

## **Shuttle Inc. and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2022 and 2021 and  
Independent Auditors' Report**

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 10 “Consolidated and Separate Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SHUTTLE INC.

By

Li-Na Yu

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Chairman

March 14, 2023

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Shuttle Inc.

### **Opinion**

We have audited the accompanying consolidated financial statements of Shuttle Inc. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

#### Revenue Recognition - Medical Devices Segment

The medical device segment, including Carilex Medical Inc. and its subsidiaries, is selling air mattresses and medical peripherals. The medical device segment is an important business of which the Group has focused on development and the sales market is mainly in overseas areas, causing long shipping time with terms of FOB and DDU agreed-upon sales contracts with customers. Hence, we identified revenue recognition as a key audit matter.

Our main audit procedures performed in respect of the above key audit matter are described here. We obtained an understanding of and tested the design and operating effectiveness of key internal controls relevant to the sales process of the medical devices business. For main customers, we reviewed these customers' basic information and credit limits and tested the process of sales transactions with these customers to identify exceptions. Also, we performed tests of details by selecting samples from sales sub-ledgers and inspecting sales orders, shipping documents, bills of custom clearances, and documents relevant to the samples audited and verified the transaction authenticity and completeness of revenue recognition.

#### **Other Matter**

We have also audited the parent company only financial statements of Shuttle Inc. as of and for the years ended December 31, 2022 and 2021 on which we have issued unmodified opinions.

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

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

In preparing the consolidated financial statements, management is 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 the audit committee, are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud 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.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Kuan-Hao Lee and I-Chi Chien.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 23, 2023

#### Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# SHUTTLE INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,351,439	30	\$ 1,446,227	32
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	166,954	4
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	99,422	2	101,954	2
Trade receivables from unrelated parties (Notes 4 and 9)	151,870	3	204,049	4
Other receivables (Notes 4, 9 and 28)	5,261	-	3,680	-
Current tax assets (Note 4)	657	-	342	-
Inventories (Notes 4, 5 and 10)	922,652	21	656,953	14
Prepayments (Note 11)	27,907	1	32,454	1
Other current assets (Notes 6 and 17)	<u>74,283</u>	<u>2</u>	<u>183,072</u>	<u>4</u>
Total current assets	<u>2,633,491</u>	<u>59</u>	<u>2,795,685</u>	<u>61</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	171,365	4	161,941	3
Investments accounted for using the equity method (Notes 4 and 13)	37,088	1	36,131	1
Property, plant and equipment (Notes 4 and 14)	1,016,289	23	1,006,979	22
Right-of-use assets (Notes 4, 15 and 29)	155,902	3	188,491	4
Goodwill (Note 4)	54,565	1	54,565	1
Other intangible assets (Notes 4 and 16)	191,172	4	193,001	4
Deferred tax assets (Notes 4 and 24)	132,970	3	129,330	3
Other non-current assets (Notes 4, 6 and 17)	<u>73,914</u>	<u>2</u>	<u>32,474</u>	<u>1</u>
Total non-current assets	<u>1,833,265</u>	<u>41</u>	<u>1,802,912</u>	<u>39</u>
<b>TOTAL</b>	<u>\$ 4,466,756</u>	<u>100</u>	<u>\$ 4,598,597</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 18 and 29)	\$ 50,000	1	\$ 50,000	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	19,609	1	21	-
Contract liabilities (Note 32)	34,011	1	38,840	1
Trade payables to unrelated parties	134,276	3	281,041	6
Other payables (Notes 19 and 28)	159,832	4	220,993	5
Current tax liabilities - current (Note 4)	25,698	1	22,017	1
Provisions (Notes 4 and 20)	61,850	1	52,300	1
Lease liabilities - current (Notes 4, 15 and 28)	56,262	1	55,731	1
Other current liabilities	<u>15,180</u>	<u>-</u>	<u>12,204</u>	<u>-</u>
Total current liabilities	<u>556,718</u>	<u>13</u>	<u>733,147</u>	<u>16</u>
<b>NON-CURRENT LIABILITIES</b>				
Current tax liabilities - non-current (Note 4)	7,058	-	7,484	-
Deferred tax liabilities (Notes 4 and 24)	5,590	-	2,797	-
Lease liabilities - non-current (Notes 4, 15 and 28)	<u>185,429</u>	<u>4</u>	<u>229,675</u>	<u>5</u>
Total non-current liabilities	<u>198,077</u>	<u>4</u>	<u>239,956</u>	<u>5</u>
Total liabilities	<u>754,795</u>	<u>17</u>	<u>973,103</u>	<u>21</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)</b>				
Ordinary shares	<u>3,434,273</u>	<u>77</u>	<u>3,434,273</u>	<u>75</u>
Capital surplus	<u>25,088</u>	<u>-</u>	<u>25,088</u>	<u>1</u>
Retained earnings				
Legal reserve	25,111	1	1,898	-
Special reserve	81,675	2	17,089	-
Unappropriated earnings	<u>153,094</u>	<u>3</u>	<u>189,908</u>	<u>4</u>
Total retained earnings	<u>259,880</u>	<u>6</u>	<u>208,895</u>	<u>4</u>
Other equity	<u>(47,710)</u>	<u>(1)</u>	<u>(73,505)</u>	<u>(2)</u>
Total equity attributable to owners of the Company	3,671,531	82	3,594,751	78
<b>NON-CONTROLLING INTERESTS</b>	<u>40,430</u>	<u>1</u>	<u>30,743</u>	<u>1</u>
Total equity	<u>3,711,961</u>	<u>83</u>	<u>3,625,494</u>	<u>79</u>
<b>TOTAL</b>	<u>\$ 4,466,756</u>	<u>100</u>	<u>\$ 4,598,597</u>	<u>100</u>

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

# SHUTTLE INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 32)				
Sales	\$ 1,764,225	102	\$ 1,874,024	102
Less: Sales returns and allowances	<u>29,375</u>	<u>2</u>	<u>31,822</u>	<u>2</u>
Total operating revenue	1,734,850	100	1,842,202	100
OPERATING COSTS (Notes 4, 10 and 23)				
Cost of goods sold	<u>1,036,258</u>	<u>59</u>	<u>1,123,556</u>	<u>61</u>
GROSS PROFIT	<u>698,592</u>	<u>41</u>	<u>718,646</u>	<u>39</u>
OPERATING EXPENSES (Notes 4, 23 and 28)				
Selling and marketing expenses	346,396	20	338,261	18
General and administrative expenses	187,318	11	191,606	11
Research and development expenses	168,912	10	189,151	10
Excepted credit loss reversed on trade receivables	<u>(11,198)</u>	<u>(1)</u>	<u>(2,512)</u>	<u>-</u>
Total operating expenses	<u>691,428</u>	<u>40</u>	<u>716,506</u>	<u>39</u>
PROFIT FROM OPERATIONS	<u>7,164</u>	<u>1</u>	<u>2,140</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	10,125	-	2,351	-
Other income (Notes 4 and 23)	24,511	1	18,326	1
Other gains and losses (Notes 4, 15 and 23)	27,844	2	260,976	14
Finance costs (Notes 23 and 28)	(4,129)	-	(3,051)	-
Share of profit or loss of joint ventures (Notes 4 and 13)	<u>394</u>	<u>-</u>	<u>(130)</u>	<u>-</u>
Total non-operating income and expenses	<u>58,745</u>	<u>3</u>	<u>278,472</u>	<u>15</u>
PROFIT BEFORE INCOME TAX	65,909	4	280,612	15
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(9,880)</u>	<u>(1)</u>	<u>(84,518)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>56,029</u>	<u>3</u>	<u>196,094</u>	<u>11</u>

(Continued)



# SHUTTLE INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Notes 4 and 22)	\$ 7,284	1	\$ 9,831	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 4)	23,236	1	(33,232)	(2)
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 24)	<u>(4,677)</u>	<u>-</u>	<u>6,726</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>25,843</u>	<u>2</u>	<u>(16,675)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 81,872</u>	<u>5</u>	<u>\$ 179,419</u>	<u>10</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 55,084	3	\$ 195,533	11
Non-controlling interests	<u>945</u>	<u>-</u>	<u>561</u>	<u>-</u>
	<u>\$ 56,029</u>	<u>3</u>	<u>\$ 196,094</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 80,917	5	\$ 178,883	10
Non-controlling interests	<u>955</u>	<u>-</u>	<u>536</u>	<u>-</u>
	<u>\$ 81,872</u>	<u>5</u>	<u>\$ 179,419</u>	<u>10</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 0.16</u>		<u>\$ 0.58</u>	
Diluted	<u>\$ 0.16</u>		<u>\$ 0.57</u>	

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

(Concluded)

## SHUTTLE INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
						Other Equity					
						Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Treasury Shares	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE, JANUARY 1, 2021	\$ 3,434,273	\$ 11,865	\$ 436	\$ 3,924	\$ 10,243	\$ (13,424)	\$ (41,213)	\$ (54,637)	\$ (33,403)	\$ 25,351	\$ 3,398,052
Appropriation of earnings											
Legal reserve	-	-	1,462	-	(1,462)	-	-	-	-	-	-
Special reserve	-	-	-	13,165	(13,165)	-	-	-	-	-	-
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(2,900)	(2,900)
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(3,470)	-	-	-	-	7,756	4,286
Treasury shares transferred to employees	-	4,483	-	-	-	-	-	-	33,403	-	37,886
Share-based payment transactions	-	8,740	-	-	-	-	-	-	-	-	8,740
Net profit for the year ended December 31, 2021	-	-	-	-	195,533	-	-	-	-	561	196,094
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(26,481)	9,831	(16,650)	-	(25)	(16,675)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	195,533	(26,481)	9,831	(16,650)	-	536	179,419
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	2,229	-	(2,218)	(2,218)	-	-	11
BALANCE, DECEMBER 31, 2021	3,434,273	25,088	1,898	17,089	189,908	(39,905)	(33,600)	(73,505)	-	30,743	3,625,494
Appropriation of earnings											
Legal reserve	-	-	23,213	-	(23,213)	-	-	-	-	-	-
Special reserve	-	-	-	64,586	(64,586)	-	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(4,137)	-	-	-	-	8,732	4,595
Net profit for the year ended December 31, 2022	-	-	-	-	55,084	-	-	-	-	945	56,029
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	18,549	7,284	25,833	-	10	25,843
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	55,084	18,549	7,284	25,833	-	955	81,872
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	38	-	(38)	(38)	-	-	-
BALANCE, DECEMBER 31, 2022	\$ 3,434,273	\$ 25,088	\$ 25,111	\$ 81,675	\$ 153,094	\$ (21,356)	\$ (26,354)	\$ (47,710)	\$ -	\$ 40,430	\$ 3,711,961

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

# SHUTTLE INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 65,909	\$ 280,612
Adjustments for:		
Depreciation expenses	53,906	40,698
Amortization expenses	25,296	27,054
Expected credit loss reversed on trade receivables	(11,198)	(2,512)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	32,532	(21,611)
Finance costs	4,129	3,051
Interest income	(10,125)	(2,351)
Dividend income	(6,152)	(3,675)
Compensation cost of share-based payment	-	8,740
Share of profit or loss of joint ventures	(394)	130
Gain on disposal of property, plant and equipment	(157)	-
Gain arising from sale and leaseback transaction	-	(275,344)
Gain on liquidation of subsidiaries	(13,558)	-
Write-downs of inventories	39,713	46,490
Unrealized (gain) loss on foreign currency exchange	(14,831)	1,786
Recognition of provisions	10,276	3,197
Changes in operating assets and liabilities:		
Trade receivables	82,582	25,432
Other receivables	(660)	(2,650)
Inventories	(278,592)	(210,973)
Prepayments	226	(16,366)
Other current assets	(34,545)	(6,189)
Contract liabilities	(6,151)	14,875
Trade payables	(145,704)	120,984
Other payables	(61,118)	107,442
Provisions	(1,403)	(2,649)
Other current liabilities	2,976	(2,525)
Cash (used in) generated from operations	(267,043)	133,646
Interest paid	(4,091)	(3,049)
Income tax paid	(11,900)	(52,271)
Net cash (used in) generated from operating activities	(283,034)	78,326
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	-	(36,702)
Proceeds from sale of financial assets at fair value through other comprehensive income	393	8,925
Proceeds from liquidation or capital reduction of financial assets at fair value through other comprehensive income	-	11
Purchase of financial assets at amortized cost	-	(143,333)

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# SHUTTLE INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Proceeds from sale of financial assets at amortized cost	\$ 143,333	\$ -
Purchase of financial assets at fair value through profit or loss	(3,204)	(480,000)
Proceeds from sale of financial assets at fair value through profit or loss	174,313	480,014
Acquisition of property, plant and equipment	(16,231)	(996,504)
Proceeds from disposal of property, plant and equipment	276	785,447
Increase in refundable deposits	(1,539)	(14,252)
Acquisition of intangible assets	(19,159)	(2,999)
(Increase) decrease in other non-current assets	(39,918)	14,300
Interest received	9,205	2,338
Cash dividends received	<u>6,152</u>	<u>3,675</u>
Net cash generated from (used in) investing activities	<u>253,621</u>	<u>(379,080)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	20,000
Decrease in guarantee deposits	-	(98)
Repayment of the principal portion of lease liabilities	(58,216)	(32,374)
Transfer of treasury shares to employees	-	37,886
Payment of cash dividends to non-controlling interests	<u>-</u>	<u>(2,900)</u>
Net cash (used in) generated from financing activities	<u>(58,216)</u>	<u>22,514</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(7,159)</u>	<u>(6,554)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(94,788)	(284,794)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,446,227</u>	<u>1,731,021</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,351,439</u>	<u>\$ 1,446,227</u>

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

(Concluded)

# SHUTTLE INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. ORGANIZATION AND OPERATIONS

Shuttle Inc. (the “Company”, the Company and its subsidiaries are collectively referred to as the “Group”) was incorporated in June 1983. The Company is engaged in manufacturing and selling laptops, barebones, mainboards, and other computer peripherals, as well as providing related technical services. The Company’s shares were listed and traded on the Taipei Exchange (the “TPEX”) Mainboard from December 8, 1998 until the shares became listed and traded on the Taiwan Stock Exchange (the “TWSE”) starting on March 17, 2000.

The shareholders held a meeting and approved the change of the Chinese name of Shuttle Inc. from “浩鑫股份有限公司” to “輔信科技股份有限公司” on June 8, 2022. Alternations of the entries of the corporate registration were completed on July 6, 2022.

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

### 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on March 14, 2023.

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

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “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 material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

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

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments 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: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values.

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

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

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

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

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

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 Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 12, Tables 5 and 6 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

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

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

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 or loss for the period except for exchange differences arising from 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 at historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries, associates and joint ventures in other countries that use currencies which are different from the currency of the Company) are translated into New Taiwan dollars using 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 arising are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials, work-in-process, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.



Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates and joint ventures.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

#### h. Property, plant and equipment

Property, plant and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss.

Freehold land is not depreciated.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

#### i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit 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 pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

j. Other intangible assets

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 on a prospective basis.

Expenditure on research activities is recognized as expense in period in which it is incurred.

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

k. Impairment of property, plant and equipment, right-of-use asset and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units, otherwise corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent allocation basis.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) 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, including cash and cash equivalents, trade receivables at amortized cost, other receivables, other financial assets, and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

### iii. Investments in equity instruments at FVTOCI

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

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

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

### b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

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

### c) Derecognition of financial assets

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

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

## 2) Equity instruments

Equity instruments issued by a group entity are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

## 3) Financial liabilities

### a) Subsequent measurement

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

### b) Derecognition of financial liabilities

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

## 4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

## m. Provisions

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at the best estimate of the expenditure required to settle the Group's obligation by the management of the Group.

## n. Revenue recognition

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

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of computer equipment, medical devices and sophisticated instruments. Sales of computer equipment, medical devices and sophisticated instruments are recognized as revenue when the goods are shipped or delivered to customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. Any amounts received in advance with remaining obligation are recognized as contract liabilities.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

o. Leases

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

1) The Group as lessor

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

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

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.

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 short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for 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 assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the 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 a lease term, 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. Lease liabilities are presented on a separate line in the consolidated balance sheets.

For sale and leaseback transactions, if the transfer of an asset satisfies the requirements of IFRS 15 to be accounted for as a sale, the Group recognizes only the amount of any gain or loss which relates to the rights transferred to the buyer-lessor and adjusts the off-market terms to measure the sale proceeds at fair value. If the transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale, it is accounted for as a financing transaction.

p. Government grants

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

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

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

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) 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 contribution retirement benefit plans are determined using the projected unit credit method. Current service cost and net interest on the net defined benefit assets are recognized as employee benefits expense in the period in which 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 it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit assets represents the actual surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share option. It is recognized as an expense in full at the grant date if vested immediately. The grant date of treasury shares transferred to employees is the date on which the number of shares that the employees purchase is confirmed. The chairman of the board is authorized to decide to transfer treasury shares at one time or several times.

s. Taxation

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

1) Current tax

According to the Income Tax Act in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carry forward 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 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.



Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the 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 taxes for the year

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

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

### Key Sources of Estimation Uncertainty

#### Valuation of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value was based on current market conditions and historical experience with selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

## 6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 872	\$ 856
Checking accounts and demand deposits	564,124	1,303,491
Cash equivalents		
Time deposits with original maturities of less than 3 months	786,443	141,880
	<u>\$ 1,351,439</u>	<u>\$ 1,446,227</u>

The market rate intervals of cash in bank, time deposits with original maturities of less than 3 months and time deposits with original maturities of more than 3 months (classified as other assets) at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Demand deposits	0.001%-1.20%	0.001%-0.30%
Time deposits with original maturities of less than 3 months	0.90%-4.47%	0.25%-0.32%
Time deposits with original maturities of more than 3 months	0.48%	0.12%-0.60%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Financial assets at fair value through profit and loss (FVTPL) - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ -	\$ 9,048
Non-derivative financial assets		
Private funds	-	157,906
	<u>\$ -</u>	<u>\$ 166,954</u>
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 19,609</u>	<u>\$ 21</u>

At the end of reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	<b>Currency</b>	<b>Maturity Period</b>	<b>Contract Amount (In Thousands)</b>
<u>December 31, 2022</u>			
Sell	EUR/USD	2023.1.18-2023.3.16	EUR8,349/USD8,342
Sell	EUR/NTD	2023.5.15	EUR810/NTD26,369
Sell	JPY/USD	2023.1.6-2023.4.7	EUR92,100/USD666
Sell	JPY/NTD	2023.4.20-2023.5.30	JPY106,200/NTD24,083
<u>December 31, 2021</u>			
Sell	EUR/NTD	2022.1.7-2022.5.26	EUR8,912/NTD287,908
Sell	JPY/NTD	2022.1.14-2022.5.19	JPY128,390/NTD31,545

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Current</u>		
Domestic listed shares and emerging market shares	\$ 99,422	\$ 101,954
<u>Non-current</u>		
Domestic listed shares and emerging market shares	\$ 60,298	\$ 50,458
Domestic unlisted shares	11,838	17,220
Foreign unlisted shares	99,229	94,263
	<u>\$ 171,365</u>	<u>\$ 161,941</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

In order to manage credit concentration risk, the Group sold a part of its shares at a fair value of \$393 thousand and \$8,925 thousand in 2022 and 2021, respectively, and its unrealized valuation gain of \$38 thousand and \$2,229 thousand was transferred from other equity to retained earnings in 2022 and 2021, respectively.

## 9. TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2022	2021
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 152,855	\$ 216,223
Less: Allowance for impairment loss	(985)	(12,174)
	<u>\$ 151,870</u>	<u>\$ 204,049</u>
Other receivables	<u>\$ 5,261</u>	<u>\$ 3,680</u>

### a. Trade receivables

The average credit terms range from 90 to 120 days. No interest was charged on trade receivables. The Group adopted a policy of rating its major customers by using other public financial information or its own trading records and obtaining sufficient collateral or insurance, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, insurance coverage, as well as economic condition of the industry in which the customer operates, and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following tables detail the loss allowance of trade receivables based on the Group's provision matrix.

#### December 31, 2022

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Expected credit loss rate	0%-0.5%	0%-4.84%	0%-5.47%	0%-10.37%	0%-70.83%	0%-100%	
Gross carrying amount	\$ 121,926	\$ 23,567	\$ 4,657	\$ 1,638	\$ 421	\$ 646	\$ 152,855
Loss allowance (Lifetime ECL)	(63)	(448)	(3)	(47)	(23)	(401)	(985)
Amortized cost	<u>\$ 121,863</u>	<u>\$ 23,119</u>	<u>\$ 4,654</u>	<u>\$ 1,591</u>	<u>\$ 398</u>	<u>\$ 245</u>	<u>\$ 151,870</u>

#### December 31, 2021

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Expected credit loss rate	0%-0.10%	0%-1%	1%-5%	5%-20%	12.5%-50%	100%	
Gross carrying amount	\$ 164,238	\$ 35,548	\$ 4,796	\$ 36	\$ 8	\$ 11,597	\$ 216,223
Loss allowance (Lifetime ECL)	(488)	(76)	(9)	(3)	(1)	(11,597)	(12,174)
Amortized cost	<u>\$ 163,750</u>	<u>\$ 35,472</u>	<u>\$ 4,787</u>	<u>\$ 33</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 204,049</u>

The movements of the loss allowance of trade receivables were as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 12,174	\$ 14,807
Less: Net remeasurement of loss allowance	(11,198)	(2,512)
Less: Amounts written off	(9)	-
Foreign exchange gains and losses	<u>18</u>	<u>(121)</u>
Balance at December 31	<u>\$ 985</u>	<u>\$ 12,174</u>

#### b. Other receivables

Other receivables are individually assessed for impairment and considered to be impaired when there is objective evidence of impairment. At the end of reporting period, there was no past due other receivables and the Group had not recognized allowance for impairment on other receivables.

## 10. INVENTORIES

	December 31	
	2022	2021
Finished goods	\$ 693,151	\$ 349,703
Work in process	6,756	19,961
Raw materials	185,646	243,965
Merchandise	<u>37,099</u>	<u>43,324</u>
	<u>\$ 922,652</u>	<u>\$ 656,953</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$1,036,258 thousand and \$1,123,556 thousand, respectively. The cost of goods sold included losses from inventory write-downs of \$39,713 thousand and \$46,490 thousand for the years ended December 31, 2022 and 2021, respectively.

## 11. PREPAYMENTS

	December 31	
	2022	2021
Prepayments for purchases	\$ 1,527	\$ 2,456
Other prepaid expenses	19,101	26,913
Prepaid expenses - mold templates	<u>7,279</u>	<u>3,085</u>
	<u>\$ 27,907</u>	<u>\$ 32,454</u>

## 12. SUBSIDIARIES

Subsidiaries included in consolidated financial statements are as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2022	2021	
Shuttle Inc. (“Shuttle”)	Holco (BVI) Inc.	Investment holding company	100.00	100.00	b
	Gold Fountain Limited	Investment holding company	100.00	100.00	a, f
	Fuxing Biomedical Co., Ltd	Providing elderly care services and selling medical peripherals	100.00	100.00	
	Liigen Inc.	Selling and maintaining computers and peripherals	100.00	100.00	
	Yong Jhao Innovation Investment Co., Ltd.	Investment holding company	100.00	100.00	a
	Big Ten Investment Consulting Co., Ltd.	Investment holding company	100.00	100.00	c
Holco (BVI) Inc.	Shuttle Computer (H.K.) Ltd., (“S.H.K.”)	Selling and maintaining computers and peripherals	100.00	100.00	b
Gold Fountain Limited	Shuttle Computer Handels GmbH (“S.C.H.”)	Selling and maintaining computers and peripherals	100.00	100.00	a
	Shuttle Computer Group Inc. (“S.C.G.”)	Selling and maintaining computers and peripherals	100.00	100.00	a
	Japan Shuttle Co., Ltd. (“S.C.J.”)	Selling and maintaining computers and peripherals	100.00	100.00	
	Shuttle Commerce (Shenzhen) Ltd. (“S.C.M.”)	Selling and maintaining computers and peripherals	100.00	100.00	
	Shuttle Information Technology (Sip) Ltd. (“S.C.S.”)	Selling and maintaining computers and peripherals	-	100.00	e
	Shuttle Technology (Kunshan) Ltd. (“S.C.Q.”)	Selling and maintaining computers and peripherals	100.00	100.00	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2022	2021	
Yong Jhao Innovation Investment Co., Ltd.	Carilex Medical Inc.	Selling and maintaining air mattress and medical peripherals	67.12	68.64	a, d
Big Ten Investment Consulting Co., Ltd	Carilex Medical Inc.	Selling and maintaining air mattress and medical peripherals	23.03	23.54	a, d
Carilex Medical Inc.	Carilex Medical Ltd.	Selling and maintaining air mattress and medical peripherals	100.00	100.00	
	Carilex Medical B.V.	Selling and maintaining air mattress and medical peripherals	100.00	100.00	
	Carilex Medical USA, Inc.	Selling and maintaining air mattress and medical peripherals	100.00	100.00	
	Carilex Medical Technologies GmbH	Selling and maintaining air mattress and medical peripherals	100.00	-	
(Concluded)					

(Concluded)

#### Remarks:

- Investment amounts in the investee company as a significant subsidiary were calculated based on the audited financial statements for the same period.
- Holco (BVI) Inc. received a dividend of US\$1,250 thousand in cash from the appropriations of earnings from Shuttle Computer (HK) Ltd. in 2022. Holco (BVI) Inc. received US\$11,000 thousand in cash from a capital reduction from Shuttle Computer (HK) Ltd., and the Company received \$308,630 thousand in cash, which was a capital reduction from Holco (BVI) Inc. in 2021.
- Big Ten Investment Consulting Co., Ltd. issued new ordinary shares and increased a capital of \$60,000 thousand on May 17, 2021. Alternations of the entries of the corporate registration were completed.
- Carilex Medical Inc. distributed employees' compensation of \$4,595 thousand and \$4,285 thousand by issuing ordinary shares on December 20, 2022 and December 8, 2021, respectively. Alternations of the entries of the corporate registration were completed.
- Liquidation of S.C.S. was completed in April 2022, and all residual assets were returned to Gold Fountain Limited.
- Gold Fountain Limited reduced capital of US\$7,755 thousand to offset the accumulated deficits in 2022.

### 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in joint ventures		
Shandong Lixin Pension Industry Development Co., Ltd.	\$ 37,088	\$ 36,131

At the end of the reporting period, the proportion of ownership and voting rights in joint venture held by the Group were as follows:

	December 31	
	2022	2021
Shandong Lixin Pension Industry Development Co., Ltd.	50%	50%

The Group entered into a joint venture agreement with Zhongcai Huitou (Beijing) Fund Management Co., Ltd. in May 2017 to collectively invest in Shandong Lixin Pension Industry Development Co., Ltd. in the amount of RMB20,000 thousand. The Group's investment amount was RMB10,000 thousand. According to the agreement, both parties have a majority power on the board of directors to pose a motion for veto, and therefore, the Group does not have control. In addition, the agreement stipulates that in the future, if the management of the joint venture reaches a certain performance condition, the management can obtain 20% of the shares of the joint venture. Zhongcai Huitou (Beijing) Fund Management Co., Ltd. completed shares transfer to Shanghai Jiayi Investment Holding Co., Ltd. in May 2018 without any changes of the agreement.

Share of profit or loss of the joint venture recognized in 2022 and 2021 by the Group were \$394 thousand and \$(130) thousand, respectively.

The financial statements used as a basis of the amounts of and related information on the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2022 and 2021 were not independently audited. However, the management believes that there would have been no significant adjustments had this investee's financial statements not been independently audited.

For details on services, major business offices and the country where the above jointly controlled entities are registered, refer to Table 6, "Investments in Mainland China", following these Notes to Consolidated Financial Statements.

## 14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Facilities	Leasehold Improvement	Other Equipment	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ 278,474	\$ 242,189	\$ 44,468	\$ 14,426	\$ 28,149	\$ 5,527	\$ 28,340	\$ 641,573
Additions	988,303	-	290	-	169	6,061	1,681	996,504
Disposals	(273,000)	(224,584)	(4,734)	(6,308)	(1,783)	-	(1,023)	(511,432)
Effect of foreign exchange differences	(578)	(1,860)	(37)	(309)	(634)	(215)	(474)	(4,107)
Balance at December 31, 2021	<u>\$ 993,199</u>	<u>\$ 15,745</u>	<u>\$ 39,987</u>	<u>\$ 7,809</u>	<u>\$ 25,901</u>	<u>\$ 11,373</u>	<u>\$ 28,524</u>	<u>\$ 1,122,538</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	\$ -	\$ 95,824	\$ 44,468	\$ 12,474	\$ 27,749	\$ 2,848	\$ 23,180	\$ 206,543
Depreciation expenses	-	3,044	314	885	175	1,084	2,182	7,684
Disposals	-	(81,650)	(4,734)	(6,309)	(1,783)	-	(1,023)	(95,499)
Effect of foreign exchange differences	-	(1,473)	(405)	(228)	(594)	(126)	(343)	(3,169)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 15,745</u>	<u>\$ 39,643</u>	<u>\$ 6,822</u>	<u>\$ 25,547</u>	<u>\$ 3,806</u>	<u>\$ 23,996</u>	<u>\$ 115,559</u>
Carrying amounts at December 31, 2021	<u>\$ 993,199</u>	<u>\$ -</u>	<u>\$ 344</u>	<u>\$ 987</u>	<u>\$ 354</u>	<u>\$ 7,567</u>	<u>\$ 4,528</u>	<u>\$ 1,006,979</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 993,199	\$ 15,745	\$ 39,987	\$ 7,809	\$ 25,901	\$ 11,373	\$ 28,524	\$ 1,122,538
Additions	-	-	6,598	702	360	5,492	3,079	16,231
Disposals	-	-	(842)	(2,166)	-	(448)	(345)	(3,801)
Reclassification	-	-	-	-	-	-	(582)	(582)
Effect of foreign exchange differences	219	704	115	98	271	(41)	73	1,439
Balance at December 31, 2022	<u>\$ 993,418</u>	<u>\$ 16,449</u>	<u>\$ 45,858</u>	<u>\$ 6,443</u>	<u>\$ 26,532</u>	<u>\$ 16,376</u>	<u>\$ 30,749</u>	<u>\$ 1,135,825</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ 15,745	\$ 39,643	\$ 6,822	\$ 25,547	\$ 3,806	\$ 23,996	\$ 115,559
Depreciation expenses	-	-	1,640	779	152	2,576	1,843	6,990
Disposals	-	-	(842)	(2,047)	-	(448)	(345)	(3,682)
Reclassification	-	-	-	-	-	-	(582)	(582)
Effect of foreign exchange differences	-	704	114	110	261	(26)	88	1,251
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 16,449</u>	<u>\$ 40,555</u>	<u>\$ 5,664</u>	<u>\$ 25,960</u>	<u>\$ 5,908</u>	<u>\$ 25,000</u>	<u>\$ 119,536</u>
Carrying amounts at December 31, 2022	<u>\$ 993,418</u>	<u>\$ -</u>	<u>\$ 5,303</u>	<u>\$ 779</u>	<u>\$ 572</u>	<u>\$ 10,468</u>	<u>\$ 5,749</u>	<u>\$ 1,016,289</u>

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

Buildings	
Main buildings	35-60 years
Renovation engineering	3-10 years
Air conditioner equipment	2-8 years
Machinery and equipment	2-7 years
Transportation equipment	5-7 years
Facilities	2-5 years
Leasehold improvements	3-10 years
Other equipment	2-12 years

The Company's board of directors approved to obtain the land at the Ankang section of Neihu Dist., Taipei City on October 25, 2021 at a price of \$987,500 thousand in total. The full payment was made, and the transfer of ownership was completed by the end of November 2021.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Buildings	\$ 149,142	\$ 184,079
Transportation equipment	<u>6,760</u>	<u>4,412</u>
	<u>\$ 155,902</u>	<u>\$ 188,491</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 13,012</u>	<u>\$ 139,953</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 42,389	\$ 30,009
Transportation equipment	<u>4,527</u>	<u>3,005</u>
	<u>\$ 46,916</u>	<u>\$ 33,014</u>

### b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Current	<u>\$ 56,262</u>	<u>\$ 55,731</u>
Non-current	<u>\$ 185,429</u>	<u>\$ 229,675</u>



Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Buildings	0.95%-5.00%	0.95%-5.00%
Transportation equipment	1.10%-5.00%	1.10%-5.00%

c. Material leasing activities and terms

The Group leases certain buildings as plant and offices with lease terms of 3 to 8 years. These arrangements do not contain renewal or purchase options.

To revitalize assets and strengthen the financial structure, the Group sold the office building at Ruiguang Rd., Neihsu Dist., Taipei City in December 2021, to Nan Shan Life Insurance Company, Ltd. at the price of \$801,000 thousand in total, and then leased it back immediately. The Group signed an 8-year lease arrangement with Nan Shan Life Insurance Company, Ltd. for the continued use of the building, which recognized gain arising from sale and leaseback transaction of \$275,344 thousand. The lease agreement has a pre-emptive term of the tenancy agreement, with annual rental payments of \$24,762 thousand for the first two years, and an increase of the rental starting from the third year of the lease term at 1% of the prior year's rental fee.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 8,192</u>	<u>\$ 5,754</u>
Total cash outflow for leases	<u>\$ 69,841</u>	<u>\$ 40,531</u>

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

## 16. OTHER INTANGIBLE ASSETS

	<b>Core Technologies</b>	<b>Trademark Rights</b>	<b>Others</b>	<b>Computer Software</b>	<b>Accumulated Amortization</b>	<b>Net Value</b>
Balance at January 1, 2021	\$ 100,340	\$ 106,631	\$ 19,962	\$ 102,758	\$ (120,306)	\$ 209,385
Additions	-	-	-	2,999	-	2,999
Amortization expenses	-	-	-	-	(19,296)	(19,296)
Effect of foreign currency exchange differences	-	-	-	(106)	19	(87)
Balance at December 31, 2021	<u>\$ 100,340</u>	<u>\$ 106,631</u>	<u>\$ 19,962</u>	<u>\$ 105,651</u>	<u>\$ (139,583)</u>	<u>\$ 193,001</u>
Balance at January 1, 2022	\$ 100,340	\$ 106,631	\$ 19,962	\$ 105,651	\$ (139,583)	\$ 193,001
Additions	-	-	-	19,159	-	19,159
Amortization expenses	-	-	-	-	(20,983)	(20,983)
Effect of foreign currency exchange differences	-	-	-	6	(11)	(5)
Balance at December 31, 2022	<u>\$ 100,340</u>	<u>\$ 106,631</u>	<u>\$ 19,962</u>	<u>\$ 124,816</u>	<u>\$ (160,577)</u>	<u>\$ 191,172</u>

The above trademark rights, core technologies, others and computer software were amortized on a straight-line method over 30 years, 10 years and 2 to 5 years, respectively.

**17. OTHER ASSETS - CURRENT AND NON-CURRENT**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current		
Overpaid sales tax	\$ 24,622	\$ 24,450
Financial assets at amortized cost - time deposits with original maturities of more than 3 months	-	100,000
Restricted bank deposits	-	43,333
Others	<u>49,661</u>	<u>15,289</u>
	<u>\$ 74,283</u>	<u>\$ 183,072</u>
Non-current		
Restricted bank deposits	\$ 43,333	\$ -
Refundable deposits	24,730	23,207
Prepayments	4,827	8,243
Net defined benefit assets	<u>1,024</u>	<u>1,024</u>
	<u>\$ 73,914</u>	<u>\$ 32,474</u>

**18. SHORT-TERM BORROWINGS**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Credit loans	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Interest rate	1.85%	0.47%-1.28%

**19. OTHER PAYABLES**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Accrued salaries and compensation	\$ 77,240	\$ 109,283
Payables for promotion expenses	23,736	19,571
Payables for professional services	10,077	18,083
Others	<u>48,779</u>	<u>74,056</u>
	<u>\$ 159,832</u>	<u>\$ 220,993</u>

**20. PROVISIONS**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Warranties	<u>\$ 61,850</u>	<u>\$ 52,300</u>

The movements of the warranties were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 52,300	\$ 53,484
Additional provisions recognized	10,276	3,197
Usage	(1,403)	(2,649)
Effect of foreign currency exchange differences	<u>677</u>	<u>(1,732)</u>
Balance at December 31	<u>\$ 61,850</u>	<u>\$ 52,300</u>

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

## 21. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Company, Fuxing Biomedical Co., Ltd. and Carilex Medical Inc. adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries are members of a state-managed retirement benefit plan operated by the governments of China, Germany and United Kingdom. The relevant subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

S.C.G. make monthly contributions at a prescribed percentage of salaries to personal investment accounts pursuant to the U.S. IRC 401 (K) plan. There are no qualified employees under the plans adopted by Holco (BVI) Inc., Gold Fountain Limited, S.H.K., Liigen Inc., Yong Jhao Innovation Investment Co., Ltd. and Big Ten Investment Consulting Co., Ltd.

### b. Defined benefit plans

The defined benefit plan adopted by the Company and Carilex Medical Inc. in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The Company and Carilex Medical Inc. adopt the defined benefit plan under the Labor Standards Law for a small portion of its foreign employees. The employee benefits expense for the years ended December 31, 2022 and 2021 were \$10 thousand and \$9 thousand, respectively due to the employment of these foreign employees.

The Company and Carilex Medical Inc.'s expected contributions to the plans for the respective subsequent year as of December 31, 2022 and 2021 were both \$0 thousand.

## 22. EQUITY

### a. Ordinary shares

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Shares authorized (in thousands of shares)	<u>500,000</u>	<u>500,000</u>
Authorized shares	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>343,427</u>	<u>343,427</u>
Issued shares	<u>\$ 3,434,273</u>	<u>\$ 3,434,273</u>

The issued ordinary shares with a par value of \$10 per share entitle the holders to the rights to vote and receive dividends.

### b. Capital surplus

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital</u>		
Share premium of issuance of ordinary shares	\$ 11,865	\$ 11,865
Treasury share transactions	4,483	4,483
Treasury shares transferred to employees	<u>8,740</u>	<u>8,740</u>
	<u>\$ 25,088</u>	<u>\$ 25,088</u>

The capital surplus arising from shares issued in excess of par (including share premium from issuance of ordinary shares, and treasury share transactions) 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 which however is limited to a certain percentage of the Company's capital surplus and once a year.

### c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation (the "Articles"), where the Company made an earnings distribution or offsetting for deficits after the end of the half-year period in a fiscal year, the profit shall be first utilized for paying taxes and employees' compensation, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The partial or full distribution of dividends and bonuses by way of cash is authorized to be approved by the Company's board of directors and reported in the shareholder's meeting. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 23(f).

The Company's Articles also stipulate that the profit of the Company may be distributed by way of cash dividends and/or share dividends. The ratio for cash dividends shall not be less than 10% of the total dividend distribution. However, the Company may adjust the distributed ratio based on the current fund allocation.

An appropriation of earnings to a 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 appropriations of earnings for 2020 were resolved by the Company's board of directors and approved in the shareholders' meeting on July 5, 2021 were as follows:

	<b>Second Half of 2020</b>	<b>First Half of 2020</b>
<b>Date of Board Resolution</b>	<b>March 16, 2021</b>	<b>August 11, 2020</b>
Legal reserve	\$ 1,024	\$ -
Special reserve	\$ 9,219	\$ -

The appropriation of earnings for 2021 was resolved by the Company's board of directors and approved in the shareholders' meeting on June 8, 2022 was as follows:

	<b>Second Half of 2021</b>	<b>First Half of 2021</b>
<b>Date of Board Resolution</b>	<b>April 19, 2022</b>	<b>August 11, 2021</b>
Legal reserve	\$ 18,991	\$ 438
Special reserve	\$ 56,416	\$ 3,946

The appropriation of earnings for the first half of 2022, which was resolved by the Company's board of directors, was as follows:

	<b>First Half of 2022</b>
<b>Date of Board Resolution</b>	<b>August 9, 2022</b>
Legal reserve	\$ 4,222
Special reserve	\$ 8,170

d. Other equity

Unrealized gain (loss) on financial assets at FVTOCI

	<b>For the Year Ended December 31 2022</b>	<b>2021</b>
Balance at January 1	\$ (33,600)	\$ (41,213)
Recognized for the year		
Unrealized gain (loss) - equity instruments	7,284	9,831
Other comprehensive income recognized for the year	7,284	9,831
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(38)	(2,218)
Balance at December 31	\$ (26,354)	\$ (33,600)

e. Treasury shares

(Shares in Thousands)

Purpose of Buy-back	For the Year Ended December 31	
	2022	2021
<u>Transferred to employees</u>		
Number of shares at January 1	-	3,800
Decrease during the year	<u>-</u>	<u>(3,800)</u>
Number of shares at December 31	<u><u>-</u></u>	<u><u>-</u></u>

On December 21, 2016, the Company's board of directors resolved to buy-back outstanding shares at \$6.5-\$12 per share from the stock market in order to maintain the Company's credibility and shareholders' equity. The Company bought back 10,000 thousand shares in the amount of \$87,903 thousand on February 15, 2017. In addition, on March 21, 2017, the board of directors resolved to change the purpose of buying back the shares for the purpose of transferring them to employees, and the chairman of the board of directors was authorized to transfer the shares all at once or at several different times. Later, on December 1, 2017, 6,200 thousand shares were transferred to employees. To comply with laws and retain quality employees, the Company's board of directors approved to amend the transfer period of treasury shares from 3 years to 5 years.

On December 1, 2021, the remaining 3,800 thousand shares were transferred to qualified employees and vested immediately at the grant date. The Company adopted the Black-Scholes option evaluation model at the grant date and recognized the compensation cost of share-based payment of \$8,740 thousand.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

## 23. NET PROFIT

a. Other income

	For the Year Ended December 31	
	2022	2021
Dividend income	\$ 6,152	\$ 3,675
Rental income	3,104	1,288
Others	<u>15,255</u>	<u>13,363</u>
	<u>\$ 24,511</u>	<u>\$ 18,326</u>

b. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Gain on liquidation of subsidiaries	\$ 13,558	\$ -
Net gain (loss) on foreign exchange	47,969	(24,401)
Net (loss) gain on financial instruments at fair value through profit or loss	(32,532)	21,611
Gain on disposal of property, plant and equipment	157	-
Gain arising from sale and leaseback transaction	-	275,344
Others	<u>(1,308)</u>	<u>(11,578)</u>
	<u>\$ 27,844</u>	<u>\$ 260,976</u>

c. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on bank loans	\$ 696	\$ 648
Interest on lease liabilities	<u>3,433</u>	<u>2,403</u>
	<u>\$ 4,129</u>	<u>\$ 3,051</u>

d. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
An analysis of depreciation by function		
Operating costs	\$ 9,925	\$ 9,666
Operating expenses	<u>43,981</u>	<u>31,032</u>
	<u>\$ 53,906</u>	<u>\$ 40,698</u>
An analysis of amortization by function		
Operating costs	\$ 4,206	\$ 7,805
Operating expenses	<u>21,090</u>	<u>19,249</u>
	<u>\$ 25,296</u>	<u>\$ 27,054</u>

e. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Post-employment benefits (Note 21)	\$ 25,213	\$ 27,429
Share-based payments	-	8,740
Salaries and bonuses	416,968	439,336
Labor and health insurance	34,435	34,075
Other employee benefits	<u>15,767</u>	<u>17,327</u>
Total employee benefits expense	<u>\$ 492,383</u>	<u>\$ 526,907</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 63,368	\$ 59,062
Operating expenses	<u>429,015</u>	<u>467,845</u>
	<u>\$ 492,383</u>	<u>\$ 526,907</u>

f. Employees' compensation and remuneration of directors

According to the amendments to the Company's Articles resolved by the Company's shareholders' meeting on June 8, 2022, the Company accrues compensation of employees and remuneration of directors at the rates of 2%-10% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors.

According to the Articles before the amendments, the Company accrued compensation of employees and remuneration of directors at the rates of no less than 5% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors.

The compensation of employees and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by Company's board of directors on March 14, 2023 and March 15, 2022, respectively, are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	2%	5%
Remuneration of directors	2%	1%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	\$ 1,187	\$ 13,776
Remuneration of directors	1,187	2,755

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate will be adjusted in the next year.



There was no difference between the actual amount of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

## 24. INCOME TAX

- a. Major components of tax expense recognized in profit or loss are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 8,500	\$ 17,322
Income tax on unappropriated earnings	5,987	-
Adjustments for prior years	352	2,439
Land value increment tax	-	55,388
	<u>14,839</u>	<u>75,149</u>
Deferred tax		
In respect of the current year	(8,426)	8,713
Adjustments for prior years	3,467	656
	<u>(4,959)</u>	<u>9,369</u>
Income tax expense recognized in profit or loss	<u>\$ 9,880</u>	<u>\$ 84,518</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax	<u>\$ 65,909</u>	<u>\$ 280,612</u>
Income tax expense calculated at the statutory rate (20%)	\$ 13,182	\$ 56,122
Nondeductible expenses in determining taxable income	2,556	(332)
Tax-exempt income	(46,472)	(51,790)
Additional income tax under the Alternative Minimum Tax Act	180	208
Income tax on unappropriated earnings	5,987	-
Unrecognized loss carryforwards and deductible temporary differences	36,163	16,812
Effect of different tax rates of group entities operating in other jurisdictions	(5,535)	5,015
Land value increment tax	-	55,388
Adjustments for prior years' tax - current	352	2,439
Adjustments for prior year's tax - deferred	<u>3,467</u>	<u>656</u>
Income tax expense recognized in profit or loss	<u>\$ 9,880</u>	<u>\$ 84,518</u>

The applicable tax rate used by subsidiaries in China is 25% and in the U.S.A. is 21%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Tax expense recognized in other comprehensive income (loss)

**For the Year Ended December 31**  
**2022**                      **2021**

Deferred tax

In respect of the current year - exchange differences on translating foreign operations

\$ (4,677)

\$ 6,726

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporarily differences					
Deferred revenue	\$ 12,052	\$ 27,774	\$ -	\$ -	\$ 39,826
Allowance for impairment loss	1,963	(1,963)	-	-	-
Provisions for loss on inventory and loss on disposal of inventory	13,221	(776)	-	-	12,445
Share of loss of associates accounted for using the equity method	58,606	(4,575)	-	-	54,031
Unrealized loss on foreign exchange	4,202	(4,202)	-	-	-
Exchange differences on translating foreign operations	10,082	-	(4,677)	-	5,405
Provisions	7,575	1,741	-	-	9,316
Others	210	3,921	-	-	4,131
	<u>107,911</u>	<u>21,920</u>	<u>(4,677)</u>	<u>-</u>	<u>125,154</u>
Loss carryforwards	<u>21,419</u>	<u>(14,168)</u>	<u>-</u>	<u>565</u>	<u>7,816</u>
	<u>\$ 129,330</u>	<u>\$ 7,752</u>	<u>\$ (4,677)</u>	<u>\$ 565</u>	<u>\$ 132,970</u>
<u>Deferred tax liabilities</u>					
Temporarily differences					
Exchange differences on translating foreign operations	\$ 654	\$ (198)	\$ -	\$ -	\$ 456
Others	<u>2,143</u>	<u>2,991</u>	<u>-</u>	<u>-</u>	<u>5,134</u>
	<u>\$ 2,797</u>	<u>\$ 2,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,590</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporarily differences					
Deferred revenue	\$ 18,442	\$ (6,390)	\$ -	\$ -	\$ 12,052
Allowance for impairment loss	2,247	(284)	-	-	1,963
Provisions for loss on inventory and loss on disposal of inventory	11,890	1,331	-	-	13,221
Share of loss of associates accounted for using the equity method	60,244	-	-	(1,638)	58,606
Unrealized loss on foreign exchange	-	4,202	-	-	4,202
Exchange differences on translating foreign operations	3,356	-	6,620	-	9,976
Provisions	6,395	1,180	-	-	7,575
Others	<u>825</u>	<u>(615)</u>	<u>106</u>	<u>-</u>	<u>316</u>
	<u>103,399</u>	<u>(576)</u>	<u>6,726</u>	<u>(1,638)</u>	<u>107,911</u>
Loss carryforwards	<u>29,718</u>	<u>(8,153)</u>	<u>-</u>	<u>(146)</u>	<u>21,419</u>
	<u>\$ 133,117</u>	<u>\$ (8,729)</u>	<u>\$ 6,726</u>	<u>\$ (1,784)</u>	<u>\$ 129,330</u>
<u>Deferred tax liabilities</u>					
Temporarily differences					
Exchange differences on translating foreign operations	\$ -	\$ 654	\$ -	\$ -	\$ 654
Others	<u>2,157</u>	<u>(14)</u>	<u>-</u>	<u>-</u>	<u>2,143</u>
	<u>\$ 2,157</u>	<u>\$ 640</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,797</u>

- d. Unused loss carryforwards and deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Loss carryforwards		
Expire in 2024	\$ 116,546	\$ 135,146
Expire in 2025	203,518	203,518
Expire in 2026	38,500	100,444
Expire in 2027	2,168	80,148
Expire in 2028	9,682	90,193
Expire in 2029	14,348	14,345
Expire in 2030	7,805	14,209
Expire in 2031	12,823	50,546
Expire in 2032	112,660	-
Expire in 2034	<u>526</u>	<u>-</u>
	<u>\$ 518,576</u>	<u>\$ 688,549</u>
Deductible temporary differences	<u>\$ 53,742</u>	<u>\$ 53,742</u>

- e. Information about unused loss carryforwards

Loss carryforwards of the Company, Fuxing Biomedical Co., Ltd, Liigen Inc., and subsidiaries in China and in U.S.A. as of December 31, 2022 comprised:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 116,546	2024
203,518	2025
38,500	2026
2,168	2027
9,682	2028
14,348	2029
7,805	2030
<u>167,273</u>	2031 and after
<u>\$ 559,840</u>	

- f. Income tax assessments

The income tax returns of the Company through 2020 have been assessed by the tax authorities.

## 25. EARNINGS PER SHARE

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Basic earnings per share	<u>\$ 0.16</u>	<u>\$ 0.58</u>
Diluted earnings per share	<u>\$ 0.16</u>	<u>\$ 0.57</u>

The profit and the weighted-average shares of ordinary shares to calculate earnings per share were as follows:

### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit used in the computation of basic and diluted earnings per share	\$ <u>55,084</u>	\$ <u>195,533</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted-average number of ordinary shares used in computation of basic earnings per share	343,427	339,950
Effect of potentially dilutive ordinary shares		
Employees' compensation or bonuses issued to employees	<u>292</u>	<u>695</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>343,719</u>	<u>340,645</u>

The Group may settle the compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, and the number of new shares issued or repurchased, the amount of new debt issued or existing debt redeemed.

## 27. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying amount of the financial assets not carried at fair value is approximately equal to their fair value.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTOCI				
Domestic listed shares and emerging market shares	\$ 122,388	\$ 37,332	\$ -	\$ 159,720
Domestic unlisted shares	-	-	11,838	11,838
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>99,229</u>	<u>99,229</u>
	<u>\$ 122,388</u>	<u>\$ 37,332</u>	<u>\$ 111,067</u>	<u>\$ 270,787</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 19,609</u>	<u>\$ -</u>	<u>\$ 19,609</u>

December 31, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Derivatives	\$ -	\$ 9,048	\$ -	\$ 9,048
Private funds	<u>-</u>	<u>-</u>	<u>157,906</u>	<u>157,906</u>
	<u>\$ -</u>	<u>\$ 9,048</u>	<u>\$ 157,906</u>	<u>\$ 166,954</u>
Financial assets at FVTOCI				
Domestic listed shares and emerging market shares	\$ 132,947	\$ 19,465	\$ -	\$ 152,412
Domestic unlisted shares	-	-	17,220	17,220
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>94,263</u>	<u>94,263</u>
	<u>\$ 132,947</u>	<u>\$ 19,465</u>	<u>\$ 111,483</u>	<u>\$ 263,895</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 21</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

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

For the year ended December 31, 2022

	<b>Financial Assets at FVTPL Equity Instruments</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
<u>Financial assets</u>		
Balance at January 1, 2022	\$ 157,906	\$ 111,483
Disposal of the current year	(163,440)	(393)
Recognized in profit or loss	5,534	-
Recognized in other comprehensive income	<u>-</u>	<u>(23)</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 111,067</u>

For the year ended December 31, 2021

	<b>Financial Assets at FVTPL Equity Instruments</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
<u>Financial assets</u>		
Balance at January 1, 2021	\$ 152,801	\$ 114,118
Recognized in profit or loss	5,105	-
Recognized in other comprehensive income	<u>-</u>	<u>(2,635)</u>
Balance at December 31, 2021	<u>\$ 157,906</u>	<u>\$ 111,483</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow method: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Privately placed stocks of domestic listed companies	The fair value is calculated based on the observable stock prices and the liquidity discount at the end of the reporting period. The liquidity discount was 10% as of December 31, 2022.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of domestic and foreign unlisted equity securities were determined using asset approach and income approach. In this approach, the net asset value of each share is evaluated by reference to financial information of the Company, observable information of market prices, and by considering liquidity discounts, both 10%-30% as of December 31, 2022 and 2021. The lower the liquidity discount is, the higher the fair value of the investments.

The fair value of the private fund was based on the evaluation information provided by the counterparty, the investment trust company, by reference to the liquidity discount.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets</u>		
Financial assets at FVTPL	\$ -	\$ 166,954
Financial assets at amortized cost (Note 1)	1,576,633	1,820,496
Financial assets at FVTOCI	270,787	263,895
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	19,609	21
Amortized cost (Note 2)	344,108	552,034

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivables, time deposits with original maturities of more than 3 months, restricted bank deposits and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term loans, trade payables and other payables.

d. Financial risk management objectives and policies

The major financial instruments of the Group include trade receivables, accounts payable and short-term borrowings. The Group's finance department provides services to the business units, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk, and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the market risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured. Sensitivity analysis is an estimate of the influence of the reasonably possible range of the interest rate and currency fluctuation in a year. Sensitivity analysis of interest rate and currency fluctuation was as follows:

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including the foreign currency denominated monetary assets and monetary liabilities that were eliminated upon consolidation) at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Group is mainly affected by the fluctuations of the U.S. dollar, Japanese yen, Euro and Great British Pound.

The table below is the analysis of the sensitivity of the Group's functional currency to a 5% increase or decrease in the relevant currency rate on the balance sheet date. The 5% sensitivity rate is the currency risk factor used in the internal report to management; it is the rate that management believes represents the reasonably possible range of the currency fluctuation. The sensitivity analysis included only outstanding foreign currency denominated monetary items and assumed their translation at the end of the reporting period for a 5% change in foreign currency rates.

The table below shows the amount of change in income before tax when the Group's functional currency increases by 5% against the other relevant currency. When the Group's functional currency falls 5% against other relevant currency, the impact to income before tax is the negative number of the same amount.

	U.S. Dollar		Japan Yen		Euro		Great British Pound	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021	2022	2021	2022	2021
Profit or loss	\$(18,647)	\$ 4,149	\$(2,187)	\$(1,761)	\$(15,924)	\$(15,346)	\$(3,024)	\$(6,400)

The above effects are mainly derived from the Group's outstanding cash in the bank, short-term loans receivables and payables, which did not have cash flows hedged and which were valued in U.S. dollars, Japanese yen, Euros and Great British Pound on the balance sheet date.

#### b) Interest rate risk

The carrying amount of the Group's exposures to interest rates on financial assets and financial liabilities are as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 829,852	\$ 286,123
Cash flow interest rate risk		
Financial assets	564,048	1,302,581
Financial liabilities	50,000	50,000

#### Sensitivity analysis

The sensitivity analyses below have been determined the exposure to interest rates risk for non-derivative instruments at the end of the reporting period. Increase or decrease of 25-basis point is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's profit for the years ended December 31, 2022 and 2021 would increase/decrease by \$1,285 thousand and \$3,131 thousand, respectively. This is mainly attributable to the Group's exposure to floating rates on demand deposits and short-term borrowings.

#### 2) Credit risk

Credit risk refers to the risk that a counterparty will default on contractual obligations resulting in a financial loss to the Group. The maximum credit exposure of the aforementioned financial instruments is equal to their carrying amounts recognized in the consolidated balance sheet as of the balance sheet date.



The Group evaluates its main customers' credit rating by the use of accessible financial information and transaction records with those customers. The Group keeps an eye on credit exposure and customers' credit ratings.

The Group's credit risk is mainly focused on its main customers. As of December 31, 2022 and 2021, the percent of the Group's total receivables from its main customers were 21% and 39%, respectively.

### 3) Liquidity risk

The Group closely monitors operations and alleviates the effects of fluctuations in cash flows by managing and maintaining sufficient cash and cash equivalents. The management monitors the usage of the bank's financing limit and ensures that the terms of loan agreements are followed.

Bank loans are sources of liquidity for the Group. As of December 31, 2022 and 2021, the Group's unused bank financing limits were \$923,970 thousand and \$762,760 thousand, respectively.

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

#### December 31, 2022

	Weighted-average Effective Interest Rate (%)	On Demand or Less than 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years	5+ Years
<u>Financial liabilities - non-derivative</u>						
Non-interest bearing liabilities	-	\$ 71,310	\$ 68,904	\$ 153,894	\$ -	\$ -
Variable interest rate liabilities	1.85	76	50,152	-	-	-
Lease liabilities	1.22	<u>5,337</u>	<u>10,627</u>	<u>42,669</u>	<u>140,059</u>	<u>50,142</u>
		<u>\$ 76,723</u>	<u>\$ 129,683</u>	<u>\$ 196,563</u>	<u>\$ 140,059</u>	<u>\$ 50,142</u>

#### December 31, 2021

	Weighted-average Effective Interest Rate (%)	On Demand or Less than 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years	5+ Years
<u>Financial liabilities - non-derivative</u>						
Non-interest bearing liabilities	-	\$ 88,819	\$ 166,612	\$ 246,603	\$ -	\$ -
Variable interest rate liabilities	0.47-1.28	30,033	20,041	-	-	-
Lease liabilities	1.38	<u>4,910</u>	<u>9,820</u>	<u>44,341</u>	<u>160,738</u>	<u>75,930</u>
		<u>\$ 123,762</u>	<u>\$ 196,473</u>	<u>\$ 290,944</u>	<u>\$ 160,738</u>	<u>\$ 75,930</u>

## 28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in other notes, details of transactions between the Group and other related parties are disclosed below.

### a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
<u>Other parties</u>	
Ares International Corporation	The chairman is a second degree relative of the Company's chairman
Suzric Enterprise Corporation Ltd.	The chairman has a first-degree kinship with the subsidiary's director (as a non-related party since August 26, 2022)

### b. Receivables from related parties

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Other receivables	Other parties	\$ <u>-</u>	\$ <u>16</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

### c. Payables from related parties

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Other payables	Other parties	\$ <u>2,397</u>	\$ <u>-</u>

The outstanding trade payables from related parties are unsecured.

### d. Other transactions with related parties

<b>Line Item</b>	<b>Related Party Category</b>	<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Operating expenses	Other parties	\$ <u>-</u>	\$ <u>45</u>

### e. Lease arrangements

<b>Line Item</b>	<b>Related Party Category</b>	<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Lease liabilities	Other parties	\$ <u>-</u>	\$ <u>48,874</u>

<b>Line Item</b>	<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
		<b>2022</b>	<b>2021</b>
Finance costs	Other parties	\$ <u>517</u>	\$ <u>794</u>

The Group leased right-of-use of office from its other parties in July 2019. The lease term of the contract was 5 years; the rental was based on similar asset's market rental rates and fixed lease payments are paid monthly.

f. Compensation of key management personnel

The remuneration of directors and key executives were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 34,080	\$ 35,055
Post-employment benefits	511	469
Share-based payments	<u>-</u>	<u>1,267</u>
	<u>\$ 34,591</u>	<u>\$ 36,791</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

## 29. PLEDGED ASSETS

The following assets were provided as collateral for bank guarantee and loan commitment were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Right-of-use assets	\$ 155,902	\$ 188,491
Restricted bank deposits	<u>43,333</u>	<u>43,333</u>
	<u>\$ 199,235</u>	<u>\$ 231,824</u>

## 30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

(Foreign Currencies in Thousands)

		December 31				
		2022		2021		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD	\$ 16,108	30.71	\$ 494,668	\$ 6,020	27.68	\$ 166,646
EUR	9,820	32.72	321,325	9,878	31.32	309,379
JPY	188,206	0.2324	43,739	146,413	0.2405	35,212
GBP	1,673	37.09	62,036	3,451	37.30	128,716
(Continued)						

(Continued)

December 31						
2022			2021			
Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount	
<u>Financial liabilities</u>						
Monetary items						
USD	\$ 3,964	30.71	\$ 121,735	\$ 9,018	27.68	\$ 249,625
EUR	87	32.72	2,850	78	31.32	2,450
JPY	-	0.2324	-	-	0.2405	-
GBP	42	37.09	1,566	19	37.30	718
						(Concluded)

For the Group's realized and unrealized foreign exchange gains (losses) in 2022 and 2021, refer to Note 23. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

### 31. SEPARATELY DISCLOSED ITEMS

#### a. Information about significant transactions and investees

- 1) Financing provided to others: None;
- 2) Endorsements/guarantees provided: Table 1 (attached);
- 3) Marketable securities held (excluding investments in subsidiaries and associates): Table 2 (attached);
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None;
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached);
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached);
- 9) Trading in derivative instruments: Notes 7 and 27;
- 10) Information on investees: Table 5 (attached);
- 11) Intercompany relationships and significant intercompany transactions: Table 7 (attached).

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6 (attached);
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None;
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period:

Seller Company	Related Party	Sales		Trade Receivables	
		Amount	% of Sales	Amount	% of Trade Receivables
Shuttle Inc.	S.C.M.	\$ 4,633	0.37	\$ 1,705	0.37

- c) The amount of property transactions and the amount of the resultant gains or losses: None;
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None;
  - e) The highest period balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None;
  - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.
- c. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None.

## 32. SEGMENT INFORMATION

The following was an analysis of the Group's revenue and results from continuing operations for 2022 and 2021 by reportable segments:

### a. Segment revenue and results

	Computer Equipment	Medical Devices	Adjustments and Elimination	Total
For the year ended <u>December 31, 2022</u>				
Segment revenue	<u>\$ 1,410,458</u>	<u>\$ 335,312</u>	<u>\$ (10,920)</u>	<u>\$ 1,734,850</u>
Segment profit or loss	<u>\$ (21,324)</u>	<u>\$ 28,968</u>	<u>\$ (480)</u>	\$ 7,164
Interest revenue				10,125
Share of profit or loss of joint ventures accounted for using the equity method				394
Revenue				24,511
Financial costs				(4,129)
Other gains and losses				<u>27,844</u>
Profit before tax				<u>\$ 65,909</u>
Identifiable assets	<u>\$ 1,126,262</u>	<u>\$ 50,075</u>	<u>\$ (4,146)</u>	\$ 1,172,191
Investments accounted for using the equity method				37,088
Assets				<u>3,257,477</u>
Total assets				<u>\$ 4,466,756</u>
For the year ended <u>December 31, 2021</u>				
Segment revenue	<u>\$ 1,454,452</u>	<u>\$ 387,777</u>	<u>\$ (27)</u>	<u>\$ 1,842,202</u>
Segment profit or loss	<u>\$ (48,960)</u>	<u>\$ 51,100</u>	<u>\$ -</u>	\$ 2,140
Interest revenue				2,351
Share of profit or loss of joint ventures accounted for using the equity method				(130)
Revenue				18,326
Financial costs				(3,051)
Other gains and losses				<u>260,976</u>
Profit before tax				<u>\$ 280,612</u>
Identifiable assets	<u>\$ 1,144,451</u>	<u>\$ 51,019</u>	<u>\$ -</u>	\$ 1,195,470
Investments accounted for using the equity method				36,131
Assets				<u>3,366,996</u>
Total assets				<u>\$ 4,598,597</u>

b. Revenue from major products and services

An analysis of the Group's revenue from continuing operations from its major products and services is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Barebones	\$ 1,313,560	\$ 1,389,192
Air mattress and medical peripherals	326,135	387,284
Computer peripherals	<u>95,155</u>	<u>65,726</u>
	<u>\$ 1,734,850</u>	<u>\$ 1,842,202</u>

The balances of the Group's contract liabilities arising from sales of goods were \$34,011 thousand and \$38,840 thousand as of December 31, 2022 and 2021, respectively. The change in contract liabilities mainly arises from the difference in the timing of customers' payment and satisfaction of performance obligation.

c. Geographical information

The Group operates in four principal geographical areas - America, Asia, China and Europe.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
America	\$ 535,278	\$ 513,676	\$ 5,371	\$ 13,148
Asia	188,666	151,044	11,493	5,649
Europe	849,650	1,012,042	8,675	11,971
China	15,684	22,920	180	211
Domestic	117,120	100,308	1,196,308	1,197,368
Others	<u>28,452</u>	<u>42,212</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,734,850</u>	<u>\$ 1,842,202</u>	<u>\$ 1,222,027</u>	<u>\$ 1,228,347</u>

Non-current assets exclude financial instruments, net defined benefit assets and deferred tax assets.

d. Information about major customers

No single customers contributed 10% or more to the Group's revenue for both 2022 and 2021.

**TABLE 1**

**SHUTTLE INC. AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Shuttle Inc.	Carilex Medical Inc.	The Company has 90.15% ownership of the guaranteed party	\$ 3,671,531	\$ 100,000	\$ 100,000	\$ -	\$ -	2.72%	\$ 3,671,531	Y	N	N	

Note: The Company limits the endorsement/guarantee amount for each entity to within 100% of the net value of the Company; for an entity with business dealings, the amount is limited to within 20% of the net value of the Company; for 100%-held foreign subsidiaries, the amount is limited to within 100% of the net value of the Company.



**TABLE 2****SHUTTLE INC. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shuttle Inc.	<u>Shares</u>							
	Motech Industries Inc.	-	Financial assets at FVTOCI - current	400,730	\$ 11,421	0.10	\$ 11,421	
	InterServ International Inc.	-	Financial assets at FVTOCI - non-current	1,114,834	22,966	4.77	22,966	
	Lutz Yonson Holdings Company Limited	-	Financial assets at FVTOCI - non-current	1,779	99,229	15.10	99,229	
Yong Jhao Innovation Investment Co., Ltd.	<u>Shares</u>							
	Motech Industries Inc.	-	Financial assets at FVTOCI - current	465,110	13,256	0.12	13,256	
	Ares International Corporation	Chairman has a second-degree kinship to the Company's chairman	Financial assets at FVTOCI - current	1,214,546	34,250	2.57	34,250	
	Yao Sheng Electronic Co., Ltd.	-	Financial assets at FVTOCI - non-current	850,000	37,332	1.58	37,332	
	I-See Vision Technology Inc.	-	Financial assets at FVTOCI - non-current	1,080,000	4,299	2.54	4,299	
Big Ten Investment Consulting Co., Ltd.	<u>Shares</u>							
	Ares International Corporation	Chairman has a second-degree kinship to the Company's chairman	Financial assets at FVTOCI - current	1,436,000	40,495	3.04	40,495	
Fuxing Biomedical Co., Ltd.	<u>Shares</u>							
	Viware Ulife Co., Ltd.	-	Financial assets at FVTOCI - non-current	400,000	7,539	18.18	7,539	

Note: Information on investees is set out in Tables 5 and 6.

**TABLE 3**

**SHUTTLE INC. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Shuttle Inc.	S.C.H.	Subsidiary of Gold Fountain Limited	Sales	\$ (710,564)	(56)	OA 120 days	Note	OA 120 days	\$ 241,342	53	
S.C.H.	Shuttle Inc.	Parent company of Gold Fountain Limited	Purchases	710,564	88	OA 120 days	Note	OA 120 days	(241,342)	(99)	
Shuttle Inc.	S.C.G.	Subsidiary of Gold Fountain Limited	Sales	(276,255)	(22)	OA 120 days	Note	OA 120 days	156,022	34	
S.C.G.	Shuttle Inc.	Parent company of Gold Fountain Limited	Purchases	276,255	74	OA 120 days	Note	OA 120 days	(156,022)	(100)	

Note 1: The prices for sales and purchases between the Company and related parties were determined based on the regional consumption.

Note 2: The amount was eliminated upon consolidation.

**TABLE 4**

**SHUTTLE INC.**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Shuttle Inc.	S.C.H.	The Company has 100% ownership of the subsidiary	\$ 241,342	5.89	\$ 53,988	Continuing recovery after the reporting period	\$ 141,144	\$ -
	S.C.G.	The Company has 100% ownership of the subsidiary	156,022	2.26	47,067	Continuing recovery after the reporting period	32,498	-

**TABLE 5**

**SHUTTLE INC. AND SUBSIDIARIES**

**NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Shuttle Inc.	Holco (BVI) Inc.	B.V.I.	Investment holding company	\$ 285,137	\$ 285,137	923	100.00	\$ 283,155	\$ (1,905)	\$ (1,905)	Note 1
	Gold Fountain Limited	Cayman Islands	Investment holding company	337,041	598,412	10,000,000	100.00	73,380	26,987	(106,046)	Notes 1, 3 and 4
	Fuxing Biomedical Co., Ltd.	2F., No. 30, Ln. 76, Ruignang Rd., Neihu Dist., Taipei City	Providing elderly care services and selling medical peripherals	100,000	100,000	10,000,000	100.00	50,954	(22,179)	(22,179)	Note 1
	Liigen Inc.	6F., No. 32, Ln. 76, Ruignang Rd., Neihu Dist., Taipei City	Selling and maintaining computers and peripherals	15,000	15,000	1,500,000	100.00	867	(53)	(53)	
	Yong Jhao Innovation Investment Co., Ltd.	No. 30, Ln. 76, Ruiguang Rd., Neihu Dist., Taipei City	Investment holding company	379,107	379,107	11,100,000	100.00	456,632	24,982	14,131	Notes 1, 2 and 4
	Big Ten Investment Consulting Co., Ltd.	No. 30, Ln. 76, Ruiguang Rd., Neihu Dist., Taipei City	Investment holding company	182,503	182,503	10,000,000	100.00	163,211	9,992	6,270	Notes 1, 2 and 4
Holco (BVI) Inc.	S.H.K.	Unit 1405-1406, Dominion Centre, 43-59 Queen's Road East, Wanchai	Selling and maintaining computers and peripherals	262,218	262,218	8,001,300	100.00	241,804	(1,978)	(1,978)	Note 1
Gold Fountain Limited	S.C.G.	17068 EVERGREEN PL, CITY OF INDUSTRY, CA 91745 U.S.A.	Selling and maintaining computers and peripherals	186,662	186,662	30,000	100.00	81,550	8,847	8,847	Note 1
	S.C.H.	FRITZ-STRASSMANN STR. 5 D-25337 ELMSHORN, GERMANY	Selling and maintaining computers and peripherals	171,495	171,495	-	100.00	133,648	1,565	1,565	Note 1
	S.C.J.	2F Murakami Bldg., 1-8-3 Ojima Koto-ku Tokyo, 136-0072 Japan	Selling and maintaining computers and peripherals	34,658	34,658	2,000	100.00	36,803	2,061	2,061	
Yong Jhao Innovation Investment Co., Ltd.	Carilex Medical	No. 77, Keji 1st Rd., Guishan Dist., Taoyuan City	Selling and maintaining air mattress and medical peripherals	76,364	76,364	9,520,000	67.12	159,192	28,859	19,838	Note 1
Big Ten Investment Consulting Co., Ltd.	Carilex Medical.	No. 77, Keji 1st Rd., Guishan Dist., Taoyuan City	Selling and maintaining medical peripherals	37,575	37,575	3,265,709	23.03	54,621	28,859	6,803	Note 1
Carilex Medical Inc.	Carilex Medical Ltd.	116 Church Road, Redfield, Bristol, United Kingdom, BS5 9LJ	Selling and maintaining medical peripherals	7,670	7,670	200,000	100.00	3,837	1,455	1,806	Notes 1 and 3
	Carilex Medical B.V.	Zekeringstraat 41D, 1014BV Amsterdam	Selling and maintaining medical peripherals	1,019	1,019	30,000	100.00	1,302	89	89	
	Carilex Medical USA, Inc.	17068 EVERGREEN PL, CITY OF INDUSTRY, CA 91745 U.S.A.	Selling and maintaining medical peripherals	2,787	2,787	100,000	100.00	(10,063)	(2,361)	(10,778)	Notes 1 and 3
	Carilex Medical Technologies GmbH	FRITZ-STRASSMANN STR. 5 D-25337 ELMSHORN, GERMANY	Selling and maintaining medical peripherals	6,341	-	-	100.00	6,364	(172)	(172)	

Note 1: The recognition of investment gains (losses) was based on the investee's audited financial statements.

Note 2: The difference between the subsidiaries' net value and the Company's acquisition costs should be amortized monthly.

Note 3: Unrealized gain (loss) on transactions with subsidiaries was considered.

Note 4: Unrealized gain (loss) on sidestream transactions among subsidiaries was considered.

Note 5: The information on investments in mainland China is set out in Table 6.

Note 6: The amount was eliminated upon consolidation.

TABLE 6

SHUTTLE INC. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(New Taiwan Dollars and Foreign Currencies in Thousands)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 4)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
S.C.M.	Selling and maintaining computers and peripheral products	\$ 55,617	(Note 1)	\$ 55,617	\$ -	\$ -	\$ 55,617	\$ 996	100	\$ 996	\$ 6,523	\$ -
S.C.Q.	Selling and maintaining computers and peripheral products	32,010	(Note 1)	32,010	-	-	32,010	(225)	100	(225)	(2,849)	-
S.C.S.	Selling and maintaining computers and peripheral products	215,745	(Notes 1 and 2)	215,745	-	-	215,745	(41)	100	(41)	-	-
Shandong Lixin Pension Industry Development Co., Ltd.	Elder care service and peripheral products	91,090	(Note 3)	-	-	-	-	788	50	394	37,088	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (Note 6)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 5)
\$375,336	US\$14,486	\$2,227,177

- Note 1: Investments were through a holding company registered in a third region.
- Note 2: Liquidation of S.C.S. was completed in April 2022, and all residual assets were returned to Gold Fountain Limited.
- Note 3: Investments were through S.H.K.
- Note 4: Investment amounts in other investee companies were calculated based on unaudited financial statements for the same period.
- Note 5: The limit stated in the Investment Commission’s regulation, “Investment or Technical Cooperation in Mainland China Adjustment Rule”, is the higher of the Company’s net asset value or 60% of its consolidated net asset value.
- Note 6: The amount included original investment amounts of \$7,621 thousand, \$21,319 thousand and \$43,024 thousand, which were not returned by the respective liquidated companies, Shuttle Computer (Shanghai) Incorporation Limited, Shuttle Technology (Shenzhen) Ltd. and KAKI.
- Note 7: The amount was eliminated upon consolidation.

**TABLE 7****SHUTTLE INC. AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			% of Total Sales or Assets
				Financial Statement Account	Amount	Payment Terms	
0	Shuttle Inc.	S.C.H.	a	Sales revenue	\$ 710,564	OA 120 days	41
		S.C.H.	a	Trade receivables from related parties	241,342	OA 120 days	5
		S.C.G.	a	Sales revenue	276,255	OA 120 days	16
		S.C.G.	a	Trade receivables from related parties	156,022	OA 120 days	3
		S.C.G.	a	Other income	42,622	OA 120 days	2
		S.C.J.	a	Sales revenue	76,963	OA 120 days	4
		S.C.J.	a	Trade receivables from related parties	30,433	OA 120 days	1
1	S.C.M.	S.H.K.	c	Technical service income	13,846	OA 120 days	1
2	Carilex Medical Inc.	Carilex Medical Ltd.	c	Sales revenue	44,332	OA 90 days	3
		Carilex Medical Ltd.	c	Trade receivables from related parties	36,686	OA 90 days	1
		Carilex Medical USA Inc.	c	Sales revenue	97,811	OA 90 days	1
		Carilex Medical USA Inc.	c	Trade receivables from related parties	43,003	OA 90 days	1

Note 1: Related party transactions are divided into three categories (based on the direction of the transaction and the relationship between the parties) as follows:

- a. The Company to subsidiaries.
- b. Subsidiaries to the Company.
- c. Subsidiaries to subsidiaries.

Note 2: The table discloses transaction amounts or balances of \$10,000 thousand and above, while the counterparty is not otherwise specified.

Note 3: The amount was eliminated upon consolidation.