

**King Slide Works Co., Ltd. and
Subsidiaries**

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

DECLARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates of King Slide Works Co., Ltd. for the year ended December 31, 2022 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, King Slide Works Co., Ltd. and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

King Slide Works Co., Ltd.

By

Tsung-Chi Lin
Chairman

February 24, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
King Slide Works Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of King Slide Works Co., Ltd. (the "Company") and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and 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 Company and its subsidiaries as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 (FSC) 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 Company and its subsidiaries 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.

The key audit matter identified in the Company and its subsidiaries' consolidated financial statements for the year ended December 31, 2022 is as follows:

Occurrence of revenue from specific customers

The operating revenue of the Company and its subsidiaries for the year ended December 31, 2022 was NT\$7,798,631 thousand, which had increased by 23% compared with the previous year. In addition, based on the Standards on Auditing of the Republic of China, revenue recognition is presumed to have a significant risk. Therefore, we considered the occurrence of revenue from specific customers as a key audit matter.

In addition to obtaining an understanding of the internal controls relevant to the recognition of operating revenue, we performed the following audit procedures:

1. We understood and tested the operating effectiveness of the internal controls relevant to the revenue of the Company and its subsidiaries.
2. We selected samples and verified the occurrence of recorded revenue against supporting documents, including purchase orders, shipping and collection documents, and we checked and confirmed that the payer was the same as the buyer.

Other Matter

We have also audited the parent company only financial statements of King Slide Works Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC, 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 Company and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries' or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company and its subsidiaries' 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 Company and its subsidiaries' 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 Company and its subsidiaries' 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 Company and its subsidiaries 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 Company and its subsidiaries 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 Chen-Li Chen and Chia-Ling Chiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, consolidated financial performance and consolidated 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.

KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES

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

	December 31, 2022		December 31, 2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 11,592,473	60	\$ 7,926,374	51
Financial assets at amortized cost - current (Note 7)	1,105,812	6	1,494,612	10
Notes receivable (Notes 4 and 8)	58,382	1	66,868	1
Accounts receivable, net (Notes 4, 5 and 8)	1,766,291	9	1,665,934	11
Other receivables	41,536	-	41,110	-
Inventories (Notes 4 and 9)	919,754	5	925,619	6
Other current assets	35,507	-	30,881	-
Total current assets	15,519,755	81	12,151,398	79
NONCURRENT ASSETS				
Property, plant and equipment (Notes 4, 11 and 26)	2,955,395	15	2,445,722	16
Right-of-use assets (Notes 4 and 12)	622,098	3	624,881	4
Software (Note 4)	2,319	-	3,405	-
Deferred tax assets (Notes 4 and 21)	29,534	-	143,991	1
Prepayments for equipment (Note 26)	104,143	1	61,546	-
Refundable deposits	2,969	-	1,925	-
Total noncurrent assets	3,716,458	19	3,281,470	21
TOTAL	\$ 19,236,213	100	\$ 15,432,868	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable (Note 14)	\$ 341,292	2	\$ 443,983	3
Accounts payable (Note 14)	87,241	1	122,577	1
Other payables (Note 15)	825,788	4	656,952	4
Current tax liabilities (Notes 4 and 21)	628,249	3	385,127	3
Lease liabilities - current (Notes 4 and 12)	35,771	-	33,298	-
Refund liability - current (Note 16)	23,110	-	20,718	-
Other current liabilities	31,525	-	16,963	-
Total current liabilities	1,972,976	10	1,679,618	11
NONCURRENT LIABILITIES				
Long-term borrowings (Note 13)	894,538	5	452,357	3
Deferred tax liabilities (Notes 4 and 21)	89,498	1	47,090	-
Lease liabilities - noncurrent (Notes 4 and 12)	604,908	3	606,048	4
Net defined benefit liabilities (Notes 4 and 17)	16,017	-	33,872	-
Deferred revenue - noncurrent (Notes 4 and 13)	19,939	-	10,596	-
Total noncurrent liabilities	1,624,900	9	1,149,963	7
Total liabilities	3,597,876	19	2,829,581	18
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)				
Ordinary shares	952,971	5	952,971	6
Capital surplus	796,691	4	796,691	5
Retained earnings				
Legal reserve	1,642,442	8	1,435,887	10
Special reserve	9,302	-	9,219	-
Unappropriated earnings	12,241,007	64	9,417,821	61
Total retained earnings	13,892,751	72	10,862,927	71
Other equity				
Exchange differences on translating the financial statements of foreign operations	(4,076)	-	(9,302)	-
Total equity	15,638,337	81	12,603,287	82
TOTAL	\$ 19,236,213	100	\$ 15,432,868	100

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

KING SLIDE WORKS CO., LTD. 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, 16 and 19)	\$ 7,798,631	100	\$ 6,341,989	100
OPERATING COSTS (Notes 9 and 20)	<u>3,332,655</u>	<u>43</u>	<u>2,987,157</u>	<u>47</u>
GROSS PROFIT	<u>4,465,976</u>	<u>57</u>	<u>3,354,832</u>	<u>53</u>
OPERATING EXPENSES (Notes 8 and 20)				
Selling and marketing	220,890	3	178,711	3
General and administrative	253,190	3	206,841	3
Research and development	233,250	3	234,628	4
Expected credit loss	<u>5,974</u>	<u>-</u>	<u>14,970</u>	<u>-</u>
Total operating expenses	<u>713,304</u>	<u>9</u>	<u>635,150</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>3,752,672</u>	<u>48</u>	<u>2,719,682</u>	<u>43</u>
NON-OPERATING INCOME AND EXPENSES (Note 20)				
Interest income	168,943	2	20,066	-
Other gains and losses	1,161,814	15	(134,173)	(2)
Finance costs	<u>(10,141)</u>	<u>-</u>	<u>(9,793)</u>	<u>-</u>
Total non-operating income and expenses	<u>1,320,616</u>	<u>17</u>	<u>(123,900)</u>	<u>(2)</u>
PROFIT BEFORE INCOME TAX	5,073,288	65	2,595,782	41
INCOME TAX (Notes 4 and 21)	<u>1,017,143</u>	<u>13</u>	<u>523,262</u>	<u>8</u>
NET PROFIT FOR THE YEAR	<u>4,056,145</u>	<u>52</u>	<u>2,072,520</u>	<u>33</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 17 and 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	13,139	-	(8,716)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(2,628)</u>	<u>-</u>	<u>1,743</u>	<u>-</u>
	<u>10,511</u>	<u>-</u>	<u>(6,973)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	6,532	-	(104)	-

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KING SLIDE WORKS CO., LTD. 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	%
Income tax relating to items that may be reclassified subsequently to profit or loss	\$ <u>(1,306)</u>	<u>-</u>	\$ <u>21</u>	<u>-</u>
	<u>5,226</u>	<u>-</u>	<u>(83)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>15,737</u>	<u>-</u>	<u>(7,056)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,071,882</u>	<u>52</u>	<u>\$ 2,065,464</u>	<u>33</u>
NET PROFIT ATTRIBUTABLE TO: Owners of the Company	<u>\$ 4,056,145</u>	<u>52</u>	<u>\$ 2,072,520</u>	<u>33</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: Owners of the Company	<u>\$ 4,071,882</u>	<u>52</u>	<u>\$ 2,065,464</u>	<u>33</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 42.56</u>		<u>\$ 21.75</u>	
Diluted	<u>\$ 41.84</u>		<u>\$ 21.55</u>	

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

(Concluded)

KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES

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

			Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2021	\$ 952,971	\$ 796,691	\$ 1,319,444	\$ 7,670	\$ 8,053,484	\$ (9,219)	\$ 11,121,041
Appropriation of 2020 earnings (Note 18)							
Legal reserve	-	-	116,443	-	(116,443)	-	-
Special reserve	-	-	-	1,549	(1,549)	-	-
Cash dividends distributed by the Company	-	-	-	-	(583,218)	-	(583,218)
	-	-	116,443	1,549	(701,210)	-	(583,218)
Net profit for the year ended December 31, 2021	-	-	-	-	2,072,520	-	2,072,520
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	(6,973)	(83)	(7,056)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	2,065,547	(83)	2,065,464
BALANCE AT DECEMBER 31, 2021	952,971	796,691	1,435,887	9,219	9,417,821	(9,302)	12,603,287
Appropriation of 2021 earnings (Note 18)							
Legal reserve	-	-	206,555	-	(206,555)	-	-
Special reserve	-	-	-	83	(83)	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,036,832)	-	(1,036,832)
	-	-	206,555	83	(1,243,470)	-	(1,036,832)
Net profit for the year ended December 31, 2022	-	-	-	-	4,056,145	-	4,056,145
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	10,511	5,226	15,737
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	4,066,656	5,226	4,071,882
BALANCE AT DECEMBER 31, 2022	\$ 952,971	\$ 796,691	\$ 1,642,442	\$ 9,302	\$ 12,241,007	\$ (4,076)	\$ 15,638,337

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

KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 5,073,288	\$ 2,595,782
Adjustments for:		
Depreciation expenses	222,649	212,418
Amortization expenses	1,800	1,995
Expected credit loss	5,974	14,970
Finance costs	10,141	9,793
Recognition of refund liabilities	5,939	4,274
Interest income	(168,943)	(20,066)
Write-downs of inventories	23,035	3,240
Gain on disposal of property, plant and equipment, net	(197)	(4,578)
Net loss (gain) on foreign currency exchange	(784,033)	21,556
Changes in operating assets and liabilities		
Notes receivable	8,486	(9,745)
Accounts receivable	(106,331)	(659,030)
Other receivables	24,560	(10,735)
Inventories	(17,170)	(464,770)
Other current assets	(4,626)	(9,833)
Notes payable	(58,916)	107,052
Accounts payable	(35,336)	29,958
Other payables	225,455	112,749
Refund liabilities	(3,547)	-
Other current liabilities	14,562	(446)
Net defined benefit liabilities	(6,725)	(4,640)
Cash generated from operations	4,430,065	1,929,944
Interest received	143,957	19,694
Interest paid	(14,629)	(11,761)
Income tax paid	(621,090)	(419,636)
Net cash generated from operating activities	<u>3,938,303</u>	<u>1,518,241</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(1,105,812)	(1,494,612)
Proceeds from sale of financial assets at amortized cost	1,494,612	-
Payments for property, plant and equipment	(824,076)	(767,674)
Proceeds from disposal of property, plant and equipment	689	5,016
Increase in refundable deposits	(1,044)	(1,011)
Payments for intangible assets	(714)	(2,590)
Net cash used in investing activities	<u>(436,345)</u>	<u>(2,260,871)</u>

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KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES

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

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	\$ 448,040	\$ 256,900
Repayment of the principal portion of lease liabilities	(35,201)	(32,766)
Cash dividends	<u>(1,036,832)</u>	<u>(583,218)</u>
Net cash used in financing activities	<u>(623,993)</u>	<u>(359,084)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>788,134</u>	<u>(22,001)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,666,099	(1,123,715)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,926,374</u>	<u>9,050,089</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 11,592,473</u>	<u>\$ 7,926,374</u>

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

(Concluded)

KING SLIDE WORKS CO., LTD. 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)

1. GENERAL INFORMATION

King Slide Works Co., Ltd. (the “Company”) was incorporated in September 1986 under the laws of the Republic of China (ROC). The Company mainly manufactures, processes and sells the following products:

- Rail kits for cloud computing servers and data devices.
- Furniture accessories, slides and molds.

The Company’s shares have been listed on the Taiwan Stock Exchange.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on February 24, 2023.

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

- a. Initial application of 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 IFRSs endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Company and its subsidiaries (collectively referred to as the “Group”):

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

New, Amended and Revised Standards and Interpretations	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 applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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 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 that the application of other standards and interpretations will have 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 net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

- c. Classification of current and noncurrent assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;

- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

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

Assets and liabilities that are not classified as current are classified as noncurrent.

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).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 10 and Tables 4 and 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, and not retranslated subsequently.

For the purpose of presenting the consolidated financial statements, the functional currencies of the entities in the Group are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting year; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item. The 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 the weighted-average cost.

g. Property, plant and equipment

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

Freehold land is not depreciated.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of 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 methods are reviewed at the end of each reporting year, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. 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 lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

i. Impairment of property, plant and equipment, right-of-use asset, and intangible assets

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, 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 on a reasonable and consistent basis of allocation.

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

When an impairment loss is subsequently reversed, the carrying amount of the 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.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Group 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 issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into financial assets at amortized cost which meet the following conditions :

- 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, notes receivable, accounts receivable, other receivables 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 a financial asset.

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.

b) Impairment of financial assets

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

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. 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 the 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.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Group :

- i Internal or external information show that the debtor is unlikely to pay its creditors.
- ii When a financial asset is more than 120 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

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.

2) Financial liabilities

a) Subsequent measurement

The financial liabilities held by the Group 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.

k. Revenue recognition

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

Revenue from the sale of goods comes from sales of rail kits. Sales of rail kits are recognized as revenue when the goods are delivered to the 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. Accounts receivable are recognized concurrently.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

l. Leases

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

When the Group is as a 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 includes the initial measurement of lease liabilities, and 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 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 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.

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. 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 whose primary condition is that the Group should purchase, construct or otherwise acquire noncurrent assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

o. 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 services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising

actuarial gains and losses, the effect of the changes to the asset ceiling 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 other equity and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

p. Taxation

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

1) Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act of the ROC, an additional tax on unappropriated earnings is provided 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 to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the 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, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revisions affect only that year or in the year of the revisions and future years if the revisions affect both current and future years.

Key sources of estimation uncertainty - Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions on probability of default and loss given default. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates. For details of the key assumptions and inputs used, refer to Note 8.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 152	\$ 77
Checking accounts and demand deposits	1,596,751	1,185,091
Cash equivalents (investments with original maturities of 3 months or less)		
Commercial papers	1,236,561	724,021
Time deposits	<u>8,759,009</u>	<u>6,017,185</u>
	<u>\$ 11,592,473</u>	<u>\$ 7,926,374</u>

The market interest rates of cash equivalents at the end of the reporting year were as follows:

	December 31	
	2022	2021
Commercial papers (%)	0.92-1.00	0.24
Time deposits (%)	0.95-4.86	0.16-2.26

The Group dealt with many creditworthy financial institutions to disperse credit risk; therefore there was no expected credit loss.

7. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
Time deposits with original maturities of more than 3 months	<u>\$ 1,105,812</u>	<u>\$ 1,494,612</u>

The annual interest rate of financial assets measured by amortized cost on the balance sheet date is as follows:

	December 31	
	2022	2021
Annual rate (%)	3.95-4.21	0.17

The counterparties of the financial assets at amortized cost are mainly banks with good credit ratings. There is no significant doubt about the performance of the contract, and there is no significant credit risk in the assessment.

8. NOTES, ACCOUNTS AND OVERDUE RECEIVABLE, NET

	December 31	
	2022	2021
Notes receivable		
At amortized cost		
Operating	<u>\$ 58,382</u>	<u>\$ 66,868</u>
Accounts receivable		
At amortized cost		
Gross carrying amount	\$ 1,790,015	\$ 1,683,684
Less: Allowance for impairment loss	<u>23,724</u>	<u>17,750</u>
	<u>\$ 1,766,291</u>	<u>\$ 1,665,934</u>
Overdue receivables		
Non-accrual loan	\$ 1,213	\$ 1,213
Less: Allowance for impairment loss	<u>1,213</u>	<u>1,213</u>
	<u>\$ -</u>	<u>\$ -</u>

The average credit period of sales of goods was 30-150 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group makes allowance for expected credit loss at an amount equal to lifetime expected credit loss for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. 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.

There were no notes receivable that were past due or impaired at the end of the reporting year.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

December 31, 2022

	Not Past Due	Past Due 1 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Past Due Over 120 Days	Total
Expected credit loss rate (%)	0-0.1	1	10	50	100	
Gross carrying amount	\$ 1,333,626	\$ 409,252	\$ 29,900	\$ 3,936	\$ 13,301	\$ 1,790,015
Loss allowance (Lifetime ECL)	(1,372)	(4,093)	(2,990)	(1,968)	(13,301)	(23,724)
Amortized cost	<u>\$ 1,332,254</u>	<u>\$ 405,159</u>	<u>\$ 26,910</u>	<u>\$ 1,968</u>	<u>\$ -</u>	<u>\$ 1,766,291</u>

December 31, 2021

	Not Past Due	Past Due 1 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Past Due Over 120 Days	Total
Expected credit loss rate (%)	0-0.1	1	10	50	100	-
Gross carrying amount	\$ 1,290,678	\$ 347,152	\$ 31,504	\$ 9,098	\$ 5,252	\$ 1,683,684
Loss allowance (Lifetime ECL)	(1,328)	(3,471)	(3,150)	(4,549)	(5,252)	(17,750)
Amortized cost	<u>\$ 1,289,350</u>	<u>\$ 343,681</u>	<u>\$ 28,354</u>	<u>\$ 4,549</u>	<u>\$ -</u>	<u>\$ 1,665,934</u>

The movements of the loss allowance of accounts receivable and overdue receivables were as follows:

	Accounts Receivable	Overdue Receivables	Total
Balance at January 1, 2022	\$ 17,750	\$ 1,213	\$ 18,963
Impairment losses reversed	<u>5,974</u>	<u>-</u>	<u>5,974</u>
Balance at December 31, 2022	<u>\$ 23,724</u>	<u>\$ 1,213</u>	<u>\$ 24,937</u>
Balance at January 1, 2021	\$ 2,780	\$ 1,213	\$ 3,993
Impairment losses reversed	<u>14,970</u>	<u>-</u>	<u>14,970</u>
Balance at December 31, 2021	<u>\$ 17,750</u>	<u>\$ 1,213</u>	<u>\$ 18,963</u>

9. INVENTORIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Finished goods	\$ 432,478	\$ 303,470
Work-in-process	152,768	190,078
Raw materials	317,022	413,263
Supplies	<u>17,486</u>	<u>18,808</u>
	<u>\$ 919,754</u>	<u>\$ 925,619</u>

The cost of inventories recognized as costs of goods sold were \$3,332,655 thousand and \$2,987,157 thousand for the years ended December 31, 2022 and 2021, respectively, which included the following items:

	For the Year Ended December 31	
	2022	2021
Write-downs	\$ 23,035	\$ 3,240
Income from sale of scraps	<u>(69,375)</u>	<u>(70,235)</u>
	<u>\$ (46,340)</u>	<u>\$ (66,995)</u>

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership	
			December 31, 2022	December 31, 2021
The Company	King Slide Technology Co., Ltd.	Manufacture and sales of mechanical rail kit products which integrated in servers and network-related equipment.	100	100
	King Slide (Samoa) Co., Ltd.	International investment	100	100
	King Slide USA Co., Ltd.	Trade of rail kits, slides and accessories	100	100
King Slide (Samoa) Co., Ltd.	King Slide (Hong Kong) Co., Ltd.	International investment	100	100
King Slide (Hong Kong) Co., Ltd.	King Slide Technology (China) Co., Ltd.	Wholesale and provide related services for rail kits, slides and accessories	100	100
King Slide Technology (China) Co., Ltd.	King Slide Technology (Shenzhen) Co., Ltd.	Sales of servers, servers and Internet related products and components, handheld wireless phone, electronic products and other related components, communication equipment and related products (except satellite TV broadcasting ground receiving equipment); import and export of goods or technologies.	100	100

11. PROPERTY, PLANT AND EQUIPMENT

a. Movements of cost and accumulated depreciation are as follows:

For the year ended December 31, 2022

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Others	Property under Construction	Total
Cost								
Balance at January 1, 2022	\$ 228,331	\$ 1,080,116	\$ 1,730,594	\$ 10,683	\$ 102,974	\$ 343,675	\$ 1,089,354	\$ 4,585,727
Additions	-	3,098	200,754	104	23,325	88,744	381,056	697,081
Disposals	-	-	(10,103)	-	(272)	(673)	-	(11,048)
Effect of foreign currency exchange differences	182	3,246	-	104	131	96	-	3,759
Balance at December 31, 2022	<u>\$ 228,513</u>	<u>\$ 1,086,460</u>	<u>\$ 1,921,245</u>	<u>\$ 10,891</u>	<u>\$ 126,158</u>	<u>\$ 431,842</u>	<u>\$ 1,470,410</u>	<u>\$ 5,275,519</u>
Accumulated depreciation								
Balance at January 1, 2022	\$ -	\$ (420,064)	\$ (1,362,379)	\$ (5,728)	\$ (85,147)	\$ (266,687)	\$ -	\$ (2,140,005)
Depreciation expense	-	(29,709)	(124,807)	(1,544)	(7,771)	(25,516)	-	(189,347)
Disposals	-	-	9,612	-	272	672	-	10,556
Effect of foreign currency exchange differences	-	(1,041)	-	(72)	(118)	(97)	-	(1,328)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ (450,814)</u>	<u>\$ (1,477,574)</u>	<u>\$ (7,344)</u>	<u>\$ (92,764)</u>	<u>\$ (291,628)</u>	<u>\$ -</u>	<u>\$ (2,320,124)</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Others	Property under Construction	Total
Carrying amounts at December 31, 2022	<u>\$ 228,513</u>	<u>\$ 635,646</u>	<u>\$ 433,671</u>	<u>\$ 3,547</u>	<u>\$ 33,394</u>	<u>\$ 140,214</u>	<u>\$ 1,470,410</u>	<u>\$ 2,955,395</u>
								(Concluded)

For the year ended December 31, 2021

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Others	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ 228,372	\$ 1,074,519	\$ 1,625,479	\$ 10,696	\$ 91,942	\$ 311,201	\$ 543,470	\$ 3,885,679
Additions	-	5,233	133,811	1,975	11,551	33,659	545,884	732,113
Disposals	-	-	(28,696)	(1,984)	(571)	(1,164)	-	(32,415)
Effect of foreign currency exchange differences	(41)	364	-	(4)	52	(21)	-	350
Balance at December 31, 2021	<u>\$ 228,331</u>	<u>\$ 1,080,116</u>	<u>\$ 1,730,594</u>	<u>\$ 10,683</u>	<u>\$ 102,974</u>	<u>\$ 343,675</u>	<u>\$ 1,089,354</u>	<u>\$ 4,585,727</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2021	\$ -	\$ (390,781)	\$ (1,271,642)	\$ (6,226)	\$ (80,382)	\$ (241,987)	\$ -	\$ (1,991,018)
Depreciation expense	-	(29,293)	(119,193)	(1,293)	(5,290)	(25,886)	-	(180,955)
Disposals	-	-	28,456	1,786	571	1,164	-	31,977
Effect of foreign currency exchange differences	-	10	-	5	(46)	22	-	(9)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ (420,064)</u>	<u>\$ (1,362,379)</u>	<u>\$ (5,728)</u>	<u>\$ (85,147)</u>	<u>\$ (266,687)</u>	<u>\$ -</u>	<u>\$ (2,140,005)</u>
Carrying amounts at December 31, 2021	<u>\$ 228,331</u>	<u>\$ 660,052</u>	<u>\$ 368,215</u>	<u>\$ 4,955</u>	<u>\$ 17,827</u>	<u>\$ 76,988</u>	<u>\$ 1,089,354</u>	<u>\$ 2,445,722</u>

b. Estimated useful lives

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	
Plant	30-35 years
Office	50 years
Others	5-35 years
Machinery and equipment	
Molding	8 years
Electroplating	8 years
Others	2-11 years
Transportation equipment	5 years
Office equipment	2-15 years
Others	
Crane	10 years
ASRS	10 years
Others	2-20 years

c. Investing activities affecting both cash and non-cash items

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Acquisition of property, plant and equipment	\$ 697,081	\$ 732,113
Increase in prepayments for equipment	42,597	29,621
Decrease in payables for purchased equipment	98,669	15,464
Depreciation and interest capitalized	<u>(14,271)</u>	<u>(9,524)</u>
Cash paid	<u>\$ 824,076</u>	<u>\$ 767,674</u>

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount - land	<u>\$ 622,098</u>	<u>\$ 624,881</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 36,534</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets - land	<u>\$ 39,317</u>	<u>\$ 37,147</u>

Except for the addition and recognition of depreciation expenses listed above, there was no significant sublease or impairment of the right-of-use assets of the Group in 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	<u>\$ 35,771</u>	<u>\$ 33,298</u>
Noncurrent	<u>\$ 604,908</u>	<u>\$ 606,048</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Land (%)	1.55-1.71	1.55-1.71

c. Material leasing activities and terms

Operating leases between King Slide Technology Co., Ltd. and the government are related to land with lease terms of 20 years, which will expire in May 2027 and January 2033. When the value of land is re-assessed by the government according to the law, the rent shall be adjusted. The Group does not have a bargain purchase option to acquire the leased land at the expiration of the lease periods.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 1,858</u>	<u>\$ 2,291</u>
Total cash outflow for leases	<u>\$ 47,931</u>	<u>\$ 45,872</u>

13. LONG-TERM BORROWINGS

	December 31	
	2022	2021
Unsecured borrowings	\$ 908,940	\$ 460,900
Less: Government grants	<u>14,402</u>	<u>8,543</u>
	<u>\$ 894,538</u>	<u>\$ 452,357</u>

The above-mentioned long-term loan is a special loan for the purchase of equipment and construction of factories. It will be repaid on a monthly basis from October 2023 to September 2030 at an annual interest rate of 0.75% and 0.25% as of December 31, 2022 and 2021, respectively. However, the interest rate is lower than the market interest rate due to the government grants, and the Group recognized the difference as deferred revenue which will be transferred to profit or loss over the useful lives of the related assets.

14. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2022	2021
<hr/> Notes payable <hr/>		
Operating	\$ 287,140	\$ 346,056
Non-operating	<u>54,152</u>	<u>97,927</u>
	<u>\$ 341,292</u>	<u>\$ 443,983</u>
<hr/> Accounts payable <hr/>		
Operating	<u>\$ 87,241</u>	<u>\$ 122,577</u>

Notes payable

The Group's notes payable from non-operating activities were used for acquisition of property, plant and equipment.

Accounts payable

The average credit period of purchasing materials and supplies was 30-90 days. The Group has a financial risk management policy to ensure that all payables are paid within the pre-agreed credit terms.

15. OTHER PAYABLES

	December 31	
	2022	2021
Payable for compensation of employees and remuneration of directors and supervisors	\$ 487,220	\$ 248,896
Payable for salaries and bonuses	202,746	217,948
Payable for purchase of equipment	34,622	89,516
Others	<u>101,200</u>	<u>100,592</u>
	<u>\$ 825,788</u>	<u>\$ 656,952</u>

16. REFUND LIABILITY

The refund liability was estimated based on historical experience, management's judgments and other known reasons and was recognized as a reduction of operating revenue in the year the related goods were sold. As of December 31, 2022 and 2021, the Group's estimated refund liabilities were \$23,110 thousand and \$20,718 thousand, respectively.

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2.4% 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 Group 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 amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 86,034	\$ 95,630
Fair value of plan assets	<u>(66,294)</u>	<u>(56,026)</u>
Deficit	19,740	39,604
Included in other payables	<u>(3,723)</u>	<u>(5,732)</u>
Net defined benefit liabilities	<u>\$ 16,017</u>	<u>\$ 33,872</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	<u>\$ 86,349</u>	<u>\$ (50,821)</u>	<u>\$ 35,528</u>
Service cost			
Current service cost	280	-	280

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Net interest expense (income)	\$ 432	\$ (266)	\$ 166
Recognized in profit or loss	<u>712</u>	<u>(266)</u>	<u>446</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(633)	(633)
Actuarial loss - changes in demographic assumptions	2,075	-	2,075
Actuarial loss - experience adjustments	<u>7,274</u>	<u>-</u>	<u>7,274</u>
Recognized in other comprehensive less	<u>9,349</u>	<u>(633)</u>	<u>8,716</u>
Contributions from the employer	<u>-</u>	<u>(5,086)</u>	<u>(5,086)</u>
Benefits paid	<u>(780)</u>	<u>780</u>	<u>-</u>
Balance at December 31, 2021	<u>95,630</u>	<u>(56,026)</u>	<u>39,604</u>
Service cost			
Current service cost	272	-	272
Net interest expense (income)	<u>478</u>	<u>(298)</u>	<u>180</u>
Recognized in profit or loss	<u>750</u>	<u>(298)</u>	<u>452</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,384)	(4,384)
Actuarial loss - changes in demographic assumptions	135	-	135
Actuarial gain - changes in financial assumptions	(4,077)	-	(4,077)
Actuarial gain - experience adjustments	<u>(4,813)</u>	<u>-</u>	<u>(4,813)</u>
Recognized in other comprehensive income	<u>(8,755)</u>	<u>(4,384)</u>	<u>(13,139)</u>
Contributions from the employer	<u>-</u>	<u>(7,177)</u>	<u>(7,177)</u>
Benefits paid	<u>(1,591)</u>	<u>1,591</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 86,034</u>	<u>\$ (66,294)</u>	<u>\$ 19,740</u> (Concluded)

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

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2022	2021
Discount rate (%)	1.50	0.50
Expected rate of salary increase (%)	2.50	2.00

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

	December 31	
	2022	2021
Discount rate		
0.25% increase	<u>\$ (1,855)</u>	<u>\$ (2,309)</u>
0.25% decrease	<u>\$ 1,948</u>	<u>\$ 2,392</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 1,895</u>	<u>\$ 2,316</u>
0.25% decrease	<u>\$ (1,843)</u>	<u>\$ (2,247)</u>

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

	December 31	
	2022	2021
Expected contributions to the plan for the next year	<u>\$ 5,086</u>	<u>\$ 7,279</u>
Average duration of the defined benefit obligation	8.9 years	9.7 years

18. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	<u>138,000</u>	<u>138,000</u>
Shares authorized	<u>\$ 1,380,000</u>	<u>\$ 1,380,000</u>
Number of shares issued and fully paid (in thousands)	<u>95,297</u>	<u>95,297</u>
Shares issued	<u>\$ 952,971</u>	<u>\$ 952,971</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2022	2021
Arising from issuance of ordinary shares	\$ 794,341	\$ 794,341
Arising from treasury share transactions	<u>2,350</u>	<u>2,350</u>
	<u>\$ 796,691</u>	<u>\$ 796,691</u>

The above-mentioned capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's articles of incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit until the legal reserve equals to the Company's paid-in capital, 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 as to shareholders.

The Company's dividend policy is in line with the current and future development plans, environment, capital needs and domestic and international competition in order to promote shareholders' interests. Thus, the Company may retain some of its earnings according to the Company's operation, and the residual earnings may be distributed in cash or shares. However, cash dividends should be at least 10% of the total dividends distributed.

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.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2021 and 2020 were approved in the shareholders' meeting on June 29, 2022 and July 30, 2021, respectively. The appropriations of earnings for 2021 and 2020 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$ 206,555	\$ 116,443		
Special reserve	83	1,549		
Cash dividends	<u>1,036,832</u>	<u>583,218</u>	<u>\$ 10.88</u>	<u>\$ 6.1</u>
	<u>\$ 1,243,470</u>	<u>\$ 701,210</u>		

The appropriation of earnings for 2022 had been proposed by the Company's board of directors on February 24, 2023. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 406,666	
Special reserve	(3,081)	
Cash dividends	<u>1,905,941</u>	<u>\$ 20</u>
	<u>\$ 2,309,526</u>	

The appropriation of earnings for 2022 are subject to the resolution in the shareholders' meeting to be held on June 28, 2023.

d. Special reserve

On the first-time adoption of IFRSs, the Company appropriated \$ 6,221 thousand to the special reserve due to the increase in retained earnings from conversion to IFRSs. Additional special reserve should be appropriated for an amount equal to the difference between net debit balance and special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

19. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from sale of goods	<u>\$ 7,798,631</u>	<u>\$ 6,341,989</u>
a. Contract balances		
	December 31, 2022	December 31, 2021
	January 1, 2021	
Notes and accounts receivable (Note 8)	<u>\$ 1,824,673</u>	<u>\$ 1,732,802</u>
		<u>\$ 1,078,987</u>

b. Disaggregation of revenue

For the year ended December 31, 2022

	Reportable Segments			
	The Company	King Slide Technology Co., Ltd.	Others	Total
Type of goods				
Rail kits	\$ 1,597,014	\$ 5,826,327	\$ 77,351	\$ 7,500,692
Others	<u>182,447</u>	<u>108,820</u>	<u>6,672</u>	<u>297,939</u>
	<u>\$ 1,779,461</u>	<u>\$ 5,935,147</u>	<u>\$ 84,023</u>	<u>\$ 7,798,631</u>

For the year ended December 31, 2021

	Reportable Segments			
	The Company	King Slide Technology Co., Ltd.	Others	Total
Type of goods				
Rail kits	\$ 1,726,308	\$ 4,231,802	\$ 78,752	\$ 6,036,862
Others	<u>224,547</u>	<u>72,958</u>	<u>7,622</u>	<u>305,127</u>
	<u>\$ 1,950,855</u>	<u>\$ 4,304,760</u>	<u>\$ 86,374</u>	<u>\$ 6,341,989</u>

20. NET PROFIT

a. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains (losses), net	\$ 1,103,179	\$ (178,697)
Sample income	21,676	18,381
Mold income	28,285	18,467
Gain on disposal of property, plant and equipment	197	4,578
Others	<u>8,477</u>	<u>3,098</u>
	<u>\$ 1,161,814</u>	<u>\$ (134,173)</u>

b. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ 1,797,015	\$ 352,644
Foreign exchange losses	<u>(693,836)</u>	<u>(531,341)</u>
Foreign exchange gains (losses), net	<u>\$ 1,103,179</u>	<u>\$ (178,697)</u>

c. Finance cost

	For the Year Ended December 31	
	2022	2021
Interest on lease liabilities	\$ 10,872	\$ 10,815
Interest on loans	7,525	2,818
Less: Amounts included in the cost of qualifying assets	<u>8,256</u>	<u>3,840</u>
	<u>\$ 10,141</u>	<u>\$ 9,793</u>
Capitalized interest rate (%)	0.75-1.55	0.75-1.55

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 189,347	\$ 180,955
Right-of-use-assets	39,317	37,147
Intangible assets	1,800	1,995
Less: Directly attributable to asset acquisition cost	<u>6,015</u>	<u>5,684</u>
	<u>\$ 224,449</u>	<u>\$ 214,413</u>
Analysis of depreciation by function		
Operating costs	\$ 176,630	\$ 170,463
Operating expenses	<u>46,019</u>	<u>41,955</u>
	<u>\$ 222,649</u>	<u>\$ 212,418</u>
Analysis of amortization by function		
Operating costs	\$ 113	\$ 83
Operating expenses	<u>1,687</u>	<u>1,912</u>
	<u>\$ 1,800</u>	<u>\$ 1,995</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits (Note 17)		
Defined contribution plans	\$ 28,974	\$ 26,355
Defined benefit plans	<u>452</u>	<u>446</u>
	29,426	26,801
Short-term employee benefits	<u>1,249,793</u>	<u>1,049,048</u>
	<u>\$ 1,279,219</u>	<u>\$ 1,075,849</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 897,305	\$ 762,122
Operating expenses	<u>381,914</u>	<u>313,727</u>
	<u>\$ 1,279,219</u>	<u>\$ 1,075,849</u>

f. Compensation of employees and remuneration of directors and supervisors

The Company accrued compensation of employees and remuneration of directors and supervisors at rates of no less than 1‰ and no higher than 5‰, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2022 and 2021, which have been approved by the Company's board of directors on February 24, 2023 and February 25, 2022, respectively, were as follows:

	For the Year Ended December 31			
	2022		2021	
	Cash	%	Cash	%
Compensation of employees	\$ 172,788	3.9	\$ 85,849	3.8
Remuneration of directors and supervisors	6,000	0.1	6,500	0.3

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

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

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

21. INCOME TAX

a. The major components of income tax expense recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 852,163	\$ 520,261
Income tax on unappropriated earnings	87,618	22,730
Adjustments for prior years	<u>(75,569)</u>	<u>(16,214)</u>
	<u>864,212</u>	<u>526,777</u>
Deferred tax		
In respect of the current year	<u>152,931</u>	<u>(3,515)</u>
	<u>\$ 1,017,143</u>	<u>\$ 523,262</u>

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

	For the Year Ended December 31	
	2022	2021
Profit before income tax	<u>\$ 5,073,288</u>	<u>\$ 2,595,782</u>

(Continued)

	For the Year Ended December 31	
	2022	2021
Income tax expense calculated at the statutory rate	\$ 1,014,904	\$ 519,530
Income tax on unappropriated earnings	87,618	22,730
Investment credits	(9,810)	(2,784)
Adjustments for prior years	<u>(75,569)</u>	<u>(16,214)</u>
	<u>\$ 1,017,143</u>	<u>\$ 523,262</u>
		(Concluded)

b. Income tax benefit recognized in other comprehensive income (loss)

	For the Year Ended December 31	
	2022	2021
<hr/> Deferred tax <hr/>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ (2,628)	\$ 1,743
Translation of foreign operations	<u>(1,306)</u>	<u>21</u>
	<u>\$ (3,934)</u>	<u>\$ 1,764</u>

c. Current tax liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	<u>\$ 628,249</u>	<u>\$ 385,127</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<hr/> Deferred Tax Assets <hr/>				
Temporary differences				
Share of profit using equity method	\$ 9,886	\$ (3,527)	\$ (1,306)	\$ 5,053
Unrealized exchange losses	110,623	(110,623)	-	-
Defined benefit liabilities	7,921	(1,345)	(2,628)	3,948
Others	<u>15,561</u>	<u>4,972</u>	<u>-</u>	<u>20,533</u>
	<u>\$ 143,991</u>	<u>\$ (110,523)</u>	<u>\$ (3,934)</u>	<u>\$ 29,534</u>

(Continued)

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred Tax liabilities</u>				
Temporary differences				
Land value increment tax	\$ 47,090	\$ -	\$ -	\$ 47,090
Unrealized exchange gains	<u>-</u>	<u>42,408</u>	<u>-</u>	<u>42,408</u>
	<u>\$ 47,090</u>	<u>\$ 42,408</u>	<u>\$ -</u>	<u>\$ 89,498</u> (Concluded)

For the year ended December 31, 2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred Tax Assets</u>				
Temporary differences				
Share of profit using equity method	\$ 12,234	\$ (2,369)	\$ 21	\$ 9,886
Unrealized exchange losses	107,839	2,784	-	110,623
Defined benefit liabilities	7,106	(928)	1,743	7,921
Others	<u>11,533</u>	<u>4,028</u>	<u>-</u>	<u>15,561</u>
	<u>\$ 138,712</u>	<u>\$ 3,515</u>	<u>\$ 1,764</u>	<u>\$ 143,991</u>
<u>Deferred Tax liabilities</u>				
Temporary differences				
Land value increment tax	<u>\$ 47,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,090</u>

e. Income tax assessments

The income tax returns of the Company and King Slide Technology Co., Ltd. through 2020 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding in the computation of earnings per share are as follows:

Net profit for the year - attributable to owners of the Company

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Net profit used in the computation of earnings per share	\$ 4,056,145	\$ 2,072,520
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>(48,864)</u>	<u>(15,063)</u>
Net profit used in the computation of diluted earnings per share	<u>\$ 4,007,281</u>	<u>\$ 2,057,457</u>

Weighted average number of ordinary shares outstanding (in thousands)

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	95,297	95,297
Effect of diluted potential ordinary shares		
Employees' compensation	<u>481</u>	<u>189</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>95,778</u>	<u>95,486</u>

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from the last 2 years.

The Group is not subject to any externally imposed capital requirements.

24. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Group's management considers that the carrying amounts of financial assets and financial liabilities which are not measured at fair value approximate their fair values.

b. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
Measured at amortized cost (Note 1)	\$ 14,567,463	\$ 11,196,823
Financial liabilities		
Measured at amortized cost (Note 2)	2,148,897	1,675,907

Note 1: The balances include cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables, and refundable deposits.

Note 2: The balances include notes payable, accounts payable, other payables, guarantee deposits received (included in other current liabilities) and long-term borrowings.

c. Financial risk management objectives and policies

The Group's treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through analyzing exposures to risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The treasury function reports quarterly to the Group's management.

1) Market risk

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

a) Foreign currency risk

The Group has foreign currency sales and purchases, which exposes the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) exposed to foreign currency risk at the end of the year are set out in Note 27.

Sensitivity analysis

The Group was mainly exposed to the risk from the fluctuation of USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency rate against USD. A positive (negative) number below indicates an increase (decrease) in pre-tax profit associated with the functional currency.

	For the Year Ended December 31	
	2022	2021
Profit before tax	\$ 123,309	\$ 94,840

The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. Items of sensitivity analysis included outstanding deposits, receivables and payables.

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting year are as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 11,101,382	\$ 8,232,828
Financial liabilities	640,679	639,346

(Continued)

	December 31	
	2022	2021
Fair value interest rate risk		
Cash flow interest rate risk		
Financial assets	\$ 1,590,070	\$ 1,184,246
Financial liabilities	894,538	452,357
		(Concluded)

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting year. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting year was outstanding for the whole year. A 1% basis point increase or decrease 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 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have been higher/lower by \$6,955 thousand and by \$11,842 thousand, respectively, which was mainly a result of the changes in the floating interest rate bank deposits.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which would cause a financial loss to the Group could be the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group is continuously monitoring and spreading the aggregate transactions to each credit-qualified counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Group annually.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings.

Because the Group's current assets or cash and cash equivalents are much more than current liabilities, the Group has no liquidity risk.

25. TRANSACTIONS WITH RELATED PARTIES

Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term benefits	\$ 29,521	\$ 22,489
Post-employment benefits	<u>129</u>	<u>124</u>
	<u>\$ 29,650</u>	<u>\$ 22,613</u>

The remuneration of directors and other key management personnel is determined by the remuneration committee based on the performance of individuals and market trends.

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 12, unrecognized commitments were as follows:

	December 31	
	2022	2021
a. Unused letters of credit for purchases of raw materials and machinery and equipment	\$ 97,435	\$ 124,568
b. Unrecognized commitments of acquisition of property, plant and equipment	271,572	647,604
c. Contracts for purchases of raw materials		
Total amount	23,324	97,597
Issued promissory notes	31,150	31,150

27. 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 and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	Foreign Currencies (In Thousands)	Exchange Rate (NT\$)	Carrying Amount (In Thousands)
<u>December 31, 2022</u>			
Financial assets			
Monetary items			
USD	\$ 402,459	30.717 (USD:NTD)	\$ 12,362,333
Financial liabilities			
Monetary items			
USD	1,022	30.717 (USD:NTD)	31,410

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate (NT\$)	Carrying Amount (In Thousands)
<hr/> December 31, 2021 <hr/>			
Financial assets			
Monetary items			
USD	\$ 343,986	27.678 (USD:NTD)	\$ 9,520,839
Financial liabilities			
Monetary items			
USD	1,332	27.678 (USD:NTD)	36,860 (Concluded)

The Group is mainly exposed to US dollar. Net foreign exchange gains (losses) were \$1,103,179 thousand and (\$178,697) thousand for the years ended December 31, 2022 and 2021, respectively.

28. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees

- 1) Financing provided to others: None.
- 2) Endorsement and guarantees provided: None.
- 3) Marketable securities held (excluding investment in subsidiaries): None.
- 4) Marketable securities acquired or disposed at cost of or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at cost 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 1.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 2.
- 9) Trading in derivative instruments: None.
- 10) Inter-company business relationship and material transactions and its amount: Table 3.

b. Information on investees: Table 4.

c. Information on investments in mainland China

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 year, repatriations of investment income, and limit on the amount of investment in mainland China: Table 5.

Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

- 1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year:

Name	Purchases	Accounts Payables
King Slide Technology (China). Co., Ltd.	<u>\$ 56,475</u>	<u>\$ 6,878</u>

- 2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year:

Name	Sales of Goods	Accounts Receivable
King Slide Technology (China). Co., Ltd.	<u>\$ 52,984</u>	<u>\$ 4,449</u>

- 3) The amount of property transactions and the amount of gains or losses generated: None.
 - 4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and purposes: None.
 - 5) The highest balance, the ending balance, the interest rate range, and total current year interest with respect to financing of funds: None.
 - 6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services: None.
- d. 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: Table 6.

29. SEGMENT INFORMATION

Information is provided to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance, focusing on types of goods or services that are delivered or provided.

The Group's reporting segments are as follows:

- a. King Slide Works Co., Ltd. mainly manufactures, processes and sells the rail kits for computer and network communication equipment, furniture accessories, slides and molds.
- b. King Slide Technology Co., Ltd. mainly R&D, designs and sells the rail kits for servers and network communication equipment.

The following is an analysis of the Group's revenue and results from operations by the reporting segments:

	The Company	King Slide Technology Co., Ltd.	Others	Adjustment and Elimination	Consolidated Amount
<u>For the year ended December 31, 2022</u>					
Revenue from external customers	\$ 1,779,461	\$ 5,935,147	\$ 84,023	\$ -	\$ 7,798,631
Inter-segment revenue	<u>563,191</u>	<u>152,897</u>	<u>56,475</u>	<u>(772,563)</u>	<u>-</u>
Segment revenue	<u>\$ 2,342,652</u>	<u>\$ 6,088,044</u>	<u>\$ 140,498</u>	<u>\$ (772,563)</u>	<u>\$ 7,798,631</u>
Segment profit	<u>\$ 413,869</u>	<u>\$ 3,317,440</u>	<u>\$ 6,495</u>	<u>\$ 14,868</u>	\$ 3,752,672
Interest income					168,943
Other gains and losses					1,161,814
Financial cost					<u>(10,141)</u>
Consolidated profit before income tax					5,073,288
Income tax expense					<u>1,017,143</u>
Consolidated net profit					<u>\$ 4,056,145</u>
<u>December 31, 2022</u>					
Total segment assets	<u>\$ 4,436,355</u>	<u>\$ 14,818,312</u>	<u>\$ 209,366</u>	<u>\$ (227,820)</u>	<u>\$ 19,236,213</u>
Total segment liabilities	<u>\$ 777,034</u>	<u>\$ 3,029,896</u>	<u>\$ 14,488</u>	<u>\$ (223,542)</u>	<u>\$ 3,597,876</u>
<u>For the year ended December 31, 2021</u>					
Revenue from external customers	\$ 1,950,855	\$ 4,304,760	\$ 86,374	\$ -	\$ 6,341,989
Inter-segment revenue	<u>524,810</u>	<u>174,128</u>	<u>60,348</u>	<u>(759,286)</u>	<u>-</u>
Segment revenue	<u>\$ 2,475,665</u>	<u>\$ 4,478,888</u>	<u>\$ 146,722</u>	<u>\$ (759,286)</u>	<u>\$ 6,341,989</u>
Segment profit	<u>\$ 448,133</u>	<u>\$ 2,256,677</u>	<u>\$ 7,140</u>	<u>\$ 7,732</u>	\$ 2,719,682
Interest income					20,066
Other gains and losses					(134,173)
Financial cost					<u>(9,793)</u>
Consolidated profit before income tax					2,595,782
Income tax expense					<u>523,262</u>
Consolidated net profit					<u>\$ 2,072,520</u>
<u>December 31, 2021</u>					
Total segment assets	<u>\$ 4,332,894</u>	<u>\$ 11,190,174</u>	<u>\$ 202,543</u>	<u>\$ (292,743)</u>	<u>\$ 15,432,868</u>
Total segment liabilities	<u>\$ 747,608</u>	<u>\$ 2,339,406</u>	<u>\$ 31,832</u>	<u>\$ (289,265)</u>	<u>\$ 2,829,581</u>

Segment profit represented the profit before tax earned by each segment without profit from operations and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

- a. Revenue from major products refer to Note 19(b)
- b. Other segment information - depreciation and amortization

	For the Year Ended December 31	
	2022	2021
The Company	\$ 40,088	\$ 39,522
King Slide Technology Co., Ltd.	181,069	171,969
		(Continued)

	For the Year Ended December 31	
	2022	2021
Others	\$ 3,292	\$ 2,922
	<u>\$ 224,449</u>	<u>\$ 214,413</u>
		(Concluded)

c. Geographical information

The Group's revenue from external customers by location of customers are detailed below:

	For the Year Ended December 31	
	2022	2021
Taiwan	\$ 1,627,081	\$ 1,435,353
USA	2,661,758	1,901,360
China	1,577,619	1,357,471
Others	<u>1,923,173</u>	<u>1,647,805</u>
	<u>\$ 7,798,631</u>	<u>\$ 6,341,989</u>

The Group's noncurrent assets by location of assets are detailed below:

	December 31	
	2022	2021
Taiwan	\$ 3,586,510	\$ 3,037,248
Others	<u>97,445</u>	<u>98,306</u>
	<u>\$ 3,683,955</u>	<u>\$ 3,135,554</u>

Noncurrent assets exclude deferred income tax assets and refundable deposits.

d. Information about major customers

The customer from which sales revenue accounted for over 10% of the Group's consolidated operating revenue is shown below:

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
Group A	<u>\$ 1,236,884</u>	<u>16</u>	<u>\$ 1,089,571</u>	<u>17</u>

TABLE 1**KING SLIDE WORKS CO., LTD. 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)

Buyer	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts Payable (Receivable)		Note
			Purchase/Sale	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total	
The Company	King Slide Technology Co., Ltd.	Subsidiary	Sales	\$ (491,101)	(21)	90 days after monthly closing	Note 1	-	\$ (167,634)	(35)	Note 2
The Company	King Slide Technology Co., Ltd.	Subsidiary	Purchases	132,620	12	90 days after monthly closing	Note 1	-	41,397	28	Note 2

Note 1: The sales price was based on cost.

Note 2: It was eliminated on consolidation.

TABLE 2**KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amount Received in Subsequent Year	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
The Company	King Slide Technology Co., Ltd.	Subsidiary	\$ 167,634	2.91	\$ -	-	\$ 90,563	\$ -	Notes 1 and 2
			<u>2,204</u>		-	-	-	-	Notes 1 and 3
			<u>\$ 169,838</u>				<u>\$ 90,563</u>		

Note 1: It was eliminated on consolidation.

Note 2: The computation of turnover rate did not include the non-operating receivables which were not from sales of goods.

Note 3: The ending balance was other receivables.

TABLE 3**KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES**
INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No.	Company	Counterparty	Nature of Relationship	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%)
0	The Company	King Slide Technology Co., Ltd.	Parent to Subsidiary	Sales	\$ 491,101	Note 1	6
0	The Company	King Slide Technology Co., Ltd.	Parent to Subsidiary	Processing income	19,106	Note 1	-
0	The Company	King Slide Technology Co., Ltd.	Parent to Subsidiary	Notes receivable	126,772	Note 3	1
0	The Company	King Slide Technology Co., Ltd.	Parent to Subsidiary	Accounts receivable	40,862	Note 3	-
0	The Company	King Slide Technology Co., Ltd.	Parent to Subsidiary	Other receivables	2,204	Note 3	-
0	The Company	King Slide Technology Co., Ltd.	Parent to Subsidiary	Service revenue	8,100	Note 2	-
0	The Company	King Slide Technology Co., Ltd.	Parent to Subsidiary	Technology and service income	3,776	Note 5	-
0	The Company	King Slide Technology (China) Co., Ltd.	Parent to Subsidiary	Sales	52,984	Note 6	1
0	The Company	King Slide Technology (China) Co., Ltd.	Parent to Subsidiary	Accounts receivable	4,449	Note 3	-
1	King Slide Technology Co., Ltd.	The Company	Subsidiary to Parent	Sales and processing income	132,620	Note 1	2
1	King Slide Technology Co., Ltd.	The Company	Subsidiary to Parent	Notes receivable	29,919	Note 3	-
1	King Slide Technology Co., Ltd.	The Company	Subsidiary to Parent	Accounts receivable	11,478	Note 3	-
1	King Slide Technology Co., Ltd.	King Slide USA, Inc.	Subsidiary to subsidiary	Sales	20,277	Note 6	-
2	King Slide Technology (China) Co., Ltd.	The Company	Subsidiary to Parent	Sales	56,475	Note 6	1
2	King Slide Technology (China) Co., Ltd.	The Company	Subsidiary to Parent	Accounts receivable	6,878	Note 7	-
3	King Slide USA, Inc.	King Slide Technology Co., Ltd.	Subsidiary to subsidiary	Commissions	10,183	Note 4	-
3	King Slide USA, Inc.	King Slide Technology Co., Ltd.	Subsidiary to subsidiary	Other receivable	933	Note 4	-

(Continued)

Note 1: The sales price is based on cost.

Note 2: The revenue is based on the number of hours provided in King Slide Technology Co., Ltd.

Note 3: Except for the commissions paid in 10 days, the payment term is the same as the customers' average payment term of 90 days.

Note 4: Commission is based on the ratio of the sales amount of a specific customer.

Note 5: The price is based on the ratio of the net sales of a specific product.

Note 6: The sales price is based on cost plus gross profit.

Note 7: The payment term is 30 days.

(Concluded)

TABLE 4

KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

[illegible]

Note: It was eliminated on consolidation.

TABLE 5**KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES****INFORMATION ON INVESTMENTS IN MAINLAND CHINA****FOR THE YEAR ENDED DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

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 (Note 4)	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 4 and 5)	Carrying Amount as of December 31, 2022 (Note 5)	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
King Slide Technology (China) Co., Ltd.	Wholesale and provide related services for rail kits, slides and accessories	\$ 157,282	Note 1	\$ 157,282	\$ -	\$ -	\$ 157,282	\$ 7,844	100	\$ 7,844	\$ 137,175	\$ -	
King Slide Technology (Shenzhen) Co., Ltd.	Sales of servers, servers and Internet related products and components, handheld wireless phone, electronic products and other related components, communication equipment and related products (except satellite TV broadcasting ground receiving equipment); import and export of goods or technologies.	4,306	Note 2	-	-	-	-	(210)	100	(210)	3,537	-	

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
The Company	\$ 157,282	\$ 157,282	\$ 9,383,002

Note 1: Invested through King Slide (Hong Kong) Co., Limited, a company in Hong Kong.

Note 2: Invested through King Slide Technology (China) Co., Ltd.

Note 3: Upper limit on the amount of investment in mainland China: $\$15,638,337 \times 60\% = \$9,383,002$.

Note 4: The amount was recognized based on the financial statements audited by the Company's CPA.

Note 5: It was eliminated on consolidation.

TABLE 6**KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES**

INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2022[illegible]

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.