decreased by $57,068 thousand). Therefore, a special reserve will be recognized only for the increase in retained surplus generated by the conversion to IFRSs by $15 thousand. A proportionate share of the special reserve relating to exchange differences arising from the translation of the financial reports of foreign operations (including the subsidiaries of the Company) will be reversed on the Company's disposal of foreign operations; upon the Company's loss of significant influence, however, the entire special reserve will be reversed.

(5) Treasury Stock

Unit: Thousand shares

Transfer of shares to employees	Year 2022	Year 2021
Balance on January 1	2,200	2,900
Increased within this year	862	-
Written-off within this year	(600)	(700)
Balance on December 31	2,462	2,200

According to the provisions of the Securities and Exchange Law, a company is not allowed to repurchase shares exceeding 10% of the total number of issued shares; the total amount of the repurchased shares should not exceed the amount of retained earnings plus the premium of issued shares and the realized capital reserve. The aforementioned shares repurchased by the Company between 2018 and 2019 should be transferred within 3 years from the date of purchase. Furthermore, due to the amendment of the Securities and Exchange Law, the shares repurchased after 2020 should be transferred within 5 years from the date of repurchase. Failure to transfer them within the specified time limit would result in them being considered unissued shares of the Company, which would require registration for change. The company's treasury shares cannot be pledged in accordance with the provisions of the Securities and Exchange Act. The shareholders also do not have the right to receive dividends or voting rights until they are transferred.

On January 28, 2022, and January 28, 2021, the company cancelled 600 thousand and 700 thousand shares of treasury stock, respectively.

On November 9, 2022, the Board of Directors passed a resolution to repurchase and transfer shares to employees. The scheduled repurchase period was from November 10, 2022 to January 9, 2023. The number of shares to be repurchased was 1,000 thousand, and the total amount of shares to be repurchased was capped at NTD 38,000 thousand. The actual buyback period was from November 15, 2022 to December 30, 2022. The actual number of shares bought back was 862 thousand shares, and the cost of buyback was NTD 28,950 thousand (including NTD 2,944 thousand of proceeds payable for the repurchase of treasury stock).

20. INCOME

	Year 2022	Year 2021
Client contract revenue		
Sales revenue	$ 1,396,478	$ 771,751
Service revenue	57,288	60,568
	$ 1,450,766	$ 832,319

Contract Balance

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable(Note 10)	$ -	$ 100	$ 659
Accounts receivable (Note 10)	$199,406	$ 114,066	$ 201,363
	-	-	46,559
Accounts receivable - related parties (Note 10)	$ 199,406	$ 114,066	$ 247,922
Contract assets			
Equipment sales	$ 89,005	$ -	$ -
Less: Loss allowance	(841)	-	-
Subtotal	$ 88,164	$ -	$ -
Contract liabilities - Current			
Equipment sales	$ 257,267	$ 416,335	$ 291,905

The changes in the balances of contract assets and contract liabilities primarily resulted from the timing difference between the Company’s satisfaction of performance obligations and the respective customer’s payment.

The Company recognizes the loss allowance of contract assets based on their lifetime expected credit losses. When invoices are issued, contract assets are reclassified as accounts receivable with the same credit risk characteristics as accounts receivable generated from similar contracts. Therefore, the Company believes that the expected credit loss rates for accounts receivable can also be applied to contract assets.

The information regarding changes in loss allowance for contract assets is as follows: (Year 2021: None)

		Year 2022
Balance on January 1		$ -
Impairment losses recognized within this year		841
Balance on December 31		$ 841

21. NET INCOME

(1) Other income

	Year 2022	Year 2021
Service management fee income	$ 6,000	$ 6,000
Rental income	-	1,338
Government grants	8,982	307
Revenue recognition of time-barred receivables"	203	3,679
Remuneration to directors and supervisors	360	360
Other	1,063	2,032
	$ 16,608	$ 13,716

(2) Financial Costs

	Year 2022	Year 2021
Interest on bank borrowings	$ 3,216	$ 1,174
Interest on lease liabilities	100	100
	$ 3,316	$ 1,274

(3) Depreciation and amortization

	Year 2022	Year 2021
Depreciation expense categorized by function		
Operating costs	$ 8,910	$ 7,609
Operating expenses	14,919	14,842
	$ 23,829	$ 22,451
Amortization expense categorized by function		
Operating costs	$ 533	$ 400
Operating expenses	2,565	2,375
	$ 3,098	$ 2,775

(4) Employee benefits expense

	Year 2022	Year 2021
Postemployment benefit) (Note 18)		
Defined contribution plans	$ 13,960	$ 14,093
Defined benefit plans	244	192
	14,204	14,285
Other employee benefits	383,219	358,772
Total employee benefit expenses	$ 397,423	$ 373,057
Categorized by function		
Operating costs	$ 102,382	$ 101,854
Operating expenses	295,041	271,203
	$ 397,423	$ 373,057

(5) Compensation of employees and remuneration of directors

In accordance with the provisions of the Articles of Association, the Company distributes compensation of employees and remuneration of directors at rates of no less than 5% and no more than 3%, respectively, of income before income tax.

The estimated employee compensation and directors' remuneration of the Company for 2022 and 2021 were resolved by the Board of Directors on March 23, Year 2023 and March 25,Year 2022, respectively, as follows:

Estimated Proportions

	Year 2022	Year 2021
Compensation of employees	15%	5%
Remuneration of directors	3%	1%

Amount

	Year 2022	Year 2021
Compensation of employees	$ 19,290	$ 1,426
Remuneration of directors	$ 3,858	$ 285

If there is a change in the amounts after the annual financial reports are authorized for issue, the differences are recorded as a change in the accounting estimate.

As of December 31, 2022, the Company's employee compensation and directors' remuneration for Year 2021 have not yet been distributed.

Information on the compensation of employees and remuneration of directors resolved by USUN Company’s board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAX

(1) Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	Year 2022	Year 2021
Deferred tax		
In respect of the current period	$ 2,816	$ 10,255
Income tax expense recognized in profit or loss	$ 2,816	$ 10,255

The reconciliation of accounting profit and income tax expense is as follows:

	Year 2022	Year 2021
Income before tax	$ 105,454	$ 26,806
Income tax expense (20%) calculated at the statutory rate	$ 21,091	$ 5,361
Nondeductible expenses in determining taxable income	70	67
Unrealized investment losses	1,282	1,400
Tax-exempt income	(1,929)	(1,929)
Unrecognized loss carryforward (deduction)	(17,698)	3,428
Unrecognized deductible temporary differences	-	1,928
Income tax expense recognized in profit or loss	$ 2,816	$ 10,255

(2) Income tax recognized in other comprehensive income

	Year 2022	Year 2021
Deferred tax		
In respect of the current Period		
－Translations of foreign operations	($ 3,124)	$ 901

(3) Income tax assets and liabilities for the current period

	December 31, 2022	December 31, 2021
Current income tax assets		
Tax receivables	$ 715	$ 147

(4) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

Year 2022

	Balance on January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance on December 31
Deferred income tax assets				
Temporary difference				
Loss Allowance	$ 13,035	$ 2,451	$ -	$ 15,486
Inventory valuation and obsolescence losses	20,779	(1,751)	-	19,028
Unrealized gains between affiliates	536	425	-	961
Provisions	4,986	2,774	-	7,760
Unused leave bonus	1,863	93	-	1,956
Financial assets measured at FVTPL	1,156	1,163	-	2,319
Unrealized foreign exchange loss	3,462	(3,462)	-	-
Translation difference in foreign operators	10,099	-	(3,124)	6,975
Unrealized sales discount	10,204	-	-	10,204
	$ 66,120	$ 1,693	($ 3,124)	$ 64,689
Deferred income tax liabilities				
Temporary Difference				
Investments Using the Equity Method	($ 69,410)	($ 799)	$ -	($ 70,209)
Unrealized foreign exchange gains	(2,322)	(3,710)	-	(6,032)
	($ 71,732)	($ 4,509)	$ -	($ 76,241)

Year 2021

	Balance on January 1	Recognized in profit or loss	Recognized as others Comprehensive profit and loss	Balance on December 31
Deferred income tax assets				
Temporary difference				
Loss Allowance	$ 6,966	$ 6,069	$ -	$ 13,035
Inventory valuation and obsolescence losses	24,117	(3,338)	-	20,779
Unrealized gains between affiliates	514	22	-	536
Provisions	4,366	620	-	4,986
Unused leave bonus	1,804	59	-	1,863
Financial assets measured at FVTPL	-	1,156	-	1,156
loss	2,404	1,058	-	3,462
Translation difference in foreign operators	9,198	-	901	10,099
Unrealized sales discount	10,204	-	-	10,204
	$ 59,573	$ 5,646	$ 901	$ 66,120
Deferred income tax liabilities				
Temporary Difference				
Investments Using the Equity Method	($ 53,847)	($ 15,563)	$ -	($ 69,410)
Unrealized foreign exchange gains	(1,984)	(338)	-	(2,322)
	($ 55,831)	($ 15,901)	$ -	($ 71,732)

(5) Deductible temporary differences and unused loss carryforwards for which no deferred income tax assets have been recognized in the balance sheets

	December 31, 2022	December 31, 2021
Loss carryforwards		
Expiry in 2029	$ 38,586	$ 127,077
Expiry in 2031	165,405	165,405
	$ 203,991	$ 292,482
Deductible Temporary Difference	$ 64,649	$ 64,649

(6) Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised: :

Unused Amount	Expiry Year
$ 38,586	2029
165,405	2031
$ 203,991	

(7) Income tax assessments

Income tax returns of the Company through 2020 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

Unit: NTD Per Share

	Year 2022	Year 2021
Basic EPS	$ 1.68	$ 0.27
Diluted EPS	$ 1.66	$ 0.27

The earnings and weighted average number of common stocks used in the calculation of earnings per share were as follows:

Net Income for the Year

	Year 2022	Year 2021
Earnings used in the calculation of diluted earnings per share	$ 102,638	$ 16,551

Shares		Unit: Per Thousand Shares
	Year 2022	Year 2021
Weighted average number of common stocks used in the calculation of basic earnings per share	61,216	61,273
Effect of potentially dilutive common stock:		
Compensation of employees	566	44
Weighted average number of common stocks used in the calculation of diluted earnings per share	61,782	61,317

Since the Company offered to settle the compensation paid to employees in cash or stock, USUN Technology assumed the entire amount of the compensation would be settled in stock and the resulting potential stock were included in the weighted average number of common stock outstanding used in the calculation of diluted earnings per share, if the effect was dilutive. Such dilutive effect of the potential stock was included in the calculation of diluted earnings per share until the number of stocks to be distributed to employees is resolved in the following year.

24. CAPITAL RISK MANAGMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize owner value.

The strategy of capital structure management is based on the Company's industry scope, the future growth of industry, and products development blueprint to determine an applicable market share and further plan the required production capacity and the plant and equipment required to achieve such production capacity and the corresponding capital expenditure; Then, according to the nature of the industry, calculate the required working capital and cash, so as to devise an overall plan for the scale of various assets required for the long-term development of the Company. Finallyy, the Company will estimate possible product marginal utility, operating profit margin, and cash flows based on the competitiveness of the Company's products, and will consider different risk factors like business cycle fluctuation and product life cycle, to determine the appropriate capital structure of the Company

The management monitors the capital structure regularly and considers the potential cost and risk the Company may be involved in various capital structures. In general, the Company adopts prudent risk management strategies.

25. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

Year 2022

	January 1, 2022	Cash Flows	New Leases	Financial Costs Amortization	Lease Modifications	Others	December 31, 2022
Short-Term Borrowing	$ 110,000	($ 110,000)	$ -	$ -	$ -	$ -	$ -
Long-Term Borrowing	160,000	-	-	-	-	-	160,000
Lease liabilities	9,591	(5,952)	1,097	100	-	(100)	4,736
	$ 279,591	($ 115,952)	$ 1,097	$ 100	$ -	($ 100)	$ 164,736

Year 2021

	January 1, 2021	Cash Flows	New Leases	Financial Costs Amortization	Lease Modifications	Others	December 31, 2021
Short-Term Borrowing	$ -	$ 110,000	$ -	$ -	$ -	$ -	$ 110,000
Long-Term Borrowing	45,833	114,167	-	-	-	-	160,000
Lease liabilities	5,333	(3,896)	8,154	100	-	(100)	9,591
	$ 51,166	$ 220,271	$ 8,154	$ 100	$ -	($ 100)	$ 279,591

26. FINANCIAL INSTRUMENTS

(1) Fair value information: Financial instruments that are not measured at fair value

The management of the Company considers that the carrying amount of all financial assets and financial liabilities not measured at fair value is approaching their fair value.

(2) Fair value information: Financial instruments that are measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Foreign Corporate Bonds	$ 30,099	$ -	$ -	$ 30,099
Financial assets measured at fair value through other comprehensive income				
Equity Instrument Investments				
- Domestic unlisted securities	$ -	$ -	$ 109,164	$ 109,164

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Foreign Corporate Bonds	$ 35,913	$ -	$ -	$ 35,913
Financial assets measured at fair value through other comprehensive income				
Equity Instrument Investments				
-Domestic unlisted securities	$ -	$ -	$ 131,797	$ 131,797

There were no transfers of financial assets between the fair value measurements of Level 1 and Level 2 for the years ended December 31, 2022 and 2021.

2. Reconciliation of Level 3 fair value measurements of financial instruments

Year 2022

Financial Assets	Financial assets measured at FVOCI 1 Equity instruments
Balance on January 1	$ 131,797
Net gains included in other comprehensive income (Unrealized losses on financial assets measured at fair value through other comprehensive gains and losses)	(22,633)
Balance on December 31	$ 109,164

Year 2021

Financial Assets	Financial assets measured at FVOCI 1 Equity instruments
Balance on January 1	$ 97,880
Net gains included in other comprehensive income (Unrealized losses on financial assets measured at fair value through other comprehensive gains and losses)	28,699
Balance on December 31	5,218
Balance on January 1	$ 131,797

3. Valuation techniques and inputs used for Level 3 fair value measurement

Domestic equity investments in unlisted companies are valued using the market approach. The company's financial data is employed to compare listed companies or peers with similar industrial properties for the average estimated stock price, and calculate the present value of expected profits and losses from holding this investment after considering the liquidity discount (about 2 4%).

(3) Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at FVTPL	$ 30,099	$ 35,913
Financial assets at amortized cost (Note 1)	999,186	940,658
Financial assets at fair value through other comprehensive income		
－Equity Instrument Investments	109,164	131,797
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	526,426	578,891

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, investments in debt instruments, notes receivable, accounts receivable - net amounts , contract assets - currents, other receivables (including related parties; excluding tax refunds receivable) and deposited margin.

Note 2: The balances include financial liabilities at amortized cost, which includes short-term borrowings, accounts payable (including related parties), other payables (including related parties; excluding payroll and bonuses payable, unused leave bonus, employee compensation payable and directors' remuneration payable) and long-term borrowings (including those mature within one year).

(4) Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, accounts receivable, accounts payable, other payables, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

1. Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see Note (a) below) and interest rates (see Note (b) below).

a) Foreign currency risk

The Company is engaged in foreign-currency-denominated purchase and sales transactions and, consequently, is exposed to arising exchange rate fluctuations.

The foreign currency financial assets and liabilities held by the Company are subject to the risk of exchange rate changes, and the Company has established a relevant control mechanism to monitor the fluctuations of the holding positions and market exchange rates at any time to reduce the exchange rate risks it faces.

Please refer to Note 30 for the carrying amount of monetary assets and monetary liabilities denominated in foreign currencies on the balance sheet date of the Company.

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan Dollar (NTD) against the U.S. Dollar. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel, and it represents management's basis for assessing the reasonably possible changes in foreign exchange rates. The positive number shown in the table below indicates a decrease in pre-tax profit associated with the NTD strengthening 1% against all relevant currencies. For a 1% weakening of the NTD against all relevant currencies, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	Year 2022	Year 2021
US Dollar Impact	$ 3,493	$ 7,337

Primarily cash and cash receivables, accounts receivable, other receivables, accounts payable and other payables denominated in U.S. dollars outstanding on the balance sheet date of the Company.

Management believes that sensitivity analysis does not represent the inherent risk of exchange rates, as foreign currency risk on the balance sheet date does not reflect mid-year risk exposure. Therefore, management will still conduct exchange rate risk management in accordance with the policy of the Company.

b) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrow loans at both fixed and floating interest rates. To manage this risk, the Company maintains an appropriate mix of fixed and floating rate borrowings. The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
－Financial assets	$ 248,502	$ 208,103
－Financial liabilities	4,736	39,591
Cash flow interest rate risk		
－Financial assets	539,767	582,970
－Financial liabilities	160,000	240,000

Sensitivity Analysis

The following sensitivity analyses are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. For assets with floating rate, the analysis assumes that the amount of the asset outstanding on the balance sheet date is outstanding for the entire year. The rate of change used in reporting interest rates to key management is a 0.1% increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

Had interest rates been 0.1% higher/lower and all other variables been held constant, the income before income tax for the years ended December 31, 2022 and 2021 would have increased by NTD 380 thousand and NTD 343 thousand, respectively, mainly due to the interest rate risk of the floating rate assets of the Company.

c) Other price risks

The Company has equity price risk arising from its investment in foreign corporate bonds and unlisted equity securities. The equity investment is not held for trading but for a strategic investment, and the investment targets selected by the Company are carefully assessed and do not entail significant market risk.

Sensitivity analysis

The following sensitivity analysis was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by NTD 301 thousand and NTD 359 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

The pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by NTD 1,092 thousand and NTD 1,318 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Company. As of the balance sheet date, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to the failure of the counterparties to discharge their obligation and due to the financial guarantees provided by the Company arises from the carrying amounts of the respective recognized financial assets as stated in the balance sheets.

The potential impact of non-performance by the counterparty or other party to the contract on financial assets has been considered in light of the Company. This impact includes the concentration level, composition and contractual amount of credit risk for the financial products the Company is engaged in. The counterparts of the Company are all financially sound institutions, and significant credit risk is not expected to arise.

The Company's credit policy is to transact with creditworthy customers and to obtain sufficient collateral to mitigate risks arising from financial loss due to default. The Companytransacts with customers with credit ratings above (including)the investment grade, and such ratings are provided by independent rating agencies. The Company assesses the ratings based on other publicly available financial information and the records of transactions with its customers. The Company will also utilize certain credit enhancement vehicle, such as prepayment and credit insurance, where appropriate, to mitigate the credit risk of specific customers.

The credit risk of the Company was concentrated in the main conglomerate clients, with the ratio of total accounts receivable from the aforementioned conglomerates being 54% and 41% respectively, as of December 31, 2022 and 2021.

3. Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, the management monitors the utilization of the lines of credit in the bank and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. For the Company's unutilized lines of credit as of December 31, 2022 and 2021, respectively, please refer to the description of Loan Facilities in Section (2) below.

(1) Liquidity and interest rate risk tables for non-derivative financial liabilities

The analysis of remaining contractual maturities for non-derivative financial liabilities is prepared based on the earliest possible repayment date that the Company may be required to make, using the undiscounted cash flows of the financial liabilities, including principal and estimated interest. Therefore, bank borrowings which may be required to be repaid immediately by the Company are included within the earliest period in the table, without considering the probability of the bank immediately exercising such right. Other non-derivative financial liabilities are analyzed based on the repayment dates specified in the contracts.

The undiscounted interest amount for interest cash flows paid at a floating rate is derived based on the yield curve as of the balance sheet date.

December 31, 2022

	Required to pay instantly or within 1 month	1~3 Months	3 Months ~ 1 Year	1~5 Years
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 59,776	$ -	$ 401,066	$ -
Floating rate instrument	257	12,802	38,858	115,467
Lease liabilities	503	949	2,846	467
	$ 60,536	$ 13,751	$ 442,770	$ 115,934

December 31, 2021

	Required to pay instantly or within 1 month	1~3 Months	3 Months ~ 1 Year	1~5 Years
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 54,955	$ -	$ 319,959	$ -
Floating rate instrument	26	30,038	-	-
Lease liabilities	210	428	81,730	165,958
Non-derivative financial liabilities	489	980	4,212	4,024
	$ 55,680	$ 31,446	$ 405,901	$ 169,982

(2) Loan Facilities

	December 31, 2022	December 31, 2021
Unsecured bank lines		
- Spent amount	$ -	$ 110,000
- Unspent amount	380,000	240,000
	$ 380,000	$ 350,000
Secured bank lines		
- Spent amount	$ 160,000	$ 160,000
- Unspent amount	380,450	167,200
	$ 540,450	$ 327,200

27. TRANSACTIONS WITH RELATED PARTIES

Unless disclosed in other notes, details of transactions between the Company and other related parties are all disclosed below.

(1) Names of related parties and relationships

Names of Related Parties	Relationship with the Company
Shanghai USUN Technology Co., Ltd. (Shanghai USUN)	Subsidiary
USUN (Foshan) Technology Co., Ltd. (USUN (Foshan)	Subsidiary
USUN MATERIALS SCIENCE Co. Ltd. (USUN MATERIALS SCIENCE)	Subsidiary

(2) Purchases

Category/Name of Related Parties	Year 2022	Year 2021
USUN (Foshan)	$ 401,126	$33,516

Products purchased by the Company from related parties cannot be compared with non-related parties because these products are customized, and prices are agreed. Also, the payment terms are 70 days after the end of the following month.

(3) Receivables from related parties (excluding loans to related parties and contractual assets)

Ledger items	Category/Name of Related Parties	December 31, 2022	December 31, 2021
Other receivables - related parties	USUN (Foshan)	$ 2,536	$6,127

The outstanding funds receivable from related parties are unsecured.

Ledger items	Category/Name of Related Parties	December 31, 111	December 31, 110
Accounts payable - related parties	USUN (Foshan)	$ 118,950	$3,858
	Shanghai USUN	461	415
		$ 119,411	$4,273
Other payables - related parties	USUN (Foshan)	$ 14,509	$ 14,228

The outstanding funds payable to related parties are unsecured.

(4) Others

Ledger items	Category/Name of Related Parties	Year 2022	Year 2021
Prepayment	USUN (Foshan)	$-	$79,745

Income from commission and management services is as follows:

Ledger items	Category/Name of Related Parties	Year 2022	Year 2021
Other income	USUN (Foshan)	-	1,338
	USUN MATERIALS SCIENCE	6,360	6,360
		$ 6,360	$7,698

The management service fees are as follows:

Ledger items	Category/Name of Related Parties	Year 2022	Year 2021
Promotional expenses	USUN (Foshan)	$ 3,221	$3,072

(5) Remuneration of key management personnel

	Year 2022	Year 2021
Short-term benefits	$ 16,899	$ 14,829
Post-employment benefits	510	604
	$ 17,409	$ 15,433

The remuneration of directors and key management personnel is determined by the remuneration committee based on the performance of individuals and market trends.

28. ASSETS PLEDGED OR MORTGAGED AS COLLATERAL

The following assets have been provided as collateral for financing borrowing and other purposes or have been restricted for purposes:

	December 31, 2022	December 31, 2021
Land	$ 436,854	$ 436,854
Houses & buildings	78,524	79,237
Certificates of deposit (financial assets at amortized cost - currents)	-	21,980
	$ 515,378	$ 538,071

29. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Company and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

Unit: All foreign currency/NTD thousand

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Foreign Currency Assets			
Monetary Items			
USD	$ 14,713	30.7100 (USD: NTD)	$ 451,827
Japanese Yen	27,912	0.2324 (JPY: NTD)	6,487
Renminbi	7,636	4.4094 (RMB: NTD)	33,669
Non-monetary Items			
Subsidiaries using equity method			
USD	34,901	30.7100 (USD: NTD)	1,071,815
Foreign Currency Liabilities			
Monetary Items			
Japanese Yen			
USD	3,340	30.7100 (USD: NTD)	102,562
Renminbi	3,232	4.4094 (RMB: NTD)	14,249
Non-monetary Items			
Subsidiaries using equity method			
USD	576	30.7100 (USD: NTD)	17,697

December 31, 2021

Foreign Currency Assets	Foreign Currency	Exchange Rate		Carrying Amount
Monetary Items				
USD	$ 26,737	27.6800	(USD: NTD)	$ 740,079
Japanese Yen	7,439	0.2405	(JPY: NTD)	1,789
Renminbi	8,596	4.3471	(RMB: NTD)	37,367
Non-monetary Items				
Subsidiaries using equity method				
USD	38,929	27.6800	(USD: NTD)	1,077,565
Foreign Currency Liabilities				
Monetary Items				
Japanese Yen	13,881	0.2405	(JPY: NTD).	3,338
USD	231	27.6800	(USD: NTD).	6,397
Renminbi	3,222	4.3471	(RMB: NTD).	14,007
Non-monetary Items				
Subsidiaries using equity method				
USD	1,478	27.6800	(USD: NTD).	40,933

The net gain and loss on (realized and unrealized) foreign exchange of the Company for Year 2022 and Year 2021 were net gains of $100,002 thousand and net loss of $16,855 thousand, respectively. Due to the wide variety of foreign currency transactions, it is not possible to disclose exchange gains and losses in foreign currencies that have a significant impact.

30. SIGNIFICANT CONTINGENT LIABILITIES

(1) The litigation of Linzhou Zhiyuan Electronic Technology Co., Ltd. is described as follows:

In 2020, Linzhou Zhiyuan Electronic Co., Ltd. (hereafter “Linzhou Zhiyuan”), a client, filed a civil lawsuit against the Company’s mainland subsidiary, Shanghai USUN, for delayed delivery, installation, and debugging, seeking breach of contract damages and compensation for economic losses. The plaintiff also applied to the People's Court of Linzhou City, Henan Province, for the seizure of the factory and bank deposits of Shanghai USUN. In February 2021, the People's Court of Linzhou City, Henan Province, ruled that Shanghai USUN must compensate Linzhou Zhiyuan for breach of contract damages and economic losses, totaling RMB 30,918 thousand (approximately NTD 136,914 thousand). However, Shanghai USUN appealed to the Intermediate People's Court of Anyang City. In May 2021, the Intermediate People's Court of Anyang City made a ruling to remand the case to the People's Court of Linzhou City for retrial, stating that the facts were unclear. As of March 23, 2023, the retrial has not yet concluded so the mainland subsidiary did not estimate the possible losses.

Furthermore, Shanghai USUN also filed a civil lawsuit against Linzhou Zhiyuan, which was judged by the People's Court of Linzhou City, Henan Province, in December 2021. The Company recognized the relevant account losses and appealed to the Henan Provincial Higher People's Court in January 2022.

(2) The litigation of CLife Technology Co., Ltd. (hereinafter " CLife"):

In 2021, CLife, a client, filed a civil lawsuit against USUN Technology for equipment quality acceptance delays and other reasons, seeking compensation in NTD 21,729 thousand. The Company also demanded that CLife pay an outstanding account receivable of NTD 8,316 thousand (which has been fully recognized as a bad debt loss). However, as of March 23, 2023, the case has not yet been concluded so the Company did not estimate the possible losses.

31. <u>SEPARATELY DISCLOSED ITEMS</u>

(1) Significant transactions (2). Information on investees

a. Financing provided to others: Appendix 1
b. Endorsements/guarantees provided: None
c. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Appendix 2
d. Marketable securities acquired or disposed of at costs or prices of at least NTD300 million or 20% of the paid-in capital: None
e. Acquisition of individual real estate at costs of at least NTD300 million or 20% of the paid-in capital: None
f. Disposal of individual real estate at prices of at least NTD300 million or 20% of the paid-in capital: None
g. Total purchases from or sales to related parties amounting to at least NTD100 million or 20% of the paid-in capital: Appendix 3
h. Receivables from related parties amounting to at least NTD100 million or 20% of the paid-in capital: Appendix 4
i. Trading in derivative instruments: None
j. Information on investees: Appendix 5

(3) Information on investments in mainland China

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, profit and loss of the current year and recognized investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Appendix 6
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
   1 The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Note 27.
   2 The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Note 27
   3 The amount of property transactions and the amount of the resultant gains or losses: None
   4 The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
   5 The highest balance, the end of current year balance, the interest rate range, and total current period interest with respect to financing of funds: Appendix 1.
   6 Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: Note 27.

(4) Information on major stockholders: List all stockholders with ownership of 5% or greater showing the name of the stockholder, the number of shares owned, and percentage of ownership of each stockholder: Appendix 7

USUN TECHNOLOGY CO. LTD. AND INVESTEES

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2022

Appendix 1

In NTD Thousand
Unless Stated Otherwise

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Year (Note 3)	Ending Balance (Note 3)	Actual Amount Borrowed (Note 3)	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3 and 4)	Aggregate Financing Limit (Note 3 and 4)	Remark
													Item	Value			
1	USUN (Foshan) Technology Co., Ltd	Shanghai USUN Technology Co., Ltd	Other receivables	Yes	$ 190,472 (RMB 43,196 thousand)	$ 190,472 (RMB 43,196 thousand)	$110,236 (RMB 25,000 thousand)	3.70%-3.85%	2	$ -	Operational capital	$ -	—	$ -	$ 427,505 (RMB 96,952 thousand)	$ 427,505 (RMB 96,952 thousand)	
							58,189 (RMB 13,196 thousand)	-	2	-	Operational capital	-	—	-			

Note 1: The Number column is explained below:

(1) The Company is coded “0”.

(2) The subsidiaries are coded sequentially beginning from “1” by each individual company.

Note 2: The method of filling in the Nature of Financing is as follows:

(1) “1” represents business counterparties

(2) “2” represents the financing necessary for short-term financing facility.

Note 3: The amount of NTD is converted at the RMB central exchange rate on December 31, 2022.

Note 4: The amount of lending offered to others by a foreign company which the Company owns 100% voting shares, directly or indirectly, shall not exceed 40% of the lender’s net worth. The max lending amount to a single counterparty shall not exceed 40% of the lender’s net worth.

USUN TECHNOLOGY CO. LTD. AND INVESTEES

MARKETABLE SECURITIES HELD

December 31, 2022

Appendix 2

In NTD Thousand
Unless Stated Otherwise

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company (Note 2)	Financial report Account	Final				Remark (Note 4)
				Number of shares/denominations	Carrying amount (Note 3)	Percentage of Ownership (%)	Fair value (Note 3)	
USUN Technology Co., Ltd	Equity in unlisted (over the counter) companies							
	Shin Puu Technology Co., Ltd.	—	Financial assets at FVTOCI - non-current	3,214,234	$ 99,320	18.50	$ 99,320	Note 5
	SISSCA Co., Ltd.	—	Financial assets at FVTOCI - non-current	620,500	5,917	2.86	5,916	Note 5
	Servtech Co., Ltd	—	Financial assets at FVTOCI - non-current	324,825	3,167	14.91	3,167	Note 5
	Asia Pacific Microsystems, Inc.	—	Financial assets at FVTOCI - non-current	70,124	760	0.15	760	Note 5
	Taiwan Leader Advanced Technology Corp.	—	Financial assets at FVTOCI - non-current	384,300	-	0.37	-	—
	Shin Era Technology Co., Ltd.	—	Financial assets at FVTOCI - non-current	23,484	-	0.55	-	—
	3DFAMILY Technology Co., Ltd	—	Financial assets at FVTOCI - non-current	3,300,000	-	19.96	-	—
	Corporate bonds							
	Amazon. Com. Inc. (Amazon)	—	Financial assets measured at FVTPL - non-current	600,000	16,480	-	16,480	Note 6
	Oracle Corp.	—	Financial assets measured at FVTPL - non-current	600,000	13,619	-	13,619	Note 6

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates, and securities derived from the items above that fall within the scope of IFRS 9 "Financial Instruments".

Note 2: If the issuer of securities is not a related person, this column is exempted.

Note 3: The carrying amount is the carrying balance after fair value valuation adjustment and net of loss allowance.

Note 4: The securities listed above are not guaranteed, pledged to borrow or otherwise restricted for use by the agreement.

Note 5: The fair value at the end of the period is calculated using the market method based on the Company's financial data, taking into account industry information and liquidity discounts.

Note 6: The closing fair value at the end of the period is calculated based on the closing price of the corporate bonds as of December 31, 2022.

Note 7: For information on invested subsidiaries and affiliates, please refer to Appendix 4 and 5.

USUN TECHNOLOGY CO. LTD. AND INVESTEES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTD 100 MILLION OR 20% OF THE PAID-IN CAPITAL

January 1, 2022, to December 31, 2022

Appendix 3

In NTD Thousand
Unless Stated Otherwise

Purchaser/seller	Related Party	Relationship	Transaction Detail				Differences in Transaction Terms Compared to Third Party Transaction		Notes/Accounts (Payable) or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
USUN Technology Co., Ltd	USUN (Foshan) Technology Co., Ltd	Subsidiaries of the Company	Purchase	$ 401,126	57%	Monthly loan settlement 70 days	-	Note 1	$ 118,950	38%	-
USUN (Foshan) Technology Co., Ltd	USUN Technology Co., Ltd	The parent company of the Company	Sales	$ 401,126	61%	Monthly loan settlement 70 days	-	Note 1	$ 112,665 (Note 2).	40%	-

Note 1: Please refer to Note 27 to the Individual Financial Report.

USUN TECHNOLOGY CO. LTD. AND INVESTEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL December 31, 2022

Appendix 4

In NTD Thousands

Unless Stated Otherwise

Company Name	Related Party	Relationship	Ending Balance (Note 3)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Action Taken		
USUN (Foshan) Technology Co., Ltd	USUN Technology Co., Ltd	Subsidiaries of the Company	$ 126,819	6.88	$-	—	$5,797	Note 1
USUN (Foshan) Technology Co., Ltd	Shanghai USUN Technology Co., Ltd	Subsidiaries of the Company	177,445	0.02	-	—	-	Note 1

Note 1: No impairment loss is required for recognition upon assessment.

Note 2: Amount Received in Subsequent Period are amounts recovered as of March 23, 2023.

Note 3: The ending balance receivable from related parties of USUN Technology Co., Ltd., $ 133,459 thousand, includes accounts receivable of NTD 118,950 thousand and other receivables of $14,509 thousand;

The ending balance receivable from related parties of Shanghai USUN Co., Ltd., $ 177,445 thousand, includes accounts receivable of NTD 8,020 thousand and the accounts receivable reclassified from lending of $ 58,189 thousand and other receivables of $ 111,236 thousand.

USUN Technology Co. Ltd. and Investees

Information on Name and Location of Investees

January 1, 2022, to December 31, 2022

Appendix 5

In NTD
Unit: Unless otherwise specified

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 4)		Shares Held at the End of Period (Note 4)			Net Income (Losses) of the Investee (Note 5)	Share of Profits/ Losses of Investee (Note 5)	Remark
				End of Current Period	End of Last Year	Shares	Percentage of Ownership (%)	Carrying amount			
USUN Technology Co., Ltd	YAMCHEN (B.V.I.) CO., LTD.	B.V.I.	General investment industry	$ 122,840 (USD4,000 thousand)	$ 122,840 (USD4,000 thousand)	4,000,000	100.00	$5,859 (USD 191 thousand)	$23,775 (USD798 thousand)	$23,775 (USD798 thousand)	Sub-companies
	USUN TECHNOLOGY CO., LTD.	Seychelles	General investment industry	245,680 (USD8,000 thousand)	245,680 (USD8,000 thousand)	8,000,000	100.00	1,065,956 (USD 34,710 thousand)	(26,368) (USD-885 thousand)	(25,053) (USD-841 thousand)	Subsidiaries, Note 2
	USUN Materials Science Co., Ltd	Taiwan	Wholesale and retail of electronic materials	398,940	398,940	39,894,000	89.65	31,921	(7,170)	(6,428)	Sub-companies
	UMS OPTIC CO., LTD.	Seychelles	General investment industry	520,842 (USD 16,960 thousand)	520,842 (USD 16,960 thousand)	16,960,000	71.77	(17,697) (USD-576 thousand)	(90) (USD-3 thousand)	(65) (USD-2 thousand)	Sub-companies
	Chenghan Technology Co., Ltd	Taiwan	Production of automation equipment	10,000	10,000	1,000,000	100.00	9,980	-	17	Sub-companies
	MONDE INVESTMENT LTD.	Brunei	General investment industry	3,777 (USD 123 thousand)	3,777 (USD 123 thousand)	122,500	49.00	-	-	-	Investments using the equity method, Note 6
USUN Materials Science Co., Ltd	UMS OPTIC CO., LTD.	Seychelles	General investment industry	192,859 (USD6,280 thousand)	192,859 (USD6,280 thousand)	6,280,000	26.58	(6,553) (USD-213 thousand)	(90) (USD-3 thousand)	(24) (USD-1 thousand)	Sub-companies
UMS OPTIC CO., LTD.	UMS MATERIAL CO., LTD.	Seychelles	General investment industry	724,756 (USD 23,600 thousand)	724,756 (USD 23,600 thousand)	23,600,000	100.00	(25,224) (USD-821 thousand)	(53) (USD-2 thousand)	(53) (USD-2 thousand)	Sub-companies

Note 1: Please refer to Appendix 6 for Information on Investments in Mainland China.

Note 2: Due to having added back the net recognized amount of NTD 5,333 thousand from realized sidestream transactions.

Note 3: Deducted the recognized amount of $284 thousand for unrealized countercurrent transactions and added $1,599 thousand for realized countercurrent transactions.

Note 4: The New Taiwan Dollar is converted at the central USD exchange rate as of December 31, 2022.

Note 5: The New Taiwan Dollar is converted at the average USD exchange rate for Year 2022.

Note 6: The above breakdown does not include JETERRA Co., Limited, a 100% subsidiary established on March 6, 2019, which has not been actually invested as of March 23, 2023share capital and the company has intended to terminate the investment plan.

Note 7:Calculations are based on financial statements which have not been audited by Accountants.

USUN TECHNOLOGY CO. LTD. AND INVESTEES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2022

In NTD
Unit: Unless otherwise specified

Appendix 6

Investee Company	Principal Business	Total Amount of Paid-in Capital (Note 2)	Investment Method (Note 1)	Accumulated Investment Remitted from Taiwan, Beginning of Period (Note 2)	Investment of Flows		Accumulated Investment Remitted from Taiwan, End of Period (Note 2)	Net Income (Losses) of the Investee (Note 3)	Percentage of Ownership	Share of Profit (Loss) (Note 3)	Carrying Amount of Investment, End of Period (Note 2)	Accumulated Repatriation of Investment Income as of End of Period	Remark
					Outflow	Inflow							
Shanghai USUN Technology Co., Ltd	Production of automation equipment	$ 307,100 (USD10,000 thousand) (Note 5)	(2)	$ 172,897 (USD 5,630 thousand)	$-	$-	$ 172,897 (USD 5,630 thousand)	$23,736 (USD796 thousand)	100%	$23,736 (USD 796 thousand)	$3,423 (USD111 thousand)	$-	Note 6
USUN (Foshan) Technology Co., Ltd	Production of automation equipment and parts processing, sales and maintenance	245,680 (USD8,000 thousand)	(2)	245,680 (USD 8,000 thousand)	-	-	245,680 (USD 8,000 thousand)	(26,368) (USD-885 thousand)	100%	(26,368) (USD -885 thousand)	1,068,762 (USD34,802 thousand)	-	Note 6
Shanghai Yangtong Precision Sheet Metal Co., Ltd	Institutional sheet metal paint	4,299 (USD140 thousand)	(2)	2,119 (USD69 thousand)	-	-	2,119 (USD 69 thousand)	-	49%	-	-	-	Note 6
USUN Materials Science (Shanghai) Co., Ltd	Production and sales of nano-coated optical glass	721,685 (USD23,500 thousand)	(2)	710,077 (USD 23,122 thousand)	-	-	710,077 (USD 23,122 thousand)	(41) (USD -1 thousand)	95.6%	(41) (USD -1 thousand)	(27,609) (USD-899 thousand)	-	Note 6

Accumulated Outward Remittance for Investment in Mainland China, End of Period (Note 2)	Investment Amount Authorized by the Investment Commission, MOEA (Note 2)	Limit on Investment Amount Stipulated by Investment Commission, MOEA (Note 4)
$ 1,130,773 (USD 36,821 thousand)	$ 1,284,937 (USD 4 1,841 thousand)	$1,428,263

Note 1: Three methods of investment in China are as follows:

1. The Company made the investment directly.
2. The Company made the investment indirectly through a company registered in a third region (Please refer to Appendix 6 for the investment in the third regions).
3. Others.

Note 2: Conversion is made at the central USD exchange rate as of December 31, 2022.

Note 3: Conversion is made at the average USD exchange rate for Year 2022.

Note 4: The calculation is made by taking 60% of the net value of the Company at the end of December, 2022.

Note 5: The difference between the paid-in capital and the remittance from Taiwan results from the earnings of Shanghai USUN Technology Co., Ltd. reclassified to the capital increase of USD 4,370 thousand.

Note 6: The investment profit and loss recognized in the current period is all audited by Accountants, except for that of Shanghai Yangtong Precision Sheet Metal Co., Ltd., which is calculated according to financial reports unaudited by Accountants.

USUN Technology Co. Ltd.

INFORMATION ON MAJOR STOCKHOLDERS

DECEMBER 31, 2022

Appendix 7

Name of Major Stockholder	Shareholding	
	Number of Shares	Percentage of Ownership (%)
Hon Hai Precision Industry Co., Ltd	5,180,000	8.23%
Chiufeng Huang	4,540,977	7.22%
Hongyang Venture Capital Co., Ltd	3,836,000	6.10%

Note A: The information on major stockholders presented in the above table lists the major stockholders whose combined shareholdings of ordinary and preference shares are at least 5% of USUN Company's total shares, as calculated by the Taiwan Depository & Clearing Corporation based on the number of dematerialized shares (including treasury shares) which have been registered and delivered on the last working day of the current quarter. The number of shares recorded in USUN Company's financial reports may be different from the number of dematerialized shares which have completed registration and delivery due to differences in the basis of preparation and calculation.

§MAJOR ACCOUNTING ITEMS§

USUN Technology Co. Ltd.

Statement Of Cash And Cash Equivalents

December 31, 2022

Table 1

In NTD Thousands,
Unless Stated Otherwise

Item	Summary	Amount
Cash		
Cash on hand and petty cash		$ 4,134
Cash in banks		
Checking accounts		1
Demand deposits		317,636
Foreign currency demand deposit	Mainly include USD 6,572 thousand, JPY 26,532 thousand and RMB 3,209 thousand (Note)	222,130
Cash equivalents		
Time deposits with an initial maturity of less than three months		230,870
		$ 774,771

Note: Exchange Rates: USD$1＝NTD$30.7100；JPY$1＝NTD$0.2324；RMB$1＝NTD$4.4094。

USUN Technology Co. Ltd.

Statement of Accounts Receivable

December 31, 2022

Table 235 In NTD Thousand

Client name	Amount
Accounts receivable - non-related parties	
Company A	$ 31,734
Company B	25,092
Company C	17,075
Company D	10,675
Others (Note)	4,429
Subtotal	89,005
Allowance for bad debts	(841)
Total	$ 88,164

Note: The amount of individual client does not exceed 5% of the account balance.

USUN Technology Co. Ltd.

Statement of Accounts Receivable

December 31, 2022

Table 3 In NTD Thousand

Client name	Amount
Accounts receivable - non-related parties	
Company A	$ 58,289
Company B	47,481
Company C	38,713
Company D	34,228
Company E	23,146
Others (Note)	57,321
Subtotal	259,178
Allowance for bad debts	(59,772)
Total	$ 199,406

Note: The amount of individual client does not exceed 5% of the account balance.

USUN Technology Co. Ltd.

Statement Of Inventories

December 31. 2022 日

Table 4 In NTD Thousand

Item	Amount: Cost	Amount: Net realizable value
Semi-finished goods and WIPs	$ 322,911	$ 581,285
Raw materials	162,194	86,976
Finished goods	6,438	-
Materials	617	617
Commodity	400	-
	492,560	$ 668,878
Loss allowance on Inventory valuation and obsolescence	(95,137)	
	$ 397,423	

USUN Technology Co. Ltd.

Statement Of Changes In Financial Assets Measured At Fair Value Through Other Comprehensive Income - Non-Current

For the year ended December 31, 2021

Table 5

In NTD Thousands,
Unless Stated Otherwise

Name	Beginning of the year		Increase		Decrease		End of the year		Remark
	Shares (thousands)	Fair value	Shares (thousands)	Fair value	Shares (thousands)	Fair value	Shares (thousands)	Fair value	
Shin Puu Technology Co., Ltd.	3,214	$ 123,073	-	$ -	-	$ 23,753	3,214	$ 99,320	Note 1 and 2
Asia Pacific Microsystems, Inc.	70	728	-	32	-	-	70	760	Note 1 and 3
Servtech Co., Ltd	325	2,917	-	250	-	-	325	3,167	Note 1 and 3
Taiwan Leader Advanced Technology Corp.	384	-	-	-	-	-	384	-	Note 1
Shin Era Technology Co., Ltd.	23	-	-	-	-	-	23	-	Note 1
SISSCA Co., Ltd.	621	5,079	-	838	-	-	621	5,917	Note 1 and 3
3DFAMILY Technology Co., Ltd	3,300	-	-	-	-	-	3,300	-	Note 1
		$ 131,797		$ 1,120		$ 23,753		$ 109,164	

Note 1: The securities listed above are not secured, pledged for loans or otherwise restricted for use according to the agreement.

Note 2: The decrease in the amount for the year represents an appraised loss at FVTOCI.

Note 3: The increase in the amount for the year represents an appraised at FVTOCI.

USUN Technology Co. Ltd.

Statement Of Changes In Investments Accounted For Using The Equity Method

For the year ended December 31, 2022

Table 6

In NTD Thousands,
Unless Stated Otherwise

Name	Beginning of the year			Increase		Decrease		Gains (Losses) on investment recognized using the equity method	Share of other comprehensive income of subsidiaries and affiliates recognized with the equity method	Adjustment for unrealized income of downstream transactions	End of the year					
	Shares (thousand)	Percentage	Amount	Shares (thousand)	Amount	Shares (thousand)	Amount				Shares (thousand)	Percentage	Amount	Net equity	Remark	Pledge
Valued under equity method																
YAMCHEN (B.V.I.) CO., LTD.	4,000	100.00	($ 23,291)	-	$ -	-	$ -	$ 29,108	$ 42	$ -	4,000	100.00	$ 5,859	$ 8,141	—	None
USUN TECHNOLOGY CO., LTD.	8,000	100.00	1,077,565	-	-	-	-	(25,053)	15,569	(2,125)	8,000	100.00	1,065,956	1,068,762	—	None
USUN MATERIALS SCIENCE Co. Ltd.	39,894	89.65	38,346	-	-	-	-	(6,428)	3	-	39,894	89.65	31,921	31,921	—	None
UMS OPTIC CO., LTD.	16,960	71.77	(17,642)	-	-	-	-	(64)	9	-	16,960	71.77	(17,697)	(17,697)	—	None
Chenghan Technology Co. Ltd.	1,000	100.00	9,963	-	-	-	-	17	-	-	1,000	100.00	9,980	9,980	—	None
MONDE INVESTMENT LTD.	123	49.00	-	-	-	-	-	-	-	-	123	49.00	-	-	—	None
Subtotal			1,084,941		$ -		$ -	($ 2,420)	$ 15,623	($ 2,125)			1,096,019	$ 1,101,107		
Reclassified to long-term equity investment credit balance			40,933										17,697			
			$ 1,125,874										$ 1,113,716			

Note 1: The difference between net equity and the investment amount results from the consideration of unrealized downstream and upstream transactions.

USUN Technology Co. Ltd.

Statement of Changes in Right-of-use Assets

For the year ended December 31, 2022

Table 7

In NTD Thousand

	Beginning of the year	Increase	Decrease	End of the year	Remark
Cost					
Land	$ 2,135	$ -	$ -	$ 2,135	
Buildings	3,592	584	-	4,176	
Transportation equipment	13,506	513	-	14,019	
Total	$ 19,233	$ 1,097	$ -	$ 20,330	

USUN Technology Co. Ltd.

Statement of Changes in Right-of-use Assets and Accumulated Depreciation

For the year ended December 31, 2022

Table 8

In NTD Thousand

	Beginning of the year	Increase	Decrease	End of the year	Remark
Accumulated depreciation					
land	$ 178	$ 1,067	$ -	$ 1,245	
Buildings	983	1,728	-	2,711	
Transportation equipment	7,238	3,071	-	10,309	
Total	$ 8,399	$ 5,866	$ -	$ 14,265	

USUN Technology Co. Ltd.

Statement of Contract Liabilities - Current

December 31. 2022

Table 9 In NTD Thousand

Vendor name	Amount
Contractual liabilities - current	
Company A	$ 74,550
Company B	58,583
Company C	36,160
Company D	15,211
Company E	13,523
Company F	13,266
Others (Note)	45,974
	$ 257,267

Note: The balance of a single vendor does not exceed 5% of the total amount of this account.

USUN Technology Co. Ltd.

Statement Of Accounts Payable

December 31. 2022

Table 10 In NTD Thousand

Vendor name	Amount
Accounts Payable - non-related parties	
Others (Note)	$ 192,197
Accounts Payable - related parties	
USUN (Foshan)	$ 118,950
Shanghai USUN	461
	$ 119,411

Note: None of the single vendor possesses a balance exceeding 5% of the total amount of this account.

USUN Technology Co. Ltd.

Statement Of Lease Liabilities

December 31. 2022

Table 11 In NTD Thousand

Item	Summary	Duration	Discount Rate	Year-end balance	Remark
Land	Land	2 years	1.1996%	$ 896	
Buildings	office	3 years	1.1996%~ 1.1736%	1,475	
Transportation equipment	Public service car	2~3 years	1.1736%~ 1.9027%	2,365	
Subtotal				4,736	
Less: Expires within one year				(4,271)	
				$465	

USUN Technology Co. Ltd.

Statement Of Operating Income

For the year ended December 31, 2022

Table 12 In NTD Thousand

Item	Nature	amount
Total operating income		
Sales income	Automation machines and peripherals	$1,398,206
Service income	Maintenance income	54,288
		1,452,494
Sales discount		(1,728)
Net operating income		$1,450,766

USUN Technology Co. Ltd.

Statement Of Operating Costs

For the year ended December 31, 2022

Table 13 In NTD Thousand

Item	Amount
CGS for self-made products	
Direct raw material	
Beginning raw materials	$ 179,581
Feeding raw materials	236,257
Ending raw materials	(162,811)
Sale of raw materials	(5,778)
Others	(2,963)
Consumed raw material	244,286
Direct labor	49,455
Manufacturing expenses (Statement 14)	84,969
Manufacturing expenses	378,710
Plus: Beginning semi-finished products	7,333
Less: Ending semi-finished products	(7,918)
Plus: Feeding raw materials	485,833
Less: Sale of semi-finished products	(40,611)
Less: Other	(1,069)
Plus: Beginning WIP inventory	431,411
Less: Ending WIP inventory	(314,993)
Less: Other	(11,697)
Cost of finished goods	926,999
Plus: Beginning inventory of finished goods	17,468
Less: Ending inventory of finished goods	(6,438)
Less: Others	(13,070)
CGS - finished goods	924,959
CGS	
Beginning Commodity	400
Ending Commodity	(400)
CGS - Commodity	-
CGS	924,959
Loss reversal on Inventory valuation and obsolescence	(8,757)
Proceeds from the sale of scrap and waste	(1,161)
Cost of selling raw materials and semi-finished products	46,389
After-sales service warranty cost	13,872
Acceptance expenses	77,171
Others	4,196
Total operating expenses	$1,056,669

USUN Technology Co. Ltd.

Statement of Manufacturing Expenses

For the year ended December 31, 2022

Table 14 In NTD Thousand

Item	Amount
Salaries and bonuses (Note 1).	$ 42,144
Depreciation expense	8,910
Insurance premiums	8,755
Travel expenses	4,542
Others (Note 2).	20,618
	$ 84,969

Note 1: refers to personnel expenses such as principal salary, allowances, bonuses and pensions.

Note 2: The amount of each item does not exceed 5% of the total manufacturing expense.

USUN Technology Co. Ltd.

Statement of Marketing Expenses

For the year ended December 31, 2022

Table 15 In NTD Thousand

Item	Amount
Salaries and bonuses (Note 1)	$ 46,122
Freight	6,065
Insurance premiums	4,346
Management service fees	3,259
Others (Note 2)	10,441
	$ 70,233

Note 1: refers to personnel expenses such as principal salary, allowances, bonuses and pensions.

Note 2: The amount of each item does not exceed 5% of the total marketing expenses.

USUN Technology Co. Ltd.

Statement of Management Expenses

For the year ended December 31, 2022

Table 16 In NTD Thousand

Item	Amount
Salaries and bonuses (Note 1).	$ 73,536
Depreciation expense	10,278
Labor services expenses	10,146
Others (Note 2).	27,854
	$ 121,814

Note 1: refers to personnel expenses such as principal salary, allowances, bonuses and pensions.

Note 2: The amount of each item does not exceed 5% of the total management expenses.

USUN Technology Co. Ltd.

Statement Of Research And Development Expenses

For the year ended December 31, 2022

Table 17 In NTD Thousand

Item	Amount
Salaries and bonuses (Note 1)	$ 149,767
Research and development expenses	16,018
Insurance premiums	12,736
Travel expenses	11,029
Others (Note 2)	15,935
	$ 205,485

Note 1: refers to personnel expenses such as principal salary, allowances, bonuses and pensions.

Note 2: The amount of each item does not exceed 5% of the total rresearch and development expenses.

USUN Technology Co. Ltd.

Summary Statement Of Current Period Employee Benefits And Depreciation Expenses By Function

For the year ended December 31, 2022

Table 18 In NTD Thousand

	2022			2021		
	Under operating costs	Under operating expenses	Total	Under operating costs	Under operating expenses	Total
Employee welfare expenses						
Payroll expenses	$ 88,238	$ 251,115	$ 339,353	$ 87,793	$ 232,198	$ 319,991
Labor and health insurance expenses	8,179	20,262	28,441	8,507	19,960	28,467
Pension expenses	3,361	10,843	14,204	3,552	10,733	14,285
Directors' Remuneration	-	7,468	7,468	-	3,477	3,477
Other employee benefit expenses	2,604	5,353	7,958	2,002	4,835	6,837
	$ 102,382	$ 295,041	$ 397,423	$ 101,854	$ 271,203	$ 373,057
Depreciation expense	$ 8,910	$ 14,919	$ 23,829	$ 7,609	$ 14,842	$ 22,451
Amortized expense	$ 533	$ 2,565	$ 3,098	$ 400	$ 2,375	$ 2,775

Note 1: The numbers of employees in 2022 and 2021 were 352 and 349, respectively, of which 5 directors were not concurrently employees.

Note 2: The average employee welfare expenses for 2022 and 2021 were NTD 1,124 thousand and NTD 1,074 thousand, respectively.

Note 3: The average salary expenses of employees in 2022 and 2021 were NTD 978 thousand and NTD 930 thousand, respectively, and the average salary expenses adjustment increased by 5.16%.

Note 4: The numbers of employees in Notes 1 to 3 are calculated based on the average number of employees.

Note 5: The Company does not have any supervisor and therefore does not have any supervisor's remuneration.

Note 6: Remuneration Policy (including directors, managers and employees):

a. The remuneration to the directors of the Company shall be authorized by the Board of Directors in accordance with the Articles of Association of the Company and the directors 'degree of participation and value of contribution to the operation of the Company. If the Company has earnings, the Board of Directors shall propose the amount of the remuneration to the Directors in accordance with the provisions of the Articles of Association and submit it to the shareholders' meeting.

b. The remuneration to General Manager and Deputy General Manager of the Company shall be implemented in accordance with their participation in the operation of the Company, the responsibilities they bear and the Company's salary management measures and shall be submitted to the Board of Directors for approval after being evaluated by the Remuneration Committee.

c. The salary of the Company's employees is based on their academic qualifications and experience, and with reference to the market and industry level. A set of salary standard structure shall be developed for verification and adjusted every year according to their work performance and special contributions.

USUN Technology Co. Ltd.

Chairman: Chiu-Feng Huang

President: Chia-Cheng Chen