Stock Code: 2433

Huxen Corporation

2022

Annual Report

(Translation)

April 18, 2023

This Annual Report is available at: http://mops.twse.com.tw/

http://www.eosasc.com.tw

I. Spokesperson

Name: Hsieh, Shu-Hui
Title: Comptroller
Tel: (02) 2345-8009 ext. 6530
E-mail: account01@eosasc.com.tw

Deputy Spokesperson

Name: Lin, Yu-Chuan
Title: Deputy Comptroller
Tel: (02) 2345-8009 ext. 6536
E-mail: account01@eosasc.com.tw

II. Contact Information of Headquarters and Branches

Name	Address	Telephone
Headquarters	12F., No. 2, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City	(02) 2345-8009
Branches	Branches are located in various counties and cities of Taiwan (please refer to page 4)	(please refer to page 4)

III. Stock Transfer Agency

Name: Department of Shareholder Services Agency, Yuanta Securities Co., Ltd.
Address: B1, No. 210, Sec. 3, Chengde Rd., Taipei City
Website: http://www.yuanta.com.tw
Tel: (02) 2586-5859

IV. Independent Auditors for the Annual Financial Report of the Most Recent Year

Name of independent Auditors: Chih, Jui-Chuan and Hsieh, Chien-Hsin
Name of Accounting Firm: Deloitte & Touche
Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei City
Website: http://www.deloitte.com.tw
Tel: (02) 2725-9988

V. Overseas Exchange for Trading of Company Securities: None

VI. Company Website: http://www.eosasc.com.tw

Notice to readers

The reader is advised that this annual report has been prepared originally in Chinese. In the event of a conflict between this annual report and the original Chinese version or difference in interpretation between the two versions, the Chinese language annual report shall prevail.

Contents

One. Report to Shareholders

Dear Shareholders:

The Company focuses on the development of its own business, maintains its core competitiveness, and strengthens its R&D capabilities and innovation in order to strengthen its business growth and profitability. The following is the summary of the Company's results of operations for 2022 and its business plans for 2023:

I. 2022 Operating Results

(I) Actual operating results:

1. The consolidated operating revenue for 2022 is NT$3,193,629 thousand, net income is NT$561,175 thousand, and earnings per share is NT$3.88 (net of tax). The income statement is compared as follows:

Unit: NTD thousand

Item / Year		2022	2021	Increase (decrease)
Operating revenue	Consolidated	3,193,629	3,883,788	(690,159)
	Parent Company Only	1,415,637	1,415,003	634
Net Income (attributable to parent company)		561,175	549,456	11,719
Earnings per share, net (NT$)		3.88	3.80	0.08

2. As for the consolidated financial structure, the current ratio is 203% and the debt (to assets) ratio is 40%.

(II) Review of operating performance:

The Company's business strategy is to focus on its core business. In 2022, the EPS increased by NT$0.08 as compared to last year, while parent company only revenue remained the same and consolidated revenue decreased by 18%.

II. Summary of 2023 Business Plan and Future Development Strategy

(I) Effect of external competition, the legal environment, and the overall business environment:

According to the report released by the Taiwan Institute of Economic Research, the slowdown in economic development will remain in 2023 under the effects of COVID-19 variants, the Russian-Ukrainian war, high inflation and climate change. In terms of the domestic market, the weakening global demand has severely affected the export performance of Taiwan; also, manufacturers' capital investment has become more conservative due to the weak global economy and higher loan interest rates, which has significantly slowed down the domestic investment in the country. As a result, 2023 will remain uncertain and challenging.

In terms of the external competitive environment, consumers still consider the photocopier market (our core business) and price as important factors in making their purchasing decisions. However, as mobile applications become more popular and enterprises pay more attention to information security, the Company has been actively developing office integration services to satisfy the different needs for large, medium, and small enterprises in recent years. This will become a differentiating advantage as we pursue our short- and medium-term business growth.

As the domestic legal environment continues to change, ESG (environmental protection, social responsibility and corporate governance) is becoming a mandatory part of corporate operations. For this purpose, the Company requires all suppliers comply with the law and introduce energy-saving and carbon-reducing software and hardware in order to continue to build the best partnership and investment platform for customers, partners, shareholders, and the community.

As we look ahead to 2023, we will be more cautious in identifying the environmental variables and exploring the opportunities brought by the new office model and ESG development. We will continue to fulfill our customers through our value-added integration platform so that we can continue to reach out to our existing customers and develop new ones.

(II) Business development strategies are as follows:

1. Provide more services to increase customer stickiness

Continuously promote zero-touch service platform: Dedicated customer service center, customer service APP, smart pre-determination service, and remote repair service to provide “instant service” experience that exceeds customer expectations to increase customer stickiness.

- IT service: Assist SMBs to meet their needs for IT hardware, software, and security services.
- Cloud subscription service: The digital transformation for enterprises can eliminate the cost and hassle to build, maintain and manage their own systems.
- Office energy-saving services: Smart video system is able to reduce the carbon emissions from staff travel to meetings, plus the integration of more energy-efficient no-heat print-out products and low-power LED lighting to satisfy enterprises in ESG promotion.
- Smart service evolution: Strengthen the application of AIoT in after-sales service, provide proactive advance service and more remote zero-touch service

The “Office LOHAS” platform integrates seven major office needs for corporate users: “access control, light current engineering,” “personnel information and attendance, cloud office,” “network integration, information security control,” “voice saving, server room,” “multi-party video, mobile conference,” “office multifunction, document management application,” “IT service, energy-saving office.” We provide professional pre-sales, in-sales, and post-sales consulting services to solve the tedious procurement and service needs of corporate users, allowing customers to focus on the development of their core business and create a win-win situation. This is expected to stabilize the sales volume in our core photocopier market and to extend the revenue growth from the integrated business.

2. Deepen digital transformation and create digital business opportunities

In response to the changes in purchasing habits among enterprises after the pandemic and the growth in digital marketing applications, the Company has expanded zero-touch online marketing and introduced more business opportunities by combining with offline professional marketing consultants:

- Telemarketing: Build a province-wide telemarketing network to actively create demand from customers.
- Digital marketing: Increase investment in digital advertising to quickly increase brand exposure and communication with consumers, and to deepen the EDM marketing, membership marketing, fan marketing, and other diversified digital marketing systems to generate revenue from new customers.
- Virtual exhibition hall: Metaverse is getting popular, so the Company plans to set up an online “Office LOHAS” virtual scene to provide consumers with virtual reality and interactive experience.

The Company continues to transform its digital operating platform to expand short- and medium-term business development.

III. Conclusion

As we look ahead in 2023, the Company will continue to strengthen its core business operations and develop a more comprehensive service platform by leveraging the market trends and opportunities. Our goal is to develop digital value, enhance competitiveness within the industry, and improve customer experience satisfaction with AIoT smart services. We also aim to become the “best provider in digital office integration services” in order to expand our market share by accelerating the attraction for new customers through more diversified digital marketing. The Company is confident that it will once again achieve excellent performance, create more profits for all shareholders and reward them for their care and support.

Chairman of the Board:

Two. Company Profile

I. Date of Establishment:

The Company was founded in August 1984. Currently, the Company is mainly engaged in the sales, import and export, maintenance and rental of office multi-function products, including photocopiers, digital presses, high-speed printers, printers, communication products and software for business operation and management.

We are a professional marketing company that integrates office hardware, software and workflow systems for companies. With the concept of customer satisfaction and contributing to society, we satisfy customers' needs for services and create a win-win situation with them.

II. Company History

The following is a brief description of the Company's business development highlights and history:

1984 Huxen Corporation was founded.

1986 The Company acquired exclusive sales rights for RICOH photocopiers in Taiwan.

1992 The shares of the Company became public offering.

1995
- The Company was honored with the "Excellent Merchant Award" by the General Chamber of Commerce of the Republic of China.
- The Company received the "National Golden Trademark Award" and "Outstanding Brand Award."

1998
- The Company received the "Excellent Quality Practice Award" in the National Quality Month.
- The Company received the "Golden Trademark Award" for four consecutive years.

1999 The Company's shares were listed on TPEx.

2000 The Company's shares started to be listed on TWSE from TPEx.

2003 The Company invested in Aurora Leasing Corporation

2013
- The Company started to invest in Mainland China and established Huxen (China) Co., Ltd.
- The Company was awarded the certification of "GSP (Good Service Practice)" and "Customer Satisfaction Gold Award."

2014 Introducing the concept of "Joyful Office and LOHAS," the Company started to promote a turnkey equipment integration service to help enterprises improve their work efficiency and reduce costs.

2015 The Company was awarded the Excellent Business Enterprise Award from the National Taxation Bureau.

2016 The Company introduced the "ERP and cloud-based personnel attendance system" to assist enterprises customers to simplify their workflow and facilitate their digital transformation.

2017
- Working together with HP, the Company became the agent of the industrial grade large-scale 3D printer (HP Jet Fusion 3D Printer).
- The Company won the "Business Enterprise E-invoice Introduction Award."
- The Company set up a "Smart Office Exhibition Center" for customers to experience software + hardware solutions.

2018
- Office lighting and corporate energy saving services were introduced.

2019
- Huxen mobile customer service App was launched to provide intelligent and efficient services and create value for customers
- The Company introduced MyQ document flow solutions to provide software + hardware integration services.

2020 Anti-epidemic products: intelligent meeting rooms, temperature control systems, air purification products, etc., were introduced to provide customers with pandemic-free office environments.

2021 Introducing professional output equipment: high-speed printers, post-print products.

2022 Introduction of energy-saving products: Including heatless printing device, eco-friendly and energy-saving printing system for copiers, and human-centric lighting system, to help customers to promote ESG business

III. Addresses and Telephone Numbers of the Branches

Branch Name	Address	Telephone
District 2, South Taipei	2F., No. 163, Sec. 2, Heping E. Rd., Da'an Dist., Taipei City	(02)2707-0007
District 1, North Taipei	5F., No. 336, Juguang Rd., Wanhua Dist., Taipei City	(02)2302-6616
District 2, North Taipei	2F., No. 178, Sec. 4, Chengde Rd., Shilin Dist., Taipei City	(02)2882-1125
District 2, East Taipei	No. 21, Ln. 13, Guangfu S. Rd., Songshan Dist., Taipei City	(02)2765-1899
Taipei	No. 10, Ln. 133, Sec. 2, Xinsheng N. Rd., Zhongshan Dist., Taipei City	(02)2567-1186
Special Account Branch	1F., No. 18, Ln. 13, Guangfu S. Rd., Songshan Dist., Taipei City	(02)2742-0688
North District	12F., No. 2, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City	(02)2345-5818
Gongguan	3F., No. 609, Linsen N. Rd., Zhongshan Dist., Taipei City	(02)2586-8731
Jianguo	1F., No. 9, Aly. 13, Ln. 512, Minzu E. Rd., Zhongshan Dist., Taipei City	(02)2516-5009

Zhongshan	5F., No. 22-5, Siping St., Zhongshan Dist., Taipei City	(02)2562-2155
Dunnan	7F.-1, No. 461, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City	(02)2791-2106
Chongxin	B1., No. 2, Ln. 609, Sec. 5, Chongxin Rd., Sanchong Dist., New Taipei City	(02)2999-8040
Shuangho	7F.-3, No. 150, Jian 1st Rd., Zhonghe Dist., New Taipei City	(02)2226-0239
Keelung	1F., No. 65, Fu 6th St., Qidu Dist., Keelung City	(02)2451-6996
Taoyuan	3F., No. 191, Yong’an Rd., Taoyuan Dist., Taoyuan City	(03)339-8800
Zhongli	12F., No. 772-2, Huanzhong E. Rd., Zhongli Dist., Taoyuan City	(03)437-1268
North Taoyuan	3F., No. 191, Yong’an Rd., Taoyuan Dist., Taoyuan City	(03)339-8800
Hsinchu	No. 16, Shijie St., East Dist., Hsinchu City	(03)532-9682
Hsinchu Science Park	1F., No. 16, 18, and 18-1 Shijie St., East Dist., Hsinchu City	(03)535-2558
Miaoli	1F., No. 429, Weixin Rd., Zhunan Township, Miaoli County	(037)634-386
North Taichung	11F., No. 581, Jianxing Rd., North Dist., Taichung City	(04)2207-2581
Fengyuan	4F., No. 255, Xiangyang Rd., Fengyuan Dist., Taichung City	(04)2522-4599
Taichung Port	No. 206, Zhonghua Rd., Qingshui Dist., Taichung City	(04)2623-5788
Changhua	No. 19, Xiangyang St., Changhua City, Changhua County	(04)751-0020
Yuanlin	1F., 2F., No. 73, Fuxing 5th St., Yuanlin City, Changhua County	(04)833-2118
Nantou	No. 393, Sec. 1, Taiping Rd., Caotun Township, Nantou County	(049)237-1778
Yunlin	1F., No. 96, Guangfu Rd., Huwei Township, Yunlin County	(05)632-6966
Chiayi	5F.-1, No. 237, You’ai Rd., West Dist., Chiayi City	(05)231-2098
Kaohsiung	3F., No. 532, Jiuru 2nd Rd., Sanmin Dist., Kaohsiung City	(07)311-6000
Tainan	7F., No. 420, Zhongshan S. Rd., Yongkang Dist., Tainan City	(06)302-9089
Pingtung	1F., No. 16, Wu’an St., Pingtung City, Pingtung County	(08)756-1673
Yilan	1F., No. 62, Zhongshan W. St., Luodong Township, Yilan County	(03)956-1210
Hualien	1F., No. 218, Guolian 5th Rd., Hualien City, Hualien County	(03)833-6043

Taitung	1 & 2F., No. 349, Xinsheng Rd., Taitung City, Taitung County	(089)318-901

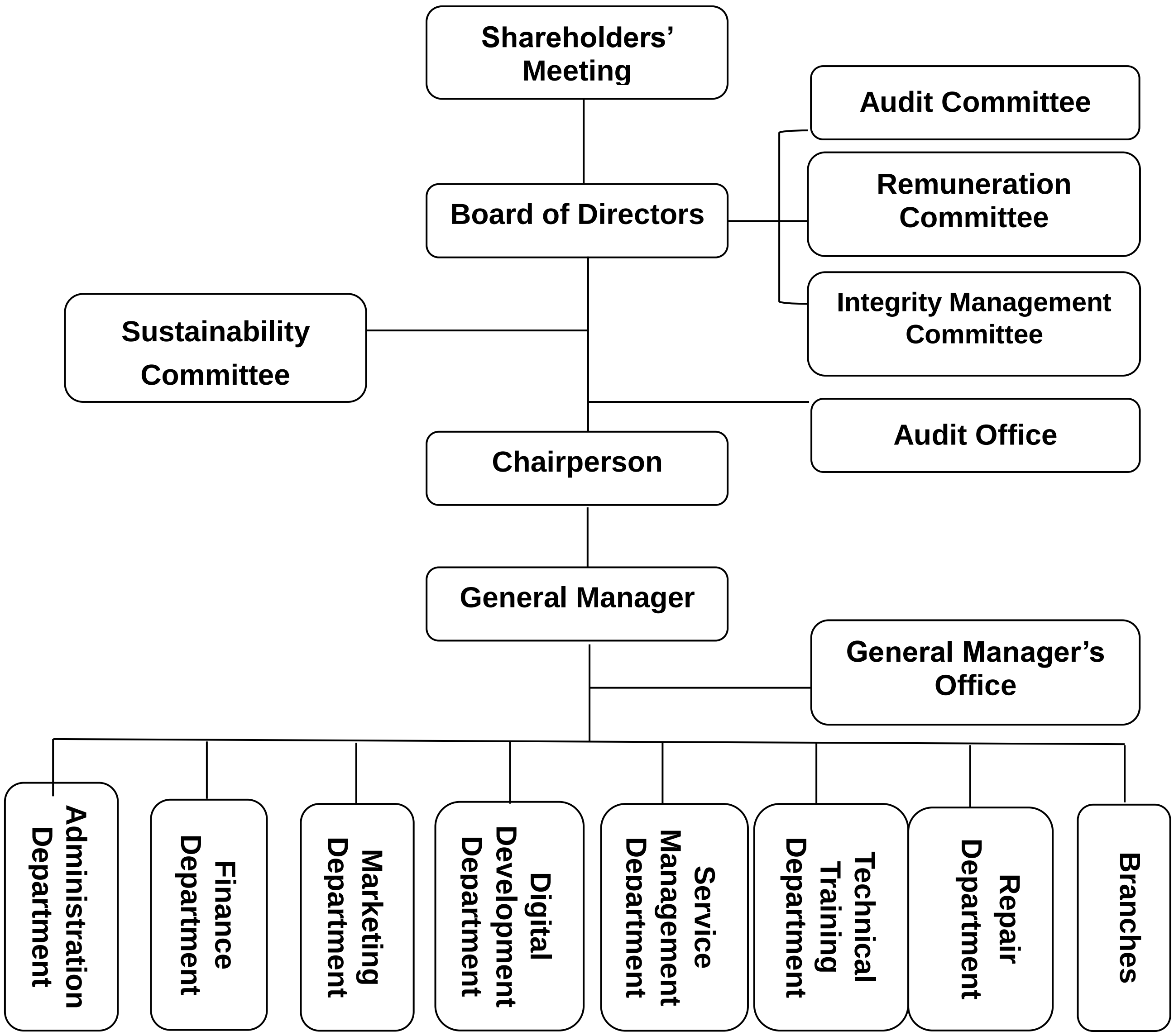
Three. Corporate Governance Report

I. Organizational System:

<u>Organizational System of Huxen Corporation</u>

(I) Organizational Structure

Effective Date: January 1, 2023



(II) Operations of each major department

Department	Main Duties
Audit Office	• The Audit Office is responsible for the implementation of the internal audit system.
General Manager's Office	• The General Manager's Office executes resolutions passed by the shareholders' meeting and the Board of Directors. • The General Manager's Office sets the company's operational strategy and oversees the overall management of the Company.
Administration Department	• The Administration Department is responsible for human resources, general affairs and administrative management.
Finance Department	• The Finance Department is responsible for the establishment and control of financial accounting system, finance and taxation procedures, operation analysis, stock affairs, and capital management.
Marketing Department	• The Marketing Department is responsible for the Company's overall image and the development and execution of sales plans.
Digital Development Department	• The Digital Development Department is responsible for building new business models in the market and enhancing internal digital capabilities.
Service Management Department	• The Service Management Department is responsible for making the company's service policy and managing customer after-sales service.
Technical Training Department	• The Technical Training Department is responsible for product testing and inspection, personnel training and professional certification
Repair Department	• The Repair Department is responsible for the repair and re-use management of multi-function printers.
Branches	• The branches are responsible for sales, leasing, after-sales service and maintenance of customer relations.

II. Information on Directors, General Manager, Deputy General Managers, Associates, and Heads of Departments and Branches:

(I) Directors

Directors' Data (I)

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Title	Nationality/Place of Registration	Name	Gender Age	Date of Election (Appointment)	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in Others' Names		Education and Work Experience	Positions Concurrently Held in the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)			Title	Name	Relationship	
Chairperson	R.O.C.	Liao, Ching-Chang	Male 51–60	2021.07.14	3 years	2016.08.10	0	–	0	–	–	–	–	–	General Manager of Aurora Telecom Co., Ltd./Master of Business Administration at Taiwan University	Chairperson of Aurora Leasing Corporation	–	–	–	
Director	R.O.C.	Aurora Holdings Incorporated (Note1)	–	2021.07.14	3 years	1992.09.26	39,359,689	27.24	39,359,689	27.24	–	–	–	–	–	–	–	–	–	
	R.O.C.	Representative: Chuang, Hsiao-Chen (Note2)	Male 71–80	2021.07.14	3 years	2003.05.29	0	–	1,875	0.00	–	–	–	–	Independent Director of Chia Chang Co., Ltd./Department of Physical Education (Two-year College Program) Taipei Physical Education College	Director of Skyworld Development Co., Ltd. Independent Director of Formosa Advanced Tech Co., Ltd. Independent Director of Interactive Digital Technologies Inc. Director, Chen Yung-Tai Sustainability Foundation Director, AURORA Foundation	–	–	–	
Director	R.O.C.	Aurora Holdings Incorporated (Note1)	–	2021.07.14	3 years	1992.09.26	39,359,689	27.24	39,359,689	27.24	–	–	–	–	–	–	–	–	–	
	R.O.C.	Representative: Chen, I-Hsiung	Male 71–80	2021.07.14	3 years	1999.06.17	0	0.00	1,875	0.00	–	–	–	–	General Manager of Lotteria Co., Ltd./Ph.D. in Chinese Literature, Tunghai University	–	–	–	–	
Director	R.O.C.	Wu, Tang-Hai (Note3)	Male 71–80	2021.07.14	3 years	2003.06.18	101,001	0.07	101,001	0.07	–	–	–	–	Director of Huxen Corporation/Department of Marine Engineering at National Su-ao Marine & Fisheries Vocational High School	Director of Chen, Yung-Tai Sustainable Management Foundation Director, AURORA Foundation	–	–	–	
Independent Director	R.O.C.	Huang, Chung-Hsing	Male 61–70	2021.07.14	3 years	2015.06.09	0	–	0	–	3,000	0.00	–	–	Associate Professor of Department and Graduate Institute of Business Administration, Taiwan University/PhD in Business Management, University of Texas at Austin	Independent Director of Medical Imaging Co, Ltd. Independent Director of Chenbro Micom Co., Ltd. Director of Avary Hldg (Shenzhen) Co., Ltd.	–	–	–	

Title	Nationality/Place of Registration	Name	Gender Age	Date of Election (Appointment)	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in Others' Names		Education and Work Experience	Positions Concurrently Held in the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)			Title	Name	Relationship	
Independent Director	R.O.C.	Yang, Hui-Ling	Female 61–70	2021.07.14	3 years	2015.06.09	0	–	0	–	–	–	–	–	Vice CEO of Cultural Enterprise Co., Ltd./Master of adult and continuing education at Taiwan Normal University	–	–	–	–	
Independent Director	R.O.C.	Wang, Jen-Kuo	Male 51–60	2021.07.14	3 years	2021.07.14	0	–	0	–	–	–	–	–	Head of Human Resources of Ub Office Systems Co., Ltd/ Mechanical Engineering Department of Tahua Institute of Technology	–	–	–	–	

Note:
1. The Director, Aurora Holdings Incorporated, ceased its Director position during November 14, 1997–June 3, 1998 and during September 28, 2000–July 3, 2002.
2. The Director, Chuang, Hsiao-Chen, ceased to be the Supervisor during June 15, 2006–June 7, 2018.
3. The Director Wu, Tang-Hai, ceased to be the Director during July 2, 2006–June 21, 2012.
4. On July 22, 2021, the Company established an Audit Committee to replace the Supervisors.

Table 1: Major Shareholders of Institutional Shareholders

April 18, 2023

Name of institutional shareholder	Major shareholders of institutional shareholders	Shareholding ratio
Aurora Holdings Incorporated	Chen, Yung-Tai	23%
	Chen, Yung-Tai Sustainable Management Foundation	1.8%
	Chen, Yung-Tai Cultural and Educational Foundation	5.2%
	Chen, Yung-Tai Charitable Trust	35%
	Yuan, Hui-Hua	10%
	Nisheng Investment Co., Ltd.	20%
	Chen, Tu-Chiang Foundation	5%
Aurora Corporation	Aurora Holdings Incorporated	43.12%
	Chen, Yung-Tai	9.24%
	Aurora Leasing Corporation	8.80%
	Aurora Office Automation Corporation	5.29%
	Nisheng Investment Co., Ltd.	5.23%
	Huxen Corporation	3.99%
	Chen, Yung-Tai Sustainable Management Foundation	2.96%
	Aurora Development Corp.	2.25%
	Hundred River International Investment Corp.	1.80%
	Shin Kong Life Insurance Co., Ltd.	1.45%

Table 2: Major shareholders of the major shareholders who are judicial persons in Table 1

April 18, 2023

Name of Judicial Person	Major Shareholders of Judicial Person	Shareholding Ratio
Chen, Yung-Tai Sustainable Management Foundation	N/A	N/A
Chen, Yung-Tai Cultural and Educational Foundation	N/A	N/A
Chen, Yung-Tai Charitable Trust	N/A	N/A
Nisheng Investment Co., Ltd.	Yuan, Hui-Hua	99.87%
	Yuan, Tzu-Pin	0.13%
Chen, Tu-Chiang Foundation	N/A	N/A
Aurora Holdings Incorporated	Chen, Yung-Tai	23%
	Chen, Yung-Tai Sustainable Management Foundation	1.8%
	Chen, Yung-Tai Cultural and Educational Foundation	5.2%
	Chen, Yung-Tai Charitable Trust	35%
	Yuan, Hui-Hua	10%
	Nisheng Investment Co., Ltd.	20%
	Chen, Tu-Chiang Foundation	5%
Aurora Leasing Corporation	Huxen Corporation	100.00%
Aurora Office Automation Corporation	Aurora Corporation	91.13%
	Aurora Holdings Incorporated	8.35%
Huxen Corporation	Aurora Corporation	32.53%
	Aurora Holdings Incorporated	27.24%
	Aurora Office Automation Corporation	7.73%
	Nisheng Investment Co., Ltd.	5.60%
	Aurora Development Corp.	2.92%
	Chieh Sheng Investment Co., Ltd.	2.30%
	Hundred River International Investment Corp.	0.69%
	Chuang Hung Co., Ltd.	0.24%
	Elite Professional Consulting	0.21%
	Chih Chin Investment Co., Ltd.	0.21%
Aurora Development Corp.	Aurora Holdings Incorporated	53.33%
	Aurora Corporation	46.67%
Hundred River International Investment Corp.	Chen, Kuan-Pai	68.57%
	Home Ranch Corp	22.86%
	Chen Liu, Wan-Ling	8.57%
Shin Kong Life Insurance Co., Ltd.	Shin Kong Financial Holding Co., Ltd.	100.00%

Information on Directors (II)

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

April 18, 2023

Criteria / Name	Professional Qualification and Experience	Independence Status	Number of Other Public Companies Concurrently Serving as an Independent Director
Liao, Ching-Chang	● The Director has more than five years of work experience required for commercial and corporate business. ● The Director has not been in or is under any circumstances stated in Article 30 of the Company Act.		0
Aurora Holdings Incorporated Representative: Chuang, Hsiao-Chen	● The Director has more than five years of work experience required for commercial, financial and corporate business. ● The Director is a member of the board of the other listed company ● The Director has not been in or is under any circumstances stated in Article 30 of the Company Act.		2
Aurora Holdings Incorporated Representative: Chen, I-Hsiung	●The Director has more than five years of work experience required for commercial and corporate business. ● The Director has not been in or is under any circumstances stated in Article 30 of the Company Act.		0
Wu, Tang-Hai	● The Director has more than five years of work experience required for commercial and corporate business. ● The Director has not been in or is under any circumstances stated in Article 30 of the Company Act.		0
Huang, Chung-Hsing	● The Director has more than five years of work experience required for commercial, financial and corporate business. ● The Director is a retired Associate Professor from the Department and Graduate Institute of Business Administration at Taiwan University, and he is currently a Visiting Professor at the College of Management at Chang Gung University. ● The Director is a member of the	● None of the Independent Director, his spouse, and his relatives within the second degree of kinship, is a director, supervisor or employee of the Company or its affiliates, and none of them is under any circumstances stated in Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and	2

	board of the other listed company ● The Director has not been in or is under any circumstances stated in Article 30 of the Company Act.	Compliance Matters for Public Companies. Therefore, independence is met. ● Number of the Company's shares held by the Independent Director, his spouse and minor children: 3,000 shares.	
Yang, Hui-Ling	● The Director has more than five years of work experience required for commercial and corporate business. ● The Director has not been in or is under any circumstances stated in Article 30 of the Company Act.	● None of the Independent Director, her spouse, and her relatives within the second degree of kinship, is a director, supervisor or employee of the Company or its affiliates, and none of them is under any circumstances stated in Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Therefore, independence is met ● Number of the Company's shares held by the Independent Director, her spouse and minor children: 0 shares.	0
Wang, Jen-Kuo	● The Director has more than five years of work experience required for commercial and corporate business. ● The Director has not been in or is under any circumstances stated in Article 30 of the Company Act.	● None of the Independent Director, his spouse, and his relatives within the second degree of kinship, is a director, supervisor or employee of the Company or its affiliates, and none of them is under any circumstances stated in Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Therefore, independence is met. ● Number of the Company's shares held by the Independent Director, his spouse and minor children: 0 shares.	0

2. Diversification and independence of Board of Directors:

- Diversification of Board of Directors:

  (1) The Directors of the Company all have different expertise in various fields, which are beneficial to the development and operation of the Company. Please refer to "Implementation of Diversification of Members of Board of Directors" of this annual report (Appendix 1, Page 25).

  (2) The current Board of Directors of the Company consists of seven Directors, including four directors and three independent directors. Female directors account for approximately 14% of all directors, and independent directors account for approximately 43% of all directors. One independent director has served for less than 3 years; two directors have served for 3–9 years. Two directors are under the age of 60; two directors are in the age group of 61–70, and three directors are in the age group of 71–80. The Company places emphasis on gender equality of the composition of the Board of Directors. The target proportion of female directors is 25% or more. Further, it is expected that a female director will be added to the Board of Directors in the future to achieve the target.

  (3) The Board of Directors has prepared a diversification policy regarding the composition of the Board of Directors, which is disclosed on the Company's website and the Market Observation Post System.

- Independence of Board of Directors:

  (1) The current Board of Directors of the Company consists of seven directors, including four directors and three independent directors. The number of independent directors accounts for approximately 43% of the number of all the directors.

  (2) Among the members of the Board of Directors, none of them is a spouse or a relative within the second degree of kinship of each other, and, therefore, the independence is met.

(II) Information on General Manager, Deputy General Managers, Associates, and Heads of Departments and Branches

April 18, 2023

Title	Nationality	Name	Gender	Date of Election (Appointment)	Shareholding		Shares Held by Spouse and Minor Children		Shares Held in Others' Names		Education and Work Experience	Current Positions at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)			Title	Name	Relationship	
General Manager	R.O.C.	Weng, Kuo-Hua	Male	2013.01.14	9,000	0.01	32,000	0.02	—	—	Huxen Corporation General Manager/EMBA at Taiwan University	None	—	—	—	
Corporate Governance Officer	R. O. C.	Ma Chih-Hsien	Male	2022.11.09	—	—	—	—	—	—	Director, AURORA Corporation / EMBA, Fudan University	Director, AURORA Corporation Corporate Governance Office, AURORA Corporation Chairman, KM DEVELOPING SOLUTIONS CO., LTD.				
Comptroller	R.O.C.	Hsieh, Shu-Hui	Female	2018.03.05	—	—	—	—	—	—	Huxen Corporation Comptroller/Takming University of Science and Technology	Aurora Leasing Corporation Comptroller	—	—	—	

III. Remuneration to directors, general manager and deputy general manager for the most recent year

(I) Directors

Remuneration to Directors and Independent Directors in 2022

Unit: NT$1,000

Title	Name	Remuneration Paid to Directors								Total of A, B, C and D as a Percentage of Net Income After Tax		Remuneration Earned by a Director Who is an Employee								Total of A, B, C, D, E, F and G as a Percentage of Net Income		Remuneration Paid to Directors from Non-consolidated Affiliates or Parent Company
		Salaries (A)		Pensions (B)		Bonus to Directors (C)		Allowances (D)				Salaries, Bonuses, Allowances, Etc. (E)		Pension (F)		Bonus to employees (G)						
		The Company	All the companies listed in the condolisated financial report	The Company	All the companies listed in the condolisated financial report	The Company	All the companies listed in the condolisated financial report	The Company	All the companies listed in the condolisated financial report	The Company	All the companies listed in the condolisated financial report	The Company	All the companies listed in the condolisated financial report	The Company	All the companies listed in the condolisated financial report	The Company		All the companies listed in the condolisated financial report		The Company	All the companies listed in the condolisated financial report	
																Cash Amount (Note1)	Stock Amount	Cash Amount (Note1)	Stock Amount			
Chairperson	Liao, Ching-Chang	2,430	2,430	0	0	0	0	2,450	2,450	4,880 0.87%	4,880 0.87%	0	0	0	0	950	0	950	0	5,830 1.04%	5,830 1.04%	0
Director	Aurora Holdings Incorporated Representative: Chuang, Hsiao-Chen																					
Director	Aurora Holdings Incorporated Representative: Chen, I-Hsiung																					
Director	Wu, Tang-Hai																					
Independent Director	Huang, Chung-Hsing	0	0	0	0	0	0	1,800	1,800	1,800 0.32%	1,800 0.32%	0	0	0	0	0	0	0	0	1,800 0.32%	1,800 0.24%	0
Independent Director	Yang, Hui-Ling																					
Independent Director	Wang, Jen-Kuo (Note 3)																					

1. Please specify the remuneration policy, system, standard, and structure for independent directors, as well as the linkage between remuneration and their responsibilities, risk and invested time:
   According to the Articles of Incorporation of the Company, remuneration paid to the Company's Chairperson and Directors shall be determined by the Board of Directors based on the degree of their participation in and contributions to the business operations of the Company, as well as industry standards at home and abroad
2. In addition to aforementioned information, collection of remuneration by directors for provision of services to any of the companies in the financial statement in the recent year (i.e. acting as a nonemployee consultant for the parent company/all the companies in the financial report/investee companies, etc.), other than those disclosed in the table above: None.

Note: 2022 Employee remuneration is only the proposed amount to be allocated as approved by the Board of Directors..

Range of Remunerations

Range of remunerations paid to each Director of the Company	Names of Directors			
	Summation of the first 4 items (A+B+C+D)		Summation of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All the companies listed in the financial report	The Company	All the companies listed in the financial report
Under $1,000,000	Chen, I-Hsiung, Wu, Tang-Hai, Huang, Chung-Hsing, Yang, Hui-Ling, Wang ,Jen-Kuo, Aurora Holdings Incorporated	Chen, I-Hsiung, Wu, Tang-Hai, Huang, Chung-Hsing, Yang, Hui-Ling, Wang ,Jen-Kuo, Aurora Holdings Incorporated	Chen, I-Hsiung, Wu, Tang-Hai, Huang, Chung-Hsing, Yang, Hui-Ling, Wang ,Jen-Kuo, Aurora Holdings Incorporated	Chen, I-Hsiung, Wu, Tang-Hai, Huang, Chung-Hsing, Yang, Hui-Ling, Wang ,Jen-Kuo, Aurora Holdings Incorporated
$1,000,000 (inclusive)–$2,000,000 (exclusive)	Chuang, Hsiao-Chen	Chuang, Hsiao-Chen	Chuang, Hsiao-Chen	Chuang, Hsiao-Chen
$2,000,000 (inclusive)–$3,500,000 (exclusive)	Liao, Ching-Chang	Liao, Ching-Chang	Liao, Ching-Chang	Liao, Ching-Chang
$3,500,000 (inclusive)–$5,000,000 (exclusive)	—	—	—	—
$5,000,000 (inclusive)–$10,000,000 (exclusive)	—	—	—	—
$10,000,000 (inclusive)–$15,000,000 (exclusive)	—	—	—	—
$15,000,000 (inclusive)–$30,000,000 (exclusive)	—	—	—	—
$30,000,000 (inclusive)–$50,000,000 (exclusive)	—	—	—	—
$50,000,000 (inclusive)–$100,000,000 (exclusive)	—	—	—	—
Over $100,000,000	—	—	—	—
Total	8 in total	8 in total	8 in total	8 in total

(II) General Manager and Deputy General Managers

Remuneration to General Manager and Deputy General Managers in 2022

Unit: NT$1,000

Title	Name	Salary(A)		Pension (B)		Bonuses and Allowance(C)		Bonuses to Employees(D)				Total of A, B, C and D as a Percentage of Net Income After Tax		Remuneration Paid to General Manager and Deputy General Managers from Non-consolidated Affiliates or Parent Company
		The Company	All the companies listed in the financial report	The Company	All the companies listed in the financial report	The Company	All the companies listed in the financial report	The Company		All the companies listed in the financial report		The Company	All the companies listed in the financial report	
								Cash Amount (Note)	Stock Amount	Cash Amount (Note)	Stock Amount			
General Manager	Weng, Kuo-Hua	2,366	2,366	0	0	0	0	1,361	0	1,361	0	3,727/ 0.66%	3,727/ 0.66%	None

Note: 2022 Employee remuneration is only the proposed amount to be allocated as approved by the Board of Directors.

Range of Remunerations

Range of remunerations paid to each General Manager and Deputy General Manager of the Company	Names of General Manager and Deputy General Managers	
	The Company	All the companies listed in the financial report
Under $1,000,000	–	–
$1,000,000 (inclusive)–$2,000,000 (exclusive)	–	–
$2,000,000 (inclusive)–$3,500,000 (exclusive)	–	–
$3,500,000 (inclusive)–$5,000,000 (exclusive)	Weng, Kuo-Hua	Weng, Kuo-Hua
$5,000,000 (inclusive)–$10,000,000 (exclusive)	–	–
$10,000,000 (inclusive)–$15,000,000 (exclusive)	–	–
$15,000,000 (inclusive)–$30,000,000 (exclusive)	–	–
$30,000,000 (inclusive)–$50,000,000 (exclusive)	–	–
$50,000,000 (inclusive)–$100,000,000 (exclusive)	–	–
Over $100,000,000	–	–
Total	1 in total	1 in total

(III) Remuneration Paid to Managers, Names thereof and the distribution

December 31, 2022
Unit: NT$1,000

	Title	Name	Stock Amount	Cash Amount	Total	Total Amount as a Percentage of Net Income After Tax
Director	Chairperson	Liao, Ching-Chang	−	2,354	2,354	0.42
Managers	General Manager	Weng, Kuo-Hua				
	Corporate Governance Officer	Ma Chih-Hsien				
	Comptroller	Hsieh, Shu-Hui				

Note: 2022 Employee remuneration is only the proposed amount to be allocated as approved by the Board of Directors.

(IV) Analysis of the ratio of the total remuneration paid to Directors and General Managers of the Company in the last two years to the net income after tax of the parent company only financial statements of the Company and all companies in the consolidated statements, and explanation of the policies, standards and combinations for the payment of remuneration, the procedures for determining remuneration, and the correlation with operating results and future risks:

1. Analysis of the proportion of the total remuneration paid to the Directors, Supervisors, General Manager and Deputy General Managers of the company in the last two years to the net profit after tax of the parent company only financial report:

Year	Total remuneration to Directors and Supervisors and proportion to net profit after tax		Total remuneration to General Manager and Deputy General Managers and proportion to net profit after tax	
	The Company	All the companies listed in the condolisated financial report	The Company	All the companies listed in the condolisated financial report
2021	1.43%	1.43%	0.66%	0.66%
2022	1.36%	1.36%	0.66%	0.66%

2. The Company’s Remuneration Policy:
   The remuneration paid to the Directors of the Company shall be handled in accordance with the relevant provisions of the Articles of Incorporation. The remuneration paid to the General Manager and Deputy General Managers shall be approved in accordance with the principles of fairness and equity and the performance of each employee.

3. The standard and combination for the Company’s remuneration payment:
   The remuneration’s payment standards and portfolios to the directors and General Manager of the Company are divided into fixed and variable parts. The fixed

remuneration is approved according to the scope of authority and responsibility of the position and the operational objectives of the Company. The variable remuneration is based on the operational performance and contribution achieved, thus sharing operating results.

4. Procedures for determining the Company's remuneration.
   The procedures to determine the remuneration of the Company: The Company's remuneration shall be reasonably paid based on the Company's overall operating performance, and the contribution and achievement of each employee, and shall be submitted to and approved by the Company's internal authorities.

5. The correlation between the Company's remuneration and operating performance.
   The variable remuneration to the Company's Directors, General Manager and Deputy General Managers are commensurate with their operational achievements. By sharing the result of operation, the performance of individuals and teams can be fully integrated.

IV. Implementation of Corporate Governance

(I) Operations of the Board of Directors

(1) Operations of the Board of Directors

The Board of Directors convened fives meetings in the most recent year (2022), of which the attendance is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate in Person (%)	Remark
Chairperson	Liao, Ching-Chang	5	0	100%	
Director	Aurora Holdings Incorporated Representative: Chen, I-Hsiung	5	0	100%	
Director	Aurora Holdings Incorporated Representative: Chuang, Hsiao-Chen	4	1	80%	
Director	Wu, Tang-Hai	3	0	60%	
Independent Director	Huang, Chung-Hsing	5	0	100%	
Independent Director	Yang, Hui-Ling	5	0	100%	
Independent Director	Wang, Jen-Kuo	5	0	100%	

Other mentionable items:

1. In case there occurs one of the following situations during the operation of the Board of Directors, related information should be specified, including date of the board meeting, term of the board of directors, contents of motions, opinions of all the independent directors, and follow-up handlings of the opinions by the company:

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

Board of Directors	Contents of Motions and follow-ups	Matters listed in Article 14-3 of the Securities and Exchange Act	Independent directors expressed a contrary or qualified opinion
The 4th meeting of the 11th Board of Directors March 14, 2022	1. The Amendment to the Company's "Procedures of the Acquisition and Disposal of Assets"	✓	None
	2. The appointment of the Company's independent auditors for 2022 and the assessment of their independence.	✓	None
	Independent Directors' opinions: None.		
	Handlings of the opinions by the Company: None.		
	Resolution: All the directors present agreed to pass these motions.		
8th meeting of 11th term 2022.11.09	Amendments to the Company's "Internal Control System" and "Internal Audit Implementation Rules."	✓	None

		Opinions of the independent directors: None.		
		Measures taken by the Company based on the opinions of the independent directors: None.		
		Resolution: Approved by all directors attended.		
	9th meeting of 11th term 2023.03.10	Appointment of the Company's 2023 CPAs and the CPAs' Independence Evaluation.	✓	None
		Opinions of the independent directors: None.		
		Measures taken by the Company based on the opinions of the independent directors: None.		
		Resolution: Approved by all directors attended.		

(2) Except the aforementioned items, resolutions of the board of directors with Contrary or qualified opinions, by any independent director on record or in written form: None.

2. Recusal of cases by directors due to involvement of related interests: None.
3. The Board of Director self-evaluation and peer-evaluation: The company established the Rules for Performance Evaluation of Board of Directors and its evaluation methods on the 8th of November 2019, and conducted the annual evaluation at the end of the year.
4. Measures have been taken to strengthen the functioning of the Board of Directors (e.g. establishment of the Audit Committee, increasing transparency) to assist the board in carrying out its various duties for the current year and most recent year: In order to promote the sound practice of corporate governance, strengthen the independence of directors, boost the efficiency of the board of directors, and implement accountability for professionals and business operators, the Company established its "Remuneration Committee" on December 29, 2011, and established its "Audit Committee" on July 22, 2021. Moreover, the Company established its "In tegrity al Management Committee" and "Officer of Corporate Governance" on November 9, 2022.

(2) Implementation of the evaluation of the board of directors:

Evaluation Cycle (Note1)	Evaluation Period (Note 2)	Evaluation Scope (Note 3)	Evaluation Method (Note 4)	Evaluation Contents (Note 5)	Evaluation Results
Once a year	January 1, 2022 – December 31, 2022	Board of Directors	Internal self-evaluation by the Board of Directors	The evaluation includes participation in the operation of the company, the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors and internal control	The overall operation of the Board of Directors is in a good condition, and the Company regularly invites external experts to provide group training courses for its directors, which is in compliance with the applicable rules and regulations of corporate governance.
		Individual board member	Self-evaluation by Board Members	Alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication,	The performance evaluation of the directors as a whole meets the criteria, and the directors have fully expressed their opinions and suggestions on various motions of the Company. Hence, the

				the director’s professionalism and continuing education and internal control.	overall operation is fairly sound.
		Functional Committee	Internal self-evaluation by the Board of Directors	Participation in the operation of the company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, makeup of the functional committee, the election of its members, the internal control	The Company has a Remuneration Committee and an Audit Committee. On November 9, 2022, the Company established an Ethical Management Committee to exercise its powers independently, and the overall operation is in good condition.

Note 1: The execution frequency of the board evaluation shall be specified, e.g. once a year.

Note 2: The period covered by the Board evaluation shall be specified, e.g. evaluating board performance from January 1, 2022, to December 31, 2022.

Note 3: Evaluation scope includes the performance evaluations of Board of Directors, individual Board members, and functional committees.

Note 4: Evaluation method includes internal board self-evaluation, evaluation of individual directors, peer-evaluation, evaluation by external professional organizations, experts, and other appropriate methods.

Note 5: The evaluation content includes, at minimum, the following items:

(1) Board of Directors performance evaluation: The evaluation shall include, at minimum, participation in the operation of the company, the quality of the board of directors’ decision making, composition and structure of the board of directors, election and continuing education of the directors and internal control.

(2) Individual board member of performance evaluation: The evaluation shall include, at minimum, alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationship and communication, the director’s professionalism and continuing education, internal control etc.

(3) Functional committee performance evaluation: participation in the operation of the Company, awareness of the duties of the functional committee, quality of decisions made by the functional committee, makeup of the functional committee, election of its members and the internal control.

Note 6: The results of the Board of Directors’ performance evaluation were reported to the Board of Directors on March 10, 2023.

(II) State of Operations of Audit Committee or State of Participation in Board Meetings by Supervisors:

1. State of Operations of Audit Committee:

The Audit Committee convened four meetings (A) in the most recent year (2022). The Independent Director's attendance is stated as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate in Person(%) (B/A)	Remark
Convener	Huang, Chung-Hsing	4	0	100%	
Member	Yang, Hui-Ling	4	0	100%	
Member	Wang, Jen-Kuo	4	0	100%	

Note: On July 22, 2021, the Company established its Audit Committee to replace the Supervisor system.

Other mentionable items:

1. In case there occurs one of the following situations during the operation of the Audit Committee, date and term of meeting of the auditing committee, contents of motions, contrary opinions, reserved opinions, and major suggestions of independent directors, resolutions of the auditing committee, and handling of the auditing committee's opinions by the company shall be specified.

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

Audit Committee	Contents of Motions and Follow-ups	Matters listed in Article 14-5 of the Securities and Exchange Act	Independent Directors Expressed a Contrary or Reserved Opinion
The 3rd meeting of the 1st Audit Committee March 14, 2022	1. Preparation of the Company's 2021 Business Report and Financial Report.	✓	None
	2. The Company's 2021 internal control system self-evaluation report and the issuance of the "Statement on Internal Control System."	✓	None
	3. Amendment to the Company's "Procedures of the Acquisition and Disposal of Assets"	✓	None
	4. Appointment of the Company's 2022 independent auditors and evaluation of their independence	✓	None
	Resolution: All members present agreed to pass these motions.		
	Handling of the auditing committee's opinions by the Company: None		
5th meeting of 1st term 2022.08.10	Prepared the Company's Q2 2022 consolidated financial statements.	✓	None
	Result of the audit resolution: Approved by all members attended.		
	Measures taken by the Company based on the opinions of the audit committee members: None.		
6th meeting of 1st term 2022.11.09	1. Amendments to the Company's "Internal Control System" and "Internal Audit Implementation Rules."	✓	None
	2. Established the Company's 2023 audit plan.	✓	None
	Result of the audit resolution: Approved by all members attended.		
	Measures taken by the Company based on the opinions of the audit committee members: None.		

7th meeting of 1st term 2023.03.10	1. Prepared the Company’s 2022 business report and financial statements.	✓	None
	2. The Company’s self-assessment report on its internal control system and the issuance of the “Statement on Internal Control System” for the year 2022.	✓	None
	3. Appointment of the Company’s 2023 CPAs and the CPAs’ Independence Evaluation.	✓	None
	Result of the audit resolution: Approved by all members attended.		
	Measures taken by the Company based on the opinions of the audit committee members: None.		

(2) Other than the foregoing, motions approved by over two thirds of all the directors without passage by the auditing committee: None.

2. Recusal by independent directors due to conflict of interest and specific names of independent directors involved, contents of agenda, reasons for recusal, and status of voting: None.

3. Communication between independent directors, CPAs and Internal Auditing Officer (major corporate affairs, such as finance and business status, as well as communications method and results shall be included).
   (I) Communication between Independent Directors and Internal Audit Officer: The Independent Directors hold audit committee meetings every quarter, and the minutes of the audit committee meetings were prepared after the meetings. Important discussions and resolutions are notified to the Directors and the Company’s top Managers. In 2022 and the most recent year, five meetings were held. At each meeting, the Internal Audit Officer presented a report on the implementation of audit and significant matters related to internal control and internal audit. Moreover, the execution, reports and follow-up of matters assigned by each Independent Director were completed.
   (II) Communication between independent directors and CPAs: In 2022 and the most recent year, five meetings were held. CPAs reported the audit results to the independent directors at the 3rd, 4th, 5th, 6th and 7th meetings of the 1st term of Audit Committee respectively.
   Audit Committee respectively. udit Committee respectively.Audit Commrespectively.

(III) The operation of corporate governance and its differences from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor:

Assessment Item	Implementation Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
I. Does the Company set and disclose its Corporate Governance Best-Practice Principles according to the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has developed its Corporate Governance Best-Practice Principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and has disclosed them at the Public Information Observatory and on the Company's website.	None.
II. The Company's shareholding structure & shareholders' rights (I) Does the Company establish internal operating procedures for dealing with shareholder advice, doubts, disputes and litigation matters, and implement them in accordance with the procedures?	✓		(I) The company has spokespersons, deputy spokespersons and dedicated stock affairs personnel to properly handle shareholders' suggestions, doubts, disputes and litigation matters.	(I) None.
(II) Does the Company have a list of those who ultimately control the major shareholders of the Company?	✓		(II) The Company report the changes in the shareholding of the insiders on a monthly basis, obtain the shareholder register during the suspension period, and keep a list of the Company's major shareholders and the ultimate controllers of the major shareholders.	(II) None.
(III) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	✓		(III) The Company has established the internal control system, internal audit implementation rules, regulations for supervision and control over subsidiaries and other related operations and measures to implement an effective risk control, and has established the "Procedure for Lending Funds to Other Parties," the "Procedures for Endorsement	(III) None.

Assessment Item	Implementation Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
(IV) Has the Company set internal standards to prohibit the use of undisclosed insider information to trade securities on the market?			and Guarantee" and other specifications for business and financial transactions with affiliates to properly manage the risks between the Company and related enterprises. (IV) The Company has established the "Internal Significant Information Office and Preventive Insider Trading Management Procedures" to regulate insiders and insider trading targets and prevent insider trading.	(IV) None.
III. Composition and responsibilities of the Board Of Directors (I) Has the Board of Directors established a diversification policy, set goals, and implemented them accordingly?	✓		(I) 1. The Company formulated the "Corporate Governance Best-Practice Principles" on December 30, 2014, and formulated a diversification policy in Chapter 3 "Strengthening the Functions of the Board of Directors." Adopting a candidate nomination system, the nomination and selection of the members of the Board of Directors of the Company are in compliance with the articles of incorporation. In addition to assessing the education and experience Criteria of each candidate with reference to the opinions of the stakeholders, the "Rules governing the election of directors" and the "Corporate governance best-practice principles" are also adhered to ensure the diversity and independence of the board members. 2. The directors of the Company all have different expertise in various fields, which are helpful to the	(I) None.

Assessment Item	Implementation Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
			development and operation of the Company to a certain extent. The Board of Directors focuses on operational judgment, management and crisis management capabilities, please refer to the “Implementation of Diversification of Board of Directors” in this annual report (Appendix 1, page 40). 3. The current Board of Directors of the Company consists of seven Directors, including four directors and three independent directors. Female directors account for approximately 14% of all directors, and independent directors account for approximately 43% of all directors. One independent director has a term of less than 3 years, and two directors have a term of 3–9 years. Two directors are under the age of 60; two directors are in the age group of 61–70, and three directors are in the age group of 71–80. The Company places emphasis on gender equality of the composition of the Board of Directors. The target proportion of female directors is 25% or more. Further, it is expected that a female director will be added to the Board of Directors in the future to achieve the target. 4. The Board of Directors has formulated policy on diversity of the Board members, which is disclosed on the Company’s website and the Market Observation Post System.	

Assessment Item	Implementation Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
(II) Besides the Remuneration Committee and the Audit Committee which are required by law, does the Company plan to set up other functional committees?	✓		(II) The Company has not only established the Remuneration Committee and Audit Committee as required by law, but also established the Integrity Management Committee on November 9, 2022 to implement the ethical management of the Company and strengthen the functions of the Board of Directors.	(II) None.
(III) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and use the results as reference for directors' remuneration and renewal?	✓		(III) 1. On November 8, 2019, the Company established a "board of directors' performance evaluation procedures" and its evaluation method. The internal board performance evaluation is conducted annually, while the external board performance evaluation is conducted at least once every three years by an independent external professional organization or a team of external experts and scholars. In addition, a performance evaluation for the current year is conducted at the end of the year. 2. Results of the Board of Directors' performance evaluation: The Company's internal performance evaluation of the Board of Directors' performance of 2022 is "good." Further, the result was reported at the Board of Directors' meeting on March 10, 2023, which is sufficient to show the outcome of the Company's efforts on strengthening the functions of the Board of Directors. (Please refer to page 23、24). 3. On December 29, 2011, the Company established a	(III) None.

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>Remuneration Committee, and its main duties are as follows:
(1) Setting and periodically reviewing the policies, systems, standards and structures of performance objectives and remuneration for directors and managers of the Company.
(2) Evaluating the performance and setting remuneration for the directors and managers of the Company periodically.</td><td></td></tr>
<tr><td>(IV) Does the Company regularly evaluate its attesting auditors’ independence?</td><td>✓</td><td></td><td>(IV) The Company has developed an independence assessment form for auditors with reference to the Certified Public Accountants’ Code of Ethics Standard No. 10 of R.O.C. “Integrity, Fairness, Objectivity and Independence” and has received a statement of independence issued by the CPA firm. Further, the Board of Directors annually assessing the independence of attesting auditors. The 2032 independence assessment was completed and approved by the Board of Directors at its meeting on March 10, 2023.
<table><tr><th colspan="2">Assessment Item</th><th>Assessment Result</th><th>Compliance with Independence</th></tr><tr><td>1</td><td>The CPA has no direct or indirect material financial interests with the Company.</td><td>NO</td><td>NO</td></tr><tr><td>2</td><td>The CPA does not conduct financing or guarantee activities with the Company or any Directors of the Company.</td><td>NO</td><td>NO</td></tr></table></td><td>(IV) None.</td></tr>
</table>

Assessment Item	Implementation Status						Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description				
			3	The CPA have no intimate business relationships and potential employment relationships with the Company.	NO	NO	
			4	Do the CPA and auditing members currently have positions in the Company for the past two years as a Director, a Manager or a position with significant influence on the auditing activities?	NO	NO	
			5	The CPA does not provide non-auditing services for the Company which may directly influence the auditing activities.	NO	NO	
			6	The CPA does not serve as an intermediary of the shares or other securities issued by the Company	NO	NO	
			7	The Accountant does not serve as a defense attorney for the Company or have coordinated the Company’s conflicts with any other third parties on behalf of the Company.	NO	NO	
			8	The CPA has no kinship with any Directors or Managers of the Company, or those who have significant influence on the auditing activities	NO	NO	

Assessment Item	Implementation Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
IV. Does the listed company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors' and supervisors' compliance of applicable law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	✓		The company appointed Ma Chih-Hsien as the Head of Corporate Governance with the resolution of the Board of Directors Meeting on the 9th of November 2022. He is qualified with more than 3 years of experience as the head of finance in public companies, and has completed advanced training for 18 hours, according to the laws and regulations. The implementation of Corporate Governance related matters was followed: (I) Furnishing information required for business execution by directors and supervisors, and assisting directors and supervisors with legal compliance. (II) Assisting in the meeting procedures, meeting minutes and legal compliance with resolutions for Board of Directors, Audit Committee, Compensation Committee, Ethical Management Committee and Shareholders' Meeting. (III) Assisting in onboarding and continuous development of directors	None.
V. Has the Company established a means of communicating with its stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and created a stakeholders section on its company website? Does the Company respond to stakeholders' concerned questions on corporate responsibilities?	✓		(I) In addition to a stakeholder section on the Company's website, the Company has a spokesperson and each department's contact information set up to maintain unimpeded communication with shareholders, employees, customers, suppliers, and other stakeholders and respond to their concerned material corporate social responsibility questions in a proper manner. (II) Stakeholder section of the Company's website:	None.

Assessment Item	Implementation Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
			https://www.eosasc.com.tw/contacts	
VI. Has the Company appointed a professional shareholder services agent to handle shareholders' meeting matters?	✓		The Company appoints a professional shareholder services agent, Yuanta Securities Co., Ltd., to act on behalf of the Company in various share affairs.	None.
VII. Information Disclosure (I) Does the Company have a corporate website to disclose information regarding its financials, business and corporate governance?	✓		(I) The Company has established an investor section at its corporate website to disclose information regarding its financials, business and corporate governance for its investors. The Company's website: https://www.eosasc.com.tw	(I) None.
(II) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating dedicated personnel to handle information collection and disclosure, appointing spokespersons, uploading the progress of investors' conference to website)?	✓		(II) Other information disclosure channels of the Company 1. The Company has appointed personnel in charge of the collection and disclosure of corporate information, and has appointed a spokesperson and an acting spokesperson to handle external inquiries about the Company's operating and financial information at any time. 2. The company held the self-organized Investor Conference and uploaded the Slides on the company's website. The Company's website: https://www.eosasc.com.tw	(II) None.
(III) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial		✓	(III) The Company announces and reports its annual financial statements as well as the first, second, and third quarter financial statements and monthly operating conditions pursuant to applicable law. Please refer to the Market Observation Post System for the above information.	(III) Excepting reporting the annual financial statements

Assessment Item	Implementation Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
statements as well as the operating status of each month before the prescribed deadline?				within two months after the end of the fiscal year, the Company announces and reports its financial statements within all other prescribed period.
VIII. Has the Company disclosed other important information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, Directors' and Supervisors' training status, the implementation of risk management policies and risk evaluation measures, the implementation of customer policies, and purchasing liability insurance for Directors	✓		(I) Employee rights and employee care The Company has always safeguarded the rights and interests of its colleagues. In addition to statutory safeguards, the Company also has good welfare measures, smooth communication channels and various ways to file grievances. 1. Insurance: Group business insurance. 2. Remuneration: Bonus, performance bonus, year-end bonus, incentive travels at home and abroad. 3. Welfare: wedding and funeral subsidies, children's education scholarships, travel subsidies, health check-up benefit, hospitalization benefit, hospital	None.

Assessment Item	Implementation Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
and Supervisors)?			medical subsidies, year-end party and provision of uniforms. 4. Health checkup benefits: The Company provides subsidies for regular health checkups and options for selecting excellent medical institutions, promotes on-site health services, arranges on-site medical consultations with nurse and physicians, and provides regular health information in order to care for employees. 5. Travel subsidies: The Company regularly provides subsidies to employees for travel at home and abroad and gives annual overseas travel incentives to employees with good performance. 6. Training: The Company has a complete training system (group training, business unit training, professional license training), E-learning online platform, RA-knowledge, intranet platform training, external education and training subsidies. In addition, employees are encouraged to take in-service courses. (II) Investor relations: In accordance with applicable laws and regulations, the Company's financial information, business information and operational conditions are fully disclosed on the Market Observation Post System and the Company's website. In addition, a spokesperson and a point of contact for each relevant business department are set up	

Assessment Item	Implementation Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
			to protect the rights of investors. (III) Supplier relations: The Company's purchase requisitions and procurement are handled in accordance with the "Procurement Management Regulations." We establish partnerships with suppliers based on the principle of equality and reciprocity. (IV) Rights of stakeholders: 1. In terms of responsibility to customers: The Company pays close attention to customer opinions and after-sales services. For customer complaints, the Company takes immediate measures to meet the needs of customers. 2. In terms of responsibility to shareholders: Protecting the rights and interests of shareholders is the goal that the Company strives for. 3. The Company has set up a stakeholder section and its points of contact to protect the rights of stakeholders. (V) Directors' training status: Please refer to the "2022 Directors' Training" (Appendix 2, page 40、41) in this annual report. (VI) Implementation of risk management policies and risk evaluation measures: The Company has established operational procedures for risk management, and implemented it accordingly. Please refer to the description under Chapter 5, "VI. Cyber	

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>Security Management” and Chapter 7, “VI. Risk Analysis and Assessment for the Most Recent Year and as of the Publication Date of the Annual Report” of this annual report.
(VII) Implementation of customer policies:
1. The Company keeps strict compliance with the contracts and related agreements signed with customers to safeguard the rights and interests of customers.
2. In addition to providing branch services throughout Taiwan, the Company has set up a customer service center and a service hotline to protect the rights of consumers.
(VIII) Purchasing liability insurance for Directors:
The Company has purchased liability insurance for Directors and Supervisors since December 1, 2009. From December 1, 2022 to December 1, 2023, the Company purchased the “Liability Insurance for Directors, Supervisors and Managers” from Fubon Insurance Company in the amount of US$3 million.</td><td></td></tr>
<tr><td colspan="5">IX. As for the result of the latest corporate governance evaluation by the corporate governance center of Taiwan Stock Exchange Corporation, please explain completed improvements and priority improvement and measures for unimproved items:
The Company has made improvements in response to the ninth evaluation results. It is expected that an interdepartmental task force will be established. In addition, the improvement plan of each relevant business department will be continuously followed up so as to improve the quality of corporate governance.</td></tr>
</table>

Appendix 1: Implementation of Diversification of Members of Board of Directors

Cores of Diversification / Names of Directors	Nationality	Gender	Doubling as the Company's Employee	Age			Term of Office of Independent Director		Business Administration	Leadership & Decision-Making	Industry knowledge	Finance and Accounting
				51–60	61–70	71–80	Less than 3 years	3 years–9 years				
Liao, Ching-Chang	R.O.C.	Male	✓	✓					✓	✓	✓	
Chuang, Hsiao-Chen	R.O.C.	Male				✓			✓	✓	✓	✓
Wu, Tang-Hai	R.O.C.	Male				✓				✓	✓	
Chen, I-Hsiung	R.O.C.	Male				✓			✓	✓	✓	
Huang, Chung-Hsing	R.O.C.	Male			✓			✓	✓	✓	✓	✓
Yang, Hui-Ling	R.O.C.	Female			✓			✓	✓	✓	✓	
Wang, Jen-Kuo	R.O.C.	Male		✓			✓		✓	✓	✓	

Appendix 2: 2022 Directors' Training

Title	Name	Training Date	Course Organizer	Course Name	Training Hours
Chairperson	Liao, Ching-Chang	9/2	Taiwan Corporate Governance Association	Corporate Governance 3.0 -Sustainable Development Roadmap	3
		10/18	Taiwan Corporate Governance Association	Climate Change and TCFD	3
Director	Chuang, Hsiao-Chen	9/2	Taiwan Corporate Governance Association	Corporate Governance 3.0 -Sustainable Development Roadmap	3
		10/18	Taiwan Corporate Governance Association	Climate Change and TCFD	3

Title	Name	Training Date	Course Organizer	Course Name	Training Hours
Director	Chen, I-Hsiung	9/2	Taiwan Corporate Governance Association	Corporate Governance 3.0 -Sustainable Development Roadmap	3
		10/18	Taiwan Corporate Governance Association	Climate Change and TCFD	3
Director	Wu, Tang-Hai	9/2	Taiwan Corporate Governance Association	Corporate Governance 3.0 -Sustainable Development Roadmap	3
		10/18	Taiwan Corporate Governance Association	Climate Change and TCFD	3
Independent Director	Huang, Chung-Hsing	6/8	Taiwan Corporate Governance Association	Securities Regulation	3
		6/9	Taiwan Corporate Governance Association	Risk and Financial Management Issues in Corporate Governance 3.0	3
Independent Director	Yang, Hui-Ling	9/2	Taiwan Corporate Governance Association	Corporate Governance 3.0 -Sustainable Development Roadmap	3
		10/18	Taiwan Corporate Governance Association	Climate Change and TCFD	3
Independent Director	Wang, Jen-Kuo	9/2	Taiwan Corporate Governance Association	Corporate Governance 3.0 -Sustainable Development Roadmap	3
		10/18	Taiwan Corporate Governance Association	Climate Change and TCFD	3

(IV) Remuneration Committee

(1) Information on Members of Remuneration Committee

Position \ Criteria / Name		Professional Qualification and Experience	Independence Status	Number of other public companies where the member is also a member of their remuneration committees
Independent Director (Convener)	Yang, Hui-Ling	●The Director has more than five years of work experience required for commercial and corporate business. ●The Director has not been in or is under any circumstances stated in Article 30 of the Company Act.	●None of the independent director, her spouse, and her relatives within the second degree of kinship is a director, supervisor, or employee of the Company or its affiliates or companies with which the Company has a specific relationship. Hence the independence is satisfied. ●The member has not been compensated for providing commercial, legal, financial or accounting services to the Company or its affiliates in the last two years. ●Number of the Company's shares held by the member, her spouse and minor children: 0 shares.	0
Independent Director	Huang, Chung-Hsing	●The Director has more than five years of work experience required for commercial, financial and corporate business. ●The Director is a retired Associate Professor from the Department and Graduate Institute of Business Administration at Taiwan University, and he is currently a Visiting Professor at the College of Management at Chang Gung University. ●The Director is a member of the board of the other listed company ●The Director has not been in or is under any circumstances stated in Article 30 of the Company Act.	●None of the independent director, his spouse, and his relatives within the second degree of kinship is a director, supervisor, or employee of the Company or its affiliates or companies with which the Company has a specific relationship. Hence the independence is satisfied. ●The member has not been compensated for providing commercial, legal, financial or accounting services to the Company or its affiliates in the last two years. ●Number of the Company's shares held	0

			by the Independent Director, his spouse and minor children: 3,000 shares.	
Independent Director	Wang, Jen-Kuo	●The Director has more than five years of work experience required for commercial and corporate business. ●The Director has not been in or is under any circumstances stated in Article 30 of the Company Act.	●None of the independent director, his spouse, and his relatives within the second degree of kinship is a director, supervisor, or employee of the Company or its affiliates or companies with which the Company has a specific relationship. Hence the independence is satisfied. ●The member has not been compensated for providing commercial, legal, financial or accounting services to the Company or its affiliates in the last two years. ●Number of the Company's shares held by the member, his spouse and minor children: 0 shares.	0

(2) Information on operations of the Remuneration Committee

I. The Remuneration Committee of the Company consists of three members.

II. Term of office of the current Committee: July 22, 2021–July 13, 2024. In the most recent year (2022) the Remuneration Committee met two times (A), and the Criteria and attendance of the members were as follows:

Title	Name	Number of attendees in Person (B)	Attendance by Proxy	Attendance Rate in Person (%) (B/A)	Remark
Convener	Yang, Hui-Ling	2	0	100%	
Member	Huang, Chung-Hsing	2	0	100%	
Member	Wang, Jen-Kuo	2	0	100%	

Other mentionable items:

I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, the date, period, proposal content, resolution of the board, and the Company's handling of the committee's opinions should be stated (if the remuneration approved by the Board of Directors is better than the recommendation proposed by the Remuneration Committee, the difference and reasons should be stated):

Remuneration Committee	Contents of Motions and Follow-ups	Remuneration Committee Expressed a Contrary or Reserved Opinion
2nd Meeting of the 5th Committee May 06, 2022	Motions regarding the evaluation of the Company's managerial remuneration and the payment of year-end bonus for 2021.	None
	Resolution: All members present agreed to pass these motions.	
	The Company's handling of the committee's opinions: The opinions were proposed to the Board of Directors and approved by all directors present.	
3rd Meeting of the 5th Committee November 04, 2022	Proposal of performance bonus assessment standard for managers.	None
	Resolution: All members present agreed to pass these motions.	
	The Company's handling of the committee's opinions: The opinions were proposed to the Board of Directors and approved by all directors present.	

II. In circumstances where resolutions of the Remuneration Committee were objected to by members, or members had a reserved opinion, and were recorded or declared in writing, the dates of meetings, sessions, contents of motions, all member opinions, and responses to member opinions shall be specified:
None.

(V) Implementation of Corporate Sustainable Development and Difference from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons.

Assessment Item	Implementation Status			Difference from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Description	
I. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?	✓		The Company established a "Sustainability Committee" in 2022, which is the primary decision-making and promotion unit for sustainable development of the Company. The Chairman of the Board serves as the Chair and the Corporate Governance Officer serves as the Executive Secretary of the Committee. The members of this Committee are the heads of the Company's business divisions and the heads of the headquarters' executive units, which are responsible for promoting and implementing corporate sustainable development, social welfare, and corporate governance. The Committee shall focus on ensuring the implementation of key corporate sustainability decisions and incorporating corporate sustainability into the Company's business activities and development, and its duties and responsibilities are described as follows: 1. Formulate policies, objectives and management systems for corporate sustainable development. 2. Plan, implement and examine the corporate sustainable development related work. 3. Follow-up, review and amendment of the implementation effectiveness of the corporate sustainable development initiatives.	None.

Assessment Item	Implementation Status			Difference from “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons
	Yes	No	Description	
			4. Prepare and publish the Corporate Sustainability Report. 5. Report on the committee’s performance results and annual plans to the Board of Directors periodically.	
II. Does the Company follow the materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	✓		The highest level of risk management unit of the Company is the Board of Directors. The Company has established the “Procedures for Risk Management,” “Corporate Governance Best-Practice Principles” and “Sustainable Development Best-Practice Principles” to formulate relevant risk management strategies. In addition, the Company regularly conducts risk assessments and formulates risk management strategies and plans based on the materiality principle, and considers the economic, environmental and social aspects of corporate governance issues that have a significant impact on customers, investors and other stakeholders.	None.
III. Environmental Topic (I) Does the Company have an appropriate environmental management system established in accordance with its industrial character? (II) Is the Company committed to improving resource efficiency and to the use of renewable materials with low	 ✓ ✓		 (I) The Company’s main products, RICOH copiers and multi-function printers, are certified with the ISO 14024 environmental label and energy-saving label. Recyclable casing and energy-saving printers with low environmental pollution are designed under the motto of green design. (II) The outer case of photocopier and office equipment is usually made of plastic. RICOH found that the process of making plastic would	 (I) None. (II) None.

Assessment Item	Implementation Status			Difference from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Description	
environmental impact?			pollute the environment, so it started to research and develop the most suitable plastic for making output devices. As a result, the outer case of RICOH photocopiers and office machines has reached the international standard of fire and corrosion resistance, and the biodegradable material content has successfully been increased by 40%. RICOH has improved the design of the copier body from the chassis, parts, toner cartridges, cables, circuit boards, panels and outer case, which makes it easier to recycle the aluminum, copper, steel and plastic, so the copier body recycling rate is about 87%.	
(III) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	✓		(III) In response to the government's promotion of green environment, the Company purchased energy-saving facilities and switched to the use of LED energy-saving lamps. Moreover, the Company is actively promoting digitized documents in order to reduce resource consumption.	(III) None.
(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction and other waste management policies?	✓		(IV) 1. The GHG emissions in 2021 are 520 tons of CO2e (Scope 1: 229 tons, Scope 2: 291 tons); The GHG emissions in 2022 are 510 tons of CO2e (Scope 1: 254 tons; Scope 2: 256 tons) 2. The water consumption in 2021 is 8,435 tons; the inventory for 2022 is in progress. 3. Total weight of waste (hazardous + non-hazardous) is 0 tons in 2021; the inventory for 2022 is in progress.	(IV) None.

Assessment Item	Implementation Status			Difference from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Description	
			4. The Company has implemented the energy-saving and carbon-reduction policy; in 2022, the Company has replaced 26 office lighting fixtures from traditional fluorescent to LED energy-saving fixtures; a total of 1,025 fixtures have been replaced to date, resulting in an annual electricity saving of 205,000 kWh, and an annual carbon emission reduction of 102.9 tons.	
IV. Social Topic (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(I) To fulfill the corporate social responsibility, the Company safeguards the basic human rights of all its employees, customers and stakeholders. The Company recognizes and supports the "Universal Declaration of Human Rights," "Global Compact" and "Guiding Principles on Business and Human Rights" of the United Nations, as well as the "Declaration of Fundamental Principles and Rights at Work" of International Labour Organization. The Company respects internationally recognized human rights standards, ensures that basic human rights are not violated, and treats all employees, contracted and temporary staff, and interns with dignity and respect. The Company also strictly obeys the local labor-related laws and regulations and has established its "Work Rules." Its labor rights and obligations are in compliance with labor laws and regulations and have been approved by the	(I) None.

Assessment Item	Implementation Status			Difference from “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons
	Yes	No	Description	
			Labor Affairs Bureau in order to protect the legitimate rights and interests of employees, thereby fostering harmony between the employer and employees.	
(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?	✓		(II) 1. The Company has specified various employee benefit measures in the “Work Rules” and posted the relevant measures on the Company’s intranet site. Also, the employee benefit measures are discussed and revised regularly. 2. The Company has established remuneration, performance evaluation regulations, and reward/punishment regulations, which clearly regulate the remuneration and the standards of rewards or penalties. To encourage the employees to grow together with the Company, the Company also shares its operating profits, thus satisfying its corporate social responsibility. The performance evaluation is conducted twice a year, and the company takes individual performance contribution as the basis for salary adjustment, bonus, dividend and other rewards. Besides this, a complete grade and ranking system is planned, which is applicable to both male and female employees without any difference (female employees account for 3.5%, senior executives account for 1%). Also, in accordance with Article 29 of the Company’s	(II) None.

Assessment Item	Implementation Status			Difference from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Description	
			Articles of Incorporation: If the Company earns a profit in a year ("profit" is defined as income before tax, less employee bonus), 1% to 10% of the profit shall be appropriated as employee bonus; however, if the Company still has accumulated deficit, it shall be offset. The recipients of the foregoing share/cash bonuses include employees of affiliates who meet certain criteria. 3. In accordance with the Labor Standards Act, the Company provides special leave, employee health checkups and travel subsidies every two years, as well as wedding and funeral subsidies, scholarships for employees' children, hospitalization benefit, and hospital medical subsidies	
(III) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees regularly?	✓		(III) The Company regularly repairs firefighting and sanitation equipment and arranges labor safety and firefighting training. It has received the certification of "Good Service Practice" from the Ministry of Economic Affairs. Ensuring a safe and healthy workplace for the employees, the Company provides health checkups for the employees once in every two years. One hour of online occupational safety and health training course was held through a digital learning platform in 2022.	(III) None.
(IV) Does the Company provide its employees with career development and	✓		(IV) 1. Formulating "Talent Cultivation Regulations," the Company has a complete training program	(IV) None.

Assessment Item	Implementation Status			Difference from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Description	
training sessions?			(leadership and management training, general ability training, functional training, and specialized training) for the career development of employees. To ensure that employees can progress in their current positions, the Company has also established a "Regulations on Reserve Staff Development," so that they can acquire the necessary skills for promotion through training for each level. Moreover, the Company was also awarded the bronze medal of corporate version of "Talent Quality-Management System" by the Bureau of Employment and Vocational Training, Executive Yuan. 2. The number of training sessions in 2022 was 89, with nearly 3,694 participants.	
(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 established a "Customer Complaint Handling Standard" and "Customer Feedback Handling Procedures." Using objective methods, the Company has established a customer-oriented quality system to comprehensively assess customer satisfaction towards products or services of the Company in order to understand the gap between customer needs and expectations, which can be used as the basis for improving the quality system, thereby achieving the corporate goal of sustainable management. Furthermore, the marketing and labeling of the Company's	(V) None.

Assessment Item	Implementation Status			Difference from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Description	
			products and services are carried out in accordance with applicable laws and regulations, and the Company has set up customer service hotlines, a mobile customer service app and a message board to protect the rights of consumers.	
(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 established "Regulations for Supplier Management." We attach great importance to environmental and social protection, so we select suppliers that emphasize ethical management. We request our suppliers to evaluate the impact of their supply sources on the environment and society in the community. If the supply source causes significant impact on the environment and society in the community, the Company may terminate or cancel the contract anytime, and periodically evaluate the supplier's suitability.	(VI) None.
V. Does the Company refer to international reporting rules or guidelines to publish the Sustainability Report to disclose non-financial information of the Company? Has the foregoing Report acquired a third-party verification or statement of assurance?		✓	On March 14, 2022, the Company's "Sustainable Development Best-Practice Principles" has been submitted to the Board of Directors for approval, and the Principles was disclosed on the Company's website.	The matters will be evaluated for implementation in the future.
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:				

Assessment Item	Implementation Status			Difference from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Description	
The Company has established and implemented the "Sustainable Development Best-Practice Principles." The Company's Corporate Governance Officer, together with the head of each executive office, is responsible for the promotion of these practices, so the operations are no different from those stipulated in the Best-Practice Principles.				
VII. Other useful information for explaining the status of corporate social responsibility practices: The success of a business comes from the support of the community. We uphold the "altruistic" management philosophy of giving back to society and sustainable development, continue to cultivate internal talents, and actively create gender-equal employment opportunities. We also place great importance on supplier management, continue to conduct annual evaluation and audit to our suppliers, and regularly review and analyze the feedback from our customers and propose appropriate improvement plans. In 2022, our customer satisfaction rate was 99.3%, remaining above 98.0% for six consecutive years, so that we can provide our customers with the service quality of "buy and use safely." Since 2015, we have continued to launch the "Warmth on the Go" campaign. We encourage our employees to participate in localized public welfare services and assist social welfare organizations in need throughout Taiwan, spreading our warmth and positive energy. Under the fluctuating pandemic, we take precautions to protect our own health and the health of our partners, and continuously join the public service to help people, and continue to spread warmth to accompany organizations through the winter. 1. 90 sessions were organized from 2015 to 2021, with a total of 1,516 volunteers spending 5,690 hours to provide care services for 21,900 people. 2. In 2022, we served 6 social welfare organizations with a total of 70 volunteers spending 25 hours and providing services to more than 1,000 disadvantaged people.				

(VI) Fulfillment of Ethical Corporate Management, Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies" and Reasons thereof

Assessment Item	Implementation Status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs (I) Does the Company have a Board-approved ethical corporate management policy, and has it stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	✓		(I) The Company's Board of Directors has adopted the "Ethical Corporate Management Best-Practice Principles" and "Codes of Ethical Conduct" to specifically regulate the operational philosophy that all the employees, Board of Directors and senior management should follow when conducting their business. Additionally, these rules are disclosed on the Company's website, thereby realizing the Company's ethical management.	(I) None.
(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 each subparagraph of Paragraph 2, Article 7 of the Ethical Corporate Management	✓		(II) The Company has established its "Ethical Corporate Management Best-Practice Principles" and "Codes of Ethical Conduct" to specifically regulate all its employees. When entering into a contract with others, they shall be fully aware of their ethical corporate governance status and shall include compliance with ethical corporate governance in contract terms. If business partners or cooperative partners are found to have dishonest behavior, the Company shall stop business relations with them immediately and list them as rejected business partners.	(II) None.

Assessment Item	Implementation Status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Description	
Best-Practice Principles for TWSE/TPEx Listed Companies? (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 established its "Guidelines for Prevention of Unethical Behaviors" to regulate its Directors, Managers, and Employees. The internal control system and the Company's rules and regulations are used as the basis for the implementation of ethical management. In addition, there is a dedicated unit to conduct audit and report to the Board of Directors.	(III) None.
II. Fulfill operations integrity policy (I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		(I) For those who intend to become suppliers of the Company, in accordance with the Company's principles of ethical and honest management and the policy of anti-corruption, suppliers are required to sign a written statement prohibiting any improper relationship between suppliers and the Company's employees (including relatives). Further, the Company also stipulates "integrity clauses" in its external purchase contracts. If a supplier breaches the contract, the supplier is required to pay a high amount of liquidated damages.	(I) None.
(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		✓	(II) The Company established the "Ethical Management Committee" under the Board of Directors on November 9, 2022 to implement the Company's ethical management and strengthen the functions of	(II) None.

Assessment Item	Implementation Status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Description	
ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?			the Board of Directors. The Committee reports to the Board of Directors at least once a year on its ethical management policies and plans to prevent unethical conduct and oversee their implementation.	
(III) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement them?	✓		(III) The Company acts in accordance with laws and regulations to prevent conflicts of interest in all of its business activities. Moreover, various communication channels are provided, and dedicated persons are assigned to compile regular reports on the operation.	(III) None.
(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 independent auditors to perform the audits?	✓		(IV) The Company's accounting system and internal control system are established in accordance with relevant laws and regulations, and an audit plan is prepared annually. The financial unit and auditors manage internal control and report to the board of directors, and an internal control recommendation letter is issued by the CPA.	(IV) None.
(V) Does the Company regularly hold internal and external educational training on operational integrity?	✓		(V) "Honesty, integrity, morality, ethics, lawfulness, and pragmatism" are the basic requirements for our employees, which are implemented in the work and management of the Company. The regular on-job training, e-learning platform training, and external training are all aimed at making employees	(V) None.

Assessment Item	Implementation Status			Deviations from the “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Description	
			understand that “integrity” is the foundation for successful interpersonal relationships and business operations.	
III. Operation of the accusation system (I) Does the company establish both a report/incentive system and an accusation hotline? Can the accused person be reached by an appropriate personnel 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 take measures to protect whistleblowers rom improper treatment due to whistleblowing?	✓ ✓ ✓		(I) The Company has established its “Guideline for the systematic protection of whistleblowers.” and established various reporting channels, including “in-person reporting,” “telephone reporting” and “mail reporting.” Besides this, a dedicated department has been set up to handle such reports. (II) For the reports received by the Company, there are procedures for investigation and follow-up measures to be taken after the completion of the investigation. Besides this, a confidentiality mechanism is applied to the reported matters. (III) The Company shall handle reported matters in a confidential manner; investigations are conducted by independently, and the identity of the whistleblower shall be kept strictly confidential.	(I) None. (II) None. (III) None.
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?	✓		The Company has set up a website to disclose basic information about the Company and its operations. Our website: www.eosasc.com.tw	None.
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				

Assessment Item	Implementation Status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Description	
implementation: The Company has set up its "Ethical Corporate Management Best-Practice Principles," and its operation does not differ from the Principles.				
VI. Other important information to facilitate a better understanding of the Company's ethical corporate management policies: The Company has formulated its business philosophy and elaboration thereof, and it disseminates the philosophy of integrity and righteousness in order to pursue sustainable management.				

(VII) Access to the Corporate Governance Best-Practice Principles and related regulations:

The Corporate Governance Best-Practice Principles and related regulations are available for download from the "Investor Zone" of the Company's website at https://www.eosasc.com.tw/internal-policies.

(VIII)Other Material Information that would afford a better understanding of the status of the company's implementation of corporate governance:

In order to strengthen the operation of corporate governance, the Company has established the "Rules of Procedures for Board Meetings," "Corporate Governance Best-Practice Principles," "Rules for Performance Evaluation of Board of Directors," "Audit Committee Charter," "Remuneration Committee Charter," "Rules Governing the Scope of Powers of Independent Directors," "Codes of Ethical Conduct," "Ethical Corporate Management Best-Practice Principles," "Points for Preventing Unethical Conducts," "Sustainable Development Best-Practice Principles," "Standard Operational Procedures for Responding to Requests from Directors," "Procedures for Handling Material Inside Information and Prevention of Inside Trading," "Rules for Handling Reports of Illegal, Unethical or Dishonest Conduct," "Rules for Whistleblower and Protection System," "Ethical Management Committee Charter," "Procedures for Risk Management," and "Sustainability Committee Charter" to be used as guidelines for conduct of directors, managers, and employees of the Company.

(IX) Internal Control System Execution Status

1. **Statement of Internal Control System**

Huxen Corporation
Statement of Internal Control System

Date: March 10, 2023

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

I. **The Company's board of directors and management understand their responsibilities of developing, implementing and maintaining the Company's internal control system, and such system has been established by the Company. The internal control is designed to provide reasonable assurance over the effectiveness, and efficiency of our operation (including profitability, performance and safeguard of asset), reliability, timeliness, transparency of our reporting and compliance with applicable laws and regulations.**

II. **An internal control system has inherent limitation. No matter how perfectly designed, an effective internal control system can only provide a reasonable assessment of its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating environments and circumstances. However, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.**

III. **The evaluation of effectiveness of the internal control system design and implementation is made in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (the Regulations). The Regulations are made to examine the following five factors during the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5.monitoring. Each factor also includes several items. Please refer to the Regulations for details of the aforesaid items.**

IV. **The Company has evaluated the design and operating effectiveness of its internal control system according to the foregoing regulations.**

V. **Based on the aforementioned evaluation, the company believes that with reasonable assurance, the company's internal control system (including supervision and management of subsidiaries) as of Dec. 31, 2021 had been effective in both design and execution concerning understanding of the efficacy and efficiency of management, reliability, timeliness, and transparency of reports, and compliance with applicable laws and regulations.**

VI. **This Statement is an integral part of the Company's annual report and prospectus, and will be made public Falsehood, concealment, and other illegalities in the foregoing publicized contents would entail legal responsibilities, according to article 20, article 32, article 171, and article 174 of the Securities and Exchange Act.**

VII. **This statement was passed by the Board of Directors in their meeting held on March 10, 2023 with none of the six attending directors expressing dissenting opinion, and the reminder all affirming the content of this statement.**

Huxen Corporation

Chairperson: Liao, Ching-Chang

General Manager: Weng, Kuo-Hua

2. **In case review of internal control system is outsourced to certified public accountant, disclose the CPA review report: None.**

(X) Legal punishment for the Company and its staff or punishment of its staff by the Company for violation of regulations of internal control system, major defects, and situation of improvement in the latest year and as of the date of the publication of the annual report: None.

(XI) Major resolutions of general shareholders' meeting in the latest year and as of the date of the publication of the annual report:

Major resolutions of the Company's General Shareholders' Meeting dated June 8, 2022:

(1) Adoption of the Company's 2021 Business Report and financial reports.

(2) Adoption of the Proposal for Distribution of 2021 Profits of the Company

Implementation status: July 12, 2022 was set as the reference date for the distribution, and the dividends were fully paid on July 20, 2022 ($3.5 per share) pursuant to the resolution of the shareholders' meeting.

(3) Approval of the amendment to the Company's Articles of Incorporation.

Implementation status: The amendment was disclosed on the Company's website, and the amended Articles of Incorporation became applicable.

(4) Approval of the amendment to the "Rules of Procedure for Shareholders' Meetings"

Implementation status: The amendment was disclosed on the Company's website, and the amended rules became applicable.

(5) Approval of the amendment to the "Regulations Governing the Acquisition and Disposal of Assets"

Implementation status: The amendment was disclosed on the Company's website, and the amended regulations became applicable.

(XII) Major resolutions of Board of directors in the latest year and as of the date of the publication of the annual report:

1. Resolutions of the 4th Meeting of the 11th Board of Directors of the Company dated March 14, 2022:
   - (1) Approval of the Company's 2021 employee remuneration distribution.
   - (2) Approval of the preparation of the Company's 2021 Business Report and Financial Report.
   - (3) Approval of the Distribution of 2021 Profits of the Company
   - (4) Approval of the formulation of the Company's new "Sustainable Development Best-Practice Principles" and the repeal of the Company's "Social Responsibility Best-Practice Principles"
   - (5) Approval of the amendment to the Company's Articles of Incorporation.
   - (6) Approval of the amendment to the "Rules of Procedure for Shareholders' Meetings"
   - (7) Approval of the amendment to the "Regulations Governing the Acquisition and Disposal of Assets"
   - (8) Approval of the amendment to the Company's "Corporate Governance Best-Practice Principles"
   - (9) Approval of the convening of the 2022 general shareholders' meeting of the Company.
   - (10) Approval of the period, venue, review criteria and procedures for the acceptance of shareholders' proposals for the 2022 shareholders' meeting.
   - (11) Approval of the Company's 2021 internal control system self-evaluation report and the issuance of the "Statement on Internal Control System."

(12) Approval of the appointment of the Company's 2022 Independent Auditors and assessment of independence.
(13) Approval of change of the custodian of the Company's seal (for guarantee and endorsement) to Mr. Chien, Chia-Hsin, Legal Department.
(14) The Board of Directors approved the Company's loan applications for financing from 18 banks, including Taiwan Finance Co., Ltd. in 2022; it is proposed that the chairperson of the Board Of Directors be authorized to apply for credit facilities, increase or decrease thereof, and extension thereof within the approved credit facilities of each bank indicated.
(15) Approval of relocation of the Chungli Branch

2. Resolutions of the 5th Meeting of the 11th Board of Directors of the Company dated May 10, 2022:
(1) Approval of the Company's 2022 Q1 Consolidated Financial Report.
(2) Approval of the evaluation on the remuneration of the Company's Managers by the Remuneration Committee and the payment of year-end bonuses in 2021.

3. Resolutions of the 6th Meeting of the 11th Board of Directors of the Company dated June 17, 2022:
Approval of the Company's 2021 cash dividend ex-dividend date and payment affairs.

4. Resolutions of the 7th Meeting of the 11th Board of Directors of the Company dated August 10, 2022:
Preparation of the Company's 2022 Q2 Consolidated Financial Report.

5. The resolutions passed at the 8th meeting of the 11th term of the Board of Directors on November 9, 2022:
(1) Approved to prepare the Company's Q3 2022 consolidated financial statements.
(2) Approved to set up the "Corporate Governance Officer" of the Company.
(3) Approved to formulate the "Sustainability Committee Charter" of the Company.
(4) Approved to formulate the Company's "Risk Management Procedures."
(5) Approved to formulate the Company's "Ethical Management Committee Charter."
(6) Approved to set up the "Ethical Management Committee" and appoint the committee members.
(7) Approved to stipulate the "Rules for Whistleblower and Protection System" of the Company.
(8) Approved the amendments to the "Procedures for Handling Material Inside Information and Prevention of Inside Trading" of the Company.
(9) Approved to the amendments to the Company's "Internal Control System" and "Internal Audit Implementation Rules."
(10) Approved to prepare the Company's 2023 audit plan.
(11) Approved the proposal of performance bonus assessment standard for managers

6. The resolutions passed at the 9th meeting of the 11th term of the Board of Directors on March 10, 2023:

(1) Approved the Company’s 2022 employee’s profit-sharing plan.
(2) Approved to prepare the Company’s 2022 business report and financial statements.
(3) Approved the Company’s 2022 earnings distribution proposal.
(4) Approved the cash dividend distribution from the Company’s 2022 earnings.
(5) Approved the amendments to the Company’s “Corporate Governance Best-Practice Principles.”
(6) Approved the amendments to the Company’s “Sustainable Development Best-Practice Principles.”
(7) Approved to convene 2023 Annual General Shareholders’ Meeting.
(8) Approved matters related to the period, place, review criteria and working procedures to accept shareholders’ motions at the Company’s 2023 Annual General Shareholders’ Meeting.
(9) Approved to the Company’s self-assessment report on its internal control system and the issuance of the “Statement on Internal Control System” for the year 2022.
(10) Approved the appointment of the Company’s 2023 CPAs and the CPAs’ Independence Evaluation.
(11) Approved the Company’s loan applications from 17 financial institutions, including Taiwan Finance Corporation, in 2023. The Company proposed to authorize the Chairman of the Board of Directors to apply for, increase or decrease the loan amount or extend the period of the loan within the approved loan limit set by each bank.

(XIII) Any matter about which an independent director or supervisor expresses an objection or reservation that has been included in records or stated in writing in the latest year and as of the date of the publication of the annual report: None**.**

(XIV) A summary of resignations and dismissals of the company’s Chairperson of the board of directors, General Manager, Chief accounting officer, Chief financial officer, Chief internal audit officer, Chief corporate governance officer, and Chief research and development officer in the latest year and as of the date of the publication of the annual report: None**.**

V. Information on Professional Fees for CPAs

Professional Fees for CPAs

Unit: NT$1,000

Name of CPA Firm	CPA Name	CPA Audit Period	Audit Fee	Non-audit Fee	Total	Remark
Deloitte & Touche	Chih, Jui-Chuan	2022	2,375	270	2,645	Tax Compliance Audit
	Hsieh, Chien-Hsin					

(I) Audit fees of the year in which the Company changes CPA firm is lower than that of the prior year: None.

(II) Audit fee dropped year on year by more than 10%: None.

VI. Change of CPAs:

(I) Regarding the former certified public accountant

<table>
<tr><td>Date of replacement</td><td colspan="4">2023/3/10</td></tr>
<tr><td>Reason for</td><td colspan="4">In line with the internal job rotation of the accounting firm</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPAs terminated or did not accept the engagement</td><td colspan="2">Parties / Circumstances</td><td>CPAs</td><td>The Company</td></tr>
<tr><td colspan="2">Terminated the engagement</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="2">No longer accepted (discontinued) the engagement</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">Disagreement with the Company?</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Other</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>No</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Specify details</td></tr>
<tr><td>Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)</td><td colspan="4">No</td></tr>
</table>

(II) Regarding the successor certified public accountant:

Name of Accounting Firm	Deloitte Taiwan
Names of CPAs	Hai-Yue Huang and Jui-Chuan Chih
Date of engagement	2023/3/10
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	Not applicable
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	Not applicable

(III) Reply letter from the former accountant to Item 1 and Item 2-3 of Subparagraph 6 of Article 10 of this standard: Not applicable.

VII. The Company's Chairperson, General Manager, or Financial or Accounting Manager serve at the CPA firm of CPA or its affiliate in the most recent one year: None.

VIII. Status of shareholding transfer and change in creation of pledge by directors, supervisors, managers, and shareholders with over 10% stake in the latest year and as of the date of the publication of the annual report

(I) Shareholding changes of directors, management, and major shareholders with shareholding:

Unit: Share

Title	Name	2022		As of April 18, 2023	
		Increase (Decrease) of Shares Held	Increase (Decrease) of Pledged Shares	Increase (Decrease) of Shares Held	Increase (Decrease) of Pledged Shares
Chairperson	Liao, Ching-Chang	0	0	0	0
Director	Aurora Holdings Incorporated (Note 1)	0	1,050,000	0	0
	Representative: Chuang, Hsiao-Chen	0	0	0	0
Director	Aurora Holdings Incorporated (Note 1)	0	1,050,000	0	0
	Chen, I-Hsiung	0	0	0	0
Director	Wu, Tang-Hai	0	0	0	0
Independent Director	Huang, Chung-Hsing	0	0	0	0
Independent Director	Yang, Hui-Ling	0	0	0	0
Independent Director	Wang, Jen-Kuo	0	0	0	0
General Manager	Weng, Kuo-Hua	0	0	0	0
Finance and Accounting Manager	Hsieh, Shu-Hui	0	0	0	0
Major Shareholder	Aurora Corporation (Note 1)	0	0	0	0

Note 1: Major shareholders holding more than 10% of the Company’s shares.

(II) **Information on Share Transfer**: The counterparties are not related parties; hence this is not applicable.

(III) **Information on Pledged Shares**: The counterparties are not related parties; hence this is not applicable.

IX. Information on the top ten shareholders who are related to each other

April 18, 2023
Unit: Share

Name	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Names and relationships of the top ten shareholders who are related parties to each other or are spouses or relatives within the second degree of kinship, etc.		Remark
	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Name	Relationship	
Aurora Corporation	47,010,591	32.53	–	–	–	–	Aurora Holdings Incorporated	An investor holding an investment in the company using the equity method	
							Aurora Office Automation Corporation	An investor holding an investment in the company using the equity method	
							Aurora Development Corp.	An investee company measured using the equity method by the company	
Representative: Yuan, Hui-Hua	0	0.00	0	0.00	0	0.00	Nisheng Investment Co., Ltd.	Chairperson of the company	
							Aurora Holdings Incorporated	A company whose chairperson is the spouse of the company's chairperson	
Aurora Holdings Incorporated	39,359,689	27.24	–	–	–	–	Aurora Corporation	An investee company measured using the equity method by the company	
							Aurora Office Automation Corporation	An investee company measured using the equity method by the company	
							Aurora Development Corp.	An investee company measured using the equity method by the company	
Representative: Chen, Yung-Tai	10,000	0.01	0	0.00	0	0.00	Hundred River International Investment Corp.	A company whose chairperson is a relative within the second degree of kinship with the chairperson of the company	
							Chuang Hung Co., Ltd.	A company whose chairperson is a relative within the second degree of kinship with the chairperson of the company	
							Elite Professional Consulting Co., Ltd.	A company whose chairperson is a relative within the second degree of kinship with the chairperson of the company	
							Chih Chin Investment Co., Ltd.	A company whose chairperson is a relative within the second degree of kinship with the chairperson of the company	
							Aurora Corporation	A company whose chairperson is the spouse of the company's chairperson	
Aurora Office Automation Corporation	11,170,023	7.73	–	–	–	–	Aurora Corporation	An investor holding an investment in the company using the equity method	
							Aurora Holdings Incorporated	An investor holding an investment in the company using the equity method	
Representative: Chen, Chen-Sheng	0	0.00	0	0.00	0	0.00	None	None	
Nisheng Investment Co., Ltd.	8,086,000	5.60	–	–	–	–	None	None	
Representative: Yuan, Hui-Hua	0	0.00	0	0.00	0	0.00	Aurora Corporation	Chairperson of the company	
Aurora Development Corp.	4,212,094	2.92	–	–	–	–	Aurora Holdings Co., Ltd.	An investor holding an investment in the company using the equity method	
							Aurora Corporation	An investor holding an investment in the company using the equity method	
Representative: Chen, Li-Chen	0	0.00	0	0.00	0	0.00	None	None	
Chieh Sheng Investment Co., Ltd.	3,328,000	2.30	–	–	–	–	None	None	
Representative: Chen, Wen-Ching	0	0.00	0	0.00	0	0.00	None	None	
Hundred River International Investment Corp.	1,000,000	0.69	–	–	–	–	None	None	
Representative: Chen, Kuan-Pai	0	0.00	0	0.00	0	0.00	Aurora Holdings Co., Ltd.	A company whose chairperson is a relative within the second degree of kinship with the chairperson of the company	
							Chuang Hung Co., Ltd.	A company whose chairperson is a relative within the second degree of kinship with the chairperson of the company	
							Elite Professional Consulting Co., Ltd.	A company whose chairperson is a relative within the second degree of kinship with the chairperson of the company	
							Chih Chin Investment Co., Ltd.	A company whose chairperson is a relative within the second degree of kinship with the chairperson of the company	
Chuang Hung Co., Ltd.	349,626	0.24	–	–	–	–	None	None	
Representative: Li-Ru Chen	0	0.00	0	0.00	0	0.00	AURORA HOLDINGS CORP.	The chairman of the Company is a relative within second degree of kinship of the other company's chairman.	
							HUNDRED RIVER INTERNATIONAL INVESTMENT CORP.	The chairman of the Company is a relative within second degree of kinship of the other company's chairman.	
							ELITE PROFESSIONAL CONSULTING CORP.	The chairman of the Company is a relative within second degree of kinship of the other company's chairman.	
							Chih Chin Investment Co., Ltd.	The chairman of the Company is a relative within second degree of	

								kinship of the other company's chairman.	
ELITE PROFESSIONAL CONSULTING CORP.	304,452	0.21	–	–	–	–	No	No	
Representative: Kuan-Jung Chen	0	0.00	0	0.00	0	0.00	AURORA HOLDINGS CORP.	The chairman of the Company is a relative within second degree of kinship of the other company's chairman.	
							HUNDRED RIVER INTERNATIONAL INVESTMENT CORP.	The chairman of the Company is a relative within second degree of kinship of the other company's chairman.	
							Chuang Hung Limited	The chairman of the Company is a relative within second degree of kinship of the other company's chairman.	
							Chih Chin Investment Co., Ltd.	The chairman of the Company is a relative within second degree of kinship of the other company's chairman.	
Chih Chin Investment Co., Ltd.	298,952	0.21	–	–	–	–	No	No	
Representative: Chen-Yi Chen	0	0.00	0	0.00	0	0.00	AURORA HOLDINGS CORP.	The chairman of the Company is a relative within second degree of kinship of the other company's chairman.	
							HUNDRED RIVER INTERNATIONAL INVESTMENT CORP.	The chairman of the Company is a relative within second degree of kinship of the other company's chairman.	
							Chuang Hung Limited	The chairman of the Company is a relative within second degree of kinship of the other company's chairman.	
							ELITE PROFESSIONAL CONSULTING CORP.	The chairman of the Company is a relative within second degree of kinship of the other company's chairman.	

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

April 18, 2023
Unit: Share; %

Investee Company	The Company's Investment		Investment of Directors, Managerial Officers, and any companies controlled either directly or indirectly by the Company		Total Investment	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Aurora Corporation	9,435,182	3.99	122,650,588	51.93	132,085,770	55.92
Aurora Leasing Corporation	119,236,922	100.00	–	–	119,236,922	100.00
Huxen (China) Co., Ltd.	280,000,000	70.00	–	–	280,000,000	70.00

Four. Information on Fund Raising

I. Capital and Shares

(I) Share Capital

(1) Formation of capital:

Year/ Month	Issuance Price ($)	Authorized Share Capital		Paid-in Capital		Remark		
		Number of Shares (Thousand Shares)	Amount (Thousand Dollars)	Number of Shares (Thousand Shares)	Amount (Thousand Dollars)	Share Capital (Thousand Dollars)	Shares paid in assets other than cash	Others
1989.09	10	16,500	165,000	16,500	165,000	Capital at founding $20,000 Stock dividends $40,000 Issuance of stock $105,000	None	The change is approved by the letter of Jing (73) Shang No. 206078 on May 1, 1985 The change is approved by the letter of Jing (75) Shang No. 09813 on March 7, 1986 The change is approved by the letter of Jing (76) Shang No. 04376 on February 4, 1987 The change is approved by the letter of Jing (78) Shang No. 128691 on September 8, 1989
1990.09	10	19,500	195,000	19,500	195,000	Issuance of stock $30,000	None	The change is approved by the letter of Jing (79) Shang No. 117577 on September 24, 1990
1992.06	10	64,966	649,662	64,966	649,662	Stock dividends $156,000 Capital increase by merger $298,662	None	The change is approved by the letter of (81) Tai Tsai Cheng (1) No. 01384 on June 25, 1992
1993.09	10	73,411	734,118	73,411	734,118	Stock dividends $64,966 Capital surplus transferred to capital $19,490	None	The change became effective by the letter of (82) Tai Tsai Cheng (1) No. 39311 on October 25, 1993
1994.06	10	88,094	880,941	88,094	880,942	Stock dividends $110,118 Capital surplus transferred to capital $36,706	None	The change became effective by the letter of (83) Tai Tsai Cheng (1) No. 29021 on June 24, 1994
1998.05	10	96,904	969,035	96,904	969,036	Stock dividends $88,094	None	The change became effective by the letter of (87) Tai Tsai Cheng (1) No. 46695 on May 28, 1998
1999.08	10	190,000	1,900,000	121,129	1,211,295	Stock dividends $242,259	None	The change became effective by the letter of (88) Tai Tsai Cheng (1) No. 56312 on June 17, 1999
2000.06	10	190,000	1,900,000	151,412	1,514,119	Stock dividends $302,824	None	The change became effective by the letter of (89) Tai Tsai Cheng (1) No. 45935 on May 29, 2000
2001.06	10	190,000	1,900,000	180,550	1,805,502	Stock dividends $291,383	None	The change became effective by the letter of (90) Tai Tsai Cheng (1) No. 132412 on May 25, 2001
2003.10	10	190,000	1,900,000	174,830	1,748,302	Treasury stocks cancelled $57,200	None	
2004.08	10	190,000	1,900,000	164,830	1,648,302	Treasury stocks cancelled $100,000	None	
2004.10	10	190,000	1,900,000	159,256	1,592,562	Treasury stocks cancelled $55,740	None	
2005.06	10	190,000	1,900,000	152,107	1,521,072	Treasury stocks cancelled $71,490	None	
2006.03	10	190,000	1,900,000	149,107	1,491,072	Treasury stocks cancelled $30,000	None	
2007.11	10	190,000	1,900,000	147,312	1,473,122	Treasury stocks cancelled $17,950	None	
2008.05	10	190,000	1,900,000	143,902	1,439,022	Treasury stocks cancelled $34,100	None	
2008.08	10	190,000	1,900,000	144,496	1,444,960	Stock dividends $1,439 Employee stock bonuses transferred to capital$4,499	None	The change became effective by the letter of Tai Cheng Shang Tzu No. 09700246001 on August 20, 2008

(2) Type of Share Capital.

April 18, 2023

Type of Share	Authorized Share Capital			Remark
	Outstanding Shares	Unissued shares	Total	
Common share	144,496,011	45,503,989	190,000,000	Listed shares

(3) Information on Shelf Registration System: None

(II) Shareholder Structure

April 18, 2023

Shareholder Structure / Quantity	Government Agency	Financial Institution	Other Juridical Person	Natural Person	Foreign Institution and Foreigner	Total
Number of Persons	0	0	48	8,396	33	8,477
Shares Held	0	0	116,153,196	27,304,566	1,038,249	144,496,011
Shareholding Ratio (%)	0	0	80.39	18.89	0.72	100

(III) Distribution of shareholding

(1) Common Share

Face Value: $10 per Share April 18, 2023

Shareholding Range	Number of Shareholders	Shares Held	Shareholding Ratio (%)
1 to 999	2,397	388,672	0.27
1,000 to 5,000	4,958	10,265,993	7.1
5,001 to 10,000	677	5,242,972	3.63
10,001 to 15,000	167	2,094,123	1.45
15,001 to 20,000	90	1,672,125	1.16
20,001 to 30,000	81	2,082,067	1.44
30,001 to 40,000	36	1,257,995	0.87
40,001 to 50,000	14	640,072	0.44
50,001 to 100,000	25	1,826,669	1.26
100,001 to 200,000	16	2,408,576	1.67
200,001 to 400,000	9	2,450,350	1.7
400,001 to 600,000	0	0	0
600,001 to 800,000	0	0	0
800,001 to 1,000,000	1	1,000,000	0.69
1,000,001 above	6	113,166,397	78.32
Total	8,477	144,496,011	100

(2) Preferred Shares: None

(IV) List of Major Shareholders

April 18, 2023

Shareholders' Names \ Share	Shares Held (Share)	Shareholding Ratio (%)
Aurora Corporation	47,010,591	32.53%
Aurora Holdings Incorporated	39,359,689	27.24%
Aurora Office Automation Corporation	11,170,023	7.73%
Nisheng Investment Co., Ltd.	8,086,000	5.60%
Aurora Development Corp.	4,212,094	2.92%
Chieh Sheng Investment Co., Ltd.	3,328,000	2.30%
Hundred River International Investment Corp.	1,000,000	0.69%
Chuang Hung Co., Ltd.	349,626	0.24%
Elite Professional Consulting	304,452	0.21%
Chih Chin Investment Co., Ltd.	298,952	0.21%

(V) Market Price Per Share, Net Worth Per Share, Earnings Per Share, Dividends Per Share for the Most Recent 2 Years

Unit: NTD

Item \ Year			2021	2022	As of April 18, 2023
Market Price Per Share	Highest		55.0	53.1	53.8
	Lowest		49.5	44.85	47.9
	Average		52.32	49.93	51.13
Net Worth Per Share	Before Distribution		29.25	27.37	—
	After Distribution		25.75	(Note 1)	—
Earning Per Share	Weighted Average Shares (Thousand Shares)		144,496	144,496	—
	Earnings Per Share		3.80	3.88	—
Dividends Per Share	Cash Dividends		3.5	3.6 (Note 1)	—
	Stock Dividends	Stock dividend from surplus	—	—	—
		Stock dividend from capital reserves	—	—	—
	Dividends Payable		—	—	—
Return on Investment Analysis	Price/Earnings Ratio (Note 2)		13.77	12.87	—
	Price/Dividend Ratio (Note 3)		14.95	13.87	—
	Cash Dividend Yield (Note 4)		6.69%	7.21%	—

Note 1: The proposed distribution of 2022 earnings is subject to the approval of the shareholders' meeting.
Note 2: Price/Earnings Ratio = Average Closing Share Price of Current Year/earnings Per Share.
Note 3: Price/Dividend Ratio = Average Closing Share Price of Current Year/Cash Dividend Per Share.
Note 4: Cash Dividend Yield = Cash Dividends Per Share/Average Closing Share Price of Current Year

(VI) The Company's Dividend Policy and Execution Status

1. Dividend policy of the Company

The Company's dividend policy is determined by the Board of Directors based on the operating conditions, capital requirements, changes in the overall internal and external environment, and the interests of shareholders. The Company's industry is now in a stable growth stage, and its capital need is moderated. In the future, the Company will try its best to return its operating profit to the shareholders. In principle, distributions shall be made at a level greater than or equal to 50% of the current year's after-tax earnings, unless extraordinary circumstances occurred.

In consideration the balance between the Company's business development, capital and financial position, capital expansion and shareholders' equity, the Company's dividend policy shall be based on the principle of a combination of cash and stock dividends, and the ratio of cash dividends shall not be less than 10% of the total amount of dividends distributed in the year.

2. Information on the proposed distribution of dividends at the general shareholders' meeting.

The shareholders shall receive dividends of NT$520,185,640 from the 2022 earnings distribution. The whole amount is proposed to be distributed in cash at NT$3.60 per share. Upon the approval of the 2023 general shareholders' meeting, the ex-dividend date and distribution date will be determined.

(VII) Effect of the stock dividends proposed at the shareholders' meeting on the Company's operating results and earnings per share: None.

(VIII) Remuneration to employees, directors and supervisors

1. The percentage or range of remuneration to employees and directors as specified in the Articles of Incorporation:

If the Company earns a profit in a year ("profit" is defined as income before tax, less employee bonus), 1% to 10% of the profit shall be appropriated as employee bonus; however, if the Company still has accumulated deficit, it shall be offset.

The recipients of the foregoing share/cash bonuses include employees of the affiliates who meet certain criteria.

The matters specified in the foregoing two paragraphs shall be carried out upon adoption of a resolution by a majority voting of the directors present at a meeting of its board of directors attended by two-thirds of the directors of the Company, and the resolutions shall be reported at general shareholders' meeting.

2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

(1) The Company has never paid bonus to directors and supervisors.

(2) The Employees' bonus is calculated based on 1% of the profit. If the amount changes, it will be adjusted and recognized in fiscal 2023 as a change in accounting estimate.

3. Bonus distribution approved by the Board of Directors:
   (1) The bonus distribution approved by the Board of Directors of the Company on March 10, 2023 is as follows:
   Approved bonus to employees: $6,166,000.
   Approved bonus to directors and supervisors: $0
   There is no discrepancy between the amounts and the estimated figure for the fiscal year these expenses are recognized.
   (2) The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: Not applicable.

4. The actual distribution of employee, director, and supervisor bonus for the previous fiscal year:
   The Board of Directors and the shareholders' meeting resolved the following employee profit-sharing for the year 2021 on March 14, 2022 and June 8, 2022, respectively:

Item	Actual distribution (in thousand dollars)	Distribution of approved by the Board of Directors in 2021 (in thousand dollars)	Difference
Bonus to employees	6,012	6,012	0
Bonus to directors and supervisors	0	0	0

(IX) Share buyback by the company: None.

II. Issuance of corporate bond: None.

III. Issuance of preferred share: None.

IV. Issuance of global depository receipts: None.

V. Issuance of employee stock option certificates: None.

VI. Issuance of employee restricted stock awards: None.

VII. New share issuance for M&A or stock transfer: None.

VIII. Fund utilization plan and execution status:

(I) Contents of plan:

New share issuance or share issuance via private placement which had yet to be completed by the quarter preceding the date of the publication of the annual report or plans which have been executed, with no evident benefits, in recent three years: None.

(II) Execution status: None.

Five. Business Operations

I. Business Contents

(I) Business Scope

1. The main businesses include
   (1) The Company sells copiers, digital printers, speed printers, wide-format printers, single/multifunction printers, commercial monitors, 3D printers, projectors, office communication and video conference devices, cloud platform for enterprise, energy-saving lighting fixtures, and other office software and hardware integration products, as well as related parts and accessories; we provide installation, maintenance and repair services for the aforementioned products.
   (2) Office document integration planning: Customized software and hardware installation services, enterprise document management and document information security turnkey services.
   (3) Office communication and network services: sales of access control, personnel attendance system, surveillance, network installation, phone exchange system, video conferencing equipment and related peripheral, construction and maintenance services.
   (4) Office cloud service products and enterprise operation software system planning and sales.
   (5) IT services: Including IT software and hardware maintenance for enterprises, information security planning, installation and maintenance.

2. Business proportion

Unit: NT$1,000

Product type	2022	
	Net Sales	Proportion to total net sales %
Office automation products	1,224,254	38
Lease revenue	1,969,375	62
Total	3,193,629	100

3. Current main products and services
   (1) A3 color/black and white digital multi-function printers, A4 color/black and white single/multifunction machines, and other related equipment and their consumables.
   (2) Sales and integration services of hardware and software for color and black/white lightweight printing machines, large-format printers, and high-speed printers.
   (3) Office document application and management process optimization services.
   (4) Office light current engineering, exchange devices, access control, surveillance systems, video conference system products and its construction services.
   (5) Services Corporate power saving management system planning and installation.
   (6) Services for 3D printers and consumables.
   (7) Office cloud service products.

4. New products and services developed and sold
   (1) IT service: Assist SMBs in their IT hardware, software and information security service needs.

(2) Online virtual showroom: We are planning to provide a more secure and zero-touch sales service with an online virtual showroom that allows customers to learn about products and services in a more immediate and convenient manner and create online interactions, with a view to leading the industry with innovative services.

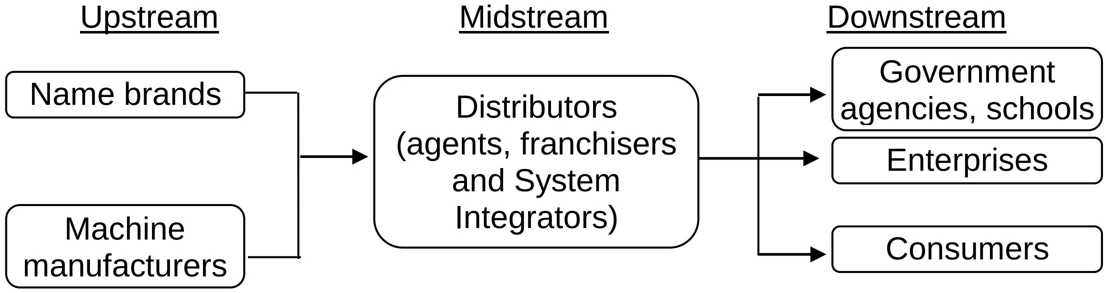
(3) Professional output application: Introduce Japanese Duplo speed printer and post-printing application and products.

(4) Heatless printing device: Take advantage of power saving and environmental protection issues to satisfy customers' various needs and to promote corporate ESG.

(II) Industry Overview

Industry	Current Status	Industry linkages	Development Trend	Competition Status
A3 digital photocopier	Colorful document usage has become a trend among enterprises, and business owners are beginning to use document management and application solutions to improve their workflow and enhance office efficiency. Besides this, information security control for documents is also becoming more and more concerned.	High	1. Color printing has already become a trend. 2. The maturing Inkjet technology and its low price have affected the laser printer market. 3. Hardware + software file integration application and information security demand are increasing	Taking process improvement as the basis and digital copier solutions as requirements, coupled with professional, timely and differential services, price competition is avoided. The Company is the agent of RICOH, which is a leading brand in the industry. Therefore, the products have a competitive advantage in the market.
Telephone Exchange	The trend of 5G environment installation brings the business opportunity of upgrading and replacing IT products.	High	1. VOIP and UCS 2. Smart Conferencing Systems	The Company's main competitors are general communications dealers. With the service expertise and over 30 years of experience in communications, the Company is still able to firmly position itself in the market.

Upstream, midstream, and downstream correlation in the office equipment industry:



(III) Technology and R&D Overview

1. The Company integrates multi-function machines with software and introduces office document solutions, including: e-documentation, printing volume management, document management process, document information security control, enterprise document management turnkey service module, etc.
2. The Company analyzes office communication flow of enterprise users, integrates planning and provides related software and hardware technologies, and provides one-stop services for enterprises.
3. Through online and offline high frequency interaction with customers, we can continue to develop integrated technologies and solve customer problems in response to consumer demand. There is no R&D cost estimated in the future.

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

1. Short-term business development plan
   With the demand for a one-stop procurement service platform of "Office LOHAS," the Company provides a comprehensive line of A3 and A4 multifunctional devices and light-weight printers, and extends to the following trend products: We introduce heatless printing devices to fulfill the increasingly important ESG needs, IT services to solve the problems of small and medium-sized enterprises without an establishment of information personnel, cloud services to provide enterprises with the trend of post-epidemic office changes, communication and information integration platform to build information security and process optimization, and a diverse after-sales service platform to create the best service experience for customers. With this consulting marketing model and customized services, we can make it easy for our customers to handle office work and grow their business together with them.
2. Mid- and long-term business development plan
   With the goal of satisfying customers' needs and creating a win-win relationship with customers, the Company continues to develop and integrate office documents, communication, and network needs in order to develop technologies for building intelligent, mobile, and diversified office environments, thereby making a greater difference for its services and becoming a leading service provider in the industry.

II. Market, Production and Sales Overview

(I) Market Analysis

Product type	Sales Region	Supply Region	Market share	Market Supply, Demand and Growth in the Future
A3 digital photocopier	Taiwan	Japan Mainland China Korea Thailand	13%~15%	1. Demands may arise due to the expiration of operating leases and the replacement of old machines in the market 2. The replacement of black-and-white digital copiers by color copiers can drive the growth of color printing.
A4 multi-function printer and printer	Taiwan	Mainland China Korea Thailand	10%	The products are suitable for different sizes and configurations in enterprises. Together with the A3 digital copier, they cover all office document application needs.
Telephone Exchange	Taiwan	Japan Mainland China Taiwan	10%~15%	The market demand is stable, and there will not be much change in the market unless a major technological breakthrough occurs.

(II) Important Applications and Production Processes of Main Products

Product Type	Product	Major Usage and Production Process
Office equipment	Multi-function digital copier	1. The product integrates copying, printing, scanning, faxing and document archiving functions to provide users with a more efficient workflow. 2. With document solutions, the effectiveness of control, cost saving and information security can be achieved.
	Telephone Exchange	The product has more telephone extensions (both internal and external extensions), and functions, such as internal communication, hands-free operation, speed dialing, designated transfer, and voice mailbox.
	Video conference systems	Coupled with name brands at home and abroad, product solutions of both regular conference and mobile conference are available for different needs of customers.

(III) Supply of Main Products

With the demand for a one-stop procurement service platform of “Office LOHAS,” the Company provides a comprehensive line of A3 and A4 multifunctional devices and light-weight printers, and extends to the following trend products: We introduce heatless printing devices to fulfill the increasingly important ESG needs, IT services to solve the problems of small and medium-sized enterprises without an establishment of information personnel, cloud services to provide enterprises with the trend of post-epidemic office changes, communication and information integration platform to build information security and process optimization, and a diverse after-sales service platform to create the best service experience for customers. With this consulting marketing model and customized services, we can make it easy for our customers to handle office work and grow their business together with them.

(IV) Names of Customers/Suppliers Who Have Accounted for More Than 10% of Total Purchases (Sales) in Any of the Last Two Years, and the Amounts and Proportions of Their Purchases (Sales):

1. Information on main suppliers for the last two years:

Unit: NT$1,000

Item	2021				2022			
	Name	Amount	As % of Total Net Procurement of the Year (%)	Relation to the Company	Name	Amount	As % of Total Net Procurement of the Year (%)	Relation to the Company
1	Shanhai Aurora Office Automation Sales	955,697	58	Other related parties	Shanghai Aurora Office Automation Sales	389,593	34	Other related parties
2	RICOH	346,240	21	-	RICOH	377,355	33	-
3	Others	349,126	21	-	Others	393,337	34	-
	Net Procurement	1,651,063	100	-	Net Procurement	1,160,285	100	-

2. Information on ajor clients sales in the most recent two years: There are no clients holding more than 10% of the consolidated turnover in the past two years.

(V) Table of sales volumes and values for the last two years: None.

(VI) Sales volume and value for the most recent 2 years

Unit: Set/NT$1,000

Year	2021				2022			
Sales Volume and Value / Main Products	Domestic Sales		Exports		Domestic Sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Office Automation Products	5,835	1,208,008	-	-	5,808	1,224,254	-	-
Lease revenue	-	2,675,780	-	-	-	1,969,375	-	-
Total	5,835	3,883 788	-	-	5,808	3,193,629	-	-

III. Information on employees for the most recent two years and as of the date of publication of the annual report:

Year		2021	2022	As of April 18, 2023
Number of employees	Marketing personnel	110	101	93
	Technical personnel	178	179	175
	Administration personnel	124	120	126
	Total	412	400	394
Average age		38.8	39.9	40.1
Average years of service		12.5	13.2	13.5
Percentage of employees at each education level	PhD	-	-	-
	Master	1%	1%	1%
	Bachelor	90%	90%	90%
	High School	9%	9%	9%
	Below High School	0%	0%	0%

IV. Disbursements for environmental protection:

(I) Any losses suffered by the Company in the most recent year and up to the annual report publication date due to environmental pollution incidents: None.

(II) Estimate of possible expenses that could be incurred and measures to be taken in the future:
For all the products of the Company, the suppliers are responsible for the replacement and return of defective products, so there is no risk of environmental damage.

V. Labor relations:

(I) Employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor–management agreements and measures for preserving employees' rights and interests:

"Talents" are the most important resources of the Company. We are committed to establishing a sound system to create a lively and happy working environment for learning and growth. In addition, through comprehensive human resources development programs, every employee is empowered to give full play to their strengths and potential, thus growing together with the company.

The Company emphasizes human rights, gender equality, and a work environment free from discrimination and harassment, and it provides human rights awareness training to all its employees to protect their rights. Employees are hired regardless of gender, age, religion, or race, and employees with physical or mental disabilities are hired based on various job types.

● Diversification Index

Category	Percentage of total
Female	21.5%
People with Disabilities	0.7%
Below 30 years	24.6%
30–50 years old	57.4%
50 years old	18.0%

● Ethnicity indicator

Category	Percentage of total
R. O. C.	100%
Foreigner	0%

● Protective measures for employees' working environment and personal safety

1. Benefit measures

(1) Insurance

In addition to the statutory labor and health insurance, the Company also takes the fact that employees often ride motorcycles into account. Therefore, the Company arranges traffic safety videos in the orientation courses and insures employees with accident insurance.

(2) Health Check-up benefit

The Company attaches great importance to the health of its employees; therefore, it regularly subsidizes them for health check-ups and provides them with excellent medical institutions to choose from.

(3) Travel subsidy

The Company values the work–life balance of its employees. A happy body and mind will lead to an enthusiastic and lively work attitude. The Company regularly provides travel subsidies for employees and provides annual overseas travel awards to employees with good performance.

(4) Leave

The Company provides special leaves in accordance with the Labor Standards Act, and regularly provides employees' leave information to their supervisors so that they can understand and care for them, thus facilitating the balance between work and family of employees.

(5) Birthdays, weddings and funerals, and emergency subsidies

Each department organizes monthly celebrations from time to time, and provides various amounts of subsidies to employees for weddings, funerals, hospitalization, and major disasters.

(6) Employee satisfaction survey

Satisfaction surveys are conducted from time to time to understand employees' recognition of the Company and their job satisfaction. Based on the survey results and employees' suggestions, management improvement measures are developed to help employees enjoy their work. In addition, surveys on supervisors' leading styles are conducted to understand employees' awareness of their supervisors' leading styles at each level and the implementation status of important company policies.

2. Occupational safety and health measures

(1) Work environment safety

In accordance with the Fire Services Act, the Company shall have a complete fire protection system in place and shall regularly inspect and file reports in accordance with the law; implement regular fire protection training and conduct annual emergency preparedness and response drills; and regularly inspect the safety of the working environment and facilities used.

(2) Establish occupational safety and health officer, first aid staff and provide clinical health services on site.

(3) One hour of online occupational safety and health training course was held through a digital learning platform in 2022.

3. Education and training

The Company stresses the development of talents and provides a complete series of training programs to cultivate professionals and the management team, and it integrates employees' career planning with corporate development.

In addition to on-the-job training to help our employees perform their jobs and achieve their goals, we also use job rotations, project assignments, job proxies, and outplacement training, thereby developing a full range of talent.

Training is aimed at performance enhancement and talent cultivation, as well as cultivating common traits and values of employees, which can be classified into the following four categories according to its nature:

(1) Leadership and management training

This training provides leaders and reserve leaders with the necessary competencies, such as leadership and management, selection and interviewing skills, team vision building, strategic planning, performance management, and the Labor Standards Act, so that leaders can learn how to lead their subordinates, thereby increasing efficiency and productivity.

(2) General skill training

This training provides employees with general skills that help to improve productivity, such as communication skills, presentation skills, time management, stress management, and creative thinking.

(3) Functional training

This is the training that is required to perform a specific job, such as training for new employees, sales training for sales staff, and technical training for service staff.

(4) Specialized training

The training provides professional knowledge and skills to perform professional tasks, such as sales skills, customer relationship management, and product knowledge. Through physical courses, video courses and digital online courses, employees are able to enhance their expertise and skills.

In 2022, there were 89 training classes and nearly 3,694 participants.

- Significant existing labor agreements and status of implementation

1. Retirement system and its implementation.

(1) Retirement eligibility

Employees may apply for retirement in accordance with the provisions of laws and regulations. However, if an employee meets one of the following criteria: having at least 10 years of seniority and reaching the age of 55 or having at least 20 years of seniority, he or she may apply for retirement, and the application shall be processed after approval by the responsible supervisor.

(2) Pension appropriation and pension benefits are all processed in accordance with the provisions of laws and regulations

Since July 1, 2005, the Company has been depositing 6% of the monthly salaries of new employees and existing employees who have chosen to apply the new pension system to their personal pension accounts at the Labor Insurance Bureau pursuant to laws. Meanwhile, the Company also continues to deposit appropriate amounts of retirement reserve to designated bank accounts for the employees who have chosen the old pension system and the retained years of the old pension system of the employees who have chosen the new pension system; the amounts are calculated in accordance with the pension benefit standards of the existing employees' retirement rules. For employees who are sent from the Company to affiliated companies, their years of service will be counted continuously in order to provide more protection for employees, thus achieving the purpose of talent mobility for the group.

2. Agreements between employer and employees and measures to protect employees' rights and interests

   Based on the premises that our employees are happy and respected, the Company creates a lively and happy working environment to foster harmonious labor relations. Combined with excellent benefits and salaries, as well as the good image and reputation of the Company, all the people are happy to work to the best of their ability.

   The Labor Standards Act, the Act of Gender Equality in Employment, and the Labor Pension Act are being enforced in a good manner. Insisting on honest management, lawfulness and pragmatism, all employees' participation, teamwork, and sharing results, we integrate the growth of employees with corporate development, and strive for sustainable management.

(II) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes: None.

(III) Estimate of possible labor disputes expenses that could be incurred currently and in the future, and measures to be taken: None.

VI. Cyber security management:

(I) Cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

The Company has made 2022 to be the year for information security a major thematic policy. In particular, we place special emphasis on information security management and information security risk management, and have developed the following items in response to the management policy:

1. Information security policy

   "Maintain the Company's information security, strengthen the security management for all information assets, ensure their confidentiality, integrity, availability and legality, so that the Company's operations will not be affected by human negligence, intentional attacks and natural disasters, or the Company's rights and interests will not be jeopardized, and ensure continuous business operations."

2. Information security strategy
   (1) We utilize digital technology, continue to innovate, insist on sustainable management and continuously improve the information security system and strengthen the defense and response capability. We have introduced a comprehensive information security management mechanism, regularly review and quickly respond to information security risks to ensure that our business continues to operate without interruption.
   (2) Pay attention to the information-related system, equipment and network security. Conduct regular information security drills and education training. Raise the awareness and alertness of employees regarding information security. Integrate information security into daily operations.
   (3) We are committed to protecting the customer's data privacy and clearly specify the management measures and authority for collecting, processing and accessing the data to protect the safety of the customer's personal information.
3. Information security organization
   In order to implement information security management, the Company has established an information security organization, consisting of senior executives, to promote, coordinate and supervise the following information security management issues:
   (1) Verification and Supervision of Information Security Policy
   (2) Allocation and coordination of information security responsibilities
   (3) Supervision of information asset protection matters
   (4) Review and supervision of information security incidents
   (5) Approval of information security matters
   (6) Convening of regular information security meetings
4. Management and implementation of information security
   For information security risk control, the Company proactively plans and arranges information security measures on the system, network, data and equipment aspects to improve the information security environment and reduce information risks, including:
   (1) System account management and auditing
   (2) System data access permission control and auditing system
   (3) System source code management and testing
       Relevant source code of the information system shall be assigned with appropriate security attributes according to the level of confidentiality, and documents with different security attributes shall be separated and kept under applicable security measures. Outsourced or self-built system codes are all verified by source code analysis to meet international certification standards.
       We conducted an information security source code scan on our internal and external systems in 2022 and have corrected the problems accordingly.
   (4) Cyber Security
       The Company has network security protection (firewall), mail filtering system, anti-virus system, and set security access permissions according to business needs.
       The Company has strengthened server security management and installed anti-virus software on servers in 2022.
   (5) Backup and disaster recovery
       In order to ensure the completeness and accuracy of the group's information systems, a backup and disaster recovery plan has been established. Besides this, periodic drills are conducted to ensure rapid restoration of normal operations in the event of a disaster or storage

failure.

Transferred the database backup mechanism to the cloud in 2022.

Implement a disaster response drill in 2022. The RTO is 1 hour and the RPO is 13.5 hours. The drill was successfully completed and paperwork was filed.

(6) Email management

The Company's emails must be used in accordance with the email management regulations, and the accounts, usage rules and email usage security must be managed. The mail filtering system was updated in June 2021.

5. Employee information safety training and dissemination

The Company provides basic information security training to new employees when they start working at the Company. Moreover, the Company also regularly provides information security dissemination and information security exercises to its employees so as to enhance their awareness of information security. When an information security incident occurs, information security notification will be made to raise employees' awareness of preventing external attacks and to provide information security protection for the Company's operation.

Information security dissemination to employees was conducted in March, June, September and December 2022.

Social engineering exercises were conducted for the staff during July–September 2022.

(II) Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken:

The Company's information security incidents that occurred in 2022 and up to the publication date of the annual report did not have a material impact on the Company's overall operations.

VII. Important Contracts

Nature of Contract	Contract Party	Contract Period	Key Content	Restrictions
Long-term supply and sales contract	Ricoh Asia Pacific, Ricoh Taiwan	April 1, 2023–March 31, 2024 The contract will be automatically extended for one year if both parties have no objection.	Digital Multi-function products (Ricoh Asia Pacific); Laser printers, projectors and other products (Ricoh Taiwan)	1. Non-compete clauses are applicable. 2. Sales are restricted only in Taiwan region.

Six. Financial Status

I. Concise Balance Sheets and Statements of Comprehensive Income for the Most Recent Five Fiscal Years

(I) Concise Balance Sheets (Consolidated)

Unit: NT$1,000

Item \ Year		Financial Information for the Most Recent 5 Years (Note 1)					Financial Information up to May 31, 2023
		2018	2019	2010	2021	2022	
Current Assets		3,308,982	3,240,514	3,578,135	3,833,557	3,920,890	N/A (Note 3)
Property, Plant and Equipment		3,621,506	3,291,681	2,935,495	2,709,833	2,532,608	
Intangible Assets		239,242	239,101	239,489	239,383	239,579	
Other Assets		1,282,379	1,228,701	1,194,927	1,202,147	1,072,802	
Total Assets		8,452,109	7,999,997	7,948,046	7,984,920	7,765,879	
Current Liabilities	Before Distribution	2,405,574	2,057,338	2,070,325	2,089,284	1,932,467	
	After Distribution	2,911,310	2,606,423	2,590,511	2,595,020	(Note 2)	
Noncurrent Liabilities		1,132,413	1,159,424	1,055,893	1,015,882	1,192,107	
Total Liabilities	Before Distribution	3,537,987	3,216,762	3,126,218	3,105,166	3,124,574	
	After Distribution	4,043,723	3,765,847	3,646,404	3,610,902	(Note 2)	
Equity Attributed to Owners of Parent		4,320,904	4,174,458	4,179,821	4,225,861	3,955,228	
Share Capital		1,444,960	1,444,960	1,444,960	1,444,960	1,444,960	
Capital Surplus		41,153	42,643	42,643	42,643	42,643	
Retained Earnings	Before Distribution	1,311,387	1,408,914	1,425,616	1,455,712	1,522,461	
	After Distribution	805,651	859,829	905,430	949,976	(Note 2)	
Other Equity		1,523,404	1,277,941	1,266,602	1,282,546	945,164	
Treasury Shares		-	-	-	-		
Non-Controlling Interests		593,218	608,777	642,007	653,893	686,077	
Total Equity	Before Distribution	4,914,122	4,783,235	4,821,828	4,879,754	4,641,305	
	After Distribution	4,408,386	4,234,170	4,301,642	4,374,018	(Note 2)	

Note: 1. The foregoing financial information of each year has been audited by independent auditors.
2. The proposed distribution of 2022 earnings is subject to the approval of the shareholders' meeting.
3. The Company's financial information as of March 31, 2023 had not been audited or reviewed by independent auditors up to the date of publication of the annual report.

(II) Concise Statements of Comprehensive Income (Consolidated)

Unit: NT$1,000
(Except earnings per share expressed in dollars)

Item \ Year	Financial Information for the Most Recent 5 Years (Note 1)					Financial Information up to May 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	4,090,448	4,324,684	4,050,378	3,883,788	3,193,629	N/A (Note 2)
Gross margin from Operations	1,243,744	1,378,595	1,280,820	1,042,194	1,031,612	
Net Operating Profit (Loss)	456,978	595,025	504,849	448,753	473,694	
Non-Operating Income and Expenses	177,720	187,046	196,806	219,044	216,789	
Net Income before Income Tax	634,698	782,071	701,655	667,797	690,483	
Net Income from Continuing Operations for the period	544,284	651,097	590,755	566,168	583,796	
Loss from Discontinuing Operations	-	-	-	-	-	
Net Income (Loss) for the Period	544,284	651,097	590,755	566,168	583,796	
Other Comprehensive Income for the Period (Net of Income Tax)	263,789	(277,738)	(3,077)	11,944	(316,509)	
Total Comprehensive Income for the Period	808,073	373,359	587,678	578,112	267,287	
Net Income Attributable to Owners of Parent	528,345	611,951	568,211	549,456	561,175	
Net Income Attributable to Non-controlling Interests	15,939	39,146	22,544	16,712	22,621	
Comprehensive income attributable to owners of parent	802,732	357,800	554,448	566,226	235,103	
Comprehensive income attributable to noncontrolling interests	5,341	15,559	33,230	11,886	32,184	
Earnings Per Share	3.66	4.24	3.93	3.80	3.88	

Note: 1. The foregoing financial information of each year has been audited by independent auditors.
2. The Company's financial information as of March 31, 2023 had not been audited or reviewed by independent auditors up to the date of publication of the annual report.

(III) Concise Balance Sheets (Parent Company Only)

Unit: NT$1,000

Item \ Year		2018	2019	2020	2021	2022	Financial Information up to May 31, 2023
		Financial Information for the Most Recent 5 Years (Note 1)					
Current Assets		1,366,152	1,285,337	1,232,685	1,252,341	1,242,354	N/A (Note 2)
Property, Plant and Equipment		285,734	287,454	265,073	273,616	263,689	
Intangible Assets		263	122	510	404	600	
Other Assets		4,544,705	4,531,527	4,614,520	4,684,389	4,516,269	
Total Assets		6,196,854	6,104,440	6,112,788	6,210,750	6,022,912	
Current Liabilities	Before Distribution	1,179,374	1,118,054	1,213,982	1,284,301	1,159,863	
	After Distribution	1,685,110	1,667,139	1,734,168	1,790,037	(Note 3)	
Noncurrent Liabilities		696,576	811,928	718,985	700,588	907,821	
Total Liabilities	Before Distribution	1,875,950	1,929,982	1,932,967	1,984,889	2,067,684	
	After Distribution	2,381,686	2,479,067	2,453,153	2,490,625	(Note 3)	
Equity		4,320,904	4,174,458	4,179,821	4,225,861	3,955,228	
Share Capital		1,444,960	1,444,960	1,444,960	1,444,960	1,444,960	
Capital Surplus		41,153	42,643	42,643	42,643	42,643	
Retained Earnings	Before Distribution	1,311,387	1,408,914	1,425,616	1,455,712	1,522,461	
	After Distribution	805,651	859,829	905,430	949,976	(Note 3)	
Other Equity		1,523,404	1,277,941	1,266,602	1,282,546	945,164	
Treasury Shares		-	-	-	-	-	
Total Equity	Before Distribution	4,320,904	4,174,458	4,179,821	4,225,861	3,955,228	
	After Distribution	3,815,168	3,625,373	3,659,635	3,720,125	(Note 3)	

Note: 1. The foregoing financial information of each year has been audited by independent auditors.
2. The Company only prepares parent company only financial reports annually.
3. The proposed distribution of 2022 earnings is subject to the approval of the shareholders' meeting.

(IV) Concise Statements of Comprehensive Income (Parent Company Only)

Unit: NT$1,000
(Except earnings per share expressed in dollars)

Item \ Year	Financial Information for the Most Recent 5 Years (Note 1)					Financial Information up to May 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	1,400,495	1,404,678	1,409,767	1,415,003	1,415,637	N/A (Note 2)
Gross Margin from Operations	679,729	674,067	681,496	681,496	676,256	
Net Operating Profit (Loss)	206,586	241,746	226,646	216,314	239,241	
Non-Operating Income and Expenses	361,130	420,614	387,799	378,822	371,135	
Net Income before Income Tax	567,716	662,360	614,445	595,136	610,376	
Net Income from Continuing Operations for the period	528,345	611,951	568,211	549,456	561,175	
Loss from Discontinuing Operations	-	-	-	-	-	
Net Income (Loss) for the Period	528,345	611,951	568,211	549,456	561,175	
Other Comprehensive Income for the Period (Net of Income Tax)	274,387	(254,151)	(13,763)	16,770	(326,072)	
Total Comprehensive Income for the Period	802,732	357,800	554,448	566,226	235,103	
Earnings Per Share	3.66	4.24	3.93	3.80	3.88	

Note: 1. The foregoing financial information of each year has been audited by independent auditors.
2. The Company only prepares parent company only financial reports annually.

(V) Name of Independent Auditors and Audit Opinions for the Last Five Years

Year	Independent Auditor	Name	Audit Opinion
2022	Deloitte & Touche	Chih, Jui-Chuan and Hsieh, Chien-Hsin	Unqualified opinion
2021	Deloitte & Touche	Chih, Jui-Chuan and Hsieh, Chien-Hsin	Unqualified opinion
2020	Deloitte & Touche	Chih, Jui-Chuan and Hsieh, Chien-Hsin	Unqualified opinion
2019	Deloitte & Touche	Huang, Hai-Yueh and Hsieh, Chien-Hsin	Unqualified opinion
2018	Deloitte & Touche	Huang, Hai-Yueh and Hsieh, Chien-Hsin	Unqualified opinion

II. Financial Analysis for the Most Recent Five Fiscal Years

(I) Financial Analysis in Most Recent Five Years (Consolidated)

Analysis Item (Year)		Financial Analysis in Most Recent Five Years (Note 1)					Financial Information up to March 31, 2023
		2018	2019	2020	2021	2022	
Financial Structure (%)	Liabilities to Assets Ratio	41.86	40.21	39.33	38.89	40.23	N/A (Note2)
	Long-term fund to property, plant, and equipment ratio	166.96	180.54	200.23	217.56	230.33	
Liquidity Analysis(%)	Current Ratio	137.55	157.51	172.83	183.49	202.90	
	Quick Ratio	116.60	133.57	154.10	167.97	184.35	
	Times Interest Earned	23.50	34.84	42.32	49.52	31.01	
Operating Performance	Average Receivable Turnover (Times)	8.85	9.80	10.44	10.42	8.24	
	Average Collection Days	41.24	37.24	34.96	35.02	44.29	
	Average Inventory Turnover (Times)	4.36	4.02	3.46	4.06	3.45	
	Average Payment Turnover (Times)	5.39	5.39	6.17	6.50	6.01	
	Average Inventory Turnover Days	83.71	90.79	105.49	89.90	105.79	
	Property, Plant and Equipment Turnover (Times)	1.14	1.25	1.30	1.38	1.22	
	Total Assets Turnover (Times)	0.49	0.53	0.51	0.49	0.41	
Profitability Analysis	Return on Assets (%)	6.74	8.14	7.58	7.25	7.65	
	Return on Equity (%)	11.59	13.43	12.30	11.67	12.26	
	Pre-tax Income to Paid-in Capital Ratio (%)	43.92	54.12	48.56	46.22	47.79	
	Net Margin (%)	13.31	15.06	14.59	14.58	18.28	
	Earnings Per Share ($)	3.66	4.24	3.93	3.80	3.88	
Cash Flow	Cash Flow Ratio (%)	56.55	82.83	82.31	80.47	77.71	
	Cash Flow Adequacy Ratio (%)	53.30	60.60	67.65	72.31	75.43	
	Cash Flow Reinvestment Ratio (%)	10.48	14.45	13.88	14.30	12.51	
Leverage	Operating Leverage	4.18	3.48	3.75	3.87	3.55	
	Financial Leverage	1.07	1.04	1.03	1.03	1.05	

Analysis of deviation of the most recent 2 years over 20%:

1. Times interest earned decreased by 37%, which was mainly attributable to the increase in interest expense on borrowings.
2. Receivables turnover decreased by 21%, which was mainly attributable to the decrease in net sales.
3. Average collection days increased by 26%, which was mainly due to the decrease in the receivables turnover.
4. Net profit margin increased by 25%, which was mainly attributable to the decrease in net sales and the increase in net income.

Note 1: The foregoing financial information of each year has been audited by independent auditors.

Note 2: The Company’s financial information as of March 31, 2023 had not been audited or reviewed by independent auditors up to the date of publication of the annual report.

Note 3: The above calculation formula is listed on page 90–91.

(II) Financial Analysis in Most Recent Five Years (Parent Company only)

Analysis Item (Year)		2018	2019	2020	2021	2022	Financial Information up to March 31, 2023
		Financial Analysis in Most Recent Five Years (Note 1)					
Financial Structure(%)	Liabilities to Assets Ratio	30.27	31.62	31.62	31.96	34.33	N/A (Note 2)
	Long-term fund to property, plant, and equipment ratio	1756.00	1734.67	1848.10	1800.50	1844.24	
Liquidity Analysis(%)	Current Ratio	115.84	114.96	101.54	97.51	107.11	
	Quick Ratio	106.46	98.35	88.84	86.85	89.11	
	Times Interest Earned	56.95	58.90	52.83	58.01	37.23	
Operating Performance	Average Receivable Turnover (Times)	6.13	6.91	7.91	7.74	7.46	
	Average Collection Days	59.54	52.82	46.14	47.15	48.92	
	Average Inventory Turnover (Times)	4.36	4.02	3.46	4.06	3.45	
	Average Payment Turnover (Times)	5.29	5.29	6.05	6.43	5.93	
	Average Inventory Turnover Days	83.71	90.79	105.49	89.90	105.79	
	Property, Plant and Equipment Turnover (Times)	4.84	4.90	5.10	5.25	5.27	
	Total Assets Turnover (Times)	0.23	0.23	0.23	0.23	0.23	
Profitability Analysis	Return on Assets (%)	8.84	10.10	9.46	9.05	9.39	
	Return on Equity (%)	12.66	14.41	13.60	13.07	13.72	
	Pre-tax Income to Paid-in Capital Ratio (%)	39.29	45.84	42.52	41.19	42.24	
	Net Margin (%)	37.73	43.57	40.31	38.83	39.64	
	Earnings Per Share ($)	3.66	4.24	3.93	3.80	3.88	
Cash Flow	Cash Flow Ratio (%)	20.15	14.13	20.31	17.46	14.44	
	Cash Flow Adequacy Ratio (%)	25.46	28.83	33.10	33.33	31.25	
	Cash Flow Reinvestment Ratio (%)	-5.07	-6.63	-5.82	-5.68	-6.52	
Leverage	Operating Leverage	1.72	1.63	1.74	1.81	1.66	
	Financial Leverage	1.05	1.05	1.06	1.05	1.08	

Analysis of deviation of the most recent 2 years over 20%: None.
1. Times interest earned decreased by 36%, which was mainly attributable to the increase in interest expense on borrowings.

Note 1: The foregoing financial information of each year has been audited by independent auditors.
Note 2: The Company only prepares parent company only financial reports annually.
Note 3: The formulas for analysis of the items are as follows:

(1) Financial structure
  a. Debt Ratio = Total Liabilities / Total Assets
  b. Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity +Noncurrent Liabilities) / Net Property, Plant and Equipment

(2) Liquidity Analysis
  a. Current Ratio = Current Assets / Current Liabilities

b. Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
c. Times Interest Earned = Earnings before Interest and Income Tax / Interest Expenses for the Period

(3) Operating Performance
a. Average Receivable Turnover (including Accounts Receivable and Notes Receivable originated from operation) = Net Sales / Average Trade Receivables (including Accounts Receivable and Notes Receivable originated from operation)
b. Average Collection Days = 365 / Average Receivable Turnover
c. Average Inventory Turnover = Cost of Sales / Average Inventory
d. Average Payment Turnover (including Accounts Payable and Notes Payable originated from operation) = Cost of Sales / Average Trade Payables (including Accounts Payable and Notes Payable originated from operation)
e. Average Inventory Turnover Days = 365 / Inventory Turnover
f. Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
g. Total Assets Turnover = Net Sales / Average Total Assets

(4) Profitability Analysis
a. Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
b. Return on Equity = Post-tax Profit or Loss / Average Total Equity
c. Net Margin = Post-tax Profit or Loss / Net Sales
d. Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

(5) Cash Flow
a. Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
b. Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
c. Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)

(6) Leverage:
a. Operating Leverage = (Net Sales - Variable Operating Cost and expense) / Income from Operations
b. Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

III. Audit Committee’s Review Report for the Most Recent Year

Audit Committee’s Review Report

The Audit Committee hereby approves Huxen's 2022 Business Report, financial statements and proposal for earnings distribution,which are made by the Board of Directors ,and the financial statements have been audited by Deloitte & Touche Taiwan, by whom an audit report has been issued accordingly.

The said business report, financial statements, and the proposal for earnings distribution have been audited by the Audit Committee and determined to be in compliance with the Company Act and other relevant laws and regulations. The Audit Committee's Report is hereby prepared in accordance with Article 219 of the Company Act.

Hereby presented for review

Sincerely
2023 Annual Shareholders' Meeting of Huxen Corporation

Convener of the Audit Committee

Huang, Chung-Hsing

March 10, 2023

IV. Annual Financial Report of the Most Recent Year

Independent Auditor's Report

To Huxen Corporation:

Opinion

We have audited the financial report of Huxen Co., Ltd. (the Company), and its subsidiaries (collectively, the Group), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, 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 the Company and its subsidiaries as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, and International Accounting Standards, IFRIC interpretations and SIC interpretations as endorsed and issued into effect by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for certified Public Accountants in Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group’s Financial Report for the years ended December 31, 2022. These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters.

The key audit matter for the Group’s consolidated financial statements for the year ended December 31, 2022 is stated as follows:

Key audit matter: sales revenue

The main business of the Group is the purchase, sale and lease of multi-function printers. Revenue per transaction from the sale of multi-function printers, peripherals, and consumables is large and variable compared to rental revenue that is generally collected on a monthly basis. Hence, this type of revenue is expected to be highly risky and has a material impact on the financial statements. The primary risk is whether the revenue was actually earned and, accordingly, we have identified this as a key audit matter.

Please refer to Note 4(13) for the accounting policy on operating revenues.

We understand and have tested the design, implementation and effectiveness of internal controls over the recognition of sales revenue. We also selected appropriate samples from sales transactions (revenue from sales of multi-function printers, peripherals and consumables) and reviewed the transaction applications, signed receipt documents from customers, and we have checked whether the recipients were the same as the counterparties in order to confirm whether there were material misstatements in sales revenues.

Other Matter

We have also audited the parent company only financial statements of Huxen Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the

Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the auditing standards, we exercise professional judgement and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial report, 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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness

of accounting estimates and related disclosures made by management and the directors.

4. Conclude on the appropriateness of the 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and contents of the financial report, including the disclosures, and whether the financial report represents 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 Group to express an opinion on the financial report. 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 the directors 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the those charged with governance, we determine those matters that were of most significance in the audit of the Group's 2022 financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

CPA: Chih, Jui-Chuan

CPA: Hsieh, Chien-Hsin

Approval number of the Financial Supervisory Commission
Chin-Kuan-Cheng-Shen-Tzu number 1060023872

Approval Number of Securities and Futures Commission
Tai-Tsai-Cheng-Liu-Tzu No. 0920123784

March 10, 2023

Huxen Corporation and Subsidiaries

Consolidated Balance Sheet

December 31, 2022 and 2021

Unit: NTD In Thousands

		December 31, 2022		December 31, 2021	
Code	Assets	Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 & 6)	$ 689,960	9	$ 690,520	9
1120	Financial assets at fair value through other comprehensive income – current (Note 4 & 7)	1,717,310	22	1,979,647	25
1136	Financial assets at amortized cost – current (Note 4 & 8)	771,420	10	440,468	5
1150	Notes receivable (Note 4 & 9)	65,769	1	69,427	1
1172	Accounts receivable (Note 4, 9 & 30)	85,156	1	88,761	1
1175	Lease receivables (Note 4, 10 & 30)	218,705	3	203,738	3
1200	Other receivables (Note 4 & 30)	14,130	-	36,764	-
130X	Inventories (Note 4 & 11)	207,951	2	135,969	2
1479	Other current assets (Note 13)	150,489	2	188,263	2
11XX	Total current assets	3,920,890	50	3,833,557	48
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income – non-current (Note 4 & 7)	637,331	8	734,689	9
1600	Property, plant and equipment (Note 4, 14 & 30)	2,532,608	33	2,709,833	34
1755	Right-of-use assets (Notes 4, 15 & 30)	37,443	1	52,660	1
1760	Investment property (Note 4, 16 & 31)	231,999	3	235,540	3
1805	Goodwill (Note 4 & 17)	238,979	3	238,979	3
1821	Other intangible assets (Note 4 & 17)	600	-	404	-
1840	Deferred income tax assets (Notes 4 & 25)	43,804	1	48,148	1
1935	Lease receivables – non-current (Note 4, 10 & 30)	112,504	1	122,386	1
1990	Refundable deposits (Note 30)	9,721	-	8,724	-
15XX	Total non-current assets	3,844,989	50	4,151,363	52
1XXX	Total assets	$ 7,765,879	100	$ 7,984,920	100
Code	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 18)	$ 650,000	9	$ 1,600,024	20
2110	Short-term bills payables (Notes 18)	879,759	11	79,995	1
2170	Accounts payable (Note 19)	102,293	1	97,427	1
2180	Accounts payable – related parties (Note 19 & 30)	92,766	1	97,561	1
2219	Other payables (Note 20 & 30)	89,939	1	94,328	1
2230	Current tax liabilities (Note 4 & 25)	46,687	1	49,983	1
2280	lease liabilities – current (Note 4, 15 & 30)	23,848	-	24,667	-
2399	Other current liabilities (Note 20)	47,175	1	45,299	1
21XX	Total current liabilities	1,932,467	25	2,089,284	26
	Non-current liabilities				
2540	Long-term loans (Note 18)	740,000	9	500,000	6
2570	Deferred income tax liabilities (Note 4 & 25)	1,601	-	1,425	-
2580	Lease liabilities – non-current (Note 4, 15 & 30)	13,797	-	28,559	1
2640	Net defined benefit liability (Note 4 & 21)	149,589	2	167,570	2
2670	Guarantee deposits (Note30)	287,120	4	318,328	4
25XX	Total non-current liabilities	1,192,107	15	1,015,882	13
2XXX	Total liabilities	3,124,574	40	3,105,166	39
	Equity attributable to owners of the Company (Note 22)				
	Capital stock				
3110	Common stock	1,444,960	19	1,444,960	18
3200	Capital surplus	42,643	-	42,643	1
	Retained earnings				
3310	Legal reserve	934,760	12	879,732	11
3350	Unappropriated earnings	587,701	8	575,980	7
3300	Total retained earnings	1,522,461	20	1,455,712	18
3400	Other equity	945,164	12	1,282,546	16
31XX	Equity attributable to owners of the Company	3,955,228	51	4,225,861	53
36XX	Non – controlling interests (Note 12)	686,077	9	653,893	8
3XXX	Total equity	4,641,305	60	4,879,754	61
	Total liabilities and equity	$ 7,765,879	100	$ 7,984,920	100

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

Chairman: Liao, Ching-Chang　　Manager: Weng, Kuo-Hua　　Comptroller: Hsieh, Shu-Hui

Huxen Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

Unit: NTD in Thousands (Earnings per Share in Dollars)

Code		2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenue (Note 4, 23 & 30)	$3,193,629	100	$3,883,788	100
5000	Opertating Costs (Note 4, 11, 24 & 30)	2,162,017	68	2,841,594	73
5900	Gross profit	1,031,612	32	1,042,194	27
	Operating expenses (Note 4, 9, 24 & 30)				
6100	Marketing expenses	424,979	13	464,387	12
6200	Administrative expenses	124,342	4	122,466	3
6450	Expected credit loss	8,597	-	6,588	1
6000	Total operating expenses	557,918	17	593,441	16
6900	Net income from operations	473,694	15	448,753	11
	Non-operating income and expenses (Note 4, 24 & 30)				
7100	Interest income	20,731	1	7,546	-
7010	Other income	209,902	6	211,802	6
7020	Other gain and loss	9,161	-	13,460	-
7050	Finance costs	(23,005)	(1)	(13,764)	-
7000	Total non-operating income and expenses	216,789	6	219,044	6
7900	Net income before income tax	690,483	21	667,797	17
7950	Income tax expense (Note 4 & 25)	(106,687)	(3)	(101,629)	(2)
8200	Net income for the period	583,796	18	566,168	15

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Code		2022 Amount	2022 %	2021 Amount	2021 %
	Other comprehensive income (Note 4, 12, 21, 22 & 25)				
8310	Items not reclassified to profit/loss	$ 14,138	-	$ 1,033	-
8311	Remeasurements of defined benefit plans				
8316	Unrealized gains/losses from investments in equity instruments measured at fair value through other comprehensive income	(359,695)	(11)	27,204	1
8349	Income tax related to items not reclassified to profit/loss	(2,828)	-	(207)	-
		(348,385)	(11)	28,030	1
8360	Items that may be reclassified subsequently to profit/loss				
8361	Exchange differences on translation of foreign operation's financial statements	31,876	1	(16,086)	(1)
8300	Total other comprehensive income	(316,509)	(10)	11,944	-
8500	Total comprehensive income for the period	$ 267,287	8	$ 578,112	15
	Net income attributable to:				
8610	owners of the Company	$ 561,175	17	$ 549,456	14
8620	Non-controlling interests	22,621	1	16,712	1
8600		$ 583,796	18	$ 566,168	15
	Total comprehensive income attributable to:				
8710	owners of the Company	$ 235,103	7	$ 566,226	15
8720	Non-controlling interests	32,184	1	11,886	-
8700		$ 267,287	8	$ 578,112	15
	Earnings per share (Note 26)				
9710	Basic	$ 3.88		$ 3.80	
9810	Diluted	$ 3.88		$ 3.80	

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

Chairman: Liao, Ching-Chang Manager: Weng, Kuo-Hua Comptroller: Hsieh, Shu-Hui

Huxen Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

Unit: NTD In Thousands

				Retained earnings		Other equity				
Code		Capital stock	Capital surplus	Legal reserve	Unappropriated earnings	Exchange differences on translation of foreign operation's financial statements	Unrealized valuation gains/loss from financial assets measured at fair value through other comprehensive income	Total equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
A1	Balance, January 1, 2021	$ 1,444,960	$ 42,643	$ 823,154	$ 602,462	($ 130,997)	$ 1,397,599	$ 4,179,821	$ 642,007	$ 4,821,828
	Appropriations of earnings for 2020									
B1	Legal capital reserve	-	-	56,578	(56,578)	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	(520,186)	-	-	(520,186)	-	(520,186)
D1	Net income in 2021	-	-	-	549,456	-	-	549,456	16,712	566,168
D3	Other comprehensive income in 2021	-	-	-	826	(11,260)	27,204	16,770	(4,826)	11,944
D5	Total comprehensive income in 2021	-	-	-	550,282	(11,260)	27,204	566,226	11,886	578,112
Z1	Balance, December 31, 2021	1,444,960	42,643	879,732	575,980	(142,257)	1,424,803	4,225,861	653,893	4,879,754
	Appropriations of earnings for 2021									
B1	Legal reserve	-	-	55,028	(55,028)	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	(505,736)	-	-	(505,736)	-	(505,736)
D1	Net income in 2022	-	-	-	561,175	-	-	561,175	22,621	583,796
D3	Other comprehensive income in 2022	-	-	-	11,310	22,313	(359,695)	(326,072)	9,563	(316,509)
D5	Total comprehensive income in 2022	-	-	-	572,485	22,313	(359,695)	235,103	32,184	267,287
Z1	Balance, December 31, 2022	$ 1,444,960	$ 42,643	$ 934,760	$ 587,701	($ 119,944)	$ 1,065,108	$ 3,955,228	$ 686,077	$ 4,641,305

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

Chairman: Liao, Ching-Chang　　Manager: Weng, Kuo-Hua　　Comptroller: Hsieh, Shu-Hui

Huxen Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

Unit: NTD In Thousands

Code		2022	2021
	Cash flows from operating activities		
A10000	Net income before income tax	$ 690,483	$ 667,797
A20010	Gain/loss		
A20100	Depreciation expense	1,206,736	1,288,484
A20200	Amortization expense	312	365
A20300	Expected credit loss	8,597	6,588
A20400	Gain on financial assets at fair value through profit or loss, net	(14,042)	(18,785)
A20900	Finance costs	23,005	13,764
A21200	Interest income	(20,731)	(7,546)
A21300	Dividend income	(181,359)	(181,359)
A22500	Loss on disposal of property, plant and equipment	191,669	236,413
A22900	Gain on modification of lease	-	(73)
A30000	Changes in operating assets and liabilities, net		
A31130	Notes receivable	3,658	(15,222)
A31150	Accounts receivable	(20,738)	(6,737)
A31180	Other receivables	22,634	1,256
A31200	Inventories	(335,115)	(257,000)
A31240	Other current assets	37,774	46,378
A31990	Lease receivables – non-current	10,661	12,589
A32150	Accounts payables	4,866	11,492
A32160	Accounts payable – related parties	973	(975)
A32180	Other payables	(4,450)	4,804
A32230	Other current liabilities	1,876	1,785
A32240	Net defined benefit liabilities	(3,843)	(14,054)
A33000	Cash generated from operations	1,622,966	1,789,964
A33100	Interest received	4,739	1,478
A33300	Interest paid	(22,944)	(13,464)
A33500	Income tax paid	(103,082)	(96,721)
AAAA	Net cash generated from operating activities	1,501,679	1,681,257

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Code		2022	2021
	Cash flows from investing activities		
B00040	Purchase of financial assets at amortized cost	($ 314,960)	($ 440,468)
B00100	Purchase of financial assets at fair value through profit/loss	(2,299,388)	(2,951,336)
B00200	Disposal of financial assets at fair value through profit/loss	2,313,430	2,970,121
B02700	Payments for property, plant and equipment (Note 27)	(1,014,627)	(1,125,733)
B02800	Proceeds from disposal of property, plant and equipment	100,793	118,774
B03700	Increase in refundable deposits	(997)	-
B03800	Refundable deposits refunded	-	685
B04500	Payments for intangible assets	(508)	(259)
B07600	Dividends received	181,359	181,359
BBBB	Net cash used in from investing activities	(1,034,898)	(1,246,857)
	Cash flows from financing activities		
C00100	Increase in short-term loans	-	800,424
C00200	Decrease in short-term loans	(950,024)	-
C00500	Proceeds from short-term bill payables	799,764	-
C00600	Repayments of short-term bill payables	-	(799,457)
C01600	Long-term loans	240,000	-
C01700	Repayment on long-term loans	-	(20,000)
C03100	Payment of guarantee deposits	(31,208)	(22,593)
C04020	Repayment of lease liabilities	(28,907)	(28,612)
C04500	Dividends paid	(505,736)	(520,186)
CCCC	Net cash used in financing activities	(476,111)	(590,424)
DDDD	Effect of exchange rate changes on cash and cash equivalents	8,770	(5,427)
EEEE	Decrease in cash and cash equivalents, net	(560)	(161,451)
E00100	Cash and cash equivalents at beginning of year	690,520	851,971
E00200	Cash and cash equivalents at end of year	$ 689,960	$ 690,520

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

Chairman: Liao, Ching-Chang Manager: Weng, Kuo-Hua Comptroller: Hsieh, Shu-Hui

Huxen Corporation and Subsidiaries
Notes to Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(Amounts Unit: NTD in Thousands, Unless Specified Otherwise)

I. Company Profile

Huxen Corporation (hereinafter referred to as the Company; the Company and entities controlled by the Company are referred to as "the Group") was established in Taipei City in August 1984. The Company's main business is the sales, import and export, repair and rental of multi-function printers, faxes and communication products.

The Company's shares have been listed and traded on the Taiwan Stock Exchange since September 2000.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

II. Date of Authorization for Financial statements and Procedures for Authorization

The accompanying consolidated financial statements were approved by the Board of Directors on March 10, 2023.

III. Application of New Standards, Amendments and Interpretations

(I) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material effect on the accounting policies of the Group.

(II) IFRSs endorsed by FSC for application starting from 2023

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendment to IAS 1 "Disclosure of Accounting Policies”	January 1, 2023 (Note1)
Amendment to IAS 8 "Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendment to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: This amendment applies to annual reporting periods beginning after January 1, 2023.

Note 2: This amendment applies to changes in accounting estimates and changes in accounting policies that occur in annual reporting periods beginning after January 1, 2023.

Note 3: The amendment applies to transactions occurring after January 1, 2022, except for the recognition of deferred income taxes on temporary differences between leases and decommissioning obligations as of January 1, 2022.

The Group has assessed that as of the publication date of this consolidated financial report, the amendments to other standards and interpretations will not have a material impact on its financial position and financial performance.

(III) IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note1)
Amendment to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 – Comparative Information”	January 1, 2023
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendment to IAS 1 "Non-current Liabilities with Covenants”	January 1, 2024

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

Note 2: Sellers and lessees should apply the amendments to IFRS 16 retroactively to sale-and-leaseback transactions entered into after the date of initial application of IFRS 16.

Up to the date of this consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance from the amendments to other standards and interpretations. The related impact will be disclosed when the Group completes its evaluation.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

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

(II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair value and net defined benefit liabilities which are measurement at the present value of the defined benefit obligations less the fair value of the 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 materiality of the inputs, are described as follows:

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

(III) Criteria for classification of current and non-current assets and liabilities

Current assets include:

1. Assets held mainly for the purpose of trading;

2. Assets expected to be realized within 12 months after the reporting period; and
3. Cash and cash equivalents (notwithstanding, those restricted for exchange or settlement of liabilities exceeding 12 months after the balance sheet date are excluded).

Current liabilities include:

1. Liabilities held mainly for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period; and
3. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

All other assets and liabilities are classified as non-current.

(IV) Basis of consolidation

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

For list, shareholding ratio and operating activities of the subsidiaries, please refer to Note 12 and Table 5 and 6 of Note 35.

(V) Foreign Currencies

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

Monetary items denominated in foreign currencies are retranslated at the closing rate on the dates of balance sheet. Exchange differences resulting from the settlement or translation of monetary items are recognized in profit/loss in the period when these differences arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit/loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

When preparing consolidated financial statements, the assets and liabilities of the foreign operations (including subsidiaries that operate in countries or use a currency different from that of the Company) are translated into New Taiwan dollars at exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognized in other comprehensive income (attributed to owners' equity or non-controlling interests).

(VI) Inventories

The inventories include merchandise and supplies. The costs of inventories are calculated by the weighted-average method, and the inventories are measured at the lower of cost or net realizable value. When comparing costs and net realizable value, the comparison is based on individual items, except for the same type of inventories. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale in normal circumstances.

(VII) Property, Plant and Equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost minus accumulated depreciation.

Depreciation of property, plant and equipment is recognized using the straight-line method and units of production method. Each material part of an item is depreciated separately. The Group reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit and loss when property, plant, and equipment are derecognized.

(VIII) Investment property

Investment properties are properties held for the purpose of earning rentals or capital appreciation, or both.

Owned investment property is initially measured at cost (including transaction costs) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation of investment property is based on the straight-line basis.

(IX) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to each of cash-generating units, or groups of cash-generating units (collectively referred to as CGUs) of the acquirer, that are expected to benefit from the synergies of the combination.

CGUs to which goodwill has been allocated is tested for impairment annually, (or when there is an indication that the unit may be impaired), by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a CGU is acquired in a business combination during the current annual period, that unit should be tested for impairment before the end of the current annual period. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit/loss. An impairment loss recognized on goodwill shall not reversed in subsequent periods.

(X) 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 life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for prospectively.

2. Derecognition

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.

(XI) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets (except goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right of use assets, investment property and intangible assets (excluding goodwill) for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated When it is not possible to estimate the recoverable amount of each asset, the asset is tested for impairment in the context of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount, with the resulting impairment loss recognized in profit/loss.

When impairment loss is reversed later, the carrying amount of the asset or CGU to the amount that can be recovered after the revision. However, the increased carrying amount shall not exceed the carrying amount (minus amortization or depreciation) determined by the asset or cash generating unit where the impairment loss was not recognized in the previous year. A reversal of an impairment loss is recognized in profit/loss.

(XII) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

On initial recognition, financial assets and financial liabilities that are not measured at fair value through profit/loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

    Regular trades of financial assets are recognized and derecognized on a trade date basis.

    (1) Measurement category

        Financial assets are classified into financial assets at fair value through profit or loss, financial assets at amortized cost and equity instruments at fair value through other comprehensive income.

        A. Financial assets at fair value through profit or loss

            Financial assets at fair value through profit or loss include financial assets at fair value through profit or loss that are required to be measured at fair value and financial assets that are designated as at fair value through profit or loss. Financial assets at fair value through profit or loss that are required to be measured at fair value include equity instrument investments not designated as at fair value through other comprehensive income or loss and debt instrument investments that do not qualify under the classification of investments measured at amortized cost or at fair value through other comprehensive income .

            Financial assets at fair value through profit or loss are measured at fair value; their dividends, interest and remeasurement gains or losses are recognized in other gains and losses. The dividends and interest generated are recognized in other income and interest income, respectively; gains or losses arising from remeasurement are recognized in other gains/losses.

        B. Financial assets at amortized cost

            The Group’s financial assets are classified as financial assets at amortized cost if both of the following conditions are met:

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

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Any exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate times the gross carrying amount of such 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 times the amortized cost of such financial assets.
b. Financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has become credit-impaired, interest income shall be calculated by applying the effective interest rate times the amortized cost balance from the next reporting period after the impairment.

Cash equivalents, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits and investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value within 3 months from the date of acquisition.

C. Investments in equity instruments at fair value through other comprehensive income

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at fair value through other comprehensive income. Designation as at fair value through other comprehensive income is permitted if the equity investment is not held for trading or if it is not a contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at fair value through other comprehensive income 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 the investments in equity instruments are recognized in profit or loss when the group that has a 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

The Group recognizes loss allowance for expected credit losses on financial assets at amortized cost on each balance sheet date.

Allowances for expected credit losses are recognized for Accounts receivables, trade receivables and lease receivables based on their lifetime. For all other financial assets, the Group recognizes lifetime expected credit loss when there has been a significant increase in credit risk since initial recognition based on the lifetime. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit loss.

Expected credit losses are the average credit losses weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from default events on a financial instrument that are possible within the 12 months after the reporting date, while the expected credit loss over the lifetime of the financial instrument represents the expected credit loss resulting from all default events on a financial instrument that are possible over the expected life.

For internal credit risk management purposes, the Group determines, without considering the collateral held, whether there is internal or external information indicating that debtors are unlikely to settle their debts, which means that the financial assets are in default.

The Group recognizes an impairment loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

(3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

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 fair value through other comprehensive income, the cumulative gain or loss is transferred directly to retained earnings, without reclassifying through profit or loss.

2. Financial liabilities

(1) Subsequent measurement

Financial liabilities are measured at the amortized costs through effective interest rate.

(2) Derecognition of financial liability

When derecognizing the financial liability, the difference between its carrying amount and the consideration (including any non-cash asset transferred or the liability borne) paid will be recognized as income.

(XIII) Revenue recognition

The Group allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

1. Revenue from merchandise sales

   Revenues from merchandise sales consist of sales of multi-function printers, faxes and communication products. When multi-functional printers, faxes and communication products are shipped to the customers' designated locations, the customers have the right to set the prices, use the products, bear the primary responsibility for re-selling the products and bear the risk of obsolescence; therefore, the Group recognizes revenue and Accounts receivables at this point of time.

2. Service revenue

   Service revenue is from equipment maintenance services, and the related revenue is recognized when the services are rendered.

(XIV) Lease

The Group assesses whether a contract is (or contains) a lease at the contract inception date.

1. The Group as lessor

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

   Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at the present value of the sum of the lease payments receivable and any unguaranteed residual value accrued plus initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. When a lease asset is derecognized, the difference between the net proceeds of disposal and the carrying amount of the asset is recognized in operating costs.

2. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for low-value leases and short-term 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 lease payments made at or before the commencement date, plus any 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. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. 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 Group 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 the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group 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 Group 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 balance sheets.

(XV) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit retirement plan.

(XVI) Income tax

Income tax expense represents the sum of the current tax and deferred tax.

1. Current income tax

Income tax payable is based on taxable profit for the year. Some of the gains and losses are taxable or deductible in other periods, or are not taxable or deductible under the applicable tax laws; therefore, the taxable income is different from the net income before income tax reported in the consolidated statements of income. The Consolidated Company's income tax-related liabilities for the current year are calculated at the statutory tax rate as of the balance sheet date.

The Group determines it's yearly income (loss) in accordance with applicable regulations of regional tax authority, and calculates the income tax payable (recoverable) accordingly.

Income tax on undistributed earnings calculated in accordance with the R.O.C. Income Tax Act is recognized in the year when the shareholders resolve to retain the earnings.

Adjustments to prior years' income tax payable are included in the current year's income tax.

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. Notwithstanding, deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax for the year

Current and deferred tax 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 tax are also recognized in other comprehensive income.

V. Major accounting judgments and key sources of estimation and uncertainty

In the application of the accounting policies, the Group is required to make judgments, estimates and assumptions about 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 to be relevant. Actual results may differ from these estimates.

The management reviews the estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Regarding the Group's accounting policies, estimates and underlying assumptions, there were no significant uncertainties in the accounting judgments, estimates and assumptions based on the assessment of the management of the Group.

VI. Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 960	$ 940
Checking accounts and demand deposits	689,000	385,500
Cash equivalent		
Time deposits with original maturities within 3 months	-	304,080
	$689,960	$690,520

The market interest rates for RMB time deposits with original maturities within 3 months as of December 31, 2021 is 2.10%.

VII. Financial assets at fair value through other comprehensive income

Investments in equity instruments measured at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Domestic listed shares		
Aurora Corporation	$2,354,641	$2,714,336
Current	$1,717,310	$1,979,647
Non-current	637,331	734,689
	$2,354,641	$2,714,336

The Group invested in the common shares of Aurora Corporation for strategic purposes and expects to earn a profit from these investments. Accordingly, the management elected to designate these investments in equity instruments as at fair value through other comprehensive income as they believe that recognizing fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments.

VIII. Financial assets at amortized cost – current

	December 31, 2022	December 31, 2021
Time deposits with original maturity more than 3 months	$771,420	$440,468

The market interest rates for RMB bank time deposits with original maturity over 3 months as of December 31, 2022 and 2021 are 3.40% to 4.10% and 3.55% to 3.74%, respectively.

Please refer to Table 1 of Note 35 for the marketable securities held as of December 31, 2022.

IX. Notes receivable and Accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable		
Lease payments	$ 922	$ 75
Total carrying amount measured at amortized cost	64,847	69,352
Less: Allowance for impairment loss	-	-
	$ 65,769	$ 69,427
Accounts receivable		
Total carrying amount measured at amortized cost	$ 86,513	$ 89,591
Less: Allowance for impairment loss	(1,357)	(830)
	$ 85,156	$ 88,761
Nonaccrual loan		
Nonaccrual loan	$ 17,864	$ 15,069
Less: Allowance for impairment loss	(17,864)	(15,069)
	$ -	$ -

Accounts receivable

The average credit period for the Group's merchandise sales is 60–90 days. To mitigate credit risk, the management of the Group assigns a dedicated team for other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Group reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses are recorded for uncollectible receivables. Accordingly, the Group's management believes that the Group's credit risk has been significantly reduced.

The Group uses the simplified approach of IFRS 9 to recognize an allowance for losses on Accounts receivables based on lifetime expected credit losses. The lifetime expected credit losses are calculated using a provision matrix, which takes into account the customer's past default history and current financial position, as well as the GDP forecast. As the Group's credit loss history shows that there is no significant difference in the loss patterns of different customer segments. Therefore, the reserve matrix does not further differentiate between customer segments, but only sets the expected credit loss rate based on the overdue days of Accounts receivables.

If there is evidence that the transaction counterparties are facing serious financial difficulties and the Group cannot reasonably expect the recoverable amount, the Group will write off the relevant Accounts receivables but will continue to pursue collection, and the collected amount will be recognized in the profit and loss.

The Group's loss allowance for Accounts receivables based on the provision matrix is as follows:

December 31, 2022

	Not past due	Past due 1–90 days	Past due Over 91 days	Total
Expected credit loss rate	0.31%	18.46%	100%	
Total carrying amount	$ 82,658	$ 3,375	$ 480	$ 86,513
Loss allowance (expected credit losses during the period)	(254)	(623)	(480)	(1,357)
Amortized cost	$ 82,404	$ 2,752	$ -	$ 85,156

December 31, 2021

	Not past due	Past due 1–90 days	Past due Over 91 days	Total
Expected credit loss rate	0.14%	10.13%	100%	
Total carrying amount	$ 86,880	$ 2,231	$ 480	$ 89,591
Loss allowance (expected credit losses during the period)	(124)	(226)	(480)	(830)
Amortized cost	$ 86,756	$ 2,005	$ -	$ 88,761

Information on the changes in the allowance for receivables (Accounts receivables, lease receivables and nonaccrual loan) is as follows:

	2022	2021
Balance – beginning of year	$ 19,100	$ 17,879
Plus: recognized impairment loss of the current year	8,597	6,588
Less: write-off in the current year	(3,284)	(5,258)
Plus (less): Foreign currency conversion difference	209	(109)
Balance – end of year	$ 24,622	$ 19,100

X. Lease receivables

	December 31, 2022	December 31, 2021
Total lease receivables		
Less than 1 year	$232,253	$214,492
More than 1 year but not more than 5 years	133,465	144,896
More than 5 years	1,722	2,479
Less: Allowance for impairment loss	(5,401)	(3,201)
	362,039	358,666
Less: Unearned finance income	(30,830)	(32,542)
Present value of minimum lease payment receivables	$331,209	$326,124
Lease receivables		
Less than 1 year	$223,848	$205,902
More than 1 year but not more than 5 years	111,326	121,347
More than 5 years	1,436	2,076
	336,610	329,325
Less: Bad debt reserve	(5,401)	(3,201)
Lease receivables	$331,209	$326,124
Current	$218,705	$203,738
Non-current	112,504	122,386
	$331,209	$326,124

The above lease receivables under operating leases of less than one year were transferred to the Group on a monthly basis from the related parties entrusted by the Group to collect the rent from the lessees. For related information, please refer to Note 30.

The Group leases multi-function printers under operating and capital leases, and all lease payments are expected to be received on the agreed schedule in accordance with the terms of the leases. To mitigate credit risk, the management of the Group assigns a dedicated team for other monitoring procedures to ensure that appropriate actions are taken to collect overdue lease receivables. In addition, the Group reviews the recoverable amounts of lease receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses are recorded for uncollectible lease receivables. Accordingly, the Group's management believes that the credit risk has been significantly reduced.

The Group uses the simplified approach of IFRS 9 to recognize an allowance for losses on lease receivable based on lifetime expected credit losses. The lifetime expected credit losses are calculated using a provision matrix, which takes into account the customer's past default history and current financial position, as well as the GDP forecast. As the Group's credit loss history shows that there is no significant difference in the loss patterns of different customer segments. Therefore, the reserve matrix does not further differentiate between customer segments, but only sets the expected credit loss rate based on the overdue days of lease receivable.

If there is evidence that the transaction counterparties are facing serious financial difficulties and the Group cannot reasonably expect the recoverable amount, the Group will write off the relevant lease receivable but will continue to pursue collection, and the collected amount will be recognized in the profit and loss.

The Group's loss allowance for lease receivables based on the provision matrix is as follows:

December 31, 2022

	Not past due	Past due 1–90 days	Past due Over 91 days	Total
Expected credit loss rate	0.00%~4.43%	7.96%~24.46%	21.03%~100%	
Total carrying amount	$ 346,836	$ 12,434	$ 8,170	$ 367,440
Loss allowance (expected credit losses during the period)	(1,865)	(1,775)	(1,761)	(5,401)
Amortized cost	$ 344,971	$ 10,659	$ 6,409	$ 362,039

December 31, 2021

	Not past due	Past due	Past due	Total

		1–90 days	Over 91 days	
Expected credit loss rate	0.40%~0.90%	4.69%~8.81%	45.95%~100%	
Total carrying amount	$ 350,064	$ 9,270	$ 2,533	$ 361,867
Loss allowance (expected credit losses during the period)	(1,051)	(82)	(2,068)	(3,201)
Amortized cost	$ 349,013	$ 9,188	$ 465	$ 358,666

XI. Inventories

	December 31, 2022	December 31, 2021
Merchandise	$146,338	$ 87,737
Supplier	56,875	47,920
Inventory in transit	4,738	312
	$207,951	$135,969

The operating costs related to inventories were NT$604,436 thousand (Including a loss of NT$291 thousand on decline in value of inventories) and NT$601,668 thousand in 2022 and 2021, respectively.

XII. Subsidiaries

(I) Subsidiaries included in consolidated financial statements

Entities included in the Group's consolidated financial statements were as follows:

			Percentage of Ownership	
Name of investor	Subsidiary name	Main Businesses	December 31, 2022	December 31, 2021
The Company	Aurora Leasing Corporation	Trading and leasing of multi-function printers	100%	100%
The Company	Huxen (China) Co., Ltd.	Maintenance and lease of multi-function printers	70%	70%

Aurora Leasing Corporation

Aurora Leasing Corporation (hereinafter referred to as Aurora Leasing Corporation.) was established on January 15, 1986 under the approval of the Ministry of Economic Affairs with the original name of "Chien Hsing Co., Ltd." In May 2006, the Company's name was changed to Aurora Leasing Corporation. and at the same time, the main business items were changed to the following: (1) Leasing business. (II) Wholesale, retail and service of multi-function printers (III) Wholesale, retail and service of computer software;

developing capital type and operating type office equipment leasing business proactively.

Huxen (China) Co., Ltd.

Huxen (China) Co., Ltd. (hereinafter referred to as Huxen (China)), a foreign investment limited company established in November 2012 in Shanghai, China, is mainly engaged in the business of sales, maintenance services and leasing of multi-function printers. The main operating risks are the political risk arising from the changes in governmental regulations and cross-strait relations, and exchange risk.

(II) Subsidiaries excluded from the consolidated financial statements: None

(III) Details of subsidiaries that have material non-controlling interests

Subsidiary name	Principal place of business.	Proportion of ownership and voting rights held by non-controlling interests	
		December 31, 2022	December 31, 2021
Huxen (China)	Shanghai, China	30%	30%

Subsidiary name	Profit/loss allocated to non-controlling interests		Non-controlling interests	
	2022	2021	December 31, 2022	December 31, 2021
Huxen (China)	$ 22,621	$ 16,712	$686,077	$653,893

The summarized financial information of Huxen (China) represents amounts before intragroup eliminations.

Huxen (China)

	December 31, 2022	December 31, 2021
Current assets	$1,554,942	$1,328,730
Non-current assets	1,036,428	1,183,633
Current liabilities	(21,466)	(18,517)
Non-current liabilities	(282,980)	(314,202)
Equity	$2,286,924	$2,179,644
Equity attributable to:		
owners of the Company	$1,600,847	$1,525,751
Non-controlling interests of Huxen (China)	686,077	653,893
	$2,286,924	$2,179,644

	2022	2021
Operating revenue	$1,133,489	$1,817,878
Net income for the period	$ 75,404	$ 55,707
Other comprehensive income	31,876	(16,086)
Total comprehensive income	$ 107,280	$ 39,621

Profit attributable to:		
owners of the Company	$ 52,783	$ 38,995
Non-controlling interests of Huxen (China)	22,621	16,712
	$ 75,404	$ 55,707
Total comprehensive income attributable to:		
owners of the Company	$ 75,096	$ 27,735
Non-controlling interests of Huxen (China)	32,184	11,886
	$ 107,280	$ 39,621

(IV) For the main businesses, principal place of business and registered nationalities information of the above subsidiaries, please refer to Tables 5 and 6 of Note 35.

XIII. Other current assets

	December 31, 2022	December 31, 2021
Tax overpaid retained for offsetting the future tax payable	$149,225	$187,082
Others	1,264	1,181
	$150,489	$188,263

XIV. Property, plant and equipment

	December 31, 2022	December 31, 2021
Assets for own use	$ 18,799	$ 19,642
Assets for operating leases	2,513,809	2,690,191
	$2,532,608	$2,709,833

(I) Assets for own use

	Own land	House and buildings	Office equipment	Total
Cost				
Balance, January 1, 2022	$ 11,927	$ 9,946	$ 6,694	$ 28,567
Additions	-	-	685	685
Inventories transferred to property, plant and equipment	-	-	30	30
Disposals	-	-	(3,061)	(3,061)
Balance, December 31, 2022	11,927	9,946	4,348	26,221
Accumulated depreciation				
Balance, January 1, 2022	-	4,855	4,070	8,925
Depreciation expense	-	177	1,381	1,558
Disposals	-	-	(3,061)	(3,061)
Balance, December 31, 2022	-	5,032	2,390	7,422
Carrying amounts, December 31, 2022	$ 11,927	$ 4,914	$ 1,958	$ 18,799
Cost				
Balance, January 1, 2021	$ 11,927	$ 9,946	$ 7,640	$ 29,513
Additions	-	-	955	955
Disposals	-	-	(1,901)	(1,901)
Balance, December 31, 2021	11,927	9,946	6,694	28,567
Accumulated depreciation				
Balance, January 1, 2021	-	4,677	4,354	9,031
Depreciation expense	-	178	1,612	1,790
Disposals	-	-	(1,896)	(1,896)
Balance, December 31, 2021	-	4,855	4,070	8,925
Carrying amounts, December 31, 2021	$ 11,927	$ 5,091	$ 2,624	$ 19,642

There is no indication of impairment in the 2022 and 2021 assessments.

Depreciation expenses are recognized on a straight-line method based on the following useful lives:

Houses and buildings	55 years
Office equipment	1–5 years

(II) Office equipment – operating lease

	2022	2021
Cost		
Balance – beginning of year	$5,604,090	$6,046,156
Additions	1,008,174	1,120,830
Inventories transferred to property, plant and equipment	268,756	281,836
Property, plant and equipment transferred to inventories	(72,539)	(66,883)
Disposals	(1,539,817)	(1,759,123)
Effects of exchange rate	31,892	(18,726)
Balance – end of year	5,300,556	5,604,090
Accumulated depreciation		
Balance – beginning of year	2,913,899	3,131,143
Depreciation expense	1,173,094	1,253,999
Property, plant and equipment transferred to inventories	(66,886)	(59,280)
Disposals	(1,247,355)	(1,403,941)
Effects of exchange rate	13,995	(8,022)
Balance – end of year	2,786,747	2,913,899
Carrying amounts – end of year	$2,513,809	$2,690,191

The Group leases business machines under operating leases; the lease terms are from 1 to 6 years. At the end of the lease period, lessees do not have bargain purchase options for the leased multi-function printers.

The total future lease payments to be received under operating leases (excluding paper-based revenue) are as follows:

	December 31, 2022	December 31, 2021
Year 1	$1,138,695	$1,229,880
Year 2	864,110	920,842
Year 3	594,129	619,623
Year 4	399,390	398,627
Year 5	268,977	275,840
More than 5 years	21,153	21,058
	$3,286,454	$3,465,870

Depreciation expenses are recognized on a straight-line method based on the following useful lives:

Lease assets (multi-function printers)	
Used machines	1–2 years
New machines	3–7 years

XV. Lease arrangements

(I) Right-of-use assets

	2022		
	Land and buildings	Vehicles	Total
Cost			
Balance – beginning of year	$ 59,731	$ 5,091	$ 64,822
Additions	11,818	1,508	13,326
Disposals	(5,903)	(1,564)	(7,467)
Balance – end of year	65,646	5,035	70,681
Accumulated depreciation			
Balance – beginning of year	9,802	2,360	12,162
Depreciation expense	26,536	2,007	28,543
Disposals	(5,903)	(1,564)	(7,467)
Balance – end of year	30,435	2,803	33,238
Carrying amounts – end of year	$ 35,211	$ 2,232	$ 37,443

	2021		
	Land and buildings	Vehicles	Total
Cost			
Balance – beginning of year	$ 48,956	$ 4,746	$ 53,702
Additions	58,074	2,121	60,195
Disposals	(47,299)	(1,776)	(49,075)
Balance – end of year	59,731	5,091	64,822
Accumulated depreciation			
Balance – beginning of year	16,445	2,137	18,582
Depreciation expense	27,154	1,999	29,153
Disposals	(33,797)	(1,776)	(35,573)
Balance – end of year	9,802	2,360	12,162
Carrying amounts – end of year	$ 49,929	$ 2,731	$ 52,660

(II) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amounts of lease liabilities		
Current	$23,848	$24,667
Non-current	$13,797	$28,559

Range of discount rate for lease liabilities was as follows:

	December 31, 2022	December 31, 2021
Buildings	0.702%~0.886%	0.778%~0.886%
Vehicles	0.702%~0.829%	0.778%~0.829%

(III) Material leasing activities and terms – as lessee

The Group leases land, buildings and vehicles for operating purposes for periods ranging from one to six years. Upon termination of the lease period, the Group does not have bargain purchase options to acquire the leased vehicles and business premises.

(IV) Other lease information

For the Group's properties, plant and equipment, and investment properties leased out under operating leases, please refer to Note 14 and Note 16 respectively; for the assets leased out under finance leases, please refer to Note 10.

	2022	2021
Total cash outflow for leases		
-Principal repayment	($28,907)	($28,612)
-Interest payments	(341)	(257)
	($29,248)	($28,869)

Lease commitments for the lease period commencing after the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Lease commitment	$ 2,782	$ 3,299

XVI. Investment properties

	Land	Houses and buildings	Total
Cost			
Balance, January 1, 2022	$ 188,071	$ 106,795	$ 294,866
Balance, December 31, 2022	188,071	106,795	294,866
Accumulated depreciation			
Balance, January 1, 2022	-	59,326	59,326
Depreciation expense	-	3,541	3,541
Balance, December 31, 2022	-	62,867	62,867
Carrying amounts, December 31, 2022	$ 188,071	$ 43,928	$ 231,999
Cost			
Balance, January 1, 2021	$ 188,071	$ 106,795	$ 294,866
Balance, December 31, 2021	188,071	106,795	294,866
Accumulated depreciation			
Balance, January 1, 2021	-	55,784	55,784
Depreciation expense	-	3,542	3,542
Balance, December 31, 2021	-	59,326	59,326
Carrying amounts, December 31, 2021	$ 188,071	$ 47,469	$ 235,540

The lease periods for investment properties are 4 to 5 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

The total lease payments to be received in the future for investment property leased under operating leases are as follows:

	December 31, 2022	December 31, 2021
Year 1	$ 13,552	$ 13,553
Year 2	12,049	13,552
Year 3	8,748	12,049
Year 4	-	8,748
Year 5	-	-
	$ 34,349	$ 47,902

Depreciation expenses are recognized on a straight-line method based on the following useful lives:

Main Buildings	55 years
Decoration works	5-10 years

For the amount of investment property pledged as collateral for loans, please refer to Note 31.

The fair values of investment properties were evaluated by the management itself based on local market information as follows:

	December 31, 2022	December 31, 2021
Fair values	$371,750	$412,938

XVII. Intangible assets

(I) Goodwill

	December 31, 2022	December 31, 2021
Carrying amount		
Goodwill	$238,979	$238,979

There is no indication of impairment of goodwill in 2022 and 2021.

(II) Other intangible assets

	December 31, 2022	December 31, 2021
Computer software	$ 600	$ 404

	2022	2021
Cost		
Balance – beginning of year	$ 734	$ 719
Additions	508	259
Disposals	(93)	(244)
Balance – end of year	1,149	734
Accumulated amortization		
Balance – beginning of year	330	209
Amortization expense	312	365
Disposals	(93)	(244)
Balance – end of year	549	330
Carrying amounts – end of year	$ 600	$ 404

There is no indication of impairment of the assets listed above in 2022 and 2021.

Amortization expenses are recognized on a straight-line method for periods of 1–3 years.

XVIII. Borrowings

(I) Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings		
－Line of credit borrowings	$ 650,000	$1,550,000
－Inventory financing	-	50,024
	$ 650,000	$1,600,024
Credit loan		
NTD	1.455%-1.80%	0.70%-0.78%
Inventory financing		
USD	-	0.62%-0.70%

(II) Short-term bills payable

December 31, 2022

Guarantor/ accepting institution	Face amount	Discount amount	Carrying amount	Interest rate range	Name of collateral
Commercial Paper payable					
Dah Chung Bills Finance	$ 280,000	($ 51)	$ 279,949	1.928%-1.998%	None
Taiwan Finance	200,000	(27)	199,973	1.928%-2.058%	None
Mega Bills	200,000	(43)	199,957	1.928%-1.958%	None
Bank of Taiwan	200,000	(120)	199,880	1.820%	None
	$ 880,000	($ 241)	$ 879,759		

December 31, 2021

Guarantor/ accepting institution	Face amount	Discount amount	Carrying amount	Interest rate range	Name of collateral
Commercial Paper payable					
Dah Chung Bills Finance	$ 80,000	($ 5)	$ 79,995	0.785%	None

(III) Long-term loans

	December 31, 2022	December 31, 2021
Secured loans		
Bank loans	$440,000	$ -
Unsecured loans		
Bank loans	300,000	500,000
	$740,000	$500,000

The bank loans are secured by pledges of the Group's own land and buildings and the issuance of guarantee notes (see Notes 31 and 32), which bear interest at floating rates. As of December 31, 2022, the effective interest rate is 1.50% per annum, with interest payable monthly and principal repaid at maturity.

The unsecured loans were borrowed from banks at floating interest rates. The effective interest rates as of December 31, 2022 and 2021 are 1.48% and 0.71% to 0.825% per annum, respectively, with interest payable monthly. The principal amount of the loan as of December 31, 2021 was repaid in 2022 and then renewed.

XIX. Accounts payable

The average payment period is 2 months, and the Group has established a financial risk management policy to ensure that all payables are repaid within the agreed credit periods.

XX. Other liabilities

	December 31, 2022	December 31, 2021
Other payables		
Salaries and bonuses payable	$ 53,807	$ 56,621
Commission payables	6,414	5,873
Remuneration payables	6,112	6,524
Tax payables	6,088	7,038
Leave payment payables	418	254
Others	17,100	18,018
	$ 89,939	$ 94,328
Other current liabilities		
Temporary receipts	$ 32,337	$ 28,113
Temporary tax receipts – financial lease	8,851	9,535
Others	5,987	7,651
	$ 47,175	$ 45,299

XXI. Retirement benefit plans

(I) Defined contribution plans

The Company and subsidiaries of the Group adopted a pension plan under the Labor Pension Act, which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

(II) Defined benefit plans

The Company's pension plan under the Labor Standards Act is a defined benefit pension plan administered by the government. Employees' pension payments are calculated based on the service years and average salary for the six months prior to the approved retirement date. The Group contributes 5% of the employees' monthly salaries to the pension fund, which is deposited in the name of the Supervisory Committee of Business Entities' Labor Retirement Reserve in a special account at the Bank of Taiwan. Before the end of the year, the difference will be contributed in one lump sum by the end of March of the following year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Group has no right to influence the pension fund investment policy and strategy.

The amounts included in the consolidated balance sheets on of the Group's defined benefit plans were as follows:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligation	$169,977	$191,390
Fair value of plan assets	(20,388)	(23,820)
Net defined benefit liabilities	$149,589	$167,570

Changes in net defined benefit liability (assets) were as follows:

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2022	$ 191,390	($ 23,820)	$ 167,570
Service cost			
Current service cost	189	-	189
Interest expense (income)	1,196	(166)	1,030
Recognized in profit or loss	1,385	(166)	1,219
Remeasurement			
Return on plan assets (excluding interest income calculated at discount rate)	-	(1,492)	(1,492)
Actuarial loss – changes in demographic assumptions	193	-	193
Actuarial loss – changes in financial assumptions	(9,053)	-	(9,053)
Actuarial gain – experience adjustments	(3,786)	-	(3,786)
Recognized in other comprehensive income	(12,646)	(1,492)	(14,138)
Contributions from the employer	-	(5,062)	(5,062)
Payment of benefits	(10,152)	10,152	-
December 31, 2022	$ 169,977	($ 20,388)	$ 149,589
January 1, 2021	$ 191,960	($ 9,303)	$ 182,657
Service cost			
Current service cost	271	-	271
Interest expense (income)	960	(60)	900
Recognized in profit or loss	1,231	(60)	1,171
Remeasurement			
Return on plan assets (excluding interest income calculated at discount rate)	-	(161)	(161)
Actuarial loss – changes in demographic assumptions	5,156	-	5,156
Actuarial loss – changes in financial assumptions	(2,174)	-	(2,174)
Actuarial gain – experience adjustments	(3,854)	-	(3,854)
Recognized in other comprehensive income	(872)	(161)	(1,033)
Contributions from the employer	-	(15,225)	(15,225)
Payment of benefits	(929)	929	
December 31, 2021	$ 191,390	($ 23,820)	$ 167,570

The Group is exposed to the following risks as a result of the Labor Standards Act pension scheme:

1. Investment risk: The Bureau of Labor Funds of the Ministry of Labor invests the Labor Retirement Fund in domestic and foreign equity and debt securities and bank deposits at its own discretion and on a discretionary basis, provided that the amount of the Group's plan assets to be allocated is based on the earnings at an interest rate not less than the local bank's two-year time deposit rate.
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 by reference to the future salaries of plan participants. Hence, an increase in the salary 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 in the actuarial valuations were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.250%	0.625%
Long-term average salary adjustment rate	2.000%	2.000%

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

	December 31, 2022	December 31, 2021
Discount rate		
0.25% increase	($ 3,434)	($ 4,347)
0.25% decrease	$ 3,539	$ 4,490
Expected rate of salary increase		
0.25% increase	$ 3,449	$ 4,352
0.25% decrease	($ 3,364)	($ 4,235)

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

	December 31, 2022	December 31, 2021
Expected contributions to the plan within one year	$ 4,959	$ 5,473
Average duration of the defined benefit obligation	8.2 years	9.2 years

XXII. Equity

(I) Capital stock

Common stock

	December 31, 2022	December 31, 2021
Number of shares authorized (in thousands)	190,000	190,000
Shares authorized	$1,900,000	$1,900,000
Number of shares issued and fully paid (in thousands)	144,496	144,496
Issued capital stock	$1,444,960	$1,444,960

(II) Capital surplus

	December 31, 2022	December 31, 2021
Capital surplus which can be used to offset losses, to distribute cash dividends or to supply share capital (1)		
Capital surplus from merger	$ 36,172	$ 36,172
Capital surplus which can only be used to offset losses		
Dividends unclaimed by shareholders with claim period elapsed	1,490	1,490
Changes in ownership interests in subsidiaries (2)	4,981	4,981
	$ 42,643	$ 42,643

1. Such capital surplus may be used to offset a deficit, in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital. However, the capital contributions shall be limited to a certain percentage of the paid-in capital each year.
2. This type of capital surplus represents the effect of equity transactions recognized for changes in the Company's equity when the Company has not actually acquired or disposed of shares in a subsidiary or adjustments to the capital surplus recognized by the equity method for the Company's subsidiaries.

(III) Retained earnings and dividend policy

The Company's shareholders' meeting on June 8, 2022 resolved to amend the Articles of Incorporation. The Board of Directors is authorized to resolve, with at least two-thirds of the directors present and the consent of a majority of the directors, that all or part of the dividends and bonuses, capital surplus or legal reserve to be distributed shall be paid in cash and reported to the shareholders' meeting.

In accordance with the provisions of the Company's earnings distribution policy prior to the amendment of the Articles of Incorporation, appropriation for legal reserve should be made at 10% of annual net income, less any statutory tax payables and accumulated deficit. From the remainer of the net income, appropriation for special reserve will be made based on relevant laws and regulations. After setting aside the special surplus reserve, the Board of Directors shall prepare a proposal for distribution of earnings and submit it to the shareholders' meeting for resolution to distribute dividends to shareholders. For the policy of employee remuneration estimation and distribution, please refer to Note 24(6) Employee Remuneration.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company’s paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may be transferred to capital or distributed in cash.

When special reserve is provided for the net decrease in other equity accumulated in prior periods, only the undistributed earnings of prior periods are provided for.

The Company's industry is now in a stable growth stage, and its capital requirements have been eased; as a result, the Company will endeavor to return operating results to its shareholders in the future. In consideration of the Company's business development, capital and financial position, the balance between capital expansion and shareholders' equity, the Company adopts a dividend policy based on a combination of stock dividends and cash dividends, of which the ratio of cash dividends shall not be less than 10% of the amount of dividends distributed in the year.

The appropriation of earnings for 2021 and 2020 had been approved by the shareholders' meeting on June 18, 2022 and July 14, 2021, respectively. The appropriations were as follows:

	Appropriation of earnings		Dividends per share ($)	
	2021	2020	2021	2020
Legal reserve	$ 55,028	$ 56,578		
Cash dividends	505,736	520,186	$ 3.5	$ 3.6

The appropriation of earnings for 2022 had been approved by the meeting of board of directors on March 10, 2023. The appropriations were as follows:

	Appropriation of earnings	Dividends per share ($)
Legal reserve	$ 57,249	
Cash dividends	520,186	$ 3.6

The appropriation of earnings for 2022 will be resolved by the shareholders' meeting to be held on June 16, 2023.

(IV) Others equity

	December 31, 2022	December 31, 2021
Exchange differences on translation of foreign operation's financial statements	($ 119,944)	($ 142,257)
Unrealized valuation gains/loss from financial assets measured at fair value through other comprehensive income	1,065,108	1,424,803
	$ 945,164	$1,282,546

1. Exchange differences on translating foreign operation’s financial statements

   Exchange differences arising from the translation of the net assets of foreign operations from their functional currency into the presentation currency of the Group (“NTD”) are recognized directly as exchange differences on translating the financial statements of foreign operations under other comprehensive income. The accumulated exchange differences on translating the financial statements of foreign operations will be reclassified to profit or loss when the foreign operating companies are disposed of.

2. Unrealized gain/loss on financial assets at fair value through other comprehensive income

	2022	2021
Balance – beginning of year	$1,424,803	$1,397,599
Generated in the current year		
Unrealized gains or losses		
Equity instruments	(359,695)	27,204
Other comprehensive income in the current year	(359,695)	27,204
Balance – end of year	$1,065,108	$1,424,803

XXIII. Revenue

Disaggregation of revenue

Product type	2022	2021
Lease	$1,969,375	$2,675,780
Machine rental revenue, paper-based revenue, etc.	599,757	601,380
Multi-function printers, peripherals and consumables	624,497	606,628
	$3,193,629	$3,883,788

Region	2022	2021
Asia	$3,193,629	$3,883,788

XXIV. Net income

(I) Other income

	2022	2021
Lease revenue		
Lease revenue from operating leases –investment property	$ 16,103	$ 15,983
Dividend income	181,359	181,359
Miscellaneous income	12,440	14,460
	$209,902	$211,802

(II) Other gains and losses

	2022	2021
Financial assets mandatorily classified as at fair value through profit or loss	$ 14,042	$ 18,785
Loss on disposal of property, plant and equipment	-	(4)
Gain from lease modifications	-	73
Net foreign exchange gain (loss)	(608)	400
Others	(4,273)	(5,794)
	$ 9,161	$ 13,460

(III) Finance costs

	2022	2021
Interest on bank loans	$ 22,632	$ 13,475
Interest on lease liabilities	341	257
Accrued interest on guarantee deposits	32	32
	$ 23,005	$ 13,764

(IV) Depreciation and amortization

	2022	2021
Property, plant and equipment	$1,174,652	$1,255,789
Right-of-use asset	28,543	29,153
Investment property	3,541	3,542
Intangible asset	312	365
	$1,207,048	$1,288,849

	2022	2021
Summary of depreciation by functions		
Operating costs	$1,173,094	$1,253,999
Operating expenses	30,101	30,943
Non-operating expenses and losses	3,541	3,542
	$1,206,736	$1,288,484
Summary of amortization by functions		
Operating expenses	$ 312	$ 365

(V) Employee benefit expense

	2022	2021
Short-term employee benefits	$324,913	$327,139
Retirement benefit (Note21)		
Defined contribution plans	12,946	13,114
Defined benefit plans	1,219	1,171
Total employee benefit expenses	$339,078	$341,424
Summary by Function		
Operating expenses	$339,078	$341,424

(VI) Remuneration to employees

In accordance with the Company's Articles of Incorporation, the Company appropriates 1% to 10% of the pre-tax income before the distribution of employee remuneration for the year. The remuneration to employees for 2022 and 2021 were resolved by the Board of Directors on March 10, 2023 and March 14, 2022, respectively, as follows:

Estimated ratio

	2022	2021
Remuneration to employees	1%	1%

Amount

	2022	2021
Remuneration to employees	$ 6,166	$ 6,012

If there is any change in the annual consolidated financial statements after the date of adoption, the change in accounting estimate will be treated as an adjustment in the following year.

There was no difference between the actual amount of remuneration to employees for 2021 and 2020, and the amount recognized in the 2021 and 2020 consolidated financial statements.

Information on the remuneration to employees by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

XXV. Income Tax

(I) Major components of tax expense (gain) recognized under profit or loss

	2022	2021
Current tax		
Current tax expense recognized in the current year	$105,503	$100,809
Income tax adjustments on prior years	(838)	(864)
Surtax on undistributed retained earnings	279	-
	104,944	99,945
Deferred income tax		
Current tax expense recognized in the current year	1,743	1,684
Income tax expense recognized in profit or loss	$106,687	$101,629

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	2022	2021
Net income before income tax	$690,483	$667,797
Income tax expense calculated at the statutory rate	$138,096	$133,559
Nondeductible expenses in determining taxable income	265	746
Tax-exempt income	(36,275)	(36,272)
Effect of different tax rates of entities in the Group operating in other jurisdictions	5,015	3,765
Adjustments for prior years' tax in the current year	(838)	(864)

Surtax on undistributed retained earnings	279	-
Unrecognized deductible temporary differences	145	695
Income tax expense recognized in profit or loss	$106,687	$101,629

The tax rate applicable to the subsidiary in mainland China is 25%.

(II) Income tax expense recognized in other comprehensive income

	2022	2021
Deferred income tax		
Re-measurement of defined benefit plans in respect of the current year	$ 2,828	$ 207

(III) Current tax liabilities

	December 31, 2022	December 31, 2021
Current tax liabilities		
Income tax payables	$ 46,687	$ 49,983

(IV) Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows

2022

Deferred tax assets	Balance – beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Effects of exchange rate	Balance – end of year
Temporary differences					
Deferred revenue	$ 19,897	($ 2,246)	$ -	$ -	$ 17,651
Allowance for losses	3,964	1,444	-	51	5,459
Allowance for inventory write-down	689	(8)	-	-	681
Leave payment payables	51	34	-	-	85
Book-tax difference in pensions	2,093	(769)	-	-	1,324
Defined benefit plans	21,382	-	(2,828)	-	18,554
Unrealized exchange losses	72	(22)	-	-	50
	$ 48,148	($ 1,567)	($ 2,828)	$ 51	$ 43,804

Deferred income tax liabilities	Balance – beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance – end of year
Temporary differences				
Lease receivables	$ 1,425	$ 176	$ -	$ 1,601

2021

Deferred tax assets	Balance – beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Effects of exchange rate	Balance – end of year
Temporary differences					
Deferred revenue	$17,970	$ 1,927	$ -	$ -	$19,897
Allowance for losses	3,733	258	-	(27	3,964
Allowance for inventory write-down	683	6	-	-	689
Leave payment payables	136	(85)	-	-	51
Book-tax difference in pensions	4,904	(2,811)	-	-	2,093
Defined benefit plans	21,589	-	(207)	-	21,382
Unrealized exchange losses	8	64	-	-	72
	$49,023	($ 641)	($ 207)	($ 27	$48,148

Deferred income tax liabilities	Balance – beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance – end of year
Temporary differences				
Lease receivables	$ 382	$ 1,043	$ -	$ 1,425

(V) Amount of temporary differences in unrecognized deferred income tax liabilities related to investments

As of December 31, 2022 and 2021, the taxable temporary differences related to the investment in subsidiaries not recognized as deferred income tax liabilities amounted to NT$75,071 thousand and NT$64,514 thousand, respectively.

(VI) Income tax assessment

The corporate income tax of the Company and its subsidiaries have been assessed by the Tax Authorities. There is no difference between the assessment result and the filing. The assessment years are as follows.

	Assessment year
The Company	2020
Aurora Leasing Company	2020

XXVI. Earnings per Share

Net income and weighted average number of common shares used for calculation of earnings per share are as follows:

Net income for the period

	2022	2021
Net income attributable to owners of the Company	$561,175	$549,456

Number of shares

Unit: Thousands of shares

	2022	2021
Weighted average number of common shares used for calculation of basic earnings per share	144,496	144,496
Effect of potentially dilutive common shares:		
Remuneration to employees	153	216
Weighted average number of common shares used for calculation of diluted earnings per share	144,649	144,712

If the Company chooses to offer employee compensation or share profits in the form of cash or stock, while calculating diluted earnings per share, and assuming that the compensation is paid in the form of stock, the dilutive potential common shares will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilutive effect of such potential common shares shall continue to be considered when calculating diluted earnings per share before the number of shares to be distributed as employee compensation is approved in the following year.

XXVII. Non-cash transactions

The Group's transactions of investing activities for the acquisition of property, plant and equipment in 2022 and 2021 that also affect cash and non-cash items are as follows.

	2022	2021
Payments for property, plant and equipment	$1,008,859	$1,121,785
Add: Decrease in payables in equipment (recognized as accounts payable – related parties and other payables)	5,768	3,948
Cash paid for acquisition of	$1,014,627	$1,125,733

property, plant and equipment		
Inventories transferred to property, plant and equipment	$ 268,786	$ 281,836
Property, plant and equipment transferred to inventories	$ 5,653	$ 7,603

XXVIII. Capital risk management

The Group manages capital management under the precondition for sustainable development to ensure that it is able to maximize the benefit for its shareholders by optimizing debt and equity.

The management reviews the capital structure of the Group from time to time in light of the economic environment and business considerations. According to the management's opinions and statutory requirements, the Group balances the overall capital structure through the payment of dividends, issuance of shares, and financing.

XXIX. Financial instruments

(I) Information on fair value

1. Financial instruments not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair value.

2. Financial instruments measured at fair value on a recurring basis

The following financial instruments of the Group have an observable level of fair value in Level 1.

	December 31, 2022	December 31, 2021
Financial assets measured at fair value through other comprehensive income		
Investments in equity instruments		
-Domestic listed securities	$2,354,641	$2,714,336

There were no transfers between Level 1 and Level 2 fair value measurements in 2022 and 2021.

(II) Types of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at amortized cost (Note 1)	$1,635,234	$1,334,590
Financial assets measured at fair value through other comprehensive income – investments in equity instruments	2,354,641	2,714,336
Financial liabilities		
Measured at amortized cost (Note 2)	2,781,564	2,723,750

Note 1: The balance includes cash and cash equivalents, financial assets at amortized cost – current, Accounts receivables (excluding lease receivables), other receivables, refundable deposits, and other financial assets at amortized cost.

Note 2: The balance includes short-term loans, short-term notes and bills payable, accounts payable, other payables (excluding employee benefits payable and business tax payable), long-term loans, guarantee deposits received, and other financial liabilities at amortized cost.

(III) Financial risk management objectives and policies

The main financial instruments of the Group include equity instrument investments, Accounts receivable, accounts payable, loans, and lease liabilities. The financial management department of the Group provides services to each business division, coordinates domestic and international market operations, supervises and manages financial risks related to the operation of the Group by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risk includes market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk.

1. Market risk

The main financial risks the Group is exposed to in the business activities are foreign exchange risk, interest rate risk and other price risk.

Market risk in relation to the Group’s financial instruments and its management and measurement approaches remain unchanged.

(1) Exchange risk

For the monetary assets and liabilities of the Group denominated in non-functional currencies on the balance sheet date (includes monetary items offset in the consolidated financial statements that are not denominated in functional currency), please refer to Note 34.

Sensitivity analysis

The Group is mainly impacted by the exchange rate fluctuations in USD.

The sensitivity analysis below Indicates the amount of decrease/increase in net income before tax arising from foreign exchange losses/gains on net monetary assets and liabilities when the New Taiwan dollar (functional currency) against each foreign currency appreciated by 3% for the years ended December 31, 2022 and 2021. When the New Taiwan dollar depreciated, its impact on net income before tax was the reverse equivalent amount. The foregoing sensitivity rate of 3% is used internally when foreign exchange risk is reported to the management. It also represents the management’s assessment on the reasonably possible scope of foreign exchange rates.

	Impact of USD	
	2022	2021
Gian or loss	($ 612)	$ 1,501

The effect of the above gains and losses mainly resulted from the valuation of U.S. dollar-denominated demand deposits and purchase loans that were outstanding and not cash flow hedged at the balance sheet date of the Consolidated Company. The Consolidated Company's sensitivity to the U.S. dollar exchange rate decreased during the year, mainly due to the increase in net assets held in U.S. dollars.

(2) Interest rate risk

The carrying amounts of financial assets and financial liabilities of the Group exposed to interest rate risk on the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
- Financial liabilities	$ 917,404	$ 133,221
Cash flow interest rate risk		
- Financial assets	1,413,237	1,111,764
- Financial liabilities	740,000	500,000

<u>Sensitivity analysis</u>

The sensitivity analysis below is prepared based on the risk exposure of non-derivative instruments to the interest rates at balance sheet date. The rate of change adopted is 25 basis points increase/decrease in the interest rate, which also represents the management’s assessment on the reasonably possible scope of the interest rate.

If interest rates were to increase/decrease by 25 basic points, with all other variables held constant, the Consolidated Company's net income before income taxes would increase/decrease by NT$1,683 thousand and NT$1,529 thousand in 2022 and 2021, respectively, mainly due to the exposure to interest rate risk on demand deposits and long-term borrowings of the Consolidated Company.

(3) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities.

<u>Sensitivity analysis</u>

The following sensitivity analysis was performed based on the risk exposure of equity prices as of the balance sheet date.

If the equity price increases/decreases by 5%, other comprehensive income before income tax will increase/decrease by NT$117,732 thousand and NT$135,717 thousand in 2022 and 2021, respectively, due to the change in fair value of financial assets measured at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to risk that causes the financial loss of the Company due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Group's largest credit risk exposure from a counterparty's failure to fulfill obligations came from the carrying amount of financial assets recognized in the consolidated balance sheets.

The Group uses obtainable financial information and past transaction records to grade main customers while monitoring its credit risk exposure and credit ratings of the counterparties constantly.

The Group's credit risk is not concentrated in the Group's major customers, except for related parties.

3. Liquidity risk

The Group supports the operations and reduces the impact of fluctuating cash flows by managing and maintaining sufficient cash and cash equivalents. The management of the Group supervises the use of the credit line from banks and ensures compliance with the terms of the loan contracts.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to repay.

December 31, 2022

	Weighted average effective rate (%)	Payment on sight or within 1 month	1–3 months	3–12 months	1–5 years
Non-derivative financial liabilities					
Zero-interest-bearing liabilities		$ 21,301	$ 202,195	$ 1,189	$ 287,120
Lease liabilities		2,342	4,440	17,252	13,896
Variable-rate instruments	1.06%	-	-	-	740,000
Instruments with fixed interest rates	1.01%	499,871	729,888	300,000	-
		$ 523,514	$ 936,523	$ 318,441	$1,041,016

December 31, 2021

	Weighted average effective rate (%)	Payment on sight or within 1 month	1–3 months	3–12 months	1–5 years
Non-derivative financial liabilities					
Zero-interest-bearing liabilities		$ 9,375	$ 214,476	$ 2,118	$ 317,762
Lease liabilities		2,228	4,285	18,432	28,694
Variable-rate instruments	0.74%	-	-	-	500,000
Instruments with fixed interest rates	0.77%	1,031,301	299,995	348,723	-
		$1,042,904	$$518,756	$ 369,273	$ 846,456

Line of credit

	December 31, 2022	December 31, 2021
Unsecured banking facilities		
- Amount utilized	$1,875,959	$2,222,411
- Amount not utilized	4,157,041	4,099,589
	$6,033,333	$6,322,000
Secured banking facilities		
- Amount utilized	$ 440,000	$ -
- Amount not utilized	60,000	428,000
	$ 500,000	$ 428,000

XXX. Related party transactions

Transactions, balances, gains and losses between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are, therefore, not disclosed in this note. Details of transactions between the Group and its related parties are disclosed below.

(I) Names and relations of related parties

Name of related party	Relationship with the Group
Aurora Corporation (Aurora)	Investor of significant influence
Aurora Development Corp. (Aurora Development)	Other related party
Aurora Holdings Incorporated (Aurora Holdings)	Other related party
Aurora Telecom Corporation (Aurora Telecom)	Other related party
Aurora Office Automation Corporation (Aurora Office Automation)	Other related party
Aurora Office Automation Sales Co., Ltd. Shanghai (AOA)	Other related party
Aurora Home Furniture Co., Ltd. (Aurora Home)	Other related party
Aurora Museum	Other related party
Aurora Office Equipment Co., Ltd. Shanghai (AOE)	Other related party
Aurora (China) Co., Ltd. (AOF)	Other related party
General Integration Technology Co., Ltd. (General Integration)	Other related party
KM Developing Solutions Co., Ltd. (KM Developing)	Other related party
Aurora (Jiangsu) Enterprise Development Co., Ltd. (Aurora Jiangsu)	Other related party
Aurora Interior Design Co., Ltd. (Aurora Interior Design)	Other related party
Chen Yung Tai Sustainability Foundation (formerly AURORA Sustainability Foundation) (Sustainability Foundation)	Other related party

(II) Operating revenue

Type/name of related party	2022	2021
Other related party	$ 4,143	$ 4,236
Investor of significant influence	797	150
	$ 4,940	$ 4,386

Sales by the Group to related parties are made based on the market price, with payments collected within 1-2 month.

(III) Purchase of goods

Type/name of related party	2022	2021
AOA	$389,593	$955,697
Investor of significant influence	5,947	7,201
Other related party	2,684	1,595
	$398,224	$964,493

Purchases (including paper-based cost) from related parties are made based on the market price, with payments made in cash within 1–4 months.

(IV) Operating expenses

Type/name of related party	2022	2021
Aurora	$ 71,883	$ 74,146
AOA	57,221	58,537
Other related party	709	10,088
	$129,813	$142,771

Operating expenses represent expenses paid to related parties for logistics management, commissions paid to business intermediaries, marketing expenditures of operational consulting and service fees.

(V) Lease agreements

Assets for operating leases

The operating lease receivables are summarized as follows:

Type/name of related party	December 31, 2022	December 31, 2021
Investor of significant influence	$ 35	$ 31

The total lease payments to be received in the future are as follows:

Type/name of related party	December 31, 2022	December 31, 2021
Investor of significant influence	$ 2,200	$ -
Other related party	230	110
	$ 2,430	$ 110

Lease revenues are summarized as follows:

Type/name of related party	2022	2021
Investor of significant influence	$ 2,404	$ 2,285
Other related party	120	120
	$ 2,524	$ 2,405

The Group leases the right of use of office spaces to related parties under operating leases. The rents are charged based on the standard rates of similar assets, and the fixed lease payments are received on a monthly basis in accordance with the lease agreements.

(VI) Receivables from related parties

Accounting subject	Type/name of related party	December 31, 2022	December 31, 2021
Accounts receivables	Other related party	$ 188	$ 14
	Investor of significant influence	13	-
		$ 201	$ 14
Lease receivables	Aurora	$ 38,791	$ 41,133
	Aurora Office Automation	23,923	24,031
	Other related party	13	70
		$ 62,727	$ 65,234
Other receivables	Other related party	$ 891	$ 723
	Investor of significant influence	1,463	664
		$ 2,354	$ 1,387

The above other receivables represent the receivables from the disposal of the used copiers and multi-function printers to related parties.

(VII) Payables to related parties

Accounting subject	Type/name of related party	December 31, 2022	December 31, 2021
Account payables	Aurora	$ 55,444	$ 57,306
	Aurora Office Automation	37,322	39,423
	Other related party	-	832
		$ 92,766	$ 97,561
Other payables	Investor of significant influence	$ 5,057	$ 5,004
	AOA	4,754	3,991
	Other related party	-	617
		$ 9,811	$ 9,612

The above accounts payable were mainly generated from the Group's purchase of assets from related parties for use in operating and capital leases.

(VIII) Acquisition of property, plant, and equipment

Type/name of related party	2022	2021
AOA	$ 498,681	$ 597,420
Aurora	321,743	343,213
Aurora Office Automation	206,506	205,943
	$ 1,026,930	$ 1,146,576

The Group purchased assets from related parties for operating and financing leases, and payments are made within 2–4 months from the month of purchase; the transaction prices are based on the market price.

(IX) Disposal of property, plant and equipment

	2022		2021	
	Disposal proceed	Disposal loss	Disposal proceed	Disposal loss
AOA	$ 55,049	($177,426)	$ 66,262	($223,556)
Aurora	24,683	(12,026)	29,284	(13,612)
Aurora Office Automation	20,010	(5,011)	22,077	(5,180)
	$ 99,742	($194,463)	$117,623	($242,348)

The transaction prices are determined according to market conditions.

(X) Lease agreements

Type/name of related party	2022	2021
Acquisition of right-of-use assets		
Aurora Holdings	$ 968	$ 19,570

Accounting subject	Type/name of related party	December 31, 2022	December 31, 2021
Lease liabilities – current	Aurora Holdings	$ 9,401	$ 9,756
	Investor of significant influence	42	71
		$ 9,443	$ 9,827
Lease liabilities – non-current	Aurora Holdings	$ -	$ 9,401
	Investor of significant influence	-	42
		$ -	$ 9,443

Type/name of related party	2022	2021
Interest expenses		
Aurora Holdings	$ 101	$ 48
Investor of significant influence	1	1
	$ 102	$ 49

The Group leased offices from related parties for the years ended December 31, 2022 and 2021, respectively, with the lease terms of 2 to 3 years; the rent is payable on a monthly basis and the terms are not materially different from those of the general clients.

(XI) Others

The balances of refundable deposits from related party transactions as of the balance sheet date are as follows:

Accounting subject	Type/name of related party	December 31, 2022	December 31, 2021
Refundable deposits	Aurora Holdings	$ 1,642	$ 1,642
Guarantee deposits	Investor of significant influence	$ 566	$ 566
	Other related party	21	21
		$ 587	$ 587

(XII) Remuneration to the management

	2022	2021
Short-term employee benefits	$ 13,874	$ 13,692
Retirement benefits	457	477
	$ 14,331	$ 14,169

The remuneration to directors and the management is determined by the Remuneration Committee based on personal performances and market trends.

XXXI. Pledged assets

The following assets of the Group have been provided for banks as collateral for loans:

	Contents	December 31, 2022	December 31, 2021
Investment property	Land, houses and buildings	$231,999	$235,540
Investments accounted for using the equity method	8,400 thousand shares of Aurora Leasing (Note)	$183,056	$198,533

Note: The shares have been offset due to consolidapion.

XXXII. Significant contingent liabilities and unrecognized contract commitments

In addition to those disclosed in other Notes, information on significant commitments and contingent liabilities on the balance sheet date is as follows:

(I) As of December 31, 2022 and 2021, the Group had unused letters of credit amounting to USD 998 thousand and USD 1,139 thousand, respectively. The performance bonds issued by financial institutions in favor of the Group amounted to NT$12,270 thousand and NT$10,790 thousand, respectively.

(II) As of December 31, 2022 and 2021, the total amount of guaranteed notes issued by the Group to financial institutions to meet short-term bills and short-term and long-term borrowing lines was NT$6,030,000 thousand.

(III) Significant contracts of the Group are disclosed as follows:

Type of contract	Contracting party	Contract duration Date	Contract content	Restrictions
Long-term supply/sales contracts	Ricoh Asia Pacific Ricoh Taiwan	April 1, 2022– March 31, 2023 (Note)	Digital multi-function devices (Ricoh Asia Pacific); laser printers, projectors and other products (Ricoh Taiwan)	1. Non-compete clauses are applied 2. Sales are only in Taiwan region

Note: The term will be automatically extended for one year if no objection is raised by both parties.

XXXIII. Significant events after the balance sheet date: None.

XXXIV. Assets and liabilities denominated in foreign currencies with significant influence

The following information is aggregated by the foreign currencies other than the functional currency of the Group and the exchange rates between foreign currencies and the functional currency are disclosed. The significant impact on assets and liabilities recognized in foreign currencies is as follows:

	December 31, 2022		
Foreign currency liabilities	Foreign currencies	Exchange rate	NTD
Monetary items			
USD	$ 666	30.71 (USD:NTD)	$ 20,405

	December 31, 2021		
	Foreign currencies	Exchange rate	NTD
Foreign currency liabilities			
Monetary items			
USD	1,804	27.68 (USD:NTD)	50,024

Unrealized foreign exchange gains and losses that have significant impact are as follows:

	2022		2021	
Foreign currencies	Exchange rate	Net unrealized foreign exchange gains (losses)	Exchange rate	Net unrealized foreign exchange gains (losses)
USD	1: 29.805 (USD:NTD)	($ 248)	1: 27.68 (USD:NTD)	($ 360)

XXXV. Additional disclosures

(I) Significant transactions.

1. Financings provided: None
2. Endorsement/guarantee provided: None
3. Marketable securities held (excluding investments in subsidiaries): Please see Table 1
4. Accumulated Purchase or Sale of the Same Securities Amounting to NT$300 Million or 20% of Paid-in Capital or More: Please see Table 2
5. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None
6. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None
7. Purchases or Sales with Related Parties Amounting to NT$100 Million or 20% of Paid-up Capital or More: Please see Table 3
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None
9. Information about the derivative financial instruments transaction: None
10. Business Relationship and Circumstances of any Significant Transactions between the Parent and the Subsidiaries: Please see Table 4

(II) Information on the investment business: Please see Table 5

(III) Information on investment in Mainland China

1. The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, shareholding, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 6.
2. Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Please see Table 7.

(IV) Information on major shareholders: Names of shareholders with a shareholding ratio of 5% or more as well as the number and proportion of shares held: Please see Table 8.

XXXVI. Segment information

(I) Segment revenues and business performance result

The information provided to the chief operating decision maker for allocating resources and evaluating departmental performance is focused on a company-specific measurement. The Group’s reportable segments are Huxen Co., Ltd., Aurora Leasing Corporation. and Huxen (China) Co., Ltd.; each company is mainly engaged in the purchase, sale, import, repair and lease of multi-function printers, faxes and communication products.

The following was an analysis of the Group’s revenue and business performance results from operations by reportable segment:

	Huxen	Aurora Leasing	Huxen (China)	Elimination of intersegment revenues, profits or losses	Total
2022					
Revenues from external customers	$1,224,254	$ 835,886	$1,133,489	$ -	$3,193,629
Intersegment revenues	191,382	-	-	(191,382)	-
Total revenues	$1,415,636	$ 835,886	$1,133,489	($ 191,382)	$3,193,629
Segment profits(losses)	$ 610,376	$ 287,550	$ 100,300	($ 307,743)	$ 690,483
2021					
Revenues from external customers	$1,208,008	$ 857,902	$1,817,878	$ -	$3,883,788
Intersegment revenues	206,995	-	-	(206,995)	-
Total revenues	$1,415,003	$ 857,902	$1,817,878	($ 206,995)	$3,883,788
Segment profits(losses)	$ 595,136	$ 307,505	$ 75,309	($ 310,153)	$ 667,797

Interdepartmental sales are based on market prices.

(II) Segment total assets

	December 31, 2022	December 31, 2021
Huxen	$2,030,723	$2,136,304
Aurora Leasing	3,143,787	3,336,253
Huxen (China)	2,591,369	2,512,363
Total consolidated assets	$7,765,879	$7,984,920

Huxen Corporation and Subsidiaries

Marketable Securities Held at End of Period

December 31, 2022

Table 1

Unit: NTD in Thousands/Thousand Shares

Holding company	Type and name of marketable securities	Relationship with issuer of securities	Accounting subject	End of the period				Remark
				Number of shares	Carrying amount	Shareholding %	Market price (Note1)	
Huxen Corporation	Share							
	Aurora Corporation	Company with investment in the Company measured by the equity method	Financial assets at fair value through other comprehensive income – current	9,435	$ 735,001	3.99	$ 735,001	
Aurora Leasing Corporation	Share							
	Aurora Corporation	Aurora uses the equity method to evaluate its investment in the Company. Aurora Leasing Corporation is a subsidiary of the Company	Financial assets at fair value through other comprehensive income – current	12,610	982,309	5.34	982,310	
			Financial assets at fair value through other comprehensive income – non-current	8,181	637,331	3.46	637,330	
Huxen (China) Co., Ltd.	Industrial Bank — large-denomination certificate of deposit	None	Financial assets at amortized cost – current	-	234,594	-	234,594	
	China Minsheng Bank — large-denomination certificate of deposit	None	Financial assets at amortized cost – current		316,387		316,387	
	Cathay United Bank — large-denomination certificate of deposit	None	Financial assets at amortized cost – current		220,439		220,439	

Note1: Market prices of stocks with open market prices refer to the closing prices as of December 31, 2022. The fair value of financial instruments is based on discounted cash flows.

Note2: For information on investments in subsidiaries, please refer to Tables 5 and 6.

Huxen Corporation and Subsidiaries

Accumulated Purchase or Sale of the Same Securities Amounting to NT$300 Million or 20% of Paid-in Capital or More

For the Year Ended December 31, 2022

Table 2

Unit: NTD in Thousands/Thousand Shares (unless stated otherwise)

Company name	Type and name of securities	Accounting subject	Counterparty	Relationship	Transaction currency	Beginning of period		Reclassification of period		Purchase		Sale				Increase/decrease of period		End of the period	
						Number of shares (in thousand shares or thousand units)	Amount	Number of shares (in thousand shares or thousand units)	Amount	Number of shares (in thousand shares or thousand units)	Amount	Number of shares (in thousand shares or thousand units)	Price	Carrying cost	Gains (losses) on disposal	Number of shares (in thousand shares or thousand units)	Amount	Number of shares	Amount
Huxen (China) Co., Ltd.	Structured deposits	Financial assets at fair value through profit or loss – current	Industrial Bank	None	RMB	-	$ -	-	$ -	-	$ 150,000	-	$ 151,018	$ 150,000	$ 1,018	-	$ -	-	$ -
	Golden Snowball Stable Monthly Profit	Financial assets at fair value through profit or loss – current	Industrial Bank	None	RMB	-	-	-	-	-	110,000	-	110,227	110,000	227	-	-	-	-
	Profit Express	Financial assets at fair value through profit or loss – current	Industrial Bank	None	RMB	-	-	-	-	-	60,000	-	60,336	60,000	336	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss – current	Bank Sinopac	None	RMB	-	-	-	-	-	100,000	-	100,732	100,000	732	-	-	-	-

Huxen Corporation and Subsidiaries

Purchases or Sales with Related Parties Amounting to NT$100 Million or 20% of Paid-up Capital or More

For the Year Ended December 31, 2022

Table 3

Unit: NTD in Thousands

Company name	Counterparty	Relationship	Transaction situation				Unusual transaction terms and reasons		Notes and Accounts receivables (payable)		Remark
			Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Credit period	Unit price	Credit period	Balance	Percentage of Notes and Accounts receivables (payable) (%) Note 6)	
Huxen Corporation	Aurora Leasing Corporation	Subsidiary	Sales	($ 191,383)	14%	In principle, payments shall be paid in cash in next month.	Transaction prices are based on market conditions; hence there is no material difference.	In principle, payments shall be paid in cash in next month.	$ 31,870	18%	Note 7
Aurora Leasing Corporation	Huxen Corporation	Subsidiary	Purchase	191,383	Note 1	In principle, purchase payments shall be paid in cash in next month.	Transaction prices are based on market conditions; hence there is no material difference.	In principle, purchase payments shall be paid in cash in the next month.	(31,870)	(26%)	Note 7
〃	Aurora Corporation	Company using the equity method for the investment in the Company	Purchase	321,741	Note 2	〃	〃	〃	(55,421)	(44%)	
〃	Aurora Office Automation Corporation	Subsidiary of Aurora Corporation	Purchase	206,506	Note 3	〃	〃	〃	(37,322)	(30%)	
Huxen (China) Co., Ltd.	Aurora Office Automation Sales Co., Ltd. Shanghai	Sub-sub-sub-subsidiary of Aurora Corporation	Purchase	498,680	Note 4	In principle, purchase payments shall all be paid within 4 months.	Transaction prices are based on market conditions; hence there is no material difference.	In principle, purchase payments shall all be paid within 4 months.			
〃	〃	〃	Purchase	389,591	Note 5	〃	〃	〃			

Note 1: The goods sold by the Company to Aurora Leasing Corporation. were recognized as property, plant and equipment by Aurora Leasing Corporation.
Note 2: The goods sold by Aurora Co., Ltd to Aurora Leasing Corporation were recognized as property, plant and equipment by Aurora Leasing Corporation.
Note 3: The goods sold by Aurora Office Automation Corporation to Aurora Leasing Corporation were recognized as property, plant and equipment by Aurora Leasing Corporation.
Note 4: The goods sold by Aurora Office Automation Co., Ltd. Shanghai to Huxen (China) Co., Ltd. were recognized as property, plant and equipment by Huxen (China) Co., Ltd.
Note 5: The goods sold by Aurora Office Automation Co., Ltd. Shanghai to Huxen (China) Co., Ltd. were recognized as service cost by Huxen (China) Co., Ltd.
Note 6: The above percentage is calculated based on the ratio of the balance of notes and Accounts receivables (payable) with related parties to the balance of investee companies' notes and Accounts receivables (payable).
Note 7: When preparing the consolidated financial statements, the amounts were offset due to consolidation.

Huxen Corporation and Subsidiaries

Business Relationship and Circumstances of any Significant Transactions between the Parent and the Subsidiaries

For the Year Ended December 31, 2022

Table 4

Unit: NTD in Thousands

Number	Company name	Counterparty	Relationship	Transaction details			
				Accounting subject	Amount (Note)	Transaction terms	Percentage to consolidated total revenue or total assets
0	Huxen Corporation	Aurora Leasing Corporation	Subsidiary of the company	Sales revenue	$ 191,383	Market prices are used as a basis for the transaction prices, and there no significant difference	6%
				Other income	8,737	Market prices are used as a basis for the transaction prices, and there no significant difference	-
				Purchase	27,308	In principle, purchase payments shall be paid within 2 months.	-
				Accounts receivables	31,870	In principle, payments shall be paid in cash in next month.	-
				Account payables	2,193	In principle, payments shall be paid in cash in next month.	-
				Other payables	24,185	In principle, payments shall be paid in cash in next month.	-

Note: The above transactions have been offset due to consolidation when preparing the consolidated financial statements.

Huxen Corporation and Subsidiaries

Information on Investee Companies, Locations thereof Etc.

For the Year Ended December 31, 2022

Table 5

Unit: NTD in Thousands

Name of investor	Name of investee	Location	Main business activities	Initial investment amount		Ending balance			Profit (loss) of investee for the period	Investment profit (loss) recognized for the period	Distribution of dividends by investee for the period		Remark
				Ending balance for the current period	Ending balance for the previous period	Number of shares	Ratio %	Carrying amount			Stock dividends	Cash dividends	
Huxen Corporation	Aurora Leasing Corporation	Taiwan	(1) Import, export, lease and repair of multi-function printers; (2) The re-leasing business of the foregoing products; (3) Import and export of toner, metal powders, cards, rollers, and papers.	$ 865,491	$ 865,491	119,237	100	$2,598,452	$ 254,960	$ 254,960	$ -	$ 238,474	Subsidiary

Note: The amounts have been offset due to consolidation.

Huxen Corporation and Subsidiaries

Investment in Mainland China

For the Year Ended December 31, 2022

Table 6

1. Name of the investee company in Mainland China, main businesses, paid-in capital, investment method, capital remittance, shareholding ratio, investment gain or loss, carrying amounts of investment, and remittance of investment gain or loss:

Unit: NTD in Thousands, RMB thousand or USD thousand

Investee company in mainland china	Main business activities	Paid-in capital	Method of investment	Accumulated outward remittance for investment from Taiwan as of the beginning of the period	Remittance of funds		Accumulated outward remittance for investment from Taiwan	Net income of investee of the period	The Company's Shareholding % of direct or indirect investment	Investment gains/losses recognized for the period (Note 2)	Carrying amount as of the end of the period	Accumulated repatriation of investment income to Taiwan as of the end of the period
					Outward	Inward						
Huxen (China) Co., Ltd.	Sales, repair services and leasing of multi-function printers	$1,922,054 (RMB$ 400,000)	Note 1 (I)	$1,339,010 (US$ 2,885 RMB$ 262,000)	$ -	$ -	$1,339,010 (US$ 2,885 RMB$ 262,000)	$ 75,404	70	$ 52,783	$1,600,847	$ -

2. Limit on the amount of investment in the Mainland Area:

Accumulated outward remittance for investment in Mainland China from Taiwan at the end of the period（Note 3）	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs（Note 3）	Investment limit in Mainland China according to the Investment Commission of the Ministry of Economic Affairs（Note 4）
$ 1,339,010 (US$ 2,885) (RMB$ 262,000)	$ 1,489,900 (RMB$ 310,000)	$2,784,783

Note 1: The following three types of investment methods are distinguished and can be labeled as follows:
(I) Direct investment in Mainland China.
(II) Indirect investment in companies of Mainland China through a third place.
(III) Other method (through third region remittance).

Note 2: In the column of investment income or loss recognized for the period:
(I) If it is in preparation, and there is no investment gains and losses, notes shall be made.
(II) The amounts of investment gain (loss) was recognized on following 3 bases:
1. Financial statements audited by a ROC CPA firm cooperating with an international CPA firm.
2. Financial statements audited by the auditor of parent company.
3. Others

Note 3: The amount was calculated based on the exchange rate approved by the Investment Commission of the Ministry of Economic Affairs at the time. The accumulated outward remittance (foreign currency) for investment in Mainland China from Taiwan at the end of the period did not exceed the Investment amount (foreign currency) approved by the Investment Commission of the Ministry of Economic Affairs

Note 4: The net worth of the Group as of December 31, 2022 was NT$4, 641,305thousand. According to V and IX of "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China," the limit formula is $4,641,305 thousand x 60% = $2, 784,783thousand.

Huxen Corporation and Subsidiaries

Major Transactions with Any Investee Company in Mainland China Directly or Indirectly through a Third Region, and Their Prices, Payment terms, Unrealized Gains (Losses), and Other Information

For the Year Ended December 31, 2022

Table 7

Unit: NTD in Thousands

Investee company in mailand china	Relationship between the Company and related party	Type of transaction	Amount	Transaction terms			Notes and Accounts receivables (payable)		Unrealized gains or losses	Remark
				Price	Payment terms	Comparison with general transactions	Balance	Percentage (%) (Note)		
Huxen (China) Co., Ltd.	Subsidiary	Purchase	$ 498,680	Price is made based on market conditions	Payment is made within 4 months	No material discrepancy	-	-	$ -	
		Purchase	389,591	〃	〃	〃	-	-	-	

Note: The above percentage is calculated as the ratio of the balance of notes and Accounts receivables (payable) with related parties to the balance of total notes and Accounts receivables (payable) of the Company.

Huxen Corporation

Information on Major Shareholders

December 31, 2022

Table 8

Name of major shareholders	Shares	
	Shares held	Shareholding (%)
Aurora Corporation	47,010,591	32.53
Aurora Holdings Incorporated	39,359,689	27.23
Aurora Office Automation Corporation	11,170,023	7.73
Ni Sheng Investment Co., Ltd.	8,086,000	5.59

Note 1: The major shareholders in this table are shareholders holding more than 5% of the common and preferred shares that have completed delivery without physical registration (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

Note 2: If a shareholder delivers its shareholdings to the trust, the foregoing information shall be disclosed by the individual trustee who opened the trust account. Please refer to the MOPS for information on shareholders who declare themselves to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act and their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property.

V. Parent Company only Financial Statements and Independent Auditors' Report for the most recent year

Independent Auditors' Report

To Huxen Corporation:

Opinion

We have audited the financial report of Huxen Corporation, (the Company) which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's Financial Report of for the years ended December 31, 2022. These matters were addressed in the context of our audit of the Parent Company only Financial Report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters.

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2022 is stated as follows:

<u>Key audit matter: sales revenue</u>

The main business of the Company is the purchase, sale and lease of multi-function printers. Revenue per transaction from the sale of multi-function printers, peripherals, and consumables is large and variable compared to rental revenue that is generally collected on a monthly basis. Hence, this type of revenue is expected to be highly risky and has a material impact on the financial statements. The primary risk is whether the revenue was actually earned and; accordingly, we have identified this as a key audit matter.

Please refer to Note 4 (12) for the accounting policy on operating revenue.

We understand and have tested the design, implementation and effectiveness of internal controls over the recognition of sales revenue. We also selected appropriate samples from sales transactions (revenue from sales of multi-function printers, peripherals and consumables) and reviewed the transaction applications, signed receipt documents from customers, and we has checked whether the recipients were the same as the counterparties in order to confirm whether there were material misstatements in sales revenue.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the auditing standards 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 this parent company only financial report.

As part of an audit in accordance with the auditing standards., we exercise professional judgement and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial report 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, structures and contents of the parent company only financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the parent company only financial information of the entities or business activities within the Company to express an opinion on the parent company only financial report. We are responsible for the direction, supervision and performance of the Company 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Company's 2022 Parent company only financial report of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

CPA: Chih, Jui-Chuan	CPA: Hsieh, Chien-Hsin
Approval number of the Financial Supervisory Commission Chin-Kuan-Cheng-Shen-Tzu number 1060023872	Approval Number of Securities and Futures Commission Tai-Tsai-Cheng-Liu-Tzu number 0920123784

March 10, 2023

Huxen Corporation

Parent Company Only Balance Sheet

December 31, 2022 and 2021

Unit: NTD in Thousand

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash (Note 4 and 6)	$ 113,092	2	$ 47,297	1
1120	Financial assets at fair value through other comprehensive income – current (Note 4 & 7)	735,001	12	847,280	14
1150	Notes receivable (Note 4 & 8)	64,847	1	68,548	1
1172	Accounts receivable (Note 4 & 8)	84,955	1	88,747	1
1180	Accounts receivable – related parties (Note 4, 8 & 27)	32,071	1	34,703	1
1200	Other receivables (Note 4 & 27)	3,550	-	28,849	-
130X	Inventories (Note 4 & 9)	207,951	4	135,969	2
1479	Other current assets	887	-	948	-
11XX	Total current assets	1,242,354	21	1,252,341	20
	Non-current assets				
1550	Investments accounted for using the equity method (Note 4, 10 & 28)	4,199,299	70	4,343,903	70
1600	Property, plant and equipment (Note 4, 11 & 27)	263,689	4	273,616	4
1755	Right-of-use assets (Notes 4, 12 & 27)	37,401	-	52,548	1
1760	Investment property (Note 4, 13 & 28)	231,999	4	235,540	4
1821	Other intangible assets (Note 4 & 14)	600	-	404	-
1840	Deferred income tax assets (Notes 4 & 22)	38,599	1	44,307	1
1990	Refundable deposits (Note 27)	8,971	-	8,091	-
15XX	Total non-current assets	4,780,558	79	4,958,409	80
1XXX	Total assets	$ 6,022,912	100	$ 6,210,750	100
Code	**Liabilities and equity**				
	Current liabilities				
2100	Short-term loans (Notes 15)	$ 400,000	7	$ 1,000,024	16
2110	Short-term bills payables (Notes 15)	499,872	8	-	-
2170	Accounts payable (Note 16)	102,291	2	96,787	2
2180	Accounts payable – related parties (Note 16 & 27)	2,216	-	2,444	-
2219	Other payables (Note 17 & 27)	74,005	1	105,324	2
2230	Current tax liabilities (Note 4 & 22)	24,191	-	24,172	-
2280	Lease liabilities – current (Note 4, 12 & 27)	23,806	-	24,596	-
2300	Other current liabilities (Note 17)	33,482	1	30,954	1
21XX	Total current liabilities	1,159,863	19	1,284,301	21
	Non-current liabilities				
2540	Long-term loans (Note 15)	740,000	12	500,000	8
2570	Deferred income tax liabilities (Note4 & 22)	295	-	374	-
2580	Lease liabilities – non-current (Note 4, 12 & 27)	13,797	-	28,517	-
2640	Net defined benefit liability – non-current (Note 4 & 18)	149,589	3	167,570	3
2670	Guarantee deposits (Note 27)	4,140	-	4,127	-
25XX	Total non-current liabilities	907,821	15	700,588	11
2XXX	Total liabilities	2,067,684	34	1,984,889	32
	Equity (Note 19)				
	Capital stock				
3110	Common stock	1,444,960	24	1,444,960	23
3200	Capital surplus	42,643	1	42,643	1
	Retained earnings				
3310	Legal reserve	934,760	15	879,732	14
3350	Unappropriated earnings	587,701	10	575,980	9
3300	Total retained earnings	1,522,461	25	1,455,712	23
3400	Other equity	945,164	16	1,282,546	21
3XXX	Total equity	3,955,228	66	4,225,861	68
	Total liabilities and equity	$ 6,022,912	100	$ 6,210,750	100

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

Chairman: Liao, Ching-Chang　　Manager: Weng, Kuo-Hua　　Comptroller: Hsieh, Shu-Hui

Huxen Corporation

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

Unit: NTD in Thousand
(Earnings per Share in Dollars)

		2022		2021	
Code		Amount	%	Amount	%
	Operating revenue (Note 4, 20 & 27)				
4100	Sales revenue				
4110	Sales revenue	$ 1,422,424	100	$ 1,420,649	100
4170	Sales return	(6,270)	-	(5,386)	-
4190	Sales allowances	(517)	-	(260)	-
4000	Total operating revenue	1,415,637	100	1,415,003	100
5000	Operating costs (Note 4, 9, 21 & 27)	739,381	52	733,507	52
5900	Gross profit	676,256	48	681,496	48
5910	Unrealized sales profit from subsidiaries	(54,150)	(4)	(74,047)	(5)
5920	Realized sales profit from subsidiaries	65,380	5	64,414	4
5950	Realized gross profit	687,486	49	671,863	47
	Operating expenses (Note 4, 8, 12, 21 & 27)				
6100	Marketing expenses	323,850	23	333,055	23
6200	Administrative expenses	123,646	9	121,771	9
6450	Expected credit loss	749	-	723	-
6000	Total operating expenses	448,245	32	455,549	32
6900	Net income from operations	239,241	17	216,314	15
	Non-operating income and expenses (Note 4, 10, 21 & 27)				
7100	Interest income	100	-	17	-
7010	Other income	84,615	6	82,931	6

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Code		2022 Amount	2022 %	2021 Amount	2021 %
7020	Other gain and loss	($ 4,476)	(1)	($ 3,840)	-
7050	Finance costs	(16,847)	(1)	(10,440)	(1)
7070	Share of profits/losses of subsidiaries	307,743	22	310,154	22
7000	Total non-operating income and expenses	371,135	26	378,822	27
7900	Net income before income tax	610,376	43	595,136	42
7950	Income tax expense (Note 4 & 22)	49,201	3	45,680	3
8200	Net income for the period	561,175	40	549,456	39
	Other comprehensive income (Note 4, 10, 18,19 & 22)				
8310	Items not reclassified to profit/loss				
8311	Remeasurements of defined benefit plans	14,138	1	1,033	-
8316	Unrealized gains/losses from investments in equity instruments measured at fair value through other comprehensive income	(112,279)	(8)	8,492	1
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures	(247,416)	(18)	18,712	1
8349	Income tax related to items not reclassified to profit/loss	(2,828)	-	(207)	-
		(348,385)	(25)	28,030	2
8360	Items that may be reclassified subsequently to profit/loss				
8361	Exchange differences on translation of foreign operation's financial statements	22,313	2	(11,260)	(1)
8300	Total net other comprehensive income	(326,072)	(23)	16,770	1
8500	Total comprehensive income for the period	$ 235,103	17	$ 566,226	40

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Code		2022 Amount	2022 %	2021 Amount	2021 %
	Earnings per share (Note 23)				
9710	Basic	$ 3.88		$ 3.80	
9810	Diluted	$ 3.88		$ 3.80	

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

Chairman: Liao, Ching-Chang Manager: Weng, Kuo-Hua Comptroller: Hsieh, Shu-Hui

Huxen Corporation

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

Unit: NTD in Thousand

Code		Capital stock	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Unappropriated earnings	Other equity: Exchange differences on translation of foreign operation's financial statements	Other equity: Unrealized valuation gains/loss from financial assets measured at fair value through other comprehensive income	Total equity
A1	Balance, January 1, 2021	$1,444,960	$ 42,643	$ 823,154	$ 602,462	($ 130,997)	$1,397,599	$4,179,821
	Appropriations of earnings for 2020							
B1	Legal reserve	-	-	56,578	(56,578)	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	(520,186)	-	-	(520,186)
D1	Net income in 2021	-	-	-	549,456	-	-	549,456
D3	Other comprehensive income after tax in 2021	-	-	-	826	(11,260)	27,204	16,770
D5	Total comprehensive income in 2021	-	-	-	550,282	(11,260)	27,204	566,226
Z1	Balance, December 31, 2021	1,444,960	42,643	879,732	575,980	(142,257)	1,424,803	4,225,861
	Appropriations of earnings for 2021							
B1	Legal reserve	-	-	55,028	(55,028)	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	(505,736)	-	-	(505,736)
D1	Net income in 2022	-	-	-	561,175	-	-	561,175
D3	Other comprehensive income after tax in 2022	-	-	-	11,310	22,313	(359,695)	(326,072)
D5	Total comprehensive income in 2022	-	-	-	572,485	22,313	(359,695)	235,103
Z1	Balance, December 31, 2022	$1,444,960	$ 42,643	$ 934,760	$ 587,701	($ 119,944)	$1,065,108	$3,955,228

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

Chairman: Liao, Ching-Chang Manager: Weng, Kuo-Hua Comptroller: Hsieh, Shu-Hui

Huxen Corporation

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2022 and 2021

Unit: NTD inThousand

Code		2022	2021
	Cash flows from operating activities		
A10000	Net income before income tax	$ 610,376	$ 595,136
A20010	Gain/loss		
A20100	Depreciation expense	168,517	166,251
A20200	Amortization expense	312	365
A20300	Expected credit loss	749	723
A20900	Finance costs	16,847	10,408
A21200	Interest income	(100)	(17)
A21300	Dividend income	(56,611)	(56,611)
A22300	Share of profits/losses of subsidiaries	(307,743)	(310,154)
A29900	Gain on modification of lease	-	(73)
A22500	Loss on disposal of property, plant and equipment	274	154
A23900	Unrealized (realized) profits/losses from Subsidiaries	(11,230)	9,633
A30000	Changes in operating assets and liabilities, net		
A31130	Notes receivable	3,701	(14,398)
A31150	Accounts receivable	3,043	(7,332)
A31160	Accounts receivable – related parties	2,632	(2,183)
A31180	Other receivables	25,299	(2,606)
A31200	Inventories	(198,148)	(124,137)
A31240	Other current assets	61	45
A32150	Accounts payable	5,504	10,870
A32160	Accounts payable – related parties	(228)	503
A32180	Other payables	(31,296)	5,563
A32230	Other current liabilities	2,528	4,671
A32240	Net defined benefit liabilities	(3,843)	(14,054)
A33000	Cash generated from operations	230,644	272,757
A33100	Interest received	100	17
A33300	Interest paid	(16,870)	(10,177)
A33500	Income tax paid	(46,381)	(38,384)
AAAA	Net cash generated from operating activities	167,493	224,213

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Code		2022	2021
	Cash flows from investing activities		
B02700	Payments for property, plant and equipment	($ 685)	($ 955)
B02800	Disposal of property, plant and equipment	1	-
B03700	Increase in refundable deposits	(880)	-
B03800	Refundable deposits refunded	-	724
B04500	Payments for intangible assets	(508)	(259)
B07600	Dividends received	295,085	307,009
BBBB	Net cash generated from investing activities	293,013	306,519
	Cash flows from financing activities		
C00100	Increase in short-term loans	-	470,424
C00200	Decrease in short-term loans	(600,024)	-
C00500	Proceeds from short-term bill payables	499,872	-
C00600	Repayments of short-term bill payables	-	(429,784)
C01600	Long-term loans	240,000	-
C01700	Repayment on long-term loans	-	(20,000)
C03000	Receipt of guarantee deposits	13	-
C04020	Repayment of lease liabilities	(28,836)	(28,540)
C04500	Dividends paid	(505,736)	(520,186)
CCCC	Net cash used in financing activities	(394,711)	(528,086)
EEEE	Increase in cash, net	65,795	2,646
E00100	Cash at beginning of year	47,297	44,651
E00200	Cash at end of year	$ 113,092	$ 47,297

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

Chairman: Liao, Ching-Chang Manager: Weng, Kuo-Hua Comptroller: Hsieh, Shu-Hui

Huxen Corporation

Notes to Parent Company Only Financial Statements

For the years ended December 31, 2022 and 2021

(Amounts Unit: NTD in Thousand, Unless Specified Otherwise)

I. Company Profile

Huxen Corporation (hereinafter referred to as the Company) was established in Taipei City in August 1984. The Company's main businesses are sales, import and export, repair and rental of multi-function printers, faxes and communication products.

The Company's shares have been listed and traded on the Taiwan Stock Exchange since September 2000.

The parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

II. Date of Authorization for Financial statements and Procedures for Authorization

The accompanying parent company only financial statements were approved by the Board of Directors on March 13, 2023.

III. Application of New Standards, Amendments and Interpretations

(I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

(II) IFRSs endorsed by FSC for application starting from 2022

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendment to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: This amendment applies to annual reporting periods beginning after January 1, 2023.

Note 2: This amendment applies to changes in accounting estimates and changes in accounting policies that occur in annual reporting periods beginning after January 1, 2023.

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

The Group has assessed that as of the publication date of this financial report, the amendments to other standards and interpretations will not have a material impact on its financial position and financial performance.

(III) IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note1)
Amendment to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 – Comparative Information”	January 1, 2023
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendment to IAS 1 "Non-current Liabilities with Covenants”	January 1, 2024

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

Note 2: Sellers and lessees should apply the amendments to IFRS 16 retroactively to sale-and-leaseback transactions entered into after the date of initial application of IFRS 16.

Up to the date the parent company only financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance from the amendments to other standards and interpretations. The related impact will be disclosed when the Company completes its evaluation.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

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

(II) Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair value and net defined benefit liabilities which are measurement at the present value of the defined benefit obligations less the fair value of the 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 materiality of the inputs, are described as follows:

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

The subsidiaries are incorporated in the parent company only financial statements under the equity method. To make profit/loss for the year, other comprehensive income and equity in the parent company only financial statements equal to those attributed to owners of the Company on parent company only financial statements, the effect of the differences between basis of parent company only and basis of consolidation are adjusted in the “investments accounted for using equity method,” “share of profits/losses of subsidiaries,” share of other comprehensive income of subsidiaries and related equity.

(III) Criteria for classification of current and noncurrent assets and liabilities

Current assets include:

1. Assets held mainly for the purpose of trading;

2. Assets expected to be realized within 12 months after the reporting period; and
3. Cash and cash equivalents (notwithstanding, those restricted for exchange or settlement of liabilities exceeding 12 months after the balance sheet date are excluded).

Current liabilities include:

1. Liabilities held mainly for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period; and
3. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

All other assets and liabilities are classified as noncurrent.

(IV) Foreign Currencies

In preparing the financial statements, transactions in currencies other than the Company’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions.

Monetary items denominated in foreign currencies are retranslated at the closing rate on the dates of balance sheet. Exchange differences resulting from the settlement or translation of monetary items are recognized in profit/loss in the period when these differences arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit/loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

When preparing parent company only financial statements, the assets and liabilities of the foreign operations (including subsidiaries that operate in countries or use a currency different from that of the Company) are translated into New Taiwan dollars at exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognized in other comprehensive income.

(V) Inventories

The inventories include merchandise and supplies. The cost of inventories is calculated by the weighted-average method, and the inventories are measured at the lower of cost or net realizable value. When comparing costs and net realizable value, the comparison is based on individual items, except for the same type of inventories. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale in normal circumstances.

(VI) Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries. A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment 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 subsidiary and distribution of dividends. In addition, the Company also recognizes the changes in the share of other equity of subsidiaries based on the shareholding ratios.

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

The Company assesses its investment for any impairment by comparing the carrying amount with the recoverable amount as assessed based on the entire financial statements of the cash generating unit. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; however, the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent’s company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent's company financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

(VII) Property, Plant and Equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost minus accumulated depreciation.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each material part of an item is depreciated separately. The Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit and loss when property, plant, and equipment are derecognized.

(VIII) Investment property

Investment properties are properties held for the purpose of earning rentals or capital appreciation, or both.

Owned investment property is initially measured at cost (including transaction costs) and subsequently measured at cost less accumulated depreciation. Depreciation of investment property is based on the straight-line basis.

(IX) 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. Amortization is recognized on a straight-line basis during the useful lives of Intangible assets. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for prospectively.

2. Derecognition

   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 of the period.

(X) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets (except goodwill)

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right of use assets, investment property and intangible assets (excluding goodwill) for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of each asset, the asset is tested for impairment in the context of the Cash generating unit (collectively referred to as CGUs) to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount, with the resulting impairment loss recognized in profit/loss.

When impairment loss is reversed later, the carrying amount of the asset or CGU to the amount can be recovered to the recoverable amount. However, the increased carrying amount shall not exceed the carrying amount (minus amortization or depreciation) determined by the asset or CGU where the impairment loss was not recognized in the previous year. A reversal of an impairment loss is recognized in profit/loss.

(XI) Financial instruments

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

On initial recognition, financial assets and financial liabilities that are not measured at fair value through profit/loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

Regular trades of financial assets are recognized and derecognized on a trade date basis.

(1) Measurement category

The Company's financial assets are classified into financial assets at amortized cost and equity instruments at fair value through other comprehensive income.

A. Financial assets at amortized cost

The Company's financial assets are classified as financial assets at amortized cost if both of the following conditions are met:

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

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.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Any exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate times the gross carrying amount of such 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 times the amortized cost of such financial assets.

b. Financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has become credit-impaired, interest income shall be calculated by applying the effective interest rate times the amortized cost balance from the next reporting period after the impairment.

B. Investments in equity instruments at fair value through other comprehensive income

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

Investments in equity instruments at fair value through other comprehensive income 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 the 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

The Company estimates impairment loss based on expected credit losses of financial assets at amortized cost on each balance sheet date.

Allowances for expected credit losses are recognized for Accounts receivable based on their lifetime. For all other financial assets, the Company recognizes lifetime expected credit loss when there has been a significant increase in credit risk since initial recognition base on the lifetime. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for at an amount equal to 12-month expected credit loss.

Expected credit losses are the average credit losses weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from default events on a financial instrument that are possible within the 12 months after the reporting date, while the expected credit loss over the lifetime of the financial instrument represents the expected credit loss resulting from all default events on a financial instrument that are possible over the expected life.

For internal credit risk management purposes, the Company determines, without considering the collateral held, whether there is internal or external information indicating that debtors are unlikely to settle their debts, which means that the financial assets are in default.

The Company recognizes impairment losses in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through loss allowance accounts.

(3) Derecognition of financial assets

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

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 fair value through other comprehensive income, the cumulative gain or loss is transferred directly to retained earnings, without reclassifying through profit or loss.

2. Financial liabilities

(1) Subsequent measurement

Financial liabilities are measured at the amortized costs through effective interest rate.

(2) Derecognition of financial liability

The Company recognizes an impairment loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

(XII) Income recognition

The Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes income when each performance obligation is satisfied.

1. Income from merchandise sales

   Incomes from merchandise sales consist of sales of multi-function printers, faxes and communication products. When multi-function printers, faxes and communication products are shipped to the customers' designated locations, the customers have the right to set the prices, use the products, bear the primary responsibility for re-selling the products and bear the risk of obsolescence; therefore, the Company recognizes income and Accounts receivable at this point of time.

2. Service income

   Service income is generated from equipment maintenance services, and the related incomes are recognized when the services are rendered.

(XIII) Lease

The Company assesses whether a contract is (or contains) a lease at the contract inception date.

1. The Company as lessor

   Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. When a lease asset is derecognized, the difference between the net proceeds of disposal and the carrying amount of the asset is recognized in operating costs.

2. The Company as lessee

   The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for low-value leases and short-term 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 lease payments made at or before the commencement date, plus any 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. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. 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 the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those 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. For a lease modification that is not accounted for as a separate lease, the 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; and (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 balance sheets.

(XIV) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service 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 past service cost) and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses (assets), and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Company’s defined benefit plan.

(XV) Income tax

Income tax expense represents the sum of the current tax and deferred tax.

1. Current income tax

Income tax payables are based on taxable profit for the year. Some of the gains and losses are taxable or deductible in other periods, or are not taxable or deductible under the applicable tax laws; therefore, the taxable income is different from the net income before comprehensive income tax reported in the parent company only statements of comprehensive income. The Company’s income tax-related liabilities for the current year are calculated at the statutory tax rate as of the balance sheet date.

Income tax on undistributed earnings calculated in accordance with the R.O.C. Income Tax Act is recognized in the year when the shareholders resolve to retain the earnings.

Adjustments to prior years' income tax payable are included in the current year's income tax.

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. Notwithstanding, deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

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

3. Current and deferred tax for the year

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

V. Major accounting judgments and key sources of estimation and uncertainty

In the application of the accounting policies, the management is required to make judgments, estimates and assumptions about 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 to be relevant. Actual results may differ from these estimates.

The management reviews the estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Regarding the Company’s accounting policies, estimates and underlying assumptions, there were no significant uncertainties in the accounting judgments, estimates and assumptions based on the assessment of the management of the Company.

VI. Cash

	December 31, 2022	December 31, 2021
Cash on hand and working fund	$ 960	$ 940
Checking accounts and demand deposits	112,132	46,357
	$113,092	$ 47,297

VII. Financial assets at fair value through other comprehensive income

Investments in equity instruments

	December 31, 2022	December 31, 2021
Current		
Domestic listed shares		
Aurora Corporation	$735,001	$847,280

The Company has invested in the common shares of Aurora Corporation for strategic purposes and expects to earn a profit from these investments. Accordingly, the management elected to designate these investments in equity instruments as at fair value through other comprehensive income as they believe that recognizing fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments.

VIII. Notes receivable and Accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable		
Total carrying amount measured at amortized cost	$ 64,847	$ 68,548
Less: Allowance for impairment loss	-	-
	$ 64,847	$ 68,548
Accounts receivable		
Total carrying amount measured at amortized cost	$ 86,312	$ 89,577
Less: Allowance for impairment loss	(1,357)	(830)
	$ 84,955	$ 88,747
Accounts receivable – related parties		
Total carrying amount measured at amortized cost	$ 32,071	$ 34,703
Less: Allowance for impairment loss	-	-
	$ 32,071	$ 34,703
Nonaccrual loan		
Nonaccrual loan	$ 1,764	$ 1,732
Less: Allowance for impairment loss	(1,764)	(1,732)
	$ -	$ -

Accounts receivable

The average credit period for the Company's merchandise sales is 60–90 days. To mitigate credit risk, the management of the Company has assigned a dedicated team for other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses are recognized for uncollectible receivables. Accordingly, the Company's management believes that the Company's credit risk is significantly reduced.

The Company uses the simplified approach of IFRS 9 to recognize an allowance for losses on Accounts receivable based on lifetime expected credit losses. The lifetime expected credit losses are calculated using a provision matrix, which takes into account the customer's past default history and current financial position, as well as the GDP forecast. As the Company's credit loss history shows that there is no significant difference in the loss patterns of different customer segments. Therefore, the reserve matrix does not further differentiate between customer segments, but only sets the expected credit loss rate based on the overdue days of Accounts receivable.

If there is evidence that the transaction counterparties are facing serious financial difficulties, and the Company cannot reasonably expect the recoverable amount, the Company will write off the relevant Accounts receivable but will continue to pursue collection, and the collected amount will be recognized in the profit and loss.

The Company's loss allowance for Accounts receivable based on the provision matrix is as follows:

December 31, 2022

	Not past due	Past due 1–90 days	Past due Over 91 days	Total
Expected credit loss rate	0.31%	18.46%	100%	
Total carrying amount	$ 82,457	$ 3,375	$ 480	$ 86,312
Loss allowance (expected credit losses during the period)	(254)	(623)	(480)	(1,357)
Amortized cost	$ 82,203	$ 2,752	$ -	$ 84,955

December 31, 2021

	Not past due	Past due 1–90 days	Past due Over 91 days	Total
Expected credit loss rate	0.14%	10.13%	100%	
Total carrying amount	$ 86,866	$ 2,231	$ 480	$ 89,577
Loss allowance (expected credit losses during the period)	(124)	(226)	(480)	(830)
Amortized cost	$ 86,742	$ 2,005	$ -	$ 88,747

Information on the changes in the loss allowance for receivables (Accounts receivable and nonaccrual loan) is as follows:

	2022	2021
Balance – beginning of year	$ 2,562	$ 2,055
Plus: recognized impairment loss of the current year	749	723
Less: write-off in the current year	(190)	(216)
Balance – end of year	$ 3,121	$ 2,562

IX. Inventories

	December 31, 2022	December 31, 2021
Merchandise	$146,338	$ 87,737
Supplies	56,875	47,920
Inventory in transit	4,738	312
	$207,951	$135,969

The operating costs related to inventories were NT$604,436 thousand and NT$601,668 thousand in 2022 and 2021, respectively.

X. Investments accounted for using the equity method

	December 31, 2022	December 31, 2021
Investments in subsidiaries		
Non listed (OTC) Company		
Aurora Leasing Corporation	$2,598,452	$2,818,152
Huxen (China) Co., Ltd.	1,600,847	1,525,751
	$4,199,299	$4,343,903

The percentage of the Company's equity and voting rights in subsidiaries as of the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Aurora Leasing Corporation	100%	100%
Huxen (China) Co., Ltd.	70%	70%

Aurora Leasing Corporation

Aurora Leasing Corporation (hereinafter referred to as Aurora Leasing Co.) was established on January 15, 1986 under the approval of the Ministry of Economic Affairs with the original name of "Chien Hsing Co., Ltd." In May 2006, the Company's name was changed to Aurora Leasing Corporation. and at the same time, the main business items were changed to the following: (I) Leasing business. (II) Wholesale, retail and service of multi-function printers (III) Wholesale, retail and service of computer software; developing capital type and operating type office equipment leasing business proactively.

Huxen (China) Co., Ltd.

Huxen (China) Co., Ltd. (hereinafter referred to as Huxen (China), a foreign investment limited company established in November 2012 in Shanghai, China, with a paid-in capital of RMB400,000 thousand as of December 31, 2022, is mainly engaged in the business of sales, maintenance services and leasing of multi-function printers. The main operating risks are the political risk arising from the changes in governmental regulations and cross-strait relations, and exchange risk.

The breakdown of the shares profit/loss and other comprehensive income of the Company's investments in subsidiaries accounted for using equity method is as follows

(I) Investments in subsidiaries accounted for using equity method

	2022		2021	
	Subsidiary's profit (loss) for the year	Investment gain (loss) recognized by the Company	Subsidiary's profit (loss) for the year	Investment gain (loss) recognized by the Company
Aurora Leasing Corporation	$ 254,960	$ 254,960	$ 271,159	$ 271,159
Huxen (China) Co., Ltd.	75,404	52,783	55,707	38,995
		$ 307,743		$ 310,154

(II) Share of other comprehensive income of subsidiaries for using equity method

	2021		2020	
	Other comprehensive income of subsidiaries of the period	Other comprehensive income(loss) recognized by the Company	Other comprehensive income of subsidiaries of the period	Other comprehensive income(loss) recognized by the Company
Aurora Leasing Corporation	($ 247,416)	($ 247,416)	$ 18,712	$ 18,712
Huxen (China) Co., Ltd.	31,858	22,313	(16,086)	(11,260)
		($ 225,103)		$ 7,452

The shares of profit or loss and other comprehensive income of the subsidiaries accounted for under the equity method in 2022 and 2021 are recognized based on each subsidiary's financial statements audited by independent auditors for the same period.

Please refer to Note 28 for the pledge of the shares of the subsidiary – Aurora Leasing Corporation. as collateral for loans.

For the main businesses, principal place of business and registered nationalities information of the above subsidiaries, please refer to Tables 4 and 5 of Note 32.

XI. Property, plant and equipment

	December 31, 2022	December 31, 2021
Assets for own use	$ 18,799	$ 19,642
Assets for leases	244,890	253,974
	$263,689	$273,616

(I) Assets for own use

	Own land	House and buildings	Office equipment	Total
Cost				
Balance, January 1, 2021	$ 11,927	$ 9,946	$ 6,694	$ 28,567
Additions	-	-	685	685
Inventories transferred to property, plant and equipment	-	-	30	30
Disposals	-	-	(3,061)	(3,061)
Balance, December 31, 2022	11,927	9,946	4,348	26,221
Accumulated depreciation				
Balance, January 1, 2022	-	4,855	4,070	8,925
Depreciation expense	-	177	1,381	1,558
Disposals	-	-	(3,061)	(3,061)
Balance, December 31, 2022	-	5,032	2,390	7,422
Carrying amounts, December 31, 2022	$ 11,927	$ 4,914	$ 1,958	$ 18,799
Cost				
Balance, January 1, 2021	$ 11,927	$ 9,946	$ 7,597	$ 29,470
Additions	-	-	955	955
Disposals	-	-	(1,858)	(1,858)
Balance, December 31, 2021	11,927	9,946	6,694	28,567
Accumulated depreciation				
Balance, January 1, 2021	-	4,677	4,316	8,993
Depreciation expense	-	178	1,612	1,790
Disposals	-	-	(1,858)	(1,858)
Balance, December 31, 2021	-	4,855	4,070	8,925
Carrying amount, December 1, 2021	$ 11,927	$ 5,091	$ 2,624	$ 19,642

There is no indication of impairment in the 2022 and 2021 assessments.

Depreciation expenses are recognized on a straight-line method based on the following useful lives:

House and buildings	55 years
Office equipment	1–5 years

(II) Office equipment – operating lease

	2022	2021
Cost		
Balance – beginning of year	$865,837	$856,900
Inventories transferred to property, plant and equipment	131,789	148,973
Property, plant and equipment transferred to inventories	(72,539)	(66,883)
Disposals	(50,498)	(73,153)
Balance – end of year	874,589	865,837
Accumulated depreciation		
Balance – beginning of year	611,863	612,304
Depreciation expense	134,945	131,838
Property, plant and equipment transferred to inventories	(66,886)	(59,280)
Disposals	(50,223)	(72,999)
Balance – end of year	629,699	611,863
Carrying amounts – end of year	$244,890	$253,974

The Company leases business machines under operating leases; lease terms are from 1 to 6 years. At the end of the lease period, lessees do not have bargain purchase options for the leased multi-function printers.

The total future lease payments to be received under operating leases (excluding paper-based income) are as follows:

	December 31, 2022	December 31, 2021
Year 1	$ 59,183	$ 56,824
Year 2	41,498	39,469
Year 3	27,140	25,335
Year 4	15,890	14,947
Year 5	5,223	6,360
More than 5 years	538	625
	$149,472	$143,560

Depreciation expenses are recognized on a straight-line method based on the following useful lives:

Lease assets (multi-function printers)	
Used machines	1–2 years
New machines	3–5 years

XII. Lease arrangements

(I) Right-of-use assets

	Land and buildings	Vehicles	Total
Cost			
Balance, January 1, 2022	$ 59,517	$ 5,091	$ 64,608
Additions	11,818	1,508	13,326
Disposals	(5,903)	(1,564)	(7,467)
Balance, December 31, 2022	65,432	5,035	70,467
Accumulated depreciation			
Balance, January 1, 2022	9,700	2,360	12,060
Depreciation expense	26,466	2,007	28,473
Disposals	(5,903)	(1,564)	(7,467)
Balance, December 31, 2022	30,263	2,803	33,066
Carrying amounts, December 31, 2022	$ 35,169	$ 2,232	$ 37,401
Cost			
Balance, January 1, 2021	$ 48,742	$ 4,746	$ 53,488
Additions	58,074	2,121	60,195
Disposals	(47,299)	(1,776)	(49,075)
Balance, December 31, 2021	59,517	5,091	64,608
Accumulated depreciation			
Balance, January 1, 2021	16,415	2,137	18,552
Depreciation expense	27,082	1,999	29,081
Disposals	(33,797)	(1,776)	(35,573)
Balance, December 31, 2021	9,700	2,360	12,060
Carrying amount, December 1, 2021	$ 49,817	$ 2,731	$ 52,548

(II) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amounts of lease liabilities		
Current	$ 23,806	$ 24,596
Non-current	$ 13,797	$ 28,517

Range of discount rate for lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Buildings	0.702%~0.823%	0.778%~0.829%
Vehicles	0.702%~0.829%	0.778%~0.829%

(III) Material leasing activities and terms

The Company leases land, buildings and vehicles for operating purposes for periods ranging from 1 to 6 years. Upon termination of the lease period, the Company does not have bargain purchase options to acquire the leased vehicles and business premises.

(IV) Other lease information

For the Company's properties, plant and equipment, and investment properties leased out under operating leases, please refer to Note 11 and Note 13 respectively.

	2022	2021
Total cash outflow for leases		
-Principal repayment	($28,836)	($28,540)
-Interest payments	(340)	(256)
	($29,176)	($28,796)

Lease commitments for the lease period commencing after the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Lease commitment	$ 2,782	$ 3,299

XIII. Investment properties

	Land	House and buildings	Total
Cost			
Balance, January 1, 2022	$ 188,071	$ 106,795	$ 294,866
Balance, December 31, 2022	188,071	106,795	294,866
Accumulated depreciation			
Balance, January 1, 2022	-	59,326	59,326
Depreciation expense	-	3,541	3,541
Balance, December 31, 2022	-	62,867	62,867
Carrying amounts, December 31, 2022	$ 188,071	$ 43,928	$ 231,999
Cost			
Balance, January 1, 2021	$ 188,071	$ 106,795	$ 294,866
Balance, December 31, 2021	188,071	106,795	294,866
Accumulated depreciation			
Balance, January 1, 2021	-	55,784	55,784
Depreciation expense	-	3,542	3,542
Balance, December 31, 2021	-	59,326	59,326
Carrying amount, December 1, 2021	$ 188,071	$ 47,469	$ 235,540

The lease periods for investment properties are 4 to 5 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

The total lease payments to be received in the future for investment property leased under operating leases are as follows

	December 31, 2022	December 31, 2021
Year 1	$ 13,552	$ 13,553
Year 2	12,049	13,552
Year 3	8,748	12,049
Year 4	-	8,748
Year 5	-	-
	$ 34,349	$ 47,902

Depreciation expenses are recognized on a straight-line method based on the following useful lives:

House and Building	
Main Buildings	55 years
Decoration works	10 years

For the amount of investment property pledged as collateral for loans, please refer to Note 28.

The fair values of investment properties were evaluated by the management itself based on local market information as follows:

	December 31, 2022	December 31, 2021
Fair values	$371,750	$412,938

XIV. Other intangible assets

	December 31, 2022	December 31, 2021
Computer software	$ 600	$ 404

	2022	2021
Cost		
Balance – beginning of year	$ 734	$ 719
Additions	508	259
Disposals	(93)	(244)
Balance – end of year	1,149	734
Accumulated amortization		
Balance – beginning of year	330	209
Amortization expense	312	365
Disposals	(93)	(244)
Balance – end of year	549	330
Carrying amounts – end of year	$ 600	$ 404

There is no indication of impairment of the assets listed above in 2022 and 2021.

Amortization expenses are recognized on a straight-line method for periods of 1–3 years.

XV. Loans

(I) Short-term loans

	December 31, 2022	December 31, 2021
Unsecured loans		
- Line of credit loans	$ 400,000	$ 950,000
- Inventory financing	-	50,024
	$ 400,000	$1,000,024

Credit loan		
NTD	1.57%～1.80%	0.70%～0.75%
Inventory financing		
USD	-	0.62%～0.70%

(II) Short-term bills payable

December 31, 2022

Guarantor/ accepting institution	Face amount	Discount amount	Carrying amount	Interest rate range	Name of collateral
Commercial paper payable					
Dah Chung Bills Finance	$200,000	($ 31)	$199,969	1.928%	None
Taiwan Finance Corporation	100,000	(16)	99,984	1.928%	None
Mega Bills	100,000	(21)	99,979	1.928%	None
Bank of Taiwan	100,000	(60)	99,940	1.820%	None
	$500,000	($ 128)	$499,872		

(III) Long-term loans

	December 31, 2022	December 31, 2021
Secured loans		
Bank loans	$440,000	$ -
Unsecured loans		
Bank loans	300,000	500,000
	$740,000	$500,000

The bank loans are secured by pledges of the Group's own land and buildings and the issuance of guarantee notes (see Notes 28 and 29), which bear interest at floating rates. As of December 31, 2022, the effective interest rate is 1.50% per annum, with interest payable monthly and principal repaid at maturity.

The unsecured loans were borrowed from banks at floating interest rates. The effective interest rates as of December 31, 2022 and 2021 are 1.48% and 0.71% to 0.825% per annum, respectively, with interest payable monthly. The principal amount of the loan as of December 31, 2021 was repaid in 2022 and then renewed.

XVI. Accounts payable

The average payment period is 2 months, and the Group has established a financial risk management policy to ensure that all payables are repaid within the agreed credit periods.

XVII. Other liabilities

	December 31, 2022	December 31, 2021
Other payables		
Salaries and bonuses payable	$ 53,666	$ 56,470
Tax payables	4,132	5,210
Labor remuneration payable	4,121	4,428
Leave payment payables	418	254
Others	11,668	38,962
	$ 74,005	$105,324
Other current liabilities		
Temporary receipts	$ 32,218	$ 27,986
Others	1,264	2,968
	$ 33,482	$ 30,954

XVIII. Retirement benefit plans

(I) Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act, which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

(II) Defined benefit plans

The Company's pension plan under the Labor Standards Act is a defined benefit pension plan administered by the government. Employees' pension payments are calculated based on the service years and average salary for the six months prior to the approved retirement date. The Company contributes 5% of the employees' monthly salaries to the pension fund, which is deposited in the name of the Supervisory Committee of Business Entities'

Labor Retirement Reserve in a special account at the Bank of Taiwan. Before the end of the year, the difference will be contributed in one lump sum by the end of March of the following year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Company has no right to influence the pension fund investment policy and strategy.

The amounts included in the parent company only balance sheets of the Company's defined benefit plans are as follows:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligation	$169,977	$191,390
Fair value of plan assets	(20,388)	(23,820)
Net defined benefit liabilities	$149,589	$167,570

Changes in net defined benefit liability (asset) are as follows:

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2022	$ 191,390	($ 23,820)	$ 167,570
Service cost			
Current service cost	189	-	189
Interest expense (income)	1,196	(166)	1,030
Recognized in profit or loss	1,385	(166)	1,219
Remeasurement			
Return on plan assets (excluding interest income calculated at discount rate)	-	(1,492)	(1,492)
Actuarial loss – changes in demographic assumptions	193	-	193
Actuarial loss – changes in financial assumptions	(9,053)	-	(9,053)
Actuarial gain – experience adjustments	(3,786)	-	(3,786)
Recognized in other comprehensive income	(12,646)	(1,492)	(14,138)
Contributions from the employer	-	(5,062)	(5,062)
Payment of benefits	(10,152)	10,152	-
December 31, 2022	$ 169,977	($ 20,388)	$ 149,589
January 1, 2021	$ 191,960	($ 9,303)	$ 182,657
Service cost			
Current service cost	271	-	271
Interest expense (income)	960	(60)	900
Recognized in profit or loss	1,231	(60)	1,171
Remeasurement			
Return on plan assets (excluding interest income calculated at discount rate)	-	(161)	(161)
Actuarial loss – changes in demographic assumptions	5,156	-	5,156
Actuarial loss – changes in financial assumptions	(2,174)	-	(2,174)
Actuarial gain – experience adjustments	(3,854)	-	(3,854)
Recognized in other comprehensive income	(872)	(161)	(1,033)
Contributions from the employer	-	(15,225)	(15,225)
Payment of benefits	(929)	929	
December 31, 2021	$ 191,390	($ 23,820)	$ 167,570

The Company is exposed to the following risks as a result of the Labor Standards Act pension scheme:

1. Investment risk: The Bureau of Labor Funds of the Ministry of Labor invests the Labor Retirement Fund in domestic and foreign equity and debt securities and bank deposits at its own discretion and on a discretionary basis, provided that the amount of the Company's plan assets to be allocated is based on the earnings at an interest rate not less than the local bank's two-year time deposit rate.
2. Interest risk: Interest risk: A decrease in the government bonds/corporate bonds 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 by reference to the future salaries of plan participants. Hence, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligation was actuarially determined by a qualified actuary. The significant assumptions at the measurement date are as follows.

	December 31, 2022	December 31, 2021
Discount rate	1.250%	0.625%
Long-term average salary adjustment rate	2.000%	2.000%

If possible reasonable change 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 rate		
increase by 0.25%	($ 3,434)	($ 4,347)
decrease by 0.25%	$ 3,539	$ 4,490
Expected rate of salary increase		
increase by 0.25%	$ 3,449	$ 4,352
decrease by 0.25%	($ 3,364)	($ 4,235)

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

	December 31, 2022	December 31, 2021
Expected contributions to the plan within one year	$ 4,959	$ 5,473
Average duration of the defined benefit obligation	8.2 years	9.2 years

XIX. Equity

(I) Capital stock

Common stock

	December 31, 2022	December 31, 2021
Number of shares authorized (in thousands)	190,000	190,000
Authorized Capital	$1,900,000	$1,900,000
Number of shares issued and fully paid (in thousand)	144,496	144,496
Issued capital stock	$1,444,960	$1,444,960

(II) Capital surplus

	December 31, 2022	December 31, 2021
Capital surplus which can be used to offset losses, to distribute cash dividends or to supply share capital (1)		
Capital surplus from merger	$ 36,172	$ 36,172
Capital surplus which can only be used to offset losses		
Dividends unclaimed by shareholders with claim period elapsed	1,490	1,490
Changes in ownership interests in subsidiaries (2)	4,981	4,981
	$ 42,643	$ 42,643

1. Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash

dividends or transferred to share capital. However, the capital contributions shall be limited to a certain percentage of the paid-in capital each year.

2. This type of capital surplus represents the effect of equity transactions recognized for changes in the Company's equity when the Company has not actually acquired or disposed of shares in a subsidiary or adjustments to the capital surplus recognized by the equity method for the Company's subsidiaries.

(III) Retained earnings and dividend policy

The Company's shareholders' meeting on June 8, 2022 resolved to amend the Articles of Incorporation. The Board of Directors is authorized to resolve, with at least two-thirds of the directors present and the consent of a majority of the directors, that all or part of the dividends and bonuses, capital surplus or legal reserve to be distributed shall be paid in cash and reported to the shareholders' meeting.

In accordance with the provisions of the Company's earnings distribution policy prior to the amendment of the Articles of Incorporation, appropriation for legal capital reserve should be made at 10% of annual net income, less any statutory tax payables and accumulated deficit. From the remainer of the net income, appropriation for special reserve will be made based on relevant laws and regulations. After setting aside the special surplus reserve, the Board of Directors shall prepare a proposal for distribution of earnings and submit it to the shareholders’ meeting for resolution to distribute dividends to shareholders. For the policy of employee remuneration estimation and distribution, please refer to Note 21(6) Employee Remuneration.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company’s paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company’s industry is now in a stable growth stage, and its capital requirements have been eased; as a result, the Company will endeavor to return operating results to its shareholders in the future In consideration of the Company’s business development, capital and financial position, the balance between capital expansion and shareholders' equity, the Company adopts a dividend policy based on a combination of stock dividends and cash dividends, of which the ratio of cash dividends shall not be less than 10% of the amount of dividends distributed in the year.

The appropriation of earnings for 2021 and 2020 had been approved by the shareholders' meeting on June 8, 2022 and July 14, 2021, respectively. The appropriations are as follows:

	Appropriation of earnings		Dividends per share ($)	
	2021	2020	2021	2020
Legal reserve	$ 55,028	$ 56,578		
Cash dividends	505,736	520,186	$ 3.5	$ 3.6

The appropriation of earnings for 2022 is approved by the meeting of board of directors on March 10, 2023. The appropriation is as follows:

	Appropriation of earnings	Dividends per share ($)
Legal reserve	57,249	
Cash dividends	520,186	$ 3.6

The appropriation of earnings for 2022 will be resolved by the shareholders' meeting to be held on June 16, 2023.

(IV) Others equity

	December 31, 2022	December 31, 2021
Exchange differences on translation of foreign operation's financial statements		
Attributable to the Company	($ 119,944)	($ 142,257)
Unrealized valuation gains/loss from financial assets measured at fair value through other comprehensive income		
Attributable to the Company	292,275	404,554
Subsidiaries recognized under the equity method	772,833	1,020,249
	1,065,108	1,424,803
	$ 945,164	$ 1,282,546

1. Exchange differences on translating foreign operation's financial statements

Exchange differences arising from the translation of the net assets of foreign operations from their functional currency into the presentation currency of the Company (NTD) are recognized directly as exchange differences on translating the financial statements of foreign operations under other comprehensive income. The accumulated exchange differences on translating the financial statements of foreign operations will be reclassified to profit or loss when the foreign operations are disposed of.

2. Unrealized gain/loss on financial assets at fair value through other comprehensive income

	2022	2021
Balance – beginning of year	$1,424,803	$1,397,599
Generated in the current year		
Unrealized gains or losses		
Equity instruments	(112,279)	8,492
Share of the subsidiaries accounted for using equity method	(247,416)	18,712
Other comprehensive income in the current year	(359,695)	27,204
Balance – end of year	$1,065,108	$1,424,803

XX. Revenue

Disaggregation of revenue

Product type	2022	2021
Multi-function printers, peripherals and consumables	$ 815,880	$ 813,623
Machine rental income, paper-based income, etc.	599,757	601,380
	$1,415,637	$1,415,003

Region	2022	2021
Asia	$1,415,637	$1,415,003

XXI. Net income

(I) Other income

	2022	2021
Lease income		
Lease income from operating leases		
– Investment property	$ 16,103	$ 15,983
Dividend income	56,611	56,611
Miscellaneous income	11,901	10,337
	$ 84,615	$ 82,931

(II) Other gains and losses

	2022	2021
Net foreign exchange gain (loss)	($ 608)	$ 400
Gain from lease modifications	-	73
Miscellaneous expenses	(3,868)	(4,313)
	($ 4,476)	($ 3,840)

(III) Finance costs

	2022	2021
Interest on bank loans	$ 16,475	$ 10,152
Interest on lease liabilities	340	256
Accrued interest on guarantee deposits	32	32
	$ 16,847	$ 10,440

(IV) Depreciation and amortization

	2022	2021
Property, plant and equipment	$136,503	$133,628
Right-of-use asset	28,473	29,081
Investment property	3,541	3,542
Intangible asset	312	365
	$168,829	$166,616
Summary of depreciation by functions		
Operating costs	$134,945	$131,838
Operating expenses	30,031	30,871
Non-operating expenses and losses	3,541	3,542
	$168,517	$166,251
Summary of amortization by functions		
Operating expenses	$ 312	$ 365

(V) Employee benefit expense

	2022	2021
Short-term employee benefits	$324,247	$326,475
Retirement benefits (Note18)		
Defined contribution plans	12,916	13,083
Defined benefit plans	1,219	1,171
Total employee benefit expenses	$338,382	$340,729
Summary by function		
Operating expenses	$338,382	$340,729

(VI) Remuneration to employees

In accordance with the Company's Articles of Incorporation, the Company appropriates 1% to 10% of the pre-tax income before the distribution as employee remuneration for the year. The remuneration of employees for the years 2022 and 2021 were resolved by the Board of Directors on March 10, 2023 and March 14, 2022, respectively, as follows:

Estimated ratio

	2022	2021
Remuneration to employees	1%	1%

Amount

	2022	2021
Remuneration to employees	$ 6,166	$ 6,012

If there is any change in the annual parent company only financial statements after the date of adoption, the change in accounting estimate will be treated as an adjustment and recognized in the following year.

There was no difference between the actual amount of remuneration to employees for 2021 and 2020, and the amount recognized in the 2021 and 2020 parent company only financial statements.

Information on the remuneration to employees approved by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

XXII. Income Tax

(I) Major components of tax expense (gain) recognized under profit or loss are as follows:

	2022	2021
Current tax		
Tax expense generated in the current year	$ 46,400	$ 44,843
Deferred income tax		
Tax expense generated in the current year	2,801	837
Income tax expense recognized in profit or loss	$ 49,201	$ 45,680

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	2022	2021
Net income before income tax	$610,376	$595,136
Income tax expense calculated at the statutory rate	$122,075	$119,027
Nondeductible expenses in determining taxable income	-	6
Tax-exempt income	(62,317)	(65,554)
Unrecognized deductible temporary differences	(10,557)	(7,799)
Income tax expense recognized in profit or loss	$ 49,201	$ 45,680

(II) Income tax expense recognized in other comprehensive income

	2022	2021
Deferred income tax		
Remeasurement of defined benefit plans in respect of the current year	$ 2,828	$ 207

(III) Current tax liabilities

	December 31, 2022	December 31, 2021
Current tax liabilities		
Income tax payables	$ 24,191	$ 24,172

(IV) Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows:

2022

Deferred income tax assets	Balance – beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance – end of year
Temporary differences				
Deferred income	$ 19,897	($ 2,246)	$ -	$ 17,651
Allowance for losses	123	131	-	254
Allowance for inventory write-down	689	(8)	-	681
Leave payment payables	51	34	-	85
Book-tax difference in pensions	2,093	(769)	-	1,324
Defined benefit plans	21,382	-	(2,828)	18,554
Unrealized exchange losses	72	(22)	-	50
	$ 44,307	($ 2,880)	($ 2,828)	$ 38,599

Deferred income tax liabilities	Balance – beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance – end of year
Temporary differences				
Lease receivables	$ 374	($ 79)	$ -	$ 295

2021

Deferred income tax assets	Balance – beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance – end of year
Temporary differences				
Deferred income	$ 17,970	$ 1,927	$ -	$ 19,897
Allowance for losses	69	54	-	123
Allowance for inventory write-down	683	6	-	689
Leave payment payables	136	(85)	-	51
Book-tax difference in pensions	4,904	(2,811)	-	2,093
Defined benefit plans	21,589	-	(207)	21,382
Unrealized exchange losses	8	64	-	72
	$ 45,359	($ 845)	($ 207)	$ 44,307

Deferred income tax	Balance –	Recognized	Recognized	Balance –

liabilities	beginning of year	in profit or loss	in other comprehensive income	end of year
Temporary differences				
Lease receivables	$ 382	($ 8)	$ -	$ 374

(V) Amount of temporary differences in unrecognized deferred income tax liabilities related to investments

As of December 31, 2022 and 2021, the taxable temporary differences related to the investment in subsidiaries not recognized as deferred income tax liabilities amounted to NT$75,071 thousand and NT$64,514 thousand, respectively.

(VI) Income tax assessment

The corporate income tax of the Company has been assessed by the Tax Authorities to 2020. There is no difference between the assessment result and the filing.

XXIII. Earnings per share

Net income and weighted average number of common shares used for calculation of earnings per share are as follows:

Net income for the period

	2022	2021
Net income for the period	$561,175	$549,456

Number of shares

Unit: Thousands of shares

	2022	2021
Weighted average number of common shares used for calculation of basic earnings per share	144,496	144,496
Effect of potentially dilutive common shares:		
Remuneration to employees	153	216
Weighted average number of common shares used for calculation of diluted earnings per share	144,649	144,712

If the Company chooses to offer employee compensation or share profits in the form of cash or stock, while calculating diluted earnings per share, and assuming that the compensation is paid in the form of stock, the dilutive potential common shares will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilutive effect of such potential common shares shall continue to be considered when calculating diluted earnings per share before the number of shares to be distributed as employee compensation is approved in the following year.

XXIV. Non-cash transactions

The Company's transactions of investing activities for the acquisition of property, plant and equipment in 2022 and 2021 that also affect cash and non-cash items are as follows:

	2022	2021
Inventories transferred to property, plant and equipment	$131,819	$148,973
Property, plant and equipment transferred to inventories	$ 5,653	$ 7,603

XXV. Capital risk management

The Company manages capital management under the precondition for sustainable development to ensure that it is able to maximize the benefit for its shareholders by optimizing debt and equity.

The management reviews the capital structure of the Company from time to time in light of the economic environment and business considerations. According to the management's opinions and statutory requirements, the Company balances the overall capital structure through the payment of dividends, issuance of shares, and financing.

XXVI. Financial instruments

(I) Information on fair value

1. Financial instruments not measured at fair value

The management of the Company considers that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair value.

2. Financial instruments measured at fair value on a recurring basis

The following financial instruments of the Company have an observable level of fair value in Level 1.

	December 31, 2022	December 31, 2021
Financial assets measured at fair value through other comprehensive income		
Investments in equity instruments		
-Domestic listed securities	$735,001	$847,280

There were no transfers between Level 1 and Level 2 fair value measurements in 2022 and 2021.

(II) Types of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at amortized cost (Note 1)	$ 307,486	$ 276,235
Financial assets measured at fair value through other comprehensive income – investments in equity instruments	735,001	847,280
Financial liabilities		
measured at amortized cost (Note 2)	1,764,308	1,646,772

Note 1: The balance includes cash, Accounts receivable, other receivables, refundable deposits and other financial assets measured at amortized cost.

Note 2: The balance includes short-term loans, short-term notes and bills payable, accounts payable, other payables (excluding employee benefits payable and business tax payable), long-term loans, guarantee deposits received, and other financial liabilities measured at amortized cost.

(III) Financial risk management objectives and policies

The main financial instruments of the Company include equity instrument investments, Accounts receivable, accounts payable, loans, and lease liabilities. The financial management department of the Company provides services to each business division, coordinates domestic and international market operations, supervises and manages financial risks related to the operation of the Company by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risk includes market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk.

1. Market risk

The main financial risks the Company exposed to in the business activities are foreign exchange risk, interest rate risk and other price risk.

Market risk in relation to the Company's financial instruments and its management and measurement approaches remain unchanged.

(1) Exchange risk

For the monetary assets and liabilities of the Company denominated in non-functional currencies on the balance sheet date, please refer to Note 31.

Sensitivity analysis

The Company is mainly impacted by the exchange rate fluctuations in USD.

The sensitivity analysis below indicates the amount of decrease/increase in net income before tax arising from foreign exchange losses/gains on net monetary assets and liabilities when the New Taiwan dollar (functional currency) against each Foreign currencies appreciated by 3% for the years ended December 31, 2022 and 2021. When the New Taiwan dollar depreciated, its impact on net income before tax had been the reverse equivalent amount. The foregoing sensitivity rate of 3% is used internally when foreign exchange risk is reported to the management. It also represents the management's assessment on the reasonably possible scope of foreign exchange rates.

	Impact of USD	
	2022	2021
Gain or loss	($ 612)	$ 1,501

The impact of profit or loss was mainly attributable to the demand deposits and loans for material purchasing denominated in USD that were still outstanding and not hedged in cash flows on the balance sheet date. The Company's sensitivity to the exchange rate of USD increased in the current period due to the increase in the net liability denominated in USD held by the Company.

(2) Interest rate risk

The carrying amounts of financial assets and financial liabilities of the Company exposed to interest rate risk on the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
- Financial liabilities	$ 537,475	$ 53,113
Cash flow interest rate risk		
- Financial assets	64,949	28,073
- Financial liabilities	740,000	500,000

Sensitivity analysis

The sensitivity analysis below is prepared based on the risk exposure of non-derivative instruments to the interest rates at balance sheet date. The rate of change adopted is 25 basis points increase/decrease in the interest rate, which also represents the management's assessment on the reasonably possible scope of the interest rate.

If the interest rate increased or decreased by 25 basis points, the Company's net income before tax in 2022 and 2021 would have decreased or increased by NT$1, 688 thousand and NT$1, 180 thousand, respectively, with all other variables remaining constant. This is mainly attributable to the exposure to the risks of interest rates of the Company's demand deposits and long-term loans.

(3) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities.

Sensitivity analysis

The following sensitivity analysis was performed based on the risk exposure of equity prices as of the balance sheet date.

If the equity price increases/decreases by 5%, other comprehensive income before income tax will increase/decrease by NT$36,750 thousand and NT$42,364 thousand in 2022 and 2021, respectively, due to the changes in fair value of financial assets measured at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to risk that causes the financial loss of the Company due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Company's largest credit risk exposure from a counterparty's failure to fulfill obligations came from the carrying amount of financial assets recognized in the parent company only balance sheets.

The Company uses obtainable financial information and past transaction records to grade main customers while monitoring its credit risk exposure and credit ratings of the counterparties constantly.

The Company's credit risk is not concentrated in the Company's major customers, except for related parties.

3. Liquidity risk

The Company supports the operations and reduces the impact of fluctuating cash flows by managing and maintaining sufficient cash. The management of the Company supervises the use of the credit line from banks and ensures compliance with the terms of the loan contracts.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to repay.

December 31, 2022

	Weighted average effective rate (%)	Payment on sight or within 1 month	1–3 months	3–12 months	1–5 years
Non-derivative financial liabilities					
Zero-interest-bearing liabilities		$ 10,289	$ 108,918	$ 1,089	$ 4,140
Lease liabilities		2,336	4,428	17,228	13,896
Variable-rate instruments	1.008%	-	-	-	740,000
Instruments with fixed interest rates	1.201%	499,872	250,000	150,000	-
		$ 512,497	$ 363,346	$ 168,317	$ 758,036

December 31, 2021

	Weighted average effective rate (%)	Payment on sight or within 1 month	1–3 months	3–12 months	1–5 years
Non-derivative financial liabilities					
Zero-interest-bearing liabilities		$ 1,033	$ 140,037	$ 2,118	$ 3,560
Lease liabilities		2,222	4,273	18,378	28,652
Variable-rate instruments	0.73%	-	-	-	500,000
Instruments with fixed interest rates	0.69%	651,300	-	348,724	-
		$ 654,555	$ 144,310	$ 369,220	$ 532,212

Line of credit

	December 31, 2022	December 31, 2021
Unsecured bank line		
- Amount utilized	$1,242,959	$1,542,411
- Amount not utilized	3,007,041	2,579,589
	$4,250,000	$4,122,000
Secured bank line		
- Amount utilized	$ 440,000	$ -
- Amount not utilized	-	428,000
	$ 440,000	$ 428,000

XXVII. Related parties transactions

Details of transactions between the Company and its related parties are disclosed below.

(I) Names and relations of related parties

Name of related parties	Relationship with the Company
Aurora Corporation (Aurora)	Investor of significant influence
Aurora Leasing Corporation (Aurora Leasing)	Subsidiary
Aurora Development Corp. (Aurora Development)	Other related parties
Aurora Holdings Incorporated (Aurora Holdings)	Other related parties
Aurora Telecom Corporation (Aurora Telecom)	Other related parties
Aurora Office Automation Corporation (Aurora Office Automation)	Other related parties
KM Developing Solutions Co., Ltd. (KM Developing)	Other related parties
General Integration Technology Co., Ltd. (General Integration)	Other related parties
Aurora Interior Design Co., Ltd. (Aurora Interior Design)	Other related parties

(II) Operating income

Type/name of related parties	2022	2021
Aurora Leasing	$191,383	$206,995
Investor of significant influence	797	150
Other related parties	1,985	360
	$194,165	$207,505

Sales by the Company to related parties are made based on the market price, with payments collected within 1–2 months.

(III) Purchase of goods

Type/name of related parties	2022	2021
Subsidiary	$ 27,308	$ 31,183
Investor of significant influence	5,947	7,201
Other related parties	2,684	1,595
	$ 35,939	$ 39,979

Purchased by the Company from related parties are made based on the market price, with payments collected within 1–2 months.

(IV) Operating expenses

Type/name of related parties	2022	2021
Investor of significant influence	$ 39,291	$ 39,224
Other related parties	709	1,109
	$ 40,000	$ 40,333

Operating expenses represent expenses paid to related parties for marketing expenditures of operational consulting and service fees.

(V) Other income

Type/name of related parties	2022	2021
Subsidiary	$ 8,737	$ 8,994

Other income is mainly from commissioned services for rental equipment maintenance and warranty services received from its subsidiaries based on their operating incomes. Other receivables from commissioned services are collected on a monthly basis.

(VI) Lease agreements

<u>Assets for operating leases</u>

The operating lease receivables are summarized as follows:

Type/name of related parties	December 31, 2022	December 31, 2021
Investor of significant influence	$ 35	$ 31

The total lease payments to be received in the future are as follows:

Type/name of related parties	December 31, 2022	December 31, 2021
Investor of significant influence	$ 2,200	$ -
Other related parties	230	110
	$ 2,430	$ 110

Lease incomes are summarized as follows:

Type/name of related parties	2022	2021
Investor of significant influence	$ 2,404	$ 2,285
Other related parties	120	120
	$ 2,524	$ 2,405

The Company leases the right of use of office spaces to related parties under operating leases. The rent are charged based on the standard rates of similar assets; and the fixed lease payments are received on a monthly basis in accordance with the lease agreements.

(VII) Receivables from related parties

Accounting subject	Type/name of related parties	December 31, 2022	December 31, 2021
Accounts receivable	Aurora Leasing	$ 31,870	$ 34,689
	Other related parties	188	14
	Investor of significant influence	13	-
		$ 32,071	$ 34,703
Other receivables	Other related parties	$ 17	$ 4

No guarantee is received for outstanding accounts receivable from related parties. No allowance for loss has been provided for accounts receivable from related parties in 2022 and 2021.

(VIII) Payables to related parties

Accounting subject	Type/name of related parties	December 31, 2022	December 31, 2021
Account payables	Subsidiary	$ 2,193	$ 905
	Investor of significant influence	23	707
	Other related parties	-	832
		$ 2,216	$ 2,444
Other payables	Aurora Leasing	$ -	$ 23,769
	Investor of significant influence	3,479	3,483
	Other related parties	-	617
		$ 3,479	$ 27,869

The outstanding balance of related party accounts payable is not guaranteed.

(IX) Acquisition of property, plant, and equipment

	2022	2021
Investor of significant influence	$ 2	$ 153

The transaction prices are determined according to market conditions.

(X) Lease agreements

Type/name of related parties	2022	2021
Acquisition of right-of-use assets		
Aurora Holdings	$ 968	$ 19,570

Accounting subject	Type/name of related parties	December 31, 2022	December 31, 2021
Lease liabilities – current	Aurora Holdings	$ 9,401	$ 9,756
Lease liabilities – non-current	Aurora Holdings	$ -	$ 9,401

Type/name of related parties	2022	2021
Interest expenses		
Aurora Holdings	$ 101	$ 48

The Company leased offices from related parties in 2022 and 2021, respectively, with the lease terms of 2 years; the rent is payable on a monthly basis, and the terms are not materially different from those of the general clients.

(XI) Others

Accounting subject	Type/name of related parties	December 31, 2022	December 31, 2021
Refundable deposits	Aurora Holdings	$ 1,642	$ 1,642
Guarantee deposits	Aurora	$ 566	$ 566
	General Integration	21	21
		$ 587	$ 587

(XII) Remuneration to the management

	2022	2021
Short-term employee benefits	$ 13,874	$ 13,692
Retirement benefits	457	477
	$ 14,331	$ 14,169

The remuneration to directors and the management is determined by the Remuneration Committee based on personal performances and market trends.

XXVIII. Pledged assets

The following assets of the Company have been provided for banks as collateral for loans:

	Contents	December 31, 2022	December 31, 2021
Investment property	Land, houses and buildings	$231,999	$235,540
Investments accounted for using the equity method	8,400 thousand shares of Aurora Leasing	$183,056	$198,533

XXIX. Significant contingent liabilities and unrecognized contract commitments

In addition to those disclosed in other Notes, information on significant commitments and contingent liabilities on the balance sheet date is as follows:

(I) As of December 31, 2022 and 2021, the Group had unused letters of credit amounting to USD 998 thousand and USD 1,139 thousand, respectively. The performance bonds issued by financial institutions in favor of the Group amounted to NT$12,270 thousand and NT$10,790 thousand, respectively.

(II) As of December 31, 2022 and 2021, the total amount of guaranteed notes issued by the Group to financial institutions to meet short-term bills and short-term and long-term borrowing lines was NT$4,230,000 thousand.

(III) Significant contracts of the Group are disclosed as follows:

Type of contract	Contracting party	Contract duration Date	Contract content	Restrictions
Long-term supply/sales contracts	Ricoh Asia Pacific Ricoh Taiwan	April 1, 2022–March 31, 2023 (Note)	Digital multi-function devices (Ricoh Asia Pacific); laser printers, projectors and other products (Ricoh Taiwan)	1. Non-compete clauses are applied 2. Sales are only in Taiwan region

Note: The term will be automatically extended for one year if no objection is raised by both parties.

XXX. Significant events after the balance sheet date: None.

XXXI. Assets and liabilities denominated in foreign currencies with significant influence

The following information is aggregated by the foreign currencies other than the functional currency of the Group, and the exchange rates disclosed are the rates at which these foreign currencies are exchanged for the functional currency. The significant impact on assets and liabilities denominated in foreign currencies is as follows:

Unit: various Foreign currencies/NTD Thousand

	December 31, 2022		
	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 666	30.710 (USD:NTD)	$ 20,405
Non-monetary items			
Subsidiaries accounted for using the equity method			
RMB	363,169	4.408 (RMB:NTD)	1,600,847

	December 31, 2021		
	Foreign currencies	Exchange rate	Carrying amount
Foreign currencies assets			
Non-monetary items			
Subsidiary accounted for using the equity method			
RMB	$ 351,232	4.344 (RMB: NTD)	$ 1,525,751
Foreign currencies liabilities			
Monetary items			
USD	1,804	27.680 (USD: NTD)	50,024

Unrealized foreign exchange gains and losses that have significant impact are as follows:

	2022		2021	
Foreign currencies	Exchange rate	Net unrealized foreign exchange gains (losses)	Exchange rate	Net unrealized foreign exchange gains (losses)
USD	1: 29.805 (USD: NTD)	($ 248)	1: 27.68 (USD: NTD)	($ 360)

XXXII. Additional disclosures

(I) Significant transactions:

1. Financings provided to others: None.
2. Endorsement/guarantee provided to others: None.
3. Marketable securities held (excluding investments in subsidiaries): Please see Table 1.
4. Accumulated Purchase or Sale of the Same Securities Amounting to NT$300 Million or 20% of Paid-in Capital or Morel: Please see Table 2.
5. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Purchases or Sales with Related Parties Amounting to NT$100 Million or 20% of Paid-up Capital or More: Please see Table 3.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Information about the derivative financial instruments transaction: None.

(II) Information on the investment business: Please see Table 4.

(III) Information on investment in Mainland China:

1. The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, shareholding, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 5
2. Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third area, and

their prices, payment terms, and unrealized gains or losses: Please see Table 6.

(IV) Information on major shareholders: Names of shareholders with a shareholding ratio of 5% or more as well as number and proportion of shares held: Please see Table 7.

Huxen Corporation

Marketable securities held at end of period

December 31, 2022

Table 1

Unit: NTD in Thousands/Thousand Shares

Holding company	Type and name of marketable securities	Relationship with issuer of securities	Accounting subject	End of the period				Remark
				Number of shares	Carrying amount	Shareholding %	Market price (Note1)	
Huxen Corporation	Share							
	Aurora Corporation	Company with investment in the Company measured by the equity method	Financial assets at fair value through other comprehensive income – current	9,435	$ 735,001	3.99	$ 735,001	
Aurora Leasing Corporation	Share							
	Aurora Corporation	Aurora uses the equity method to evaluate its investment in the Company. Aurora Leasing Corporation is a subsidiary of the Company.	Financial assets at fair value through other comprehensive income – current	12,610	982,309	5.34	982,310	
			Financial assets at fair value through other comprehensive income – noncurrent	8,181	637,331	3.46	637,330	
Huxen (China) Co., Ltd.	Industrial Bank – large-denomination certificate of deposit	None	Financial assets at amortized cost – current	-	234,594	-	234,594	
	China Minsheng Bank – large-denomination certificate of deposit	None	Financial assets at fair value through other comprehensive income – noncurrent		316,387		316,387	
	Cathay United Bank – large-denomination certificate of deposit	None	Financial assets at amortized cost – current		220,439		220,439	

Note1: Market prices of stocks with open market prices refer to the closing prices as of December 31, 2022. The fair value of financial instruments is based on discounted cash flows.

Note 2: For information on investments in subsidiaries, please refer to Tables 4 and 5.

Huxen Corporation

Accumulated purchase or sale of the same securities amounting to nt$300 million or 20% of paid-in capital or more

For the Year Ended December 31, 2022

Table 2

Unit: NTD in Thousands /Thousand Shares (unless stated otherwise)

Company name	Type and name of securities	Accounting subject	Counterparty	Relationship	Transaction currency	Beginning of period		Reclassification of period		Purchase		Sale				Increase/decrease of period		End of the period	
						Number of shares (in thousand shares or thousand units)	Amount	Number of shares (in thousand shares or thousand units)	Amount	Number of shares (in thousand shares or thousand units)	Amount	Number of shares (in thousand shares or thousand units)	Price	Carrying cost	Gains (losses) on disposal	Number of shares (in thousand shares or thousand units)	Amount	Number of shares	Amount
Huxen (China) Co., Ltd.	Structured deposits	Financial assets at fair value through profit or loss – current	Industrial Bank	None	RMB	-	$ -	-	$ -	-	$ 150,000	-	$ 151,018	$ 150,000	$ 1,018	-	$ -	-	$ -
	Golden Snowball Stable Monthly Profit	Financial assets at fair value through profit or loss – current	Industrial Bank	None	RMB	-	-	-	-	-	110,000	-	110,227	110,000	227	-	-	-	-
	Profit Express	Financial assets at fair value through profit or loss – current	Industrial Bank	None	RMB	-	-	-	-	-	60,000	-	60,336	60,000	336	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss – current	Bank Sinopac	None	RMB	-	-	-	-	-	100,000	-	100,732	100,000	732	-	-	-	-

Huxen Corporation

Purchases or sales with related parties amounting to nt$100 million or 20% of paid-up capital or more

For the Year Ended December 31, 2022

Table 3 | Unit: NTD in Thousands

Company name	Counterparty	Relationship	Transaction situation				Unusual transaction terms and reasons		Notes and Accounts receivable (payable)		Remark
			Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Credit period	Unit price	Credit period	Balance	Percentage of Notes and Accounts receivable (payable) (%) （Note 6）	
Huxen Corporation	Aurora Leasing Corporation	Subsidiary	Sales	($ 191,383)	14%	In principle, payments shall be collected in cash in next month.	Transaction prices are based on market conditions; hence there is no material difference.	In principle, payments shall be collected in cash in next month.	$ 31,870	18%	
Aurora Leasing Corporation	Huxen Corporation	Subsidiary	Purchase	191,383	Note 1	In principle, purchase payments shall be paid in cash in next month.	Transaction prices are based on market conditions; hence there is no material difference.	In principle, purchase payments shall be paid in cash in next month.	(31,870)	(26%)	
〃	Aurora Corporation	Company using the equity method for the investment in the Company	Purchase	321,741	Note 2	〃	〃	〃	(55,421)	(44%)	
〃	Aurora Office Automation Corporation	Subsidiary of Aurora Corporation	Purchase	206,506	Note 3	〃	〃	〃	(37,322)	(30%)	
Huxen (China) Co., Ltd.	Aurora Office Automation Sales Co., Ltd.	Sub-sub-sub-subsidiary of Aurora Corporation	Purchase	498,680	Note 4	In principle, purchase payments shall all be paid within 4 months.	Transaction prices are based on market conditions; hence there is no material difference.	In principle, purchase payments shall all be paid within 4 months.			
〃	〃	〃	Purchase	389,591	Note 5	〃	〃	〃	-	-	

Note 1: The Company had sales of NT$191,383 thousand to Aurora Leasing Corporation, for which Aurora Leasing Corporation recognized NT$191,108 thousand of property, plant and equipment - assets leased to others and NT$275 thousand of other expenses.

Note 2: The goods sold by Aurora Co., Ltd to Aurora Leasing Corporation. were recognized as property, plant and equipment by Aurora Leasing Corporation.

Note 3: The goods sold by Aurora Office Automation Corporation to Aurora Leasing Corporation were recognized as property, plant and equipment by Aurora Leasing Corporation.

Note 4: The goods sold by Aurora Office Automation Sales Co., Ltd. to Huxen (China) Co., Ltd. were recognized as property, plant and equipment by Huxen (China) Co., Ltd.

Note 5: The goods sold by Aurora Office Automation Sales Co., Ltd. to Huxen (China) Co., Ltd. were recognized as service cost by Huxen (China) Co., Ltd.

Note 6: The above percentage is calculated based on the ratio of the balance of notes and Accounts receivable (payable) with related parties to the balance of investee companies’ notes and Accounts receivable (payable).

Huxen Corporation

Information on investee companies, locations thereof etc.

For the Year Ended December 31, 2022

Table 4

Unit: NTD in Thousands/Thousand Shares

Name of investor	Name of investee Name	Location	Main business activities	Initial investment amount		Ending balance			Profit (loss) of investee for the period	Investment profit (loss) recognized for the period	Distribution of dividends by investee for the period		Remark
				Ending balance for the current period	Ending balance for the previous period	Nuimber of shares	Ratio %	Carrying amount			Stock dividends	Cash dividends	
Huxen Corporation	Aurora Leasing Corporation	Taiwan, R.O.C.	(1) Import, export, lease and repair of multi-function printers; (2) The re-leasing business of the foregoing products; (3) Import and export of toner, metal powders, cards, rollers, and papers.	$ 865,491	$ 865,491	119,237	100	$2,598,452	$ 254,960	$ 254,960	$ -	$ 238,474	Subsidiary

Huxen Corporation

Investment in Mainland China

For the Year Ended December 31, 2022

Table 5

1. Name of the investee company in Mainland China, main businesses, paid-in capital, investment method, capital remittance, shareholding ratio, investment gain or loss, carrying amounts of investment, and remittance of investment gain or loss:

Unit: NTD in Thousands, RMB thousand or USD thousand

Investee company in mainland china	Main business activities	Paid-in capital	Method of investment	Accumulated outward remittance for investment from Taiwan as of the beginning of the period	Remittance of funds		Accumulated outward remittance for investment from Taiwan as of the end of the period	Net income of investee of the period	The Company's shareholding % of direct or indirect investment	Investment gains/losses recognized for the period (Note 2)	Carrying amount as of the end of the period	Accumulated repatriation of investment income to Taiwan as of the end of the period
					Outward	Inward						
Huxen (In Mainland China) Co., Ltd.	Sales, repair services and leasing of multi-function printers	$ 1,922,054 (RMB$ 400,000)	Note 1 (I)	$ 1,339,010 (US$ 2,885 RMB 262,000)	$ -	$ -	$ 1,339,010 (US$ 2,885 RMB 262,000)	$ 75,404	70	$ 52,783	$1,600,847	$ -

2. Limit on the amount of investment in the Mainland Area:

Accumulated outward remittance for investment in Mainland China from Taiwan at the end of the period（Note 3）	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs（Note 3）	Investment limit in Mainland China according to the Investment Commission of the Ministry of Economic Affairs（Note 4）
$ 1,339,010 (US$ 2,885) (RMB 262,000)	$ 1,489,900 (RMB 310,000)	$ 2,784,783

Note 1: The following three types of investment methods are distinguished and can be labeled as follows:
(I) Direct investment in Mainland China.
(II) Indirect investment in companies of Mainland China through a third place.
(III) Other method (through third region remittance)

Note 2: In the column of investment income or loss recognized for the period:
(I) If it is in preparation, and there is no investment gains/losses, notes shall be made.
(II) The amounts of investment gain/loss were recognized on following three bases:
1. Financial statements audited by a ROC CPA firm cooperating with an international CPA firm
2. Financial statements audited by the auditor of parent company.
3. Others

Note 3: The amount was calculated based on the exchange rate approved by the Investment Commission of the Ministry of Economic Affairs at the time. The accumulated outward remittance (Foreign currencies) for investment in Mainland China from Taiwan at the end of the period did not exceed the Investment amount (Foreign currencies) approved by the Investment Commission of the Ministry of Economic Affairs

Note4: The net worth of the Consolidated Company as of December 31, 2022 was NT$4,641,305 thousand. In accordance with the "Principles Governing the Examination of Investments or Technical Cooperation in China," the calculation of the limit is $4,641,305 thousand × 60% = NT$2,784,783 thousand.

Huxen Corporation

Major transactions with any investee company in mainland China directly or indirectly through a third region, and their prices, payment terms, unrealized gains (losses), and other information

For the Year Ended December 31, 2022

Table 6

Unit: NTD in Thousands

Investee company in mainland china	Relationship between the Group and related parties	Type of transaction	Amount	Transaction terms			Notes and Accounts receivable (payable)		Unrealized gains or losses	Remark
				Price	Payment terms	Comparison with general transactions	Balance	Percentage (%) (Note)		
Huxen (China) Co., Ltd.	Subsidiary	Purchase	$ 498,680	Price is made based on market conditions	Payment is made within 4 months	No material discrepancy	$ -	-	$ -	
		Purchase	389,591	〃	〃	〃	-	-	-	

Note: The above percentage is calculated as the ratio of the balance of notes and Accounts receivable (payable) with related parties to the balance of total notes and Accounts receivable (payable) of the Group.

Huxen Corporation

Information on major shareholders

December 31, 2022

Table 7

Name of major shareholders	Shares	
	Shares held	Shareholding (%)
Aurora Corporation	47,010,591	32.53
Aurora Holdings Incorporated	39,359,689	27.23
Aurora Office Automation Corporation	11,170,023	7.73
Ni Sheng Investment Co., Ltd.	8,086,000	5.59

Note 1: The major shareholders in this table are shareholders holding more than 5% of the common and prefered shares that have completed delivery without physical registration (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company’s financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

Note 2: If a shareholder delivers its shareholding information to the trust, the foregoing information shall be disclosed by the individual trustee who opened the trust account. Please refer to MOPS for information on shareholders who declare themselves to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property

§ STATEMENTS OF SIGNIFICANT ACCOUNTING SUBJECTS§

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Huxen Corporation

Statement of Financial Assets Measured at Fair Value through Other Comprehensive Income – Current

December 31, 2022

Statement 1

Unit: NTD in Thousands/Thousand Shares (unless stated otherwise)

Name of financial instrument	Summary	Quantity of shares	Face value	Total	Interest rate (%)	Acquisition cost	Accumulated impairment	Fair values	
								Unit price ($)	Total
Current									
Aurora Corporation	Share	9,435	94,350	$ 735,001	-	$ 442,726	N/A	77.90	$ 735,001

Note: The unrealized valuation gain on financial assets at fair value through other comprehensive income – current as of the end of the period is 404,554 NTD thousand.

Huxen Corporation

Statement of Notes Receivable

December 31, 2022

Statement 2 Unit: NTD in Thousands

Item	Summary	Amount
Company A	Payment	$ 6,592
Others (Note)	〃	58,255
Less: Allowance for impairment loss		-
		$ 64,847

Note: The balance of each item does not exceed 5% of the balance of this account.

Huxen Corporation

Statement of Accounts receivable/Accounts receivable – Related Parties

December 31, 2022

Statement 3 | Unit: NTD in Thousands

Item	Summary	Amount
Non-related parties		
Other (Note)	Payment	$ 86,312
Less: Allowance for impairment loss		(1,357)
		$ 84,955
Related parties		
Aurora Leasing Corporation	Payment	$ 31,870
Other (Note)	〃	201
		$ 32,071

Note: The balance of each item does not exceed 5% of the balance of this account.

Huxen Corporation

Statement of Changes in Investments Accounted for Using the Equity Method

For the Year Ended December 31, 2022

Statement 4

Unit: NTD in Thousands/Thousand Shares (unless stated otherwise)

Name	Beginning balance		Increase of the period		Decrease of the period		Gain (loss) on investments (Note2)	Deferred realized profit	Foreign financial exchange differences on translation of statements	Investment gains/losses financial instrument of the period (Note 3)	Ending balance			Market Value/Net Equity Value (Note 4 & 5)		Guarantee or pledge
	Quantity of shares	Amount	Quantity of shares	Amount	Quantity of shares	Amount (Note1)					Quantity of shares	Shareholding (%)	Amount	Unit price ($)	Total	
Unlisted companies																
Aurora Leasing Corporation	119,237,000	$2,818,152	-	$ -	-	($ 238,474)	$ 254,960	$ 11,230	$ -	($ 247,416)	119,237,000	100.00	$2,598,452	20.53	$2,447,725	Note 6
Huxen (China) Co., Ltd.	-	1,525,751	-	-	-	-	52,783	-	22,313	-	-	70.00	1,600,847	5.72	1,600,847	
		$4,343,903		$ -		($ 238,474)	$ 307,743	$ 11,230	$ 22,313	($ 247,416)			$4,199,299		$4,048,572	

Note 1: The decrease of the period is due to the cash dividends paid by Aurora Leasing.

Note 2: The calculation is based on the financial statements audited by the independent auditors.

Note 3: Unrealized gains or losses on financial instruments are recognized in accordance with the shareholding percentage in the investee company.

Note 4: These are the net equity of the investee company based on the financial statements audited by independent auditors for the same period.

Note 5: The difference between the ending balance of investment in Aurora Leasing and its net equity is NT$150,727 thousand, which represents the investment premium of NT$238,980 thousand and the deferred gross profit of NT$88,253 thousand.

Note 6: As of the end of the period, 8,400 thousand shares of investments held under the equity method were pledged as collateral for financing.

Huxen Corporation

Statement of Short-term Loans

December 31, 2022

Statement 5

Unit: NTD in Thousands

Type of loans	Creditor	Ending balance	Loan period	Interest rate range	Line of credit	Pledge or guarantee
Credit loan	First Bank					
	Fubon Bank	$ 150,000	2022.11.21-2023.05.19	1.800%	$ 300,000	None
	Bank of Communications	150,000	2022.12.21-2023.02.21	1.570%	150,000	〃
	First Bank	100,000	2022.11.22-2023.02.20	1.585%	200,000	〃
		$ 400,000				

Huxen Corporation

Statement of Accounts Payable

December 31, 2022

Statement 6 | Unit: NTD in Thousands

Item	Summary	Amount
Non-related parties		
Company B	Payment	$ 12,028
Company C	〃	11,651
Company D	〃	8,774
Company E	〃	7,906
Company F	〃	6,943
Other (Note)		54,989
		$102,291
Related parties		
Aurora Leasing Corporation	Payment	$ 2,193
Aurora Corporation	〃	23
		$ 2,216

Note: The balance of each item does not exceed 5% of the balance of this account.

Huxen Corporation

Statement of Long-term Loans

December 31, 2022

Statement 7

Unit: NTD in Thousands

Creditor	Summary	Borrowing amount	Contract period	Interest rate %	Pledge or guarantee
Yuanta Bank	Guaranteed Borrowings (interest payable on a monthly basis, principal repayable in one lump sum on maturity)	$ 440,000	2022.12.30-2024.05.14	1.50%	Please refer to Note 28
Yuanta Bank	Credit loans (interest payable on a monthly basis, principal repayable in one lump sum on maturity)	300,000	2022.12.06-2024.05.14	1.48%	None
		$ 740,000			

Huxen Corporation

Statement of Operating Income

For the Year Ended December 31, 2022

Statement 8 Unit: NTD in Thousands

Item	Quantity (thousand sets)	Amount
Multi-function printers, peripherals and consumables	8,318	$ 815,880
Machine rental income, paper-based income, etc.		599,757
		$1,415,637

Huxen Corporation

Statement of Operating Costs

For the Year Ended December 31, 2022

Statement 9 Unit: NTD in Thousands

Item	Amount
Beginning inventory	$135,969
Net purchases for the period	802,425
Property, plant and equipment transferred to inventories	5,653
Others	159
Less: Ending inventory	(207,951)
Those reclassified to property, plant and equipment	(131,819)
Machine rental cost (depreciation)	134,945
Operating costs	$739,381

Huxen Corporation

Statement of Operating Expenses

For the Year Ended December 31, 2022

Statement 10 Unit: NTD in Thousands

	Amount	
Item	Marketing expenses	Administrative and general expenses
Salary expenses	$230,038	$ 52,560
Insurance expenses	25,028	4,866
Depreciation expenses	17,956	12,075
Service expense	2	42,061
Miscellaneous expenses	50,826	12,084
	$323,850	$123,646

Note: The balance of each item exceeded 5% of the balance of this account is stated as above.

Huxen Corporation

Summary Statement of Current Period Employee Benefits, Depreciation, Depletion and Amortization Expenses by Function

For the years ended December 31, 2022 and 2021

Statement 11

Unit: NTD in Thousands

	2022				2021			
	Operation costs	Operation expenses	Non-operation expenses	Total	Operation costs	Operation expenses	Non-operation expenses	Total
Employee benefits								
Salaries	$ -	$ 245,592	$ -	$ 245,592	$ -	$ 248,438	$ -	$ 248,438
Labor and health insurance	-	29,433	-	29,433	-	30,055	-	30,055
Pensions	-	14,135	-	14,135	-	14,254	-	14,254
Remuneration paid to directors	-	6,680	-	6,680	-	6,199	-	6,199
Other employee benefits	-	42,542	-	42,542	-	41,783	-	41,783
	$ -	$ 338,382	$ -	$ 338,382	$ -	$ 340,729	$ -	$ 340,729
Depreciation	$ 134,945	$ 30,031	$ -	$ 164,976	$ 131,838	$ 30,871	$ 3,542	$ 166,251
Amortization	$ -	$ 312	$ -	$ 312	$ -	$ 365	$ -	$ 365

Note 1: As of December 31, 2022 and 2021, the number of employees of the Company is 410 and 424, respectively, among which the number of directors who are not concurrently employees is 7.

Note 2: Companies whose shares are listed on the Taiwan Stock Exchange or traded over-the-counter on the Taipei Exchange should disclose additional information on the following:

(1) The Company’s average employee benefit expense for the current year was NT$823 thousand ("Total employee benefit expense for the current year - total directors' remuneration" / "Number of employees for the current year - number of directors who did not also serve as employees").

The Company’s average employee benefit expense for the previous year was NT$802 thousand ("Total employee benefit expense for the previous year - total directors' remuneration" / "Number of employees for the previous year - number of directors who did not also serve as employees").

(2) The average employee salary expense for the current year was NT$609 thousand (total salary expense for the current year / "number of employees for the current year - number of directors who did not also serve as employees").

The average employee salary expense for the previous year was NT$596 thousand (total salary expense for the previous year / "number of employees for the previous year - number of directors who did not also serve as employees").

(3) Change in average employee salary expense was 2.18% ("Average employee salary cost for the current year - Average employee salary cost for the previous year"/ Average employee salary cost for the previous year).

(4) The remuneration of the independent directors for both the current and the previous year was NT$0 thousand.

Note 3: The Company’s salary and compensation policy:

(1) Directors and independent directors: All are subject to the relevant provisions of the Company's Articles of Incorporation and the remuneration shall be approved in accordance with the principles of fairness and impartiality and the performance of each employee and paid based on the resolution of the Board of Directors.

(2) Managerial officers: The payment standard and combination are divided into fixed and variable remuneration. Fixed remuneration is ratified based on the responsibility of the position and the Company’s operational goals, while variable remuneration is paid based on the achieved operating performance and contribution.

(3) Employees: Their salary consists of fixed and variable salary. Fixed salary is determined based on the value created by the job positions, their level of professionalism and skills, and their experience in their job positions, etc., with reference to the salary level of the industry.

The variable salary includes year-end bonuses, appraisal bonuses, and profits distributed to the employees, which are allocated by the Board of Directors based on the Company’s annual profitability.

(4) Employee salary adjustment: In accordance with the Company's performance appraisal rules, the salary adjustment range is determined by factors, such as the assessment indicators of the employees' job responsibilities and the degree of accomplishment of the work plan every year. The accountable managers of the employees are tasked to perform comprehensive assessment to decide the range of salary adjustment while considering the Company's operating environment.

Relationship between operating performance and remuneration

Remuneration of the Company is based on the results of operating performance to align individual performances with the overall operating performance.

VI. Effect of financial insolvency of the company and affiliates in the latest year and as of the date of the publication of the annual report on the company's finance: None.

Seven. Financial Status, Review and Analysis of Financial Performance, and Risk Items

I. Financial Status

Statement for Comparative Analysis of Financial Position

Unit: NT$1,000

Item \ Year	2022	2021	Increase (Decrease)	
			Amount	%
Current Assets	3,920,890	3,833,557	87,333	2.3
Funds and Long-term Investments	637,331	734,689	(97,358)	(13.3)
Property, Plant and Equipment	2,532,608	2,709,833	(177,225)	(6.5)
Intangible Assets	239,579	239,383	196	0.1
Other Assets	435,471	467,458	(31,987)	(6.8)
Total Assets	7,765,879	7,984,920	(219,041)	(2.7)
Current Liabilities	1,932,467	2,089,284	(156,817)	(7.5)
Noncurrent Liabilities	1,192,107	1,015,882	176,225	17.3
Total Liabilities	3,124,574	3,105,166	19,408	0.6
Share Capital	1,444,960	1,444,960	-	-
Capital Surplus	42,643	42,643	-	-
Retained Earnings	1,522,461	1,455,712	66,749	4.6
Other Equity	1,631,241	1,936,439	(305,198)	(15.8)
Total Equity	4,641,305	4,879,754	(238,449)	(4.9)

- Analysis of changes in percentage increase or decrease exceeding 20%: None.
- Effect of changes in financial position: There is no significant effect on the financial position.
- Future response plan: Not applicable.

II. Financial Performance

Statement for Comparative Analysis of Financial Performance

Unit: NT$1,000

Item \ Year	2022	2021	Increase (Decrease)	
			Amount	%
Operating Revenue	3,193,629	3,883,788	(690,159)	(17.8)
Operating Cost	2,162,017	2,841,594	(679,577)	(23.9)
Gross Margin from Operations	1,031,612	1,042,194	(10,582)	(1.0)
Operating Expenses	557,918	593,441	(35,523)	(6.0)
Net Income from Operations	473,694	448,753	24,941	5.6
Non-operating Income and Expenses	216,789	219,044	(2,255)	(1.0)
Net Income before Income Tax	690,483	667,797	22,686	3.4
Income Tax Expenses	106,687	101,629	5,058	5.0
Net Income for the Period	583,796	566,168	17,628	3.1

- Analysis of changes in the percentage of increase or decrease of more than 20%:

  Decrease in operating costs: This was mainly attributable to the transfer of mainland China service contracts, resulting in a 59% decrease in service revenue and a significant decrease in service costs.

- The expected sales volume and its basis, the impact on the Company’s future financial operations and the corresponding plan: Please refer to the “Report to Shareholders.”

III. Cash Flow:

(I) Cash flow analysis for the current year

Unit: NT$1,000

Item	2022	2021	Increase (decrease) in amount	Change (%)
Cash and Cash Equivalents at Beginning of Year	690,520	851,971	(161,451)	
Net Cash Flows Generated from Operating Activities	1,501,679	1,681,257	(179,578)	(10.7)
Net Cash Flows Used in Investing Activities	(1,034,898)	(1,246,857)	(211,959)	(17.0)
Net Cash Flows Used in Financing Activities	(476,111)	(590,424)	(114,313)	(19.4)
Effect of Exchange Rate Changes on Cash	8,770	(5,427)	14,197	
Cash and Cash Equivalents at End of Year	689,960	690,520	(560)	(0.1)

(II) Improvement plan and liquidity analysis for illiquidity**:** There is no illiquidity situation of cash.

(III) Cash liquidity analysis for future years

Cash at Beginning of Year	Net Cash Flows from Operating Activities in the Year	Cash Outflow in the Year	Cash Surplus (Deficit)	Remedies for Insufficient Cash	
				Investment Plan	Financing Plan
689,960	630,261	(487,667)	832,554	—	—

IV. Effect of significant capital expenditures on financial operations in the most recent year: None.

V. The most recent annual reinvestment policy, the main reasons for its profit or loss, the improvement plan and the investment plan for the next year:

(I) The Company's equity investment policy

According to the Company's equity investment policy, the Company mainly invests in businesses which closely correlate to the Company's major lines of business or high-performing businesses with promising prospects. The Company's overall investment evaluation, implementation and control are in accordance with the Company's the "Procedures for Acquisition or Disposal of Assets"

(II) Future investment plans for the coming year

The Company will continue to focus on its core business operations. It has no investment plans for the coming year, except for capital expenditures to expand the scale of operations.

VI. Analysis and assessment of risk matters for the most recent year and as of the date of publication of the annual report:

The Company's analysis and assessment of risk matters for the most recent year and as of the date of publication of the annual report are as follows:

(I) The impact of interest rate, exchange rate changes and inflation on the company's profit/loss and future countermeasures:

1. Most of the interest rates in Taiwan are floating rates. The U.S. Federal Reserve has adopted a policy of raising interest rates to curb inflation, which has led central banks around the world to increase interest rates, resulting in higher interest costs for financial debt held. The Company pays close attention to market trends and locks most of its borrowings at fixed rates to reduce the impact of interest rate fluctuations on the Company.
2. Exchange rate movements: The Company's foreign currency liabilities are mainly denominated in United States dollars. It will closely observe the exchange rate market dynamics and hedge currencies properly.
3. Inflation: The Company's sales are mainly in the domestic market. The Accounting Office predicts that the economic growth rate in 2023 will be about 2.12%. The price level is expected to be stable. Hence, inflationary pressures should be effectively controlled without significantly affecting the Company's profit or loss.

(II) Policies, main causes of profit/loss and action plans with respect to high-risk, high-leveraged investment, lending or endorsement guarantee, and derivatives transactions

1. The Company has not engaged in high-risk, high-risk investment.
2. The Company has the "Procedure for Lending Funds to Other Parties," the "Procedures for Endorsement and Guarantee" and the "Procedures for Acquisition or Disposal of Assets," which are actually handled in accordance with the regulations when performing such operations, while the risk control and internal audit are also conducted.

(III) Future R&D plans and estimated R&D expenses:
The Company is mainly engaged in the marketing of office equipment and communication products; hence, there is no need to make investment on R&D.

(IV) The impact of important domestic and foreign policies and legal changes on the Company's financial business and countermeasures thereof:
There were no impact of important domestic and foreign policies and legal changes on the Company's financial business in the Company.

(V) Effects of technology (including information security risks) and industrial changes on corporate finance and sales and countermeasures thereof:
There were no effects of technology (including information security risks) and industrial changes on corporate finance and sales in the Company.

(VI) The impact of corporate image change on corporate crisis management and countermeasures thereof:
There is no impact of corporate image change on corporate crisis management of the Company.

(VII) Expected benefits, possible risks and countermeasures of merger: The Company has not made any mergers and acquisitions; therefore, it is not applicable.

(VIII) Expected Benefits, Possible Risks and Countermeasures for Plant Expansion: The Company did not engage in any plant expansion; therefore, it is not applicable.

(IX) Risks and countermeasures faced by the Company due to centralized purchase or sale:

1. Purchase:
   (1) The main supplier in Taiwan is RICOH Company (Japan). The Company has a good and stable business relationship with RICOH company for a long time. In addition, the branch network and services in Taiwan is highly rated by customers. With this advantage, there is no risk of discontinuance.
   (2) The main supplier in in Mainland China is Aurora Office Automation Sales Co.,Ltd. The main leasing business is to purchase photocopier assets and lease them to customers; Mainland China is Shanghai AURORA Office Automation Sales Co., Ltd. The main leasing business is to purchase photocopier assets and lease them to customers.
2. Sales:
   Among the consolidated income, office automation products accounted for 38%, and leasing income accounted for 62%. There is no concentration of sales, and hence the risk impact is not significant.

(X) Effect upon and risk to the company if a major quantity of shares belonging to a Director, Supervisor, or Shareholder holding greater than a 10 percent shares in the Company has been transferred or has otherwise changed hands, and measures to be adopted in response:
None of major quantity of shares belonging to a Director, Supervisor, or Shareholder holding greater than a 10 percent shares in the Company has been transferred or has otherwise changed hands.

(XI) Effect upon and risk to the Company associated with any change in governance personnel or top management, and measures to be adopted in response: There is no change in governance in the Company.

(XII) Litigious and non-litigious matters:
None of the Director, Supervisors, or General Manager or Shareholders holding greater than a 10 percent shares in the Company is still engaged in significant litigious and non-litigious matters.

(XIII) Other vital risks and measures to be adopted in response

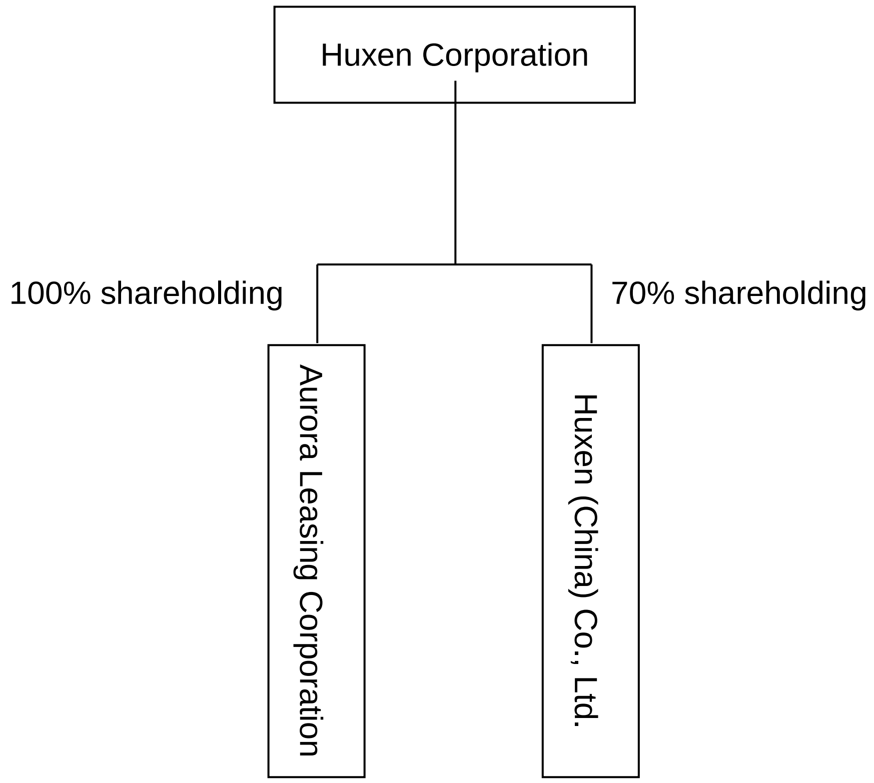
VII. Other important matters: None.

Eight. Other Items Deserving Special Mention

I. Information on affiliates

(I) Consolidated Business Reports of Affiliates

1. Organizational chart of affiliates



2. Information on affiliates

December 31, 2022
Unit: NT$1,000

Company name	Date of establishment	Address	Paid-in capital	Main business or products
Subordinate company: Aurora Leasing Corporation	January 1986	16F., No. 2, Sec. 5, Xinyi Rd., Taipei City	1,192,369	Lease, re-lease and repair of multi-function printers, import and export of toners, iron powders, cards, rollers and papers.
Subordinate company: Huxen (China) Co., Ltd.	October 2012	3rd floor, Building 4, No. 399 Jiaxin Road, Malu Town, Jiading District, Shanghai	1,922,054 (RMB$400,000)	Sales, repair services and leasing of multi-function printers.

3. Information on shareholder whose companies presumed to have a relationship of control and subordination with the Company: None.

4. Industries covered by the business operated by the affiliates overall: Sales, importing, exporting, repairing, and leasing of multi-function printers, faxes, and communication products.

5. Information on directors, supervisors and general managers of affiliates

December 31, 2022
Unit: Thousand Shares; %

Company name	Title	Name or Representative	Shareholding	
			Number of Shares	Shareholding Ratio
Aurora Leasing Corporation	Chairperson Supervisor	Representative of Huxen Corporation: Liao, Ching-Chang Representative of Huxen Corporation: Chen, Li-Chen	119,237	100
Huxen (China) Co., Ltd.	Chairperson Director Director Supervisor	Representative of Huxen Corporation: Chou, Chi-Cheng Representative of Huxen Corporation: Yuan, Hui-Hua Representative of Aurora Office Automation Corporation : Wu Jun Representative of Huxen Corporation: Ma, Chih-Hsien	RMB280,000	70

6. Summarized Operation Results of Affiliated Enterprises

December 31, 2021
Unit: NT$1,000

Company name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Profit/Loss of the Period (After -tax)	EPS($) (After -tax)
Aurora Leasing Corporation	1,192,369	3,234,233	786,507	2,447,725	835,886	163,503	254,960	2.14
Huxen (China) Co., Ltd.	1,922,054	2,591,370	304,446	2,286,924	1,133,489	62,213	75,404	0.19

(II) Declaration of Consolidated Financial Statements of Affiliated Enterprises

Declaration

The entities that are required to be included in the consolidated business report of Huxen Corporation for the year ended December 31, 2022 (from January 1, 2022 to December 31, 2023), under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliates are the same as those included in the consolidated financial statements prepared in conformity with the IFRS10, “Consolidated Financial Statements.” Further, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Hence, Huxen Corporation and subsidiaries do not prepare a separate set of consolidated financial statements of associates.
Sincerely,

Name of Company: Huxen Corporation

Person in Charge: Liao, Ching-Chang

March 10, 2023

(III) Relations Report: None.

II. Private placement of marketable securities in the latest year and as of the publication date of this annual report: None.

III. Status of the Company's shares acquired, disposed of, and held by subsidiaries in the latest year and as of the publication date of this annual report: None.

IV. Other necessary supplementary information: None.

V. Any events in the latest year and as of the publication date of this annual report that had material impacts on shareholders' interests or securities prices as stated in Subparagraph 2 of paragraph 3 of article 36 of the Securities and Exchange Act: None.

Huxen Corporation

Chairperson: