

# 2023 Annual Shareholders' Meeting Meeting Handbook



## Associated Industries China, Inc.

June 20, 2023

4F., No.19-11, Sanchong Rd., Nangang Dist., Taipei City 115, Taiwan

This translated document is prepared in accordance with the Chinese version and is for reference only.  
In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.

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# **Associated Industries China, Inc.**

## **2023 Ordinary Shareholders Meeting Agenda**

**Time: June 20, 2023 (Tuesday) at 09:00 AM**

**Venue: 4F., Block E, No. 19-11, Sanchong Rd., Nangang Dist., Taipei City (Nankang Software Incubator)**

**Type of meeting: In person**

**Meeting Procedure:**

**One. Call Meeting to Order**

**Two. Chairperson's Address**

**Three. Report Items**

- I. 2022 Business Report
- II. 2022 Audit Committee's Review Report
- III. 2022 Director Remuneration and Employee Compensation Distribution Report
- IV. 2022 Directors' Remuneration Report
- V. 2022 Capital Loans to Others Status Report
- VI. 2022 External Endorsement Guarantee Operation Status Report
- VII. 2022 Derivative Transactions Report

**Four. Ratification Items**

- I. Ratification of Business Report and Financial Statements for 2022.
- II. Ratification for Deficit Compensation Proposal for 2022.

**Five. Extraordinary Motions**

**Six. End of Meeting**

# Report Items

## I. Ratification of Business Report for 2022.

Description: Please see Attachment 1 of the Handbook.

## II. Ratification of Audit Committee's Review Report for 2022.

Description: Please see Attachment 2 of the Handbook.

## III. Ratification of Director Remuneration and Employee Compensation Distribution for 2022.

Description: 1. In accordance with Articles of Incorporation, Article 19-1, if the Company is profitable for the year, it shall appropriate not lower than 10% of the profit as employee compensation and not more than 2% as Director remuneration.

2. The Company suffered pre-tax losses for 2022. Therefore, no director and employee remuneration shall be distributed for 2022 according to Article 19-1 of the Company Act and the Articles of Incorporation. The aforementioned non-distribution of Director remuneration and employee compensation had been approved by the Remuneration Committee and Board of Directors by resolutions.

## IV. Ratification of Directors' Remuneration Report for 2022.

Description: The Company's director remuneration policy is implemented according to Article 21 of the Company's Articles of Incorporation and remuneration policy provisions. The Board of Directors shall be authorized to determine the directors' remuneration for performing their duties by evaluating their participation value and contribution to the Company according to the industry standards. If a director or director representative is an employee of the Group company and receives employee compensation, no additional payment shall be made. Article 19-1 of the Company's Articles of Incorporation and remuneration policy provisions stipulated that no more than 2% of the annual profit shall be allocated for directors' remuneration, and independent directors shall not participate in the surplus distribution. Please refer to Attachment III of this handbook for Individual Director Remuneration Details for 2022.

## V. Ratification of the 2022 Capital Loans to Others Status Report.

Description: As of December 2022, no loan had been provided to other parties.

## VI. Ratification of the 2022 External Endorsement Guarantee Operation Status Report.

Description: As of December 2022, the endorsement and guarantee provided to other parties amounted to NT\$190,000 thousand. The actual disbursement amounted to NT\$21,044 thousand.

## VII. Ratification of the 2022 Derivative Transactions Report.

Description: As of December 2022, no derivative transaction was written off.

## **Ratification Items**

Proposal 1

(Proposed by the board)

Cause of action: Ratification of the Business Report and Financial Statements for 2022.

Description: 1. The Consolidated and Standalone Financial Statements for 2022 were ratified by the Board of Directors by resolution on March 15, 2023, which had been audited by KPMG Taiwan and the Business Report. No material misstatement was found.  
2. For the preceding Business Report, audited report, and financial statements, please see Attachment 4~5 of the Handbook.  
3. Please ratify.

Resolution:

Proposal 2

(Proposed by the board)

Cause of action: Ratification of the 2022 Deficit Compensation Proposal.

Description: 1. For the 2022 Deficit Compensation Table, please see Attachment VI of the Handbook.  
2. As there were no accumulated earnings for distribution in 2022, no dividend shall be distributed.  
3. Please ratify.

Resolution:

## **Extraordinary Motions**

## **Meeting Adjourned**

In 2022, Associated Industries China, Inc. (AG Neovo) consolidated operating revenue amounted to NT\$594,422 thousand, which decreased by 6% compared to NT\$632,260 thousand in the preceding year. The sales volume fell by 13%, while the gross profit margin decreased from 34% in 2021 to 32%. In 2022, the net operating loss amounted to NT\$36,370 thousand, an increase of NT\$50,277 thousand from the net operating profit of NT\$13,907 thousand in 2021. In 2022, the after-tax net loss amounted to NT\$30,933 thousand, and the after-tax loss per share amounted to NT\$0.27.

Global market conditions, including U.S.-China relations, inflation caused by the Russia-Ukraine war, interest rate hikes, and other continuity issues, are still fermenting in 2023. Due to the slowdown of the COVID-19 epidemic in 2022, manufacturers who experienced a sudden surge in market demand in 2021 and have actively stocked up would immediately face inventory pressure caused by a rapid decrease in demand. Therefore, the market is full of price wars to adjust the inventory level, and this price war is expected to last until the second quarter of 2023. Therefore, the focus of Associated Industries China, Inc. is to optimize operational management resilience and capabilities in response to uncertainties and achieve the predetermined performance.

Looking forward to the future, AG Neovo seeks to achieve its vision of “Being a reliable platform that creates the added value for all stakeholders in the AG Neovo value chain,” as well as upholding its branding philosophy that adopts three elements, namely “users, environment, and products/services” as the main axes, so as to develop the strategic planning and action plans.

### **1. Professional Displays**

Based on branding, production efficiency and digital integrated marketing, AG Neovo seeks to elevate the brand positioning for its professional displays.

- In conjunction with five major professional markets, NeoV has developed applications that meet user experience: security and surveillance, transportation monitors, industrial monitors, healthcare monitors and touchscreen.
- Medium term and long term product strategy shall adopt ESG concept into the contemplation model of value chain.
  - Develop products that meet customer (five major professional markets) needs.
  - Adopt master plate and specific key components developed by AG Neovo as its core.
  - Adopt modular production and localized assembly and sales to enhance the flexibility of finished goods at terminal end.

### **2. Solution**

Seek to meet the BI objective. Elevate the value of AG Neovo Solution hardware and software integration via soft power and service quality to increase user satisfaction.

- Develop AG Neovo's monitor management software to enhance the monitor operation benefits to users.
- Besides self-developed software, collaborate with strategic partners to ensure comprehensive “application solutions.”

### **3. Healthcare**

Implement the preventive medicine strategy and action plan to fulfill the vision of medical equality. Taiwan Biophotonic Corporation, a consolidated subsidiary of AG Neovo, has started to sell its "sleep care solutions" in combination with wearable devices, APPs, and sleep health checkup reports in Taiwan since 2022. Taiwan Biophotonic Corporation has actively held product presentations while expanding hospital and health clinic channels.

In respect of the overall company management, all employees consistently uphold the governance philosophy and resolve in their actions. I would like to thank the long-term support that our shareholders have extended to the Company. The management team and all employees of AG Neovo shall continue our endeavor to facilitate the utilization of AG Neovo's corporate culture, brand value and core competitiveness in creating the maximum profit, so as to protect shareholder interests and take on the corporate social responsibility (CSR). We hope the shareholders would maintain their initial faith and confidence in AG Neovo, and embark on a profitable future with us.

Chairman	Hua-Chung Pi
General Manager	Hsin-Yuan Chao
Accounting Director	Wan-Wei Lu

The Company's 2022 financial statements has been ratified by Audit Committee, approved by the Board of Directors by resolution and audited by Samuel Au and Daisy Kuo, CPAs of KPMG Taiwan, to which they have issued an independent auditor's report. Furthermore, we have reviewed the Business Report for 2022 and Deficit Compensation Proposal prepared by the Board of Directors, to which we have found no misstatement and hereby issues its report as presented above according to Article 14-4, the Securities and Exchange Act and Article 219, the Company Act.

The Company's 2023 General Shareholders' Meeting

Associated Industries China, Inc.  
Audit Committee convener: Sha-Wei Chang

March 15, 2023



Associated Industries China, Inc.  
Individual Director Remuneration Details for 2022

Attachment 3  
Unit: NT\$ thousands

Job title	Name	Remuneration to directors								Sum of A, B, C, and D and the sum as a % of the net income after tax (Note 10)		Remuneration received for serving as an employee concurrently								Sum of A, B, C, D, E, F, and G and the sum as a % of the net income after tax (Note 10)		Remuneration received from the invested companies other than the subsidiaries and the parent company (Note 11)
		Remuneration (A) (Note 2)		Severance and pension (B)		Remuneration to directors (C) (Note 3)		Business allowance (D) (Note 4)				Remuneration, bonus, and allowance (E) (Note 5)		Severance and pension (F)		Remuneration to employees (G) (Note 6)						
		The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company		All companies in the financial statements (Note 7)		The Company	All companies in the financial statements (Note 7)	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Hua-Chung Pi	0	0	0	0	0	0	24	24	24 -0.17%	24 -0.17%	4,065	4,065	0	0	0	0	0	0	4,089 -29.72%	4,089 -29.72%	None
Director	Representative of ShiuDe Investment Consultant Co., Ltd.: Yun Yu	120	120	0	0	0	0	32	32	152 -1.10%	152 -1.10%	0	0	0	0	0	0	0	0	152 -1.10%	152 -1.10%	None
Director	Representative of ShiuDe Investment Consultant Co., Ltd.: Hsin-Yuan Chao	0	0	0	0	0	0	32	32	32 -0.23%	32 -0.23%	4,188	4,188	144	144	0	0	0	0	4,364 -31.72%	4,364 -31.72%	None
Director	Hung-Chun Yu	0	0	0	0	0	0	32	32	32 -0.23%	32 -0.23%	0	6,946	0	371	0	0	0	0	32 -0.23%	7,349 -53.41%	None
Independent Director	Yang, Chyan	360	360	0	0	0	0	80	80	440 -3.20%	440 -3.20%	0	0	0	0	0	0	0	0	440 -3.20%	440 -3.20%	None
Independent Director	Kuo-Hua Chen	360	360	0	0	0	0	80	80	440 -3.20%	440 -3.20%	0	0	0	0	0	0	0	0	440 -3.20%	440 -3.20%	None
Independent Director	Sha-Wei Chang	360	360	0	0	0	0	80	80	440 -3.20%	440 -3.20%	0	0	0	0	0	0	0	0	440 -3.20%	440 -3.20%	None

1. Please specify the policy, system, standard, and structure of remuneration to directors, and the association between the amount of remuneration and the responsibilities and risks assumed, time spent, and other factors:  
The Company has authorized the Board of Directors to determine their remuneration as per each individual's participation in and contribution to the Company's operations and the Company's performance while regarding the general standard in the industry. Independent directors receives a fixed amount of business execution expense for attendance at each board meeting, and we will review the remuneration system in a timely manner based on the actual operations and applicable laws and regulations. As per the Articles of Incorporation, if the Company makes a profit for a year, we should allocate no more than 2% as the directors' remuneration and pay remuneration to independent directors as per their participation in the Company's operations, contribution values, and performance, while referencing the general standard in the industry. We also consider the changes in the global economy, international financial environment, and the conditions in the industry and estimate and review the Company's future development, profitability, and operational risks in a timely manner to minimize the possibility of and association with future risks, thereby striking a balance between the Company's sustainable development and risk control.
2. Except as disclosed in the above table, the remuneration received by the Company's directors for providing services to all companies in the financial statements (such as serving as a consultant in a non-employee capacity) in the most recent year: None.

## **Representation Letter**

The entities that are required to be included in the combined financial statements of Associated Industries China, Inc. as of and 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 prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Associated Industries China, Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Associated Industries China, Inc.

Chairman: Hua Chung Pi

Date: March 15, 2023

## **Independent Auditors' Report**

To the Board of Directors of Associated Industries China, Inc.:

### **Opinion**

We have audited the consolidated financial statements of Associated Industries China, Inc. and its subsidiaries ( "the Group" ), 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ( "IFRSs" ), International Accounting Standards ( "IASs" ), Interpretations developed by the International Financial Reporting Interpretations Committee ( "IFRIC" ) or the former Standing Interpretations Committee ( "SIC" ) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Other Matter**

We did not audit the financial statements of Taiwan Biophotonic Corporation (tBPC), a subsidiary of the Group , and also the Group' s associate representing the investment accounted for using the equity method. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for tBPC, is based solely on the report of other auditors. The financial statements of tBPC reflect the total assets, constituting 11.89% of the consolidated total assets as of December 31, 2022; and the total operating revenues for the period from April 1 to December 31, 2022, constituting 1.22% of the consolidated total operating revenues, for the year ended December 31, 2022. The investment in tBPC, accounted for using the equity method, constituted 2.48% of the consolidated total assets as of December 31, 2021; and the related shares of profit of associates and joint ventures, accounted for using the equity method, constituted 11.68% and 22.83% of the consolidated total profit or loss before tax for the years ended December 31, 2022 and 2021, respectively.

Associated Industries China, Inc. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued unmodified opinions with other matters paragraph.

## **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 of the current period. 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. We have determined the matters described below to be the key and and it matters to be communicated in our report as follows:

### **Inventory valuation**

Please refer to Note 4(h) Inventories and Note 5 of the consolidated financial statements for inventory valuation and uncertainties of inventory valuation, respectively. Detailed information regarding the inventory is presented in Note 6(d) of the consolidated financial statements.

Description of key audit matters:

As inventories are measured at the lower of cost or net realizable value. The major business activities of the Group are the research, development and sale of LCD monitors, medical equipment and related components. The inventories are exposed to the risk of valuate loss and obsolescence due to the market vulnerability. Therefore, the inventory valuation is one of the important assessment items to perform our audits.

Audit Procedures:

Our principal audit procedures include: examining whether the inventory valuation policy and accounting policy applied by the Group are reasonable and in compliance with the accounting standards; inspecting the inventory aging report; analyzing the changes of inventory aging for each period; and testing the relevant amount of calculation for the lower of cost or net realizable value.

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

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

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

### **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and 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 the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yiu-Kwan Au and Kuan-Ying Kuo.

KPMG

Taipei, Taiwan (Republic of China)  
March 15, 2023

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES  
Consolidated Balance Sheets  
December 31, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
Assets		Amount	%	Amount	%	Liabilities		Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 101,579	13	91,366	12	2100	Short-term borrowings (notes 6(l) and 7)	\$ 241,358	32	201,031	26
1170	Notes and accounts receivable, net (note 6(c))	59,034	8	63,476	8	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	2,842	-	-	-
1200	Other receivables	377	-	927	-	2130	Current contract liabilities (note 6(v))	3,281	-	260	-
1300	Inventories, net (note 6(d))	229,022	30	249,078	33	2170	Notes and accounts payable	14,856	2	74,832	10
1410	Prepayments	33,780	4	35,160	5	2200	Other payables	33,941	4	45,628	6
1470	Other current assets (note 8)	2,851	-	1,789	-	2250	Current provisions (note 6(m))	3,380	-	2,986	-
		426,643	55	441,796	58	2280	Current lease liabilities (note 6(n))	9,549	1	6,721	1
<b>Non-current assets:</b>						2300	Other current liabilities	5,933	1	3,131	-
1510	Non-current financial assets at fair value through profit or loss (notes 6(b) and 7)	-	-	7,113	1	2530	Total bonds payable (note 6(o))	17,099	2	-	-
1550	Investments accounted for using the equity method (note 6(e))	-	-	18,936	2		<b>Non-current liabilities:</b>	332,239	42	334,589	43
1600	Property, plant and equipment (notes 6(h) and 8)	131,950	17	117,440	15	2580	Non-current lease liabilities (note 6(n))	6,642	1	8,017	1
1755	Right-of-use assets (note 6(i))	15,328	2	14,237	3	2600	Other non-current liabilities	891	-	891	-
1760	Investment property, net (notes 6(j) and 8)	160,101	21	161,284	21		<b>Total liabilities</b>	7,533	1	8,908	1
1780	Intangible assets (notes (k) and 8)	29,338	4	850	-		<b>Equity attributable to owners of parent:</b>	339,772	43	343,497	44
1900	Other non-current assets (note 8)	7,593	1	2,426	-		<b>(notes 6(s) and (t))</b>				
		344,310	45	322,286	42	3110	Common stock	545,326	71	546,246	71
						3200	Capital surplus	29,328	4	29,249	4
							Retained earnings (accumulated deficits):				
						3310	Legal reserve	52,704	7	52,704	7
						3320	Special reserve	79,510	10	79,510	11
						3350	Accumulated deficits	(146,560)	(19)	(132,801)	(17)
								(14,346)	(2)	(587)	1
						3400	Other equity interest	(116,038)	(15)	(129,492)	(17)
						3500	Treasury shares	(24,831)	(3)	(24,831)	(3)
								419,439	55	420,585	56
						3600	Non-controlling interests	11,742	2	-	-
							<b>Total equity</b>	431,181	57	420,585	56
<b>Total assets</b>		<b>\$ 770,953</b>	<b>100</b>	<b>764,082</b>	<b>100</b>	<b>Total liabilities and equity</b>		<b>\$ 770,953</b>	<b>100</b>	<b>764,082</b>	<b>100</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)**

		<b>2022</b>		<b>2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenues, net</b> (note 6(v)):				
4110	Sales revenue	\$ 589,219	99	627,162	99
4310	Rental income (note 6(p))	5,203	1	5,098	1
		594,422	100	632,260	100
5000	<b>Operating costs</b> (notes 6(d), (q) and 12)	405,439	68	416,674	66
5950	<b>Gross profit from operations</b>	188,983	32	215,586	34
	<b>Operating expenses</b> (notes 6(q) and 12):				
6100	Selling expenses (note 6(n))	125,049	21	113,102	18
6200	Administrative expenses (notes 6(n) and (t))	74,097	12	76,875	12
6300	Research and development expenses	26,207	4	11,702	2
		225,353	37	201,679	32
	<b>Net operating gain (loss)</b>	(36,370)	(5)	13,907	2
	<b>Non-operating income and expenses:</b>				
7100	Interest income	593	-	871	-
7190	Other income (Note 6(x))	461	-	21,801	3
7225	Gains on disposals of investments (note 6(e))	3,687	1	-	-
7230	Foreign exchange gains (losses), net (note 6(y))	3,692	1	(5,040)	(1)
7235	Gains on financial assets at fair value through profit or loss	7,117	1	3,554	1
7510	Interest expense (notes 6(n) and 7)	(6,072)	(1)	(3,108)	-
7770	Share of losses of associates and joint ventures accounted for using the equity method (note 6(e))	(3,557)	(1)	(5,945)	(1)
7610	Losses on disposals of property, plant and equipment	-	-	(4)	-
		5,921	1	12,129	2
7900	<b>Profit (Loss) before tax</b>	(30,449)	(4)	26,036	4
7950	<b>Less: Income tax expenses</b> (note 6(r))	484	-	7,795	1
	<b>Profit (Loss)</b>	(30,933)	(4)	18,241	3
8300	<b>Other comprehensive income (loss):</b>				
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation of foreign financial statements	9,259	2	(22,115)	(3)
8300	<b>Other comprehensive income (loss), net</b>	9,259	2	(22,115)	(3)
8500	<b>Total comprehensive income (loss)</b>	<b>(21,674)</b>	<b>(2)</b>	<b>(3,874)</b>	
	<b>Total net income (loss), attributable to:</b>				
8610	Profit, attributable to owners of parent	(13,759)	(1)	18,241	3
8620	Profit, attributable to non-controlling interests (note 6(g))	(17,174)	(3)	-	-
		<b>\$ (30,933)</b>	<b>(4)</b>	<b>18,241</b>	<b>3</b>
	<b>Comprehensive income (loss) attributable to:</b>				
8710	Comprehensive income, attributable to owners of parent	(4,500)	-	(3,874)	-
8720	Comprehensive income, attributable to non-controlling interests (Note 6(g))	(17,174)	(2)	-	-
		<b>\$ (21,674)</b>	<b>(2)</b>	<b>(3,874)</b>	<b>-</b>
	<b>Loss per share</b> (Note 6(u))				
9750	<b>Basic earnings (losses) per share</b> (NT dollars) (Note 6(u))	<b>\$ (0.27)</b>		<b>0.37</b>	
9850	<b>Diluted earnings per share</b> (NT dollars)			<b>\$ 0.36</b>	

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

**ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	Other equity interest												
			Retained earnings (accumulated deficits)			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee benefits	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non- controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Accumulated deficits								
Balance at January 1, 2021	\$ 538,066	29,322	52,704	79,510	(151,042)	(66,770)	(33,710)	(3,674)	(104,154)	(24,831)	419,575	-	419,575
Income for the year ended December 31, 2021	-	-	-	-	18,241	-	-	-	-	-	18,241	-	18,241
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	(22,115)	-	-	(22,115)	-	(22,115)	-	(22,115)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	18,241	(22,115)	-	-	(22,115)	-	(3,874)	-	(3,874)
Other changes in capital surplus:													
Share-based payment transactions	8,180	(261)	-	-	-	-	-	(3,223)	(3,223)	-	4,696	-	4,696
Donation from shareholders	-	188	-	-	-	-	-	-	-	-	188	-	188
Balance at December 31, 2021	546,246	29,249	52,704	79,510	(132,801)	(88,885)	(33,710)	(6,897)	(129,492)	(24,831)	420,585	-	420,585
Loss for the year ended December 31, 2022	-	-	-	-	(13,759)	-	-	-	-	-	(13,759)	(17,174)	(30,933)
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	9,259	-	-	9,259	-	9,259	-	9,259
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	(13,759)	9,259	-	-	9,259	-	(4,500)	(17,174)	(21,674)
Other changes in capital surplus:													
Share-based payment transactions	(920)	79	-	-	-	-	-	4,195	4,195	-	3,354	-	3,354
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	28,916	28,916
Balance at December 31, 2022	\$ 545,326	29,328	52,704	79,510	(146,560)	(79,626)	(33,710)	(2,702)	(116,038)	(24,831)	419,439	11,742	431,181

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
Profit (loss) before tax	\$ (30,449)	26,036
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	13,165	10,572
Amortization expense	5,284	796
Expected credit loss	21	11
Net gain on financial assets or liabilities at fair value through profit or loss	-	(3,554)
Interest expense	6,072	3,108
Interest income	(593)	(871)
Share-based payments transactions cost	3,354	4,696
Share of loss of associates and joint ventures accounted for using the equity method	3,557	5,945
Loss on disposal of property, plan and equipment	-	4
Gain on disposal of investments	(3,687)	-
<b>Total adjustments to reconcile profit (loss)</b>	<b>27,173</b>	<b>20,707</b>
<b>Changes in operating assets and liabilities:</b>		
Decrease in current financial assets at fair value through profit or loss	-	3,682
Increase in current financial liabilities at fair value through profit or loss	2,842	-
Decrease (increase) in notes and accounts receivable	4,426	(8,436)
Decrease (increase) in other receivables	96	(43)
Decrease (increase) in inventories	30,266	(76,710)
Decrease (increase) in prepayments	3,252	(19,860)
Decrease (increase) in other current assets	3,721	(1,301)
Increase in other operating assets	(282)	-
Increase in contract liabilities	3,021	106
Increase (decrease) in notes and accounts payable	(59,976)	27,282
Decrease in other payables	(9,474)	(17,051)
Increase (decrease) in provisions	356	(442)
Increase in other current liabilities	1,021	1,487
<b>Total changes in operating assets and liabilities</b>	<b>(20,731)</b>	<b>(91,286)</b>
<b>Total adjustments</b>	<b>6,442</b>	<b>(70,579)</b>
Cash outflows generated from operations	(24,007)	(44,543)
Interest received	1,062	836
Interest paid	(6,050)	(3,099)
Income taxes paid	(4,676)	(506)
<b>Net cash flows used in operating activities</b>	<b>(33,671)</b>	<b>(47,312)</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(10,800)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	10,000
Acquisition of property, plant and equipment	(6,034)	(679)
Increase in refundable deposits	(3,119)	(989)
Acquisition of intangible assets	(2,923)	(27)
Net cash inflows from acquisition	4,000	-
<b>Net cash flows used in investing activities</b>	<b>(8,076)</b>	<b>(2,495)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	34,227	55,551
Increase in bonds payable	17,099	-
Payment of lease liabilities	(8,471)	(7,613)
Other financing activities	-	188
<b>Net cash flows from financing activities</b>	<b>42,855</b>	<b>48,126</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>9,105</b>	<b>(22,140)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>10,213</b>	<b>(23,821)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>91,366</b>	<b>115,187</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 101,579</b>	<b>91,366</b>

See accompanying notes to consolidated financial statements.

## **Independent Auditors' Report**

To the Board of Directors of Associated Industries China, Inc.:

### **Opinion**

We have audited the financial statements of Associated Industries China, Inc. ( "the Company" ), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial 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 Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### **Other Matter**

We did not audit the financial statements of Taiwan Biophotonic Corporation (tBPC), which represented the investment in accounted for using equity method of the Company. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for tBPC, is based solely on the report of other auditors. The balance of investment in tBPC accounted for using equity method constituted 0.59% and 2.37% of total assets as of December 31, 2022 and 2021, respectively, and the absolute amount of the related share of profit and loss of associates accounted for using equity method constituted 92.24% and 32.59% of the absolute amount of total profit or loss before tax for the years then ended, respectively.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key and it matters to be communicated in our report.

## **Inventory valuation**

Please refer to Note 4(g) Inventories and Note 5 of the financial statements for inventory valuation and uncertainties of inventory valuation, respectively. Detailed information regarding the inventory is presented in Note 6(d) of the financial statements.

### **Description of key audit matters:**

Inventories are measured at the lower of cost or net realizable value. The major business activities of the Company are the research, development and sale of LCD monitors, medical equipment and related components. The Inventories are exposed to the risk of valuate loss and obsolescence due to market vulnerability. Therefore, inventory valuation is one of the important assessment items to perform our audits.

### **Audit Procedures:**

Our principal audit procedures include: examining whether the inventory valuation policy and accounting policy applied by the Company are reasonable and in compliance with the accounting standards; inspecting the inventory aging report; analyzing the changes of inventory aging for each period; and testing the relevant amount of calculation for the lower of cost or net realizable value.

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

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

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

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

## **Auditor' s Responsibilities for the Audit of the Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the 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' s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management' s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company' s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor' s report to the related disclosures in the 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 auditor' s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the 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 the entities or business activities within the Company to express an opinion on the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor' s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yiu-Kwan Au and Kuan-Ying Kuo.

KPMG

Taipei, Taiwan (Republic of China)  
March 15, 2023

### **Notes to Readers**

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the 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 financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)  
ASSOCIATED INDUSTRIES CHINA, INC.  
Balance Sheets  
December 31, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
Assets		Amount	%	Amount	%	Liabilities		Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 60,733	8	67,314	9	2100	Short-term borrowings (note 6(j))	\$ 214,000	27	114,000	14
1170	Notes and accounts receivable, net (note 6(c))	2,081	-	1,525	-	2130	Current contract liabilities (notes 6® and 7)	144,414	18	178,309	23
1200	Other receivables	1,660	-	926	-	2170	Notes and accounts payable	12,699	2	64,708	8
1300	Inventories, net (note 6(d))	175,610	22	210,182	26	2200	Other payables	11,514	1	18,213	2
1410	Prepayments	9,061	1	7,842	1	2250	Current provisions (note 6(k))	3,042	-	2,620	-
1470	Other current assets (note 8)	463	-	1,514	-	2300	Other current liabilities	299	-	324	-
		<u>249,608</u>	<u>31</u>	<u>289,303</u>	<u>36</u>			<u>385,968</u>	<u>48</u>	<u>378,174</u>	<u>47</u>
<b>Non-current assets:</b>						<b>Non-current liabilities:</b>					
1510	Non-current financial assets at fair value through profit or loss (notes 6(b) and 7)	31,600	4	7,113	1	2600	Other non-current liabilities	891	-	891	-
1551	Investments accounted for using equity method (notes 6(e) and 7)	245,246	30	223,827	28			891	-	891	-
1600	Property, plant and equipment (notes 6(g) and 8)	116,902	15	116,942	15		<b>Total liabilities</b>	<u>386,859</u>	<u>48</u>	<u>379,065</u>	<u>47</u>
1760	Investment property, net (notes 6(h) and 8)	160,101	20	161,284	20		<b>Equity</b> (notes 6(o) and 6(p))				
1780	Intangible assets, net (note 6(i))	195	-	850	-	3110	Common stock	<u>545,326</u>	<u>68</u>	<u>546,246</u>	<u>68</u>
1900	Other non-current assets (note 8)	<u>2,646</u>	<u>-</u>	<u>331</u>	<u>-</u>	3200	Capital surplus	<u>29,328</u>	<u>4</u>	<u>29,249</u>	<u>4</u>
		<u>556,690</u>	<u>69</u>	<u>510,347</u>	<u>64</u>		Retained earnings(Accumulated deficits):				
						3310	Legal reserve	52,704	6	52,704	7
						3320	Special reserve	79,510	10	79,510	10
						3350	Accumulated deficits	<u>(146,560)</u>	<u>(18)</u>	<u>(132,801)</u>	<u>(17)</u>
								<u>(14,346)</u>	<u>(2)</u>	<u>(587)</u>	<u>-</u>
						3400	Other equity	<u>(116,038)</u>	<u>(15)</u>	<u>(129,492)</u>	<u>(16)</u>
						3500	Treasury shares	<u>(24,831)</u>	<u>(3)</u>	<u>(24,831)</u>	<u>(3)</u>
							<b>Total equity</b>	<u>419,439</u>	<u>52</u>	<u>420,585</u>	<u>53</u>
<b>Total assets</b>		<u>\$ 806,298</u>	<u>100</u>	<u>799,650</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 806,298</u>	<u>100</u>	<u>799,650</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)  
ASSOCIATED INDUSTRIES CHINA, INC.

**Statements of Comprehensive Income**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

		<b>2022</b>		<b>2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenues, net</b> (notes 6(r) and 7):				
4110	Sales revenue	\$ 346,252	99	335,582	99
4310	Rental income (note 6(l))	5,203	1	5,098	1
		351,455	100	340,680	100
5000	<b>Cost of sales</b> (notes 6(d) and (l))	284,002	81	257,991	76
5950	<b>Gross profit</b>	67,453	19	82,689	24
	<b>Operating expenses</b> (notes 6(m), 6(p), 6(s) and 12):				
6100	Selling expenses	28,754	8	24,854	7
6200	Administrative expenses	32,316	9	37,612	11
6300	Research and development expenses	12,228	3	10,706	3
		73,298	20	73,172	21
6900	<b>Net operating income (loss)</b>	(5,845)	(1)	9,517	3
	<b>Non-operating income and expenses:</b>				
7100	Interest income	1,835	1	854	-
7190	Other income	227	-	1,541	-
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method, net	(18,275)	(5)	9,949	3
7235	Loss on financial assets at fair value through profit or loss (note 6(b))	-	-	(128)	-
7230	Foreign exchange gains (losses), net (note 6(t))	8,032	2	(1,263)	-
7510	Interest expense	(3,420)	(1)	(2,229)	(1)
7225	Gains on disposals of investments (note 6(f))	3,687	1	-	-
		(7,914)	(2)	8,724	2
7900	<b>Profit (loss) from continuing operations before tax</b>	(13,759)	(3)	18,241	5
7950	<b>Less: Income tax expenses</b> (note 6(n))	-	-	-	-
8200	<b>Profit (loss)</b>	(13,759)	(3)	18,241	5
8300	<b>Other comprehensive income:</b>				
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation of foreign financial statements	9,259	3	(22,115)	(6)
8300	<b>Other comprehensive income (loss), net</b>	9,259	3	(22,115)	(6)
8500	<b>Comprehensive income (loss)</b>	<b>\$ (4,500)</b>	<b>-</b>	<b>(3,874)</b>	<b>(1)</b>
	<b>Earnings (losses) per share</b> (note 6(q))				
9750	<b>Basic earnings (losses) per share</b> (NT dollars)	<b>\$ (0.27)</b>		<b>0.37</b>	
9850	<b>Diluted earnings per share</b> (NT dollars)			<b>\$ 0.36</b>	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)  
**ASSOCIATED INDUSTRIES CHINA, INC.**

**Statements of Changes in Equity**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	Common stock	Capital surplus	Retained earnings (Accumulated deficits)			Exchange differences on translation of foreign financial statements	Other equity interest		Unearned employee benefits	Total other equity	Treasury shares	Total equity
			Legal reserve	Special reserve	Accumulated deficits		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income				
<b>Balance at January 1, 2021</b>	\$ 538,066	29,322	52,704	79,510	(151,042)	(66,770)	(33,710)	(3,674)	(104,154)	(24,831)		419,575
Income for the year ended December 31, 2021	-	-	-	-	18,241	-	-	-	-	-	-	18,241
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	(22,115)	-	-	(22,115)	-	-	(22,115)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	18,241	(22,115)	-	-	(22,115)	-	-	(3,874)
Other changes in capital surplus:												
Donation from shareholders	-	188	-	-	-	-	-	-	-	-	-	188
Share-based payments transactions	8,180	(261)	-	-	-	-	-	(3,223)	(3,223)	-	-	4,696
<b>Balance at December 31, 2021</b>	<b>546,246</b>	<b>29,249</b>	<b>52,704</b>	<b>79,510</b>	<b>(132,801)</b>	<b>(88,885)</b>	<b>(33,710)</b>	<b>(6,897)</b>	<b>(129,492)</b>	<b>(24,831)</b>		<b>420,585</b>
Loss for the year ended December 31, 2022	-	-	-	-	(13,759)	-	-	-	-	-	-	(13,759)
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	9,259	-	-	9,259	-	-	9,259
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	(13,759)	9,259	-	-	9,259	-	-	(4,500)
Other changes in capital surplus:												
Share-based payments transactions	(920)	79	-	-	-	-	-	4,195	4,195	-	-	3,354
<b>Balance at December 31, 2022</b>	<b>\$ 545,326</b>	<b>29,328</b>	<b>52,704</b>	<b>79,510</b>	<b>(146,560)</b>	<b>(79,626)</b>	<b>(33,710)</b>	<b>(2,702)</b>	<b>(116,038)</b>	<b>(24,831)</b>		<b>419,439</b>

See accompanying notes to financial statements.



(English Translation of Financial Statements Originally Issued in Chinese)  
ASSOCIATED INDUSTRIES CHINA, INC.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
(Loss) profit before tax	\$ (13,759)	18,241
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	2,554	2,611
Amortization expense	1,356	796
Expected credit loss	1	1
Net loss on financial assets at fair value through profit or loss	-	128
Interest expense	3,420	2,229
Interest income	(1,835)	(854)
Share-based payments transactions cost	3,354	4,696
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	18,275	(9,949)
Gain on disposal of investments	(3,687)	-
<b>Total adjustments to reconcile profit (loss)</b>	<b>23,438</b>	<b>(342)</b>
<b>Changes in operating assets and liabilities:</b>		
Decrease (increase) in notes and accounts receivable	(556)	254
Decrease (increase) in other receivables	126	(196)
Decrease (increase) in inventories	34,571	(68,012)
Increase in prepayments	(1,219)	(4,977)
Decrease (increase) in other current assets	1,063	(1,007)
Increase (Decrease) in contract liabilities	(33,895)	55,523
Increase (decrease) in notes and accounts payable	(52,009)	26,034
Increase (decrease) in other payables	(6,757)	3,805
Increase (decrease) in provisions	422	(280)
Increase (decrease) in other operating liabilities	(26)	21
<b>Total changes in operating assets and liabilities</b>	<b>(58,280)</b>	<b>11,165</b>
<b>Total adjustments</b>	<b>(34,842)</b>	<b>10,823</b>
Cash flows from generated from operations	(48,601)	29,064
Interest received	976	819
Interest paid	(3,362)	(2,236)
Income taxes paid	(12)	(153)
<b>Net cash flows from (used in) operating activities</b>	<b>(50,999)</b>	<b>27,494</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets designated at fair value through profit or loss	(31,600)	(10,800)
Proceeds from disposal of financial assets designated at fair value through profit or loss	10,800	10,000
Acquisition of investments accounted for using equity method	(30,435)	-
Acquisition of property, plant and equipment	(1,331)	(540)
Decrease (increase) in refundable deposits	(2,315)	250
Acquisition of intangible assets	(701)	(27)
<b>Net cash flows used in investing activities</b>	<b>(55,582)</b>	<b>(1,117)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term borrowings	100,000	(3,000)
Other financing activities	-	188
<b>Net cash flows from (used in) financing activities</b>	<b>100,000</b>	<b>(2,812)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(6,581)</b>	<b>23,565</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>67,314</b>	<b>43,749</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 60,733</b>	<b>67,314</b>

See accompanying notes to financial statements.

Associated Industries China, Inc.

Attachment 6

Deficit Compensation Table

2022

Unit: NT\$

Item	Amount
Deficit to be made up at the beginning of the period	(132,801,105)
Less: 2022 net loss after tax.	(13,758,561)
Ending of period accumulated deficit	(146,559,666)

Chairman, Hua-Chung Pi

General Manager, Hsin-Yuan Chao

Accounting Director, Wan-Wei Lu

See accompanying notes to financial statements.

## Articles of Incorporation

## Chapter 1

## General Provisions

- Article 1 The Company shall be incorporated under the Company Act, and its name shall be Associated Industries China, Inc.
- Article 2 The scope of business of the Company shall be as follows:
- (I) CC01120 Data Storage Media Manufacturing and Duplicating
  - (II) CC01110 Computer and Peripheral Equipment Manufacturing
  - (III) CC01080 Electronics Components Manufacturing
  - (IV) CZ99990 Manufacture of Other Industrial Products Not Elsewhere Classified
  - (V) JA02990 Other Repair
  - (VI) H701050 Investment, Development and Construction in Public Construction
  - (VII) JE01010 Rental and Leasing
  - (VIII) F113020 Wholesale of Electrical Appliances
  - (IX) F113050 Wholesale of Computers and Clerical Machinery Equipment
  - (X) F118010 Wholesale of Computer Software
  - (XI) F119010 Wholesale of Electronic Materials
  - (XII) F218010 Retail Sale of Computer Software
  - (XIII) F219010 Retail Sale of Electronic Materials
  - (XIV) E603050 Automatic Control Equipment Engineering
  - (XV) E605010 Computer Equipment Installation
  - (XVI) I301010 Information Software Services
  - (XVII) I301020 Data Processing Services
  - (XVIII) I301030 Electronic Information Supply Services
  - (XIX) F108031 Wholesale of Medical Devices
  - (XX) F208031 Retail Sale of Medical Apparatus
  - (XXI) F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
  - (XXII) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Company shall be allowed to provide guarantee for an external party. For procedures for providing guarantee for an external party, the Board of Director shall determine by resolution.  
The total investment of the Company in other companies shall not be restricted by Article 13, the Company Act, which provides that the total amount of its investments shall not exceed 40% of the amount of its own paid-up capital.
- Article 4 The Company shall establish its head office in Taipei City. Where necessary, the Company shall establish subsidiaries at appropriate locations within or without the territory of the Republic of China in accordance with resolution passed by the Board of Directors.

## Chapter 2

## Shareholdings

- Article 5 The total capital stock of the Company shall be in the amount of 2,000,000,000 New Taiwan Dollars. The Board of Directors shall be authorized to issue the unissued stocks in batches according to business needs. Of which, 100,000,000 New Taiwan Dollars or 10,000,000 shares with 10 New Taiwan Dollars per share are reserved for the issuance of employee stock warrants.
- Article 5-1 The Company may, with the consent of the shareholders' meeting attended by a majority of the total number of issued shares and at least two-thirds of the voting rights of the shareholders present, transfer the shares to employees at a price lower than the average price of the actual repurchased shares, or issue employee stock warrants at a price lower than the market closing price for common stocks as at the issue date.
- Article 6 Shareholders shall submit their names, residential addresses, samples of their seals to the Company for documentation and verification purposes. The same procedures shall be followed when there is any changes. To receive dividend or exercise other rights, the Company shall undertake procedures based on the samples of seals on record. Transfer, inheritance, gifting, loss or damage of stocks, and other stock matters shall be undertaken in accordance with the Company Act and other law and regulations.
- Article 7 The Company shall be exempted from printing any share certificate for the shares issued. However, a centralized securities depository enterprise shall be contracted for registration or custody.
- Article 8 Registration for transfer of shares shall be suspended sixty (60) days prior to a convening date of a regular shareholders' meeting, or thirty (30) days prior to a convening date of a special shareholders' meeting, or

See accompanying notes to financial statements.

five (5) days prior to the record date scheduled by the Company for distribution of dividends, bonuses, or other benefits.

### Chapter 3

### Shareholders' Meetings

- Article 9 There are two types of shareholders' meetings for the Company, namely: (1) regular meeting and (2) extraordinary meeting. Regular meeting shall be convened, by the Board of Directors in accordance with the law and regulations, within six (6) months after the close of each fiscal year. Extraordinary meeting shall be convened in accordance with the law and regulations when necessary.
- Article 9-1. The Company may hold a Shareholders Meeting using a visual communication network or other methods as promulgated by the central competent authority. For the conditions, operating procedures and other matters concerning Shareholders' Meeting held by means of visual communication network, the competent authority of securities affairs has promulgated other regulations thereof.
- Article 10 In the event that a shareholder is unable to attend the shareholders' meeting in person, he or she may appoint a proxy to attend on his or her behalf by conferring the power of attorney printed by the Company, signed and sealed, to the proxy. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting. When one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If such percentage is exceeded, the voting rights in excess of such percentage shall not be included in the calculation.
- Article 11 Unless otherwise provided by regulations, a shareholder shall be entitled to one vote for each share held.
- Article 12 Unless otherwise provided by the Company Act, the resolutions of the shareholders' meeting shall be adopted if the meeting are attended by shareholders in person or by proxy representing more than one half of the total issued and outstanding capital stock of the Company, and the resolutions receiving the concurrence of a majority of votes held by shareholders present at the meeting.
- Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairman of the meeting and a copy shall be distributed to each shareholder within 20 days after the conclusion of the meeting. The Company may distribute the meeting minutes of the preceding paragraph by public announcement. The meeting minutes shall accurately record the date, and venue of the meeting, the chairman's full name, and the methods by which resolutions were adopted. The minutes shall be retained for the duration of the existence of the Company.

### Chapter 4

### Directors and Audit Committee

- Article 13 The Company shall have five to seven directors. The election of directors shall adopt the candidate nomination system. Directors shall be elected by the shareholders' meeting from among the list of candidates. The term of office for directors shall be three (3) years, and all directors shall be eligible for re-election. For the aforementioned Board seats, the number of independent directors shall not be less than three persons, or one fifth of the total number of directors. The qualifications, nomination and other compliance matters for the independent directors of the Company shall be undertaken in accordance with the regulations promulgated by the competent authority of securities affairs. The number of shares held by the total directors shall not be lower than the amount provided in the regulations promulgated by the competent authority.
- The Company shall purchase liability insurance for directors during their term of office and for the scope of their duties in accordance with the law and regulations.
- Article 13-1 Pursuant to the Securities and Exchange Act, the Company has established the Audit Committee, comprising independent directors. The Audit Committee or its members shall undertake duties of supervisor, as provided in the Company Act, Securities and Exchange Act and other regulations.
- Article 14 The Board of Directors shall be organized by directors. The chairman shall be elected from the directors to represent the Company with the consent of a majority of the directors in a Board meeting with more than two-thirds of the directors present. The vice chairman shall be elected from the directors with the consent of a majority of the directors in a Board meeting with more than two-thirds of the directors present.
- Article 14-1 To convene the Board of Directors meeting, the Company shall state the purpose of convening the meeting clearly and notify directors seven (7) days prior to the meeting. In case of emergency, the Company may convene the Board of Directors meeting at any time.
- The notification to the directors for convening the Board of Directors meeting may be issued by written correspondences, facsimile or e-mails.
- Article 15 Unless otherwise provided, the management policy and other important matters of the Company shall be determined by the Board meetings that are attended by a majority of directors, and approved by resolution by a majority of director present. In the event that the director is unable to attend the Board meeting in person, he or she may appoint a proxy to attend on his or her behalf by conferring the power of attorney that documents the scope of authority to the proxy. Any director attending the meeting via video conference shall be deemed attending the meeting in person. The minutes shall be signed and stamped by the chairman and kept in the Company.

See accompanying notes to financial statements.

- Article 16 In the event that the chairman of the Board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman. In the event that the vice chairman is also on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the directors to act as the chairman to preside at the meeting. Where the chairman does not make such a designation, the directors shall select one person among themselves to serve as chairman to preside at the meeting.

## Chapter 5 Managers

- Article 17 The Company shall appoint chief executive officer, general manager, chief operating officer, deputy general manager, assistant manager and other managers to meet the operational and management needs of the Company. The appointment, termination and remuneration of managers shall be undertaken in accordance with the provisions of Article 29, the Company Act.

## Chapter 6 Accounting

- Article 18 After the close of each fiscal year, the Board of Directors shall prepare and submit (I) Business Report; (II) Financial Statements; and (III) Deficit compensation Proposal to the regular shareholders' meeting for ratification.

- Article 19 Earnings concluded in a year are first subject to taxation and offsetting of accumulated deficit, followed by a 10% provision for legal reserve. However, no further provision of legal reserve is required if the Company has accumulated legal reserve to an amount equal to paid-up capital. In addition, the legal reserve shall be allocated or reversed in accordance with laws and regulations or regulations provided by the competent authority. For any remaining amount, along with the accumulated undistributed earnings, the Board of Directors shall make the dividend distribution proposal and submit to the Shareholders' Meeting for approval by resolution.

The Company shall adopt the residual dividend policy, whereby the distribution of dividend for the year shall take into consideration the operational development scale and cash flow needs in the future, whilst maintaining an appropriate amount of accumulated distributable earning that is not lower than 50% of the distributed dividend. Furthermore, at least 10% of the dividend distributed shall be in the form of cash dividend.

- Article 19-1 Depending on the profitability of the year, the Company shall appropriate not lower than 10% of the profit as employee compensation and not more than 2% as Director remuneration. However, profits must first be used to offset accumulated deficit. The aforementioned "profitability of the year" refers to the remaining profit from pre-tax profit less employee compensation and director remuneration.

The distribution of the aforementioned employee compensation, whether in the form of stocks or cash, shall be determined by the Board of Directors by resolution. The recipients of the employee compensation include eligible employees of the entities controlled by the Company or subordinate companies which have fulfilled certain criteria, as formulated by the Board of Directors.

The distribution of employee compensation and director remuneration shall be authorized by the Board meetings that are attended by two-thirds of directors, and approved by resolution by a majority of director present.

- Article 20 The recipients of treasury stock bought back by the Company in accordance with the Company Act include eligible employees of the entities controlled by the Company or subordinate companies which have fulfilled certain criteria, as formulated by the Board of Directors.

The recipients of employee stock warrants include eligible employees of the entities controlled by the Company or subordinate companies which have fulfilled certain criteria, as formulated by the Board of Directors.

The employees subscribing to new shares issued by the Company include eligible employees of the entities controlled by the Company or subordinate companies which have fulfilled certain criteria, as formulated by the Board of Directors.

The employees conferred restricted employee new shares issued by the Company include eligible employees of the entities controlled by the Company or subordinate companies which have fulfilled certain criteria, as formulated by the Board of Directors.

- Article 21 Regardless of whether the Company is profitable or otherwise, the Company shall disburse salary or honorarium to directors for their participation and contribution value to the operations of the Company, which are in line with the industry standard.

See accompanying notes to financial statements.

- Article 22 These Articles, and any amendments hereto, shall be implemented after approval by Shareholders' Meeting.
- Article 23 The Articles of Incorporation were established on April 14, 1978. The 1st amendment was made on May 3, 1978. The 2nd amendment was made on October 15, 1978. The 3rd amendment was made on February 15, 1979. The 4th amendment was made on May 8, 1979. The 5th amendment was made on October 1, 1979. The 6th amendment was made on October 1, 1980. The 7th amendment was made on April 13, 1981. The 8th amendment was made on January 19, 1984. The 9th amendment was made on May 6, 1985. The 10th amendment was made on July 20, 1985. The 11th amendment was made on October 5, 1985. The 12th amendment was made on May 18, 1987. The 13th amendment was made on October 15, 1987. The 14th amendment was made on December 22, 1988. The 15th amendment was made on March 25, 1989. The 16th amendment was made on April 20, 1989. The 17th amendment was made on July 27, 1989. The 18th amendment was made on February 19, 1990. The 19th amendment was made on February 26, 1991. The 20th amendment was made on March 12, 1992. The 21st amendment was made on May 12, 1993. The 22nd amendment was made on April 12, 1994. The 23rd amendment was made on May 12, 1995. The 24th amendment was made on June 12, 1996. The 25th amendment was made on May 7, 1997. The 26th amendment was made on June 29, 1998. The 27th amendment was made on June 16, 1999. The 28th amendment was made on June 9, 2000. The 29th amendment was made on June 12, 2002. The 30th amendment was made on June 23, 2005. The 31st amendment was made on June 15, 2006. The 32nd amendment was made on May 30, 2008. The 33rd amendment was made on June 19, 2009. The 34th amendment was made on June 12, 2012. The 35th amendment was made on June 25, 2014. The 36th amendment was made on June 24, 2016. The 37th amendment was made on June 14, 2017. The 38th amendment was made on June 13, 2018. The 39th amendment was made on June 19, 2019. The 40th amendment was made on June 17, 2020. The 41th amendment was made on June 22, 2022.

## Rules and Procedures of Shareholder Meetings

- I. Shareholders' Meeting of the Company shall be conducted in accordance with these Rules and Procedures.
- II. The Company shall furnish the attending shareholders (or proxies) with an attendance book to sign, or attending shareholders (or proxies) may hand in a sign-in card in lieu of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance book or attendance cards submitted by the shareholders.
- III. The attendance and voting of shareholders shall be calculated based on the number of shares represented.
- IV. Except as otherwise provided by the Company Act, the chairperson of the Shareholders' Meetings shall be assumed by the Chairman of the Company. In case where the Chairman is on leave or cannot exercise his power and authority for any cause, the Vice Chairman shall act in place of the Chairman. In the event that there is no Vice Chairman or the Vice Chairman also is on leave or cannot exercise his power and authority for any cause, the Chairperson shall appoint one of the Managing Directors to act as the chairman to preside at the meeting, or, if there are no Managing Directors, one of the Directors shall be appointed to act as chairperson. Where the Chairman does not make such a designation, the Managing Directors or the Directors shall select one person among themselves to serve as chairperson to preside at the meeting.
- V. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.
- VI. The Company shall make an uninterrupted audio and video recording of the entire proceedings of the Meeting. The recorded materials shall be retained for at least 1 year.
- VII. If the number of shares represented by the shareholders (or proxies) present at the Meeting has constituted the quorum, the chairperson shall call the Meeting to order. If the number of shares represented by the shareholders present at the Meeting has yet to constitute the quorum at the time scheduled for the meeting, the chairperson may postpone the time for the meeting. The postponements shall be limited to two times at the most. If no quorum can yet be constituted but the shareholders (or proxies) present at the meeting representing more than one third of the total outstanding shares, tentative resolutions may be passed by a majority of those present. If during the process of the meeting the number of outstanding shares represented by the shareholders (or proxies) present becomes sufficient to constitute the quorum, the chairperson may submit the tentative resolutions to the meeting for ratification.
- VIII. The meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders' Meeting. The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding paragraphs (including extraordinary motions), except by a resolution of the Shareholders' Meeting. If the chairperson violates the Rules and Procedures and declares the meeting adjourned, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairperson in accordance with the statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. Once the meeting is declared adjourned, shareholders may not elect a new chairperson in the original meeting venue or resume the meeting at another venue.
- IX. Before speaking, an attending shareholder (or proxy) must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairperson.  
A shareholder (or proxy) in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.  
When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairperson and the shareholder that has the floor; the chairperson shall stop any violation.
- X. Except with the consent of the chairperson, a shareholder (or proxy) may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.  
In the event that the shareholder's speech violates the preceding provision or exceeds the scope of the agenda item, the chairperson may suspend the speech.
- XI. When a juristic person is appointed to attend as proxy, it shall designate only one person to represent it in the meeting.  
When a corporate shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
- XII. After an attending shareholder has spoken, the chairperson may respond in person or direct relevant personnel to respond.
- XIII. When the chairperson is of the opinion that a proposal has been discussed sufficiently to put to a vote, the

See accompanying notes to financial statements.

- chairperson may announce the discussion closed and call for a vote.
- XIV. Vote monitoring and counting personnel for the voting on proposals shall be appointed by the chairperson. The results of the voting shall be announced on the spot at the meeting, and a record shall be made of the vote.
- XV. When a meeting is in progress, the chairperson may announce a break based on time considerations.
- XVI. Except as otherwise provided in the Company Act and the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders (proxies). The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the Chairperson.
- XVII. When there is an amendment or an alternative to a proposal, the chairperson shall determine the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- XVIII. A shareholder shall be entitled to one vote for each share held. With the exception of a trust enterprise or a shareholder services agent approved by the competent authority of securities affairs, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.
- XIX. The resolutions of the Shareholders' Meeting shall be recorded in the minutes, documenting the date and time, venue, number of outstanding shares represented by the attending shareholders and name of chairperson, as well as summarizing the proceedings and results of the meeting. The minutes shall be signed or stamped by the chairperson.
- The aforementioned minutes shall be distributed to each shareholder within 20 days after the conclusion of the meeting. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the Market Observation Post System. The attendance book (sign-in card) of attending shareholders and proxy forms shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189, the Company Act, the ballots shall be retained until the litigation concludes.
- XX. The chairperson may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an armband or other identifiable apparel.
- XXI. The Company shall undertake matters not provided by these Rules and Procedures in accordance with the Company Act, Articles of Incorporation and other relevant law and regulations.
- XXII. These Rules and Procedures, and any amendments hereto, shall be implemented after approval by a Shareholders' Meeting.



Associated Industries China, Inc.  
Shareholdings of Directors and Independent Directors

Appendix 3

Book closure date: April 22, 2023

Title	Account name	Number of shares held
Chairman	Hua-Chung Pi	3,502,541
Director	Hung-Chun Yu	150,000
Director	Representative of ShiueDing Investment Consultant Co., Ltd., Hsin-Yuan Chao	2,000
Director	Representative of ShiueDing Investment Consultant Co., Ltd., Yun Yu	2,000
Independent Director	Sha-Wei Chang	0
Independent Director	Yang, Chyan	0
Independent Director	Kuo-Hua Chen	0
Total of all directors:		3,654,541

Note:

1. Total shares issued by the Company: 55,218,569 shares (including treasury stock of 2,760,000 shares).
2. The Company has elected three Independent Directors according to Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies; the combined shareholding of all Directors should amount to at least 8% of total shares, i.e. 4,417,485 shares.
3. The Company has established the Audit Committee. As such, the provisions on the minimum percentage requirements for the shareholding of Supervisors shall not apply.
4. The representatives of Directors has placed their shares in centralized custody, totaling 1,317,757 shares. The number of shares held by Directors is recorded in accordance with the law and regulations.
5. The shareholding of all Directors of the Company is in line with the regulatory standard.

See accompanying notes to financial statements.