Stock Code:9912

ASSOCIATED INDUSTRIES CHINA, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Review Report
for the Three Months Ended March 31, 2023 and 2022

Address: 5F-1, No. 3-1, Park Street, Nangang District, Taipei, 11503
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The independent auditors' review 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' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Associated Industries China, Inc. and its subsidiaries ("the Group") as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to $101,717 thousand and $28,292 thousand, constituting 13.00% and 3.69% of consolidated total assets; and the total liabilities amounting to $127,928 thousand and $35,752 thousand, constituting 35.35% and 10.36% of consolidated total liabilities as of March 31, 2023 and 2022, respectively, and the total comprehensive income (loss) amounting to $(11,726) thousand and $(1,138) thousand, constituting 163.25% and 130.00% of the absolute value of consolidated total comprehensive income (loss) for the three months ended March 31, 2023 and 2022, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of the Group in its investee companies of $15,379 thousand as of March 31, 2022, and its equity in net earnings on the investee companies amounting to $(3,557) thousand for the three months ended March 31, 2022, were recognized solely on the financial statements prepared by the investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and of its consolidated financial performance for the three months ended March 31, 2023 and 2022, as well as its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
May 9, 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review 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' review report and consolidated financial statements, the Chinese version shall prevail.

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

Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2023, December 31, 2022, and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2023		December 31, 2022		March 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 113,666	15	101,579	13	81,522	11
1110	Current financial assets at fair value through profit or loss (note 6(b))	-	-	-	-	101	-
1170	Notes and accounts receivable, net (note 6(d))	49,948	6	59,034	8	64,680	8
1200	Other receivables	1,630	-	377	-	1,009	-
1300	Inventories, net (note 6(e))	240,911	31	229,022	30	258,864	34
1410	Prepayments	32,795	4	33,780	4	39,648	5
1470	Other current assets	3,826	-	2,851	-	1,667	-
		442,776	56	426,643	55	447,491	58
	Non-current assets:						
1510	Non-current financial assets at fair value through profit or loss (notes 6(c) and 7)	-	-	-	-	7,113	1
1550	Investments accounted for using the equity method (note 6(f))	-	-	-	-	15,379	2
1600	Property, plant and equipment (notes 6(i) and 8)	130,926	17	131,950	17	117,177	15
1755	Right-of-use assets (note 6(j))	13,042	2	15,328	2	12,848	2
1760	Investment property, net (notes 6(k) and 8)	159,805	20	160,101	21	160,988	21
1780	Intangible assets (notes (l) and 8)	27,911	4	29,338	4	1,300	-
1900	Other non-current assets (note 8)	7,900	1	7,593	1	5,034	1
		339,584	44	344,310	45	319,839	42
	Total assets	$ 782,360	100	770,953	100	767,330	100

		March 31, 2023		December 31, 2022		March 31, 2022	
	Liabilities	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (notes 6(m) and 7)	$ 216,321	28	241,358	32	240,717	32
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	3,686	-	2,842	-	-	-
2130	Current contract liabilities (note 6(w))	4,830	1	3,281	-	731	-
2170	Notes and accounts payable	62,560	8	14,856	2	42,185	5
2200	Other payables (Note 7)	34,828	4	33,941	4	42,031	5
2250	Current provisions (note 6(n))	3,901	-	3,380	-	2,560	-
2280	Current lease liabilities (note 6(o))	8,915	1	9,549	1	6,891	1
2300	Other current liabilities	3,921	1	5,933	1	2,707	-
2530	Bonds payable, current portion (note 6(p))	17,099	2	17,099	2	-	-
		356,061	45	332,239	42	337,822	43
	Non-current liabilities:						
2580	Non-current lease liabilities (note 6(o))	4,918	1	6,642	1	6,463	1
2600	Other non-current liabilities	906	-	891	-	891	-
		5,824	1	7,533	1	7,354	1
	Total liabilities	361,885	46	339,772	43	345,176	44
	Equity attributable to owners of parent: (notes 6(t) and (u))						
3110	Common stock	539,186	69	545,326	71	545,326	71
3200	Capital surplus	29,931	4	29,328	4	29,328	4
	Retained earnings:						
3310	Legal reserve	52,704	6	52,704	7	52,704	7
3320	Special reserve	79,510	10	79,510	10	79,510	11
3350	Accumulated deficits	(149,740)	(19)	(146,560)	(19)	(135,967)	(18)
		(17,526)	(3)	(14,346)	(2)	(3,753)	-
3400	Other equity interest	(111,610)	(14)	(116,038)	(15)	(123,916)	(16)
3500	Treasury shares	(24,831)	(3)	(24,831)	(3)	(24,831)	(3)
		415,150	53	419,439	55	422,154	56
3600	Non-controlling interests	5,325	1	11,742	2	-	-
	Total equity	420,475	54	431,181	57	422,154	56
	Total liabilities and equity	$ 782,360	100	770,953	100	767,330	100

See accompanying notes to consolidated financial statements.

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

Reviewed only, not audited in accordance with Standards on Auditing

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2023 and 2022

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

		For the three months ended March 31			
		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenues, net** (note 6(w)):				
4110	Sales revenue	$ 123,909	99	145,247	99
4310	Rental income (note 6(q))	1,289	1	1,341	1
		125,198	100	146,588	100
5000	**Operating costs** (notes 6(e), (r) and 12)	75,991	61	97,596	67
5950	**Gross profit from operations**	49,207	39	48,992	33
	Operating expenses (notes 6(r) and 12):				
6100	Selling expenses (note 6(o))	33,041	26	30,083	21
6200	Administrative expenses (notes 6(o) and (u))	14,495	12	16,211	11
6300	Research and development expenses	8,554	7	3,318	2
		56,090	45	49,612	34
	Net operating loss	(6,883)	(6)	(620)	(1)
	Non-operating income and expenses:				
7100	Interest income	8	-	222	-
7190	Other income	266	-	185	-
7230	Foreign exchange gains, net (note 6(y))	185	-	554	-
7235	Gains (losses) on financial assets at fair value through profit or loss	(555)	-	1,503	1
7510	Interest expense (notes 6(o) and 7)	(2,100)	(2)	(841)	(1)
7770	Share of losses of associates and joint ventures accounted for using the equity method (note 6(f))	-	-	(3,557)	(2)
		(2,196)	(2)	(1,934)	(2)
7900	**Loss before tax**	(9,079)	(8)	(2,554)	(3)
7950	**Less: Income tax expenses** (note 6(s))	518	-	612	-
	Loss	(9,597)	(8)	(3,166)	(3)
8300	**Other comprehensive income:**				
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign financial statements	2,414	2	4,041	3
8300	**Other comprehensive income, net**	2,414	2	4,041	3
8500	**Total comprehensive income**	**$ (7,183)**	**(6)**	**875**	
	Total net loss, attributable to:				
8610	Profit, attributable to owners of parent	$ (3,180)	(3)	(3,166)	(3)
8620	Profit, attributable to non-controlling interests (note 6(h))	(6,417)	(5)	-	-
		$ (9,597)	**(8)**	**(3,166)**	**(3)**
	Comprehensive income (loss) attributable to:				
8710	Comprehensive income, attributable to owners of parent	$ (766)	(1)	875	-
8720	Comprehensive income, attributable to non-controlling interests (Note 6(h))	(6,417)	(5)	-	-
		$ (7,183)	**(6)**	**875**	**-**
	Loss per share (Note 6(v))				
9750	**Basic losses per share (NT dollars)**	**$**	**(0.06)**		**(0.06)**

See accompanying notes to consolidated financial statements.

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

Reviewed only, not audited in accordance with Standards on Auditing

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Other equity interest							
	Common stock	Capital surplus	Legal reserve	Special reserve	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
Balance at January 1, 2022	$ 546,246	29,249	52,704	79,510	(132,801)	(88,885)	(33,710)	(6,897)	(129,492)	(24,831)	420,585	-	420,585
Income for the three months ended March 31, 2022	-	-	-	-	(3,166)	-	-	-	-	-	(3,166)	-	(3,166)
Other comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	4,041	-	-	4,041	-	4,041	-	4,041
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	(3,166)	4,041	-	-	4,041	-	875	-	875
Other changes in capital surplus:													
Share-based payment transactions	(920)	79	-	-	-	-	-	1,535	1,535	-	694	-	694
Balance at March 31, 2022	**$ 545,326**	**29,328**	**52,704**	**79,510**	**(135,967)**	**(84,844)**	**(33,710)**	**(5,362)**	**(123,916)**	**(24,831)**	**422,154**	**-**	**422,154**
Balance at January 1,2023	$ 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
Loss for the three months ended March 31, 2023	-	-	-	-	(3,180)	-	-	-	-	-	(3,180)	(6,417)	(9,597)
Other comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	2,414	-	-	2,414	-	2,414	-	2,414
Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	(3,180)	2,414	-	-	2,414	-	(766)	(6,417)	(7,183)
Other changes in capital surplus:													
Share-based payment transactions	(6,140)	603	-	-	-	-	-	2,014	2,014	-	(3,523)	-	(3,523)
Balance at March 31, 2023	**$ 539,186**	**29,931**	**52,704**	**79,510**	**(149,740)**	**(77,212)**	**(33,710)**	**(688)**	**(111,610)**	**(24,831)**	**415,150**	**5,325**	**420,475**

See accompanying notes to consolidated financial statements.

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

Reviewed only, not audited in accordance with Standards on Auditing

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2023	2022
Cash flows from (used in) operating activities:		
Loss before tax	$ (9,079)	(2,554)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	3,718	2,359
Amortization expense	1,727	251
Expected credit (reversal gain) loss	(40)	26
Gains (losses) on financial assets or liabilities at fair value through profit or loss	555	(1,503)
Interest expense	2,100	841
Interest income	(8)	(222)
Share-based payments transactions cost	(3,523)	694
Share of loss of associates and joint ventures accounted for using the equity method	-	3,557
Total adjustments to reconcile profit (loss)	4,529	6,003
Changes in operating assets and liabilities:		
Decrease in current financial assets at fair value through profit or loss	-	1,404
Increase in current financial liabilities at fair value through profit or loss	276	-
Decrease (increase) in notes and accounts receivable	9,126	(1,231)
Decrease (increase) in other receivables	(1,425)	136
Increase in inventories	(11,889)	(9,786)
Decrease (increase) in prepayments	747	(3,266)
Decrease (increase) in other current assets	(975)	121
Decrease in other operating assets	284	-
Increase in contract liabilities	1,549	471
Increase (decrease) in notes and accounts payable	47,704	(32,647)
Increase (decrease) in other payables	1,915	(4,442)
Increase (decrease) in provisions	524	(438)
Decrease in other current liabilities	(2,012)	(424)
Total changes in operating assets and liabilities	45,824	(50,102)
Total adjustments	50,353	(44,099)
Cash inflows (outflows) generated from operations	41,274	(46,653)
Interest received	8	6
Interest paid	(2,133)	(804)
Income taxes paid	(1,085)	(1,093)
Net cash flows from (used in) operating activities	38,064	(48,544)
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(72)	(113)
Decrease (increase) in refundable deposits	120	(2,608)
Acquisition of intangible assets	(300)	(701)
Increase in prepayments for business facilities	(711)	-
Net cash flows used in investing activities	(963)	(3,422)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	(25,037)	39,686
Increase in guarantee deposits received	15	-
Payment of lease liabilities	(2,400)	(1,683)
Net cash flows from (used in) financing activities	(27,422)	38,003
Effect of exchange rate changes on cash and cash equivalents	2,408	4,119
Net increase (decrease) in cash and cash equivalents	12,087	(9,844)
Cash and cash equivalents at beginning of period	101,579	91,366
Cash and cash equivalents at end of period	$ **113,666**	**81,522**

See accompanying notes to consolidated financial statements.

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Associated Industries China, Inc. (the "Company") was incorporated in May 18, 1978 as a company limited by shares, and registered under the Ministry of Economic Affairs, in the Republic of China. The major business activities of the Company and its subsidiaries (together referred to as the "Group") are (1) research, development and sale of LCD monitors, and related components, (2)sale of medical equipment, (3)real estate rental business and (4)research and development, manufacture and sale of medical equipment and health care products.

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issuance by the Board of Directors on May 9, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS16 "Requirements for Sale and Leaseback Transactions"

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

List of subsidiaries in the consolidated financial statements:

			Shareholding			
Name of investor	**Name of subsidiary**	**Principal activity**	**March 31, 2023**	**December 31, 2022**	**March 31, 2022**	**Note**
The Company	AG Neovo International Ltd. (AG Neovo International)	Investment	100 %	100 %	100 %	(Note 1)
The Company	AG Neovo Technology B.V. (AG Neovo B.V)	Sale of LCD monitors	100 %	100 %	100 %	
The Company	AG Neovo Investment Co., Ltd. (AG Neovo Investment)	Investment	100 %	100 %	100 %	(Note 1)
The Company	Taiwan Biophotonic Co. (tBPC)	Research and development, manufacture and sale of medical equipment and health care products	34.72 %	34.72 %	34.72 %	(Note 1, 2)
AG Neovo Investment	AG Neovo Technology (Shanghai) Co., Ltd. (AG Neovo Shanghai)	Sale of LCD monitors	100 %	100 %	100 %	(Note 1)
AG Neovo International	AG Neovo Technology Corp. (AG Neovo USA)	Sale of LCD monitors and medical equipment	100 %	100 %	100 %	"

Note 1: A non-significant subsidiary, wherein its financial statements have not been reviewed.

Note 1: In April 2022, the Company increased its investment in the secured convertible bonds of tBPC. After considering the comprehensive shareholding ratio of potentially ordinary shares and the intention to dominate tBPC's operating and financial activities, the Company assessed to have substantial control over tBPC and therefore tBPC was included in the consolidated financial statements since the date of acquisition of substantial control.

(Continued)

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

(6) Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2022 consolidated financial statements. Please refer to note 6 of the 2022 annual consolidated financial statements.

(a) Cash and cash equivalents

		March 31, 2023	December 31, 2022	March 31, 2022
Petty cash, checking accounts and demand deposits	$	110,766	98,679	78,622
Time deposits		2,900	2,900	2,900
	$	**113,666**	**101,579**	**81,522**

Please refer to note 6(y) for the exchange rate risk, the interest rate risk and the sensitivity analysis of the financial assets and liabilities of the Group.

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Financial assets and liabilities at fair value through profit or loss-current

	March 31, 2023	December 31, 2022	March 31, 2022
Mandatorily measured at fair value through profit or loss-current			
Derivative instruments not used for hedging			
Forward exchange contracts	$ -	-	101
Mandatorily measured at fair value through profit or loss financial liabilities-current			
Derivative instruments not used for hedging			
Forward exchange contracts	$ 844	-	-
Financial liabilities designated at fair value through profit or loss-current			
Components of covertible bonds	$ 2,842	2,842	-

(i) The Group holds derivative financial instruments to hedge certain foreign exchange risk the Group is exposed to, arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily designated at fair value through profit or loss:

	March 31, 2023		
	Contract amount (in thousands)	**Currency**	**Maturity date**
Financial liabilities:			
Forward exchange sold	EUR 1,565	EUR to USD	2023.04.06~2023.06.07

	March 31, 2022		
	Contract amount (in thousands)	**Currency**	**Maturity date**
Financial assets:			
Forward exchange sold	EUR 1,185	EUR to USD	2022.04.17~2022.05.17

(ii) tBPC, a subsidiary of the Group, issued convertible bonds including the main contract debt instrument and the conversion right derivatives. As of March 31, 2023, the fair value of the conversion right amounting to $2,842 was recognized as financial liabilities at fair value through profit or loss.

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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(c) Financial assets at fair value through profit or loss-non-current

		March 31, 2023	December 31, 2022	March 31, 2022
Mandatorily designated at fair value through profit or loss-non-current				
Convertible bond－tBPC	$	**-**	**-**	**7,113**

There were no significant additions, disposals, or recognitions and reversals of impairment losses of investment property for the three months ended March 31, 2022. Please refer to note 6(b) of the 2022 annual consolidated financial statements for other related information.

As of March 31, 2022, the Group did not provide any of the aforementioned financial assets as collaterals for its loans.

(d) Notes and accounts receivable

		March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable from operating activities	$	4	-	27
Accounts receivable-measured as amortized cost		49,985	59,115	64,739
		49,989	59,115	64,766
Less: Loss allowance		(41)	(81)	(86)
	$	**49,948**	**59,034**	**64,680**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision was determined as follows:

	March 31, 2023			
		Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$	42,712	0%	-
Less than 30 days past due		6,900	0.13%	9
31 to 90 days past due		377	8.49%	32
	$	**49,989**		**41**

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	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 44,559	0%	-
Less than 30 days past due	12,829	0.20%	26
31 to 90 days past due	1,718	3.03%	52
91 to 180 days past due	9	33.33%	3
	$ 59,115		**81**

	March 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 53,979	0%	-
Less than 30 days past due	9,834	0.55%	54
31 to 90 days past due	953	3.36%	32
	$ 64,766		**86**

The movement in the allowance for notes and accounts receivable was as follows:

	For the three months ended March 31,	
	2023	2022
Balance at January 1	$ 81	60
Impairment losses recognized	-	26
Impairment losses reversed	(40)	-
Balance at March 31	**$ 41**	**86**

As of March 31, 2023, December 31 and March 31, 2022, the Group did not provide any of the aforementioned notes and accounts receivable as collaterals for its loans.

(e) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods	$ 2,470	2,286	-
Work in progress	2,112	1,442	-
Raw materials	6,497	4,755	-
Merchandise inventories	229,832	220,539	258,864
	$ 240,911	**229,022**	**258,864**

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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The details of cost of sales for the three months ended March 31, 2023 and 2022, were as follows:

	For the three months ended March 31,	
	2023	**2022**
Cost of goods sold and expenses	$ 75,986	96,972
Inventory valuation loss and obsolescence (reversal gain)	(396)	231
	$ 75,590	**97,203**

For the three months ended March 31, 2023, the Group reversed allowance for inventory valuation loss and obsolescence due to sale of obsolete stock amounting to $396. For the three months ended March 31, 2022, the write-down of inventories to net realizable value amounted to $231.

As of March 31, 2023, December 31 and March 31, 2022, the Group did not provide any inventories as collaterals for its loans.

(f) Investments accounted for using the equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	March 31, 2023	**December 31, 2022**	**March 31, 2022**
Associate	**$ -**	**-**	**15,379**

(i) Associate

The details of the material associate are as follows:

Name of Associate	Nature of the relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights		
			March 31, 2023	**December 31, 2022**	**March 31, 2022**
tBPC	Shareholder with significant influence	Taiwan	Note	Note	34.72 %

Note: Subsidiary included in the consolidated financial statements since April 2022.

The following aggregated financial information of the significant affiliate has been adjusted according to individually prepared IFRS consolidation financial statements to reflect the fair value adjustments made at the time of acquisition.

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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1) Summarized financial information of tBPC

	March 31, 2022
Current assets	$ 24,056
Non-current assets	53,413
Current liabilities	(25,608)
Non-current liabilities	(7,567)
Net assets	**$ 44,294**
Net assets attributable to owners of the associate	**$ 44,294**

	For the three months ended March 31, 2022
Operating revenue	**$ 743**
Loss from continuing operations (equal to comprehensive loss)	**$ (10,245)**
Total comprehensive loss attributable to owners of the associate	**$ (10,245)**

	March 31, 2022
Share of net assets of the associate as of January 1	$ 18,936
Comprehensive loss attributable to the Group	(3,557)
Share of net assets of the associate as of March 31	**$ 15,379**

(ii) The Company has acquired substantial control over tBPC since April 2022, tBPC became a subsidiary and is included in the consolidated financial statements, please refer to note 6(g).

(iii) Pledges

As of March 31, 2022, the Group did not provide any investment accounted for using the equity method as collaterals for its loans.

(g) Acquisition of subsidiary

(i) Acquisition of subsidiary

In April 2022, the Group increased investment in the secured convertible bonds of tBPC, after considering the comprehensive shareholding ratio of potentially ordinary shares and the intention to dominate tBPC’ s operating and financial activities. The Company's interest in tBPC remains at 34.72%. The main business of tBPC is the research and development, manufacture and sale of medical equipment and health care products.

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1) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the aquisition date.

Cash and cash equivalents	$	4,000
Inventories		10,210
Accounts receivable and other receivables		5
Prepayments		5,055
Other current assets		4,788
Property, plant and equipment (note 6(h))		11,893
Right-of-use assets (note 6(i))		8,903
Intangible assets (note 6(k))		30,849
Other non-current assets		1,766
Other short-term borrowings		(6,100)
Other payables		(5,142)
Other current liabilities		(14,366)
Non-current liabilities		(7,567)
Others		278
The fair value of net identifable assets acquired	**$**	**44,572**

Acquisition of subsidiary tBPC in 2022. Please refer to note 6(f) of the 2022 annual consolidated financial statements for other related information.

(h) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	**Main operation place**	**Percentage of non-controlling interests March 31, 2023**
Taiwan Biophotonic Co. (tBPC)	Taiwan	65.28 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

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(i) tBPC collective financial information

	March 31, 2023	December 31, 2022
Current assets	$ 31,317	38,489
Non-current assets	50,846	53,161
Current liabilities	(69,417)	(68,454)
Non-current liabilities	(4,591)	(5,210)
Net assets	**$ 8,155**	**17,986**
Non-controlling interests	**$ 5,325**	**11,742**

	For the three months ended March 31, 2023
Sales revenue	**$ 251**
Net loss (as same as Comprehensive income)	**$ (9,831)**
Loss, attributable to non-controlling interests	**$ (6,417)**
Total comprehensive loss, attributable to non-controlling interests	**$ (6,417)**

	For the three months ended March 31, 2023
Net cash flows used in operating activities	$ (5,553)
Net cash flows used in investing activities	(1,195)
Net increase in cash and cash equivalents	**$ (6,748)**

(i) Property, plant and equipment

	Land	Buildings and building improvement	Machinery and R&D equipment	Molding equipment and other equipment	Transportation equipment	Equipment to be accepted	Total
Book value:							
Balance on January 1, 2023	$ 95,104	20,177	1,535	8,034	447	6,653	131,950
Balance on March 31, 2023	$ 95,104	19,923	1,438	7,406	402	6,653	130,926
Balance on January 1, 2022	$ 95,104	21,192	186	958	-	-	117,440
Balance on March 31, 2022	$ 95,104	20,938	162	973	-	-	117,177

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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There were no significant additions, disposals, or recognitions and reversals of impairment losses of property, plant and equipment for the three months ended March 31, 2023 and 2022. Information about depreciation for the periods is disclosed in note 12(a). Please refer to note 6(h) of the 2022 annual consolidated financial statements for other related information.

As of March 31, 2023, December 31 and March 31, 2022, the investment property has been pledged as collateral for short-term borrowings and credits. Please refer to note 8.

(j) Right-of-use assets

The Group leases many assets including buildings and transportation. The movements of cost and depreciation of those assets were as below:

	Buildings	Transportation	Total
Carrying amounts:			
Balance at January 1, 2023	$ 11,554	3,774	15,328
Balance at March 31, 2023	$ 9,796	3,246	13,042
Balance at January 1, 2022	$ 8,409	5,828	14,237
Balance at March 31, 2022	$ 7,487	5,361	12,848

(k) Investment property

Details of the investment property were as follows:

	Land	Buildings	Total
Carrying amounts:			
Balance at January 1, 2023	$ 111,400	48,701	160,101
Balance at March 31, 2023	$ 111,400	48,405	159,805
Balance at January 1, 2022	$ 111,400	49,884	161,284
Balance at March 31, 2022	$ 111,400	49,588	160,988

There were no significant additions, disposals, or recognitions and reversals of impairment losses of investment property for the three months ended March 31, 2023 and 2022. Information on depreciation for the periods is disclosed in note 12(a). Please refer to note 6(j) of the 2022 annual consolidated financial statements for other related information.

The fair value of the investment property was not significantly different from that disclosed in note 6(j) of the consolidated financial statements for the year ended December 31, 2022.

As of March 31, 2023, December 31 and March 31, 2022, the investment property has been pledged as collateral for short-term borrowings and credits. Please refer to note 8.

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(l) Intangible Assets

	Patent	Computer software and others	Total
Carrying amounts:			
Balance at January 1, 2023	$ **27,124**	**2,214**	**29,338**
Balance at March 31, 2023	$ **25,755**	**2,156**	**27,911**
Balance at January 1, 2022	$ **-**	**850**	**850**
Balance at March 31, 2022	$ **-**	**1,300**	**1,300**

There were no significant additions, disposals, or recognitions and reversals of impairment losses of intangible assets for the three months ended March 31, 2023 and 2022. Information on amortization for the periods is disclosed in note 12(a). Please refer to note 6(k) of the 2022 annual consolidated financial statements for other related information.

As of March 31, 2023, December 31, 2022, the patent has been pledged as collateral for convertible bonds. Please refer to note 8.

As of March 31, 2022, the Group did not provide any intangible assets as collaterals for its loans.

(m) Short-term borrowings

The details of short-term borrowings were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank loans	$ 72,007	79,044	119,717
Secured bank loans	138,000	156,000	121,000
Other short-term borrowings	6,314	6,314	-
Total	$ **216,321**	**241,358**	**240,717**
Unused credit lines for short-term borrowings	$ **268,993**	**236,922**	**190,149**
Range of interest rates	**2.156%~6.51%**	**1.53%~6.51%**	**1.06%~2.42%**

Please refer to note 6(y) for the interest risk, foreign currency exchange rate risk, and liquidity risk information of the Group.

The condition of the Group borrowed with related parties, please refer to note 7.

The Group provided property, plant and equipment and investment property as collaterals for its bank loans. Please refer to note 8.

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(n) Provisions — warranties

There were no significant changes in provisions for the three months ended March 31, 2023 and 2022. Please refer to note 6(m) of the 2022 annual consolidated financial statements for the related information.

Provisions related to sale of products are assessed based on historical information.

(o) Lease liabilities

The details of lease liabilities were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Current	$ 8,915	9,549	6,891
Non-current	$ 4,918	6,642	6,463

For the maturity analysis, please refer to note 6(y).

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2023	2022
Interest on lease liabilities	$ 89	59
Variable lease payments not included in the measurement of lease liabilities	$ 1,317	1,278
Expenses relating to short-term leases	$ 298	220

The amounts recognized in the consolidated statements of cash flows for the Group were as follows:

	For the three months ended March 31,	
	2023	2022
Total cash outflow from leases	$ 4,104	3,240

(i) Real estate lease

The Group leases buildings for its office space. The leases of office space typically run for three to seven years.

(ii) Other leases

The Group leases vehicle, with lease terms of two to five years.

The Group also leases office equipment with contract terms of less than one year. These leases are short-term leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

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(p) Bonds Payable

The Group's Bonds payable was determined as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Domestic secured convertible Bonds Payable	$ 17,099	17,099	-

Please refer to Note 6 (b) for the components of the conversion option issued in 2022.

There were no significant changes in bonds payable for the three months ended March 31, 2023 and 2022. Please refer to note 6(o) of the 2022 annual consolidated financial statements for the related information.

(q) Operating lease

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(k) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Less than one year	$ 3,857	5,143	5,143
One to two years	-	-	3,857
Total undiscounted lease payments	$ 3,857	5,143	9,000

(r) Employee benefits

The Company and tBPC allocated no less than 6% of each employee's monthly wages to the labor pension personal account at Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company and tBPC allocated a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

Overseas subsidiaries recognized the pension expenses and made the periodical payments under the defined contribution method by local laws.

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The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Operating cost	8	-
Selling expenses	$ 565	543
Administrative expenses	505	401
Research and development expenses	284	171
Total	$ 1,362	1,115

(s) Income taxes

(i) Income tax expenses

The amount of income tax was as follows:

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Current income tax expenses	$ 518	612

(ii) The Company's income tax returns for the years through 2020 have been examined by the tax authorities.

(t) Capital and other equities

Except for the following disclosures, there were no significant changes in capital and other equity for the three months ended March 31, 2023 and 2022. Please refer to note 6(s) of the 2022 annual consolidated financial statements for the related information.

(i) Capital surplus

The balances of capital surplus were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Additional paid-in capital	$ 20,106	20,106	20,986
Restricted employee shares	(302)	(905)	(1,785)
Employee stock options-expired	5,343	5,343	5,343
Donation from shareholders	1,615	1,615	1,615
Changes in equity of associates	3,169	3,169	3,169
	$ 29,931	29,328	29,328

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According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained Earnings

The Company's Articles of Incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and the others are supposed to be set aside or reversed as the special reserve in accordance with laws and regulations. And then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company adopts the residual dividend policy. In consideration of the expansion of operations and the need of cash flows in the future, when the Company plans to distribute its dividends, the distributable amounts cannot be less than 50% of the cumulative distributable surplus. Moreover, at least 10% of the dividends should be distributed in cash.

Based on the resolutions made during the annual Board of Directors held on March 15, 2023 and stockholder's meeting held on June 22, 2022, respectively, there were no earnings could be distributed in 2022 and 2021, respectively.

(u) Share-based payment

Except for the following disclosures, there were no significant changes in share-based payment for the three months ended March 31, 2023 and 2022. Please refer to note 6(t) of the 2022 annual consolidated financial statements for the related information.

On June 22, 2022, the Company's shareholders decided to award 1,350 thousand shares of employee restricted shares to the Company's full-time employees who meet certain equirements. The restricted shares have been registered with and approved by the Securities and Futures Bureau of FSC. On March 15, 2023, the Board of Directors decided to issue 1,300 thousand shares. The effective date was April 20, 2023.

The information of the Company's restricted stock was as follows:

Unit: in thousand shares

	For the three months ended March 31,	
	2023	**2022**
Outstanding units on January 1	1,118	2,154
Forfeited during the year	(614)	(92)
Outstanding units on March 31	**504**	**2,062**

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As of March 31, 2023 and 2022, the unearned employee compensation balances were $688 and $5,363, respectively. A total of 614 and 92 thousand employee restricted shares were retrieved and cancelled due to failure or loss of qualifications to meet the vesting requirements for the years ended March 31, 2023 and 2022, respectively. The effective date of capital reduction was March 15, 2023 and March 16, 2022, respectively, and the related registration procedures have been completed.

The expenses incurred (reversed) by the Company for employee restricted shares were $(3,523) and $694 for the three months ended March 31, 2023 and 2022, respectively.

(v) Losses per share

The Group’s basic losses per share was computed as follows:

	For the three months ended March 31, 2023	2022
Basic losses per share		
Belong to parent company net loss	$ (3,180)	(3,166)
Weighted-average number of outstanding shares (in thousands)	50,655	49,735
Basic losses per share (dollars)	$ (0.06)	(0.06)

For the three months ended March 31, 2023 and 2022, the Company's employee restricted shares had an anti-dilutive effect; hence, they were not included in the computation of the weighted-average number of shares (diluted).

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31, 2023	2022
Primary geographical markets:		
Netherlands	$ 17,334	26,490
Germany	31,145	35,510
Switzerland	4,899	14,584
United States	25,865	19,380
Other	45,955	50,624
	$ 125,198	146,588
Major products / services lines:		
LED monitors	$ 121,013	141,897
Medical equipment	561	719
Other accessories	2,335	2,631
Rental revenues	1,289	1,341
	$ 125,198	146,588

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(ii) Contract balances

1) For details on notes and accounts receivable and allowance for impairment, please refer to note 6(d).

2) Contract liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Contract liabilities (Receipt in advance)	$ 4,830	3,281	731

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

The amount of revenue recognized for the three months ended March 31, 2023 and 2022, that included in the contract liability balance at the beginning of the periods were $117 and $463, respectively.

(x) Employees' compensation and directors' remuneration

According to the Company’s Articles of Incorporation require that earning shall first be offset against any deficit, then, a minimum of 10% will be distributed as employees' remuneration and a maximum of 2% will be allocated as directors’ remuneration. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

Due to loss before tax for the three months ended March 31, 2023 and 2022, no employees' compensation and directors’ remuneration was recognized.

(y) Financial Instruments

Except for the contention mentioned below, there were no significant changes in the fair value of the Group’s financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. Please refer to note 6(y) of the 2022 annual consolidated financial statements for other related information.

(i) Credit risk of Receivables and debt securities

For credit risk exposure of notes and accounts receivables, please refer to note 6(d).

Other financial assets at amortized cost includes cash and cash equivalents, other receivables, and guaranteed deposits, are considered to have low risk, and thus, the impairment provision recognized during the period is limited to 12 months expected losses.

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(ii) Liquidity Risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount	Contractual cash flows	Within a year	Over 1 years
March 31, 2023				
Non-derivative financial liabilities:				
Bonds payable, current portion	$ 17,099	(17,099)	(17,099)	-
Short-term borrowings	216,321	(217,516)	(217,516)	-
Notes and accounts payable	62,560	(62,560)	(62,560)	-
Lease liabilities (including current and non-current)	13,833	(16,047)	(9,151)	(6,896)
Other payables	34,828	(34,828)	(34,828)	-
Guarantee deposits	906	(906)	(15)	(891)
Derivative financial liabilities:				
Forward exchange contracts	844			
Outflow	-	(52,091)	(52,091)	-
Inflow	-	51,247	51,247	-
Convertible bonds-conversion right (recognized as financial liabilities at fair value through profit or loss)	2,842	(2,842)	(2,842)	-
	$ 349,233	**(352,642)**	**(344,855)**	**(7,787)**
December 31, 2022				
Non-derivative financial liabilities:				
Bonds payable, current portion	$ 17,099	(17,099)	(17,099)	-
Short-term borrowings	241,358	(243,124)	(243,124)	-
Notes and accounts payable	14,856	(14,856)	(14,856)	-
Lease liabilities (including current and non-current)	16,191	(18,534)	(9,862)	(8,672)
Other payables	33,941	(33,941)	(33,941)	-
Guarantee deposits	891	(891)	-	(891)
Derivative financial liabilities:				
Convertible bonds-conversion right (recognized as financial liabilities at fair value through profit or loss)	2,842	(2,842)	(2,842)	-
	$ 327,178	**(331,287)**	**(321,724)**	**(9,563)**

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	Carrying amount	Contractual cash flows	Within a year	Over 1 years
March 31, 2022				
Non-derivative financial liabilities:				
Short-term borrowings	$ 240,717	(241,400)	(241,400)	-
Notes and accounts payable	42,185	(42,185)	(42,185)	-
Lease liabilities (including current and non-current)	13,354	(14,592)	(7,060)	(7,532)
Other payables	42,031	(42,031)	(42,031)	-
Guarantee deposits	891	(891)	-	(891)
	$ 339,178	(341,099)	(332,676)	(8,423)

The Group does not expect the cash flows included in the maturity analysis, to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk (expressed in thousands for foreign currencies)

The Group's financial assets and liabilities exposed to significant foreign currency risk were as follows:

	March 31, 2023			December 31, 2022			March 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets									
Monetary items									
USD	$ 1,437	USD/NTD =30.45	43,757	2,141	USD/NTD =30.71	65,750	298	USD/NTD =28.625	8,530
USD	16	USD/EUR =1.0887	17	38	USD/EUR =1.0655	40	75	USD/EUR =1.1151	84
Financial liabilities									
Monetary items									
USD	1,945	USD/NTD =30.45	59,225	762	USD/NTD =30.71	23,401	1,361	USD/NTD =28.625	38,959
USD	248	USD/EUR =1.0887	270	2	USD/EUR =1.0655	2	38	USD/EUR =1.1151	42

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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2) Sensitivity analysis

The Group’s exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, short-term borrowings, notes and accounts payable, and other payables that are denominated in foreign currency.

A weakening (strengthening) 5% of each foreign currency against the functional currency, under other conditions remain the same, profit before tax for the three months ended March 31, 2023 and 2022 would have been affected as follows:

		March 31, 2023	March 31, 2022
USD (against NTD)			
Appreciate 5%	$	(773)	(1,521)
Depreciate 5%		773	1,521
USD (against EUR)			
Appreciate 5%		(13)	2
Depreciate 5%		13	(2)

The analysis is performed on the same basis for both periods.

3) Foreign exchange gains and losses on monetary items

As the Group deals in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount for disclosure. For the three months ended March 31, 2023 and 2022, the foreign exchange gains (losses), including realized and unrealized ones, amounted to $185 and $554, respectively.

(iv) Interest rate analysis

Please refer to liquidity risk for the details of financial assets and liabilities exposed to interest rate risk.

		Carrying amount		
		March 31, 2023	December 31, 2022	March 31, 2022
Variable rate instruments:				
Financial assets	$	97,062	75,120	34,732
Financial liabilities		(216,321)	(241,358)	(240,717)

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents management of the Group’ s assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.25%, the net loss before tax would have increased or decreased by $75 and $129 for the three months ended March 31, 2023 and 2022, respectively, which would mainly result from the bank savings and short-term borrowings with variable interest rates at the reporting date.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging and of financial assets at fair value through other comprehensive income are measured on a recurring basis.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices).

c) Level 3: inputs for the assets or liabilities that are not based on observable market data.

The carrying amount and fair value of the Group’ s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and lease liabilities, disclosure of fair value information is not required:

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	March 31, 2023				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 113,666	-	-	-	-
Notes and accounts receivable	49,948	-	-	-	-
Other receivables	1,630	-	-	-	-
Restricted deposits (recognized as other non-current assets)	2,444	-	-	-	-
Guaranteed deposits (recognized as other non-current assets)	2,982	-	-	-	-
	170,670				
	$ 170,670				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 3,686	-	-	3,686	3,686
Financial liabilities measured at amortized cost:					
Convertible bonds - debt component	17,099	-	-	-	-
Short-term borrowing	216,321	-	-	-	-
Notes and accounts payable	62,560	-	-	-	-
Lease liabilities (current and non-current)	13,833				
Other payables	34,828	-	-	-	-
Guaranteed deposits	906				
	$ 349,233				

(Continued)

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	December 31, 2022				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 101,579	-	-	-	-
Notes and accounts receivable	59,034	-	-	-	-
Other receivables	377	-	-	-	-
Restricted bank deposits (recognized as other non-current assets)	2,444	-	-	-	-
Guaranteed deposits (recognized as other non-current assets)	3,102	-	-	-	-
	166,536				
	$ 166,536				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 2,842	-	-	2,842	2,842
Financial liabilities measured at amortized cost:					
Convertible bonds - debt component	17,099	-	-	-	-
Short-term borrowings	241,358	-	-	-	-
Notes and accounts payable	14,856	-	-	-	-
Lease liabilities (current and non-current)	16,191	-	-	-	-
Other payables	33,941	-	-	-	-
Guaranteed deposits	891	-	-	-	-
	$ 327,178				

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	March 31, 2022				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Derivative financial assets	$ 101	-	101	-	101
Mandatorily designated at fair value through profit or loss	7,113	-	-	7,113	7,113
	7,214				
Financial assets measured at amortized cost:					
Cash and cash equivalents	81,522	-	-	-	-
Notes and accounts receivable	64,680	-	-	-	-
Other receivables	1,009	-	-	-	-
Restricted deposits (recognized as other non-current assets)	2,444	-	-	-	-
Guaranteed deposits (recognized as other non-current assets)	2,591	-	-	-	-
	152,246				
	$ 159,460				
Financial liabilities measured at amortized cost:					
Short-term borrowing	$ 240,717	-	-	-	-
Notes and accounts payable	42,185	-	-	-	-
Lease liabilities (current and non-current)	13,354	-	-	-	-
Other payables	42,031	-	-	-	-
Guaranteed deposits	891	-	-	-	-
	$ 339,178				

2) Fair value valuation technique for financial instruments not measured at fair value

The book value of financial assets and liabilities at amortized cost in the consolidated report is approximately its fair value.

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3) Fair value valuation technique for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument will use the public quoted price from active market as the fair value if it has the public quoted price from active market.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by using a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants such as the discounted cash flow or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

4) There was no transfer among fair value hierarchies for the three months ended March 31, 2023 and 2022.

5) Reconciliation of level 3 financial assets

	Non derivative mandatorily measured at fair value through profit or loss
Balance on January 1, 2023 (same as Balance on March 31, 2023)	$ -
Balance on January 1, 2022 (same as Balance on March 31, 2022)	$ 7,113

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group' s financial instruments that use Level 3 inputs to measure the fair value include " financial assets measured at fair value through profit or loss – convertible bonds".

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Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss – convertible bonds	Option Pricing Model-Formula Method	·Discounted rate in lack of marketability as of March 31, 2022 were 27.87%	The higher the lack of marketability discount rate is, the lower the fair value will be.

(z) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(z) of the 2022 annual consolidated financial statements.

(aa) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2022. Also, management believes that there were no significant changes in the Group's capital management information as disclosed in the consolidated financial statements for the year ended December 31, 2022. Please refer to note 6(aa) of the 2022 annual consolidated financial statements for other related information.

(ab) Investing and financing activities not affecting current cash flow

(i) The Group’s investing and financing activity which did not affect the current cash flow for the three months ended March 31, 2023 and 2022 were as follows: The acquisition of right-of-use assets by lease, please refer to note 6(j).

(ii) Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes: Additions	Non-cash changes: Effect of change in exchange rates	March 31, 2023
Short-term borrowings	$ 241,358	(25,037)	-	-	216,321
Bonds payable	17,099	-	-	-	17,099
Deposits received	891	15	-	-	906
Lease liabilities	16,191	(2,400)	-	42	13,833
Total liabilities from financing activities	**$ 275,539**	**(27,422)**	**-**	**42**	**248,159**

	January 1, 2022	Cash flows	Non-cash changes: Additions	Non-cash changes: Effect of change in exchange rates	March 31, 2022
Short-term borrowings	$ 201,031	39,686	-	-	240,717
Deposits received	891	-	-	-	891
Lease liabilities	14,738	(1,683)	-	299	13,354
Total liabilities from financing activities	$ 216,660	38,003	-	299	254,962

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Taiwan Biophotonic Corporation (tBPC)	An associate (note)
Yu-Teng, Li	Essential related party (tBPC director)

note: Listed as the subsidiaries of consolidated financial statements since April, 2022.

(b) Significant transactions with related parties

(i) Acquisitions of financial assets

The 108 units of convertible bonds issued by tBPC were acquired by the Group amounting to $10,800 in June 2021, as of March 31, 2022, which was classified as financial assets measured at fair value through profit or loss-non-current $7,113. Please refer to note 6(c).

(ii) Borrow from related party and interest

Account	Category of related party	March 31, 2023	December 31, 2022	March 31, 2022
Short-term borrowings	Substantial related party	$ 5,175	5,175	-

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Interest expense	$ 52	-

The interest rate of the loan that Group borrowed from related party was negotiated by both parties, and it is an unsecured loan.

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(c) Key management personnel transactions

Key management personnel compensation comprised：

		For the three months ended March 31, 2023	For the three months ended March 31, 2022
Short-term employee benefits	$	4,142	5,371
Post-employment benefits		145	129
	$	**4,287**	**5,500**

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	Object		March 31, 2023	December 31, 2022	March 31, 2022
Land and buildings	Guarantee for short-term loans and credit line	$	115,027	115,281	116,042
Investment property	〃		159,805	160,101	160,988
Restricted deposits (Classified as other non-current assets)	Warranty guarantee		2,444	2,444	2,444
Intangible assets	Bonds payable		736	765	-
		$	**278,012**	**278,591**	**279,474**

(9) Significant commitments and contingencies:

As of March 31, 2023, December 31 and March 31, 2022, the unused balance of the Group’s letters of credit amounted to $0, $7,034 and $18,134 respectively.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

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(12) Other:

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	For the three months ended March 31, 2023 Cost of sales	2023 Operating expenses	2023 Total	2022 Cost of sales	2022 Operating expenses	2022 Total
Employee benefits						
Salary	146	23,751	23,897	-	24,094	24,094
Labor and health insurance	34	3,803	3,837	-	2,853	2,853
Pension	8	1,354	1,362	-	1,115	1,115
Others	2	726	728	-	770	770
Depreciation	1,105	2,613	3,718	308	2,051	2,359
Amortization	117	1,610	1,727	58	193	251

Note: The depreciation for the three months ended March 31, 2023 and 2022 included the depreciation of investment property amounted to $296 and $308, respectively.

(b) Seasonality of operations

The Group's operations were not significantly affected by seasonality or cyclicality factors.

(13) Other disclosures items:

(a) Information on significant transactions

The followings are the information on significant transactions required by the “ Regulations Governing the Preparation of Financial Reports by Securities Issuers” of the Group for the three months ended March 31, 2023:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars and foreign currencies)

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Amount of property pledged for guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount of guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	AG Neovo B.V	100% owned subsidiary	415,150	150,000	150,000	4,142	-	36.13 %	415,150	Yes	No	No
0	The Company	AG Neovo USA	100% owned subsidiary	415,150	40,000	40,000	14,007	-	9.64 %	415,150	Yes	No	No

Note： According to the Company’s Procedures for Endorsement and Guarantee, the total amount of endorsements and guarantees, which the Company or the Group is permitted to provide, shall not exceed 100% of the Company’s net worth.

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(iii) Information regarding securities held at the reporting date (excluding subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars and shares (units)

Company holding securities	Security type and name	Relationship with the Company	Account	March 31, 2023 Shares/Units	Carrying value	Percentage of ownership	Fair value	Remark
The Company	IRONYUN INCORPORATED	-	Financial assets measured at fair value through other comprehensive income－non-current	6,025	-	4.53 %	-	Note 1
The Company	Convertible bonds (tBPC)	-	Financial assets measured at fair value through profit or loss-non-current	316	31,600	- %	31,600	Note 2

Note 1: Stocks are comprised of 552 thousand preferred shares and 5,473 thousand common shares at the reporting date.
Note 2: The left transactions have been eliminated in the preparation of consolidated financial statements.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: Please refer to note 6(b).

(x) Significant transactions and business relationship between the parent company and its subsidiaries:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions Accounts	Amount	Terms	Percentage of the consolidated net revenue or total assets
0	The Company	AG Neovo B.V	1	Operating revenues	58,161	The price is marked up based on the cost; and the payment terms depends on the capital demand.	46.46 %
0	The Company	AG Neovo B.V	1	Receipt in advance	79,404	The price is marked up based on the cost; and the payment terms depends on the capital demand.	10.15 %
0	The Company	AG Neovo USA	1	Operating revenues	16,342	The price is marked up based on the cost; and the payment terms depends on the capital demand.	13.05 %

Note 1: The numbers filled in as follows:
1.0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

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Note 2: Relationship with the transactions labeled as follows:
1 represents the transactions from the parent company to its subsidiaries.
2 represents the transactions between the subsidiaries and the parent company.
3 represents the transactions between subsidiaries.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/ foreign currencies and thousand units)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending Balance as of March 31, 2023			Net income (loss) of the Investee (Note2)	Investment income (loss) recognized by the investor (Note2)	Remark
				March 31, 2023 (Note 1)	December 31, 2022 (Note 1)	Shares	Percentage of ownership	Carrying value (Note 1)			
The Company	AG Neovo International	British Virgin Islands	Investment	343,957	343,957	0.8	100 %	29,422	(1,275)	(1,275)	Note 3
The Company	AG Neovo B.V	Netherlands	Sales of LCD monitors	187,013	187,013	4.8	100 %	209,509	1,421	1,421	〃
The Company	AG Neovo Investment	British Virgin Islands	Investment	14,796	14,796	0.5	100 %	3,493	(600)	(600)	〃
The Company	Taiwan Biophotonic Corporation	Taiwan	Research and development, manufacture and sale of medical equipment and health care products	92,327	92,327	10,094	35 %	1,369	(9,831)	(3,413)	〃
AG Neovo International	AG Neovo USA	U.S.A.	Sales of LCD monitors and medical equipment	91,350 (US$3,000)	91,350 (US$3,000)	702	100 %	26,791 (US$880)	(355) (US$(12))	Recognized by shareholding percentage by AG Neovo International	〃

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rates of USD30.45 at reporting date.
Note 2: The amounts in New Taiwan Dollars were translated at the exchange rates of USD30.405 based on the average exchange rate at reporting date.
Note 3: The left transactions have been eliminated in the preparation of the consolidated financial statements.

(c) Information on investment in mainland China:

(i) The related information on investees in Mainland China:

(In Thousands of New Taiwan Dollars/foreign currencies and thousand units)

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 2)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023 (Note 2)	Investment		Accumulated outflow of investment from Taiwan as of March 31, 2023 (Note 2)	Net income (loss) of the investee company (Note 3)	Percentage of ownership	Investment income (loss) recognized (Notes 3 and 5)	Carrying value as of March 31, 2023 (Note 2)	Accumulated remittance of earnings as of March 31, 2023
					Outflow	Inflow						
AG Neovo (Shanghai)	Sales of LCD monitors	15,225 (US$500)	Note 1	15,225 (US$500)	-	-	15,225 (US$500)	(608) (US$(20))	100%	(608) (US$(20))	3,502 (US$115)	-

(ii) Upper limit on investment in Mainland China:

(In Thousands of New Taiwan Dollars and foreign currencies)

Accumulated Investment in Mainland China as of March 31, 2023 (Notes 2 and 4)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 2 and 4)	Upper Limit on Investment
122,896（US$4,036）	122,896（US$4,036）	249,090

Note 1 : Indirect investment in Mainland China through companies registered in the third region.
Note 2 : The amounts in New Taiwan Dollars were translated at the exchange rates of USD30.45 at reporting date.
Note 3 : The amounts in New Taiwan Dollars were translated at the exchange rates of USD30.405 based on the average exchange rate at reporting date.
Note 4 : Including the withdrawn amount of investment from the Shanghai CIMC Baowell Industries Co., Ltd.

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(iii) Significant transactions: None.

(d) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
CTBC in custody for Top Group Holdings, Ltd.	8,086,294	14.82 %
David Pi	3,502,541	6.42 %
Associated Industries China, Inc. (Treasury shares)	3,374,000	6.18 %

(14) Segment information:

The Group's operating segment information and reconciliation are as follows:

	For the three months ended March 31, 2023					
	Europe	**America**	**Taiwan**	**Others**	**Adjustment & Elimination**	**Total**
Revenue						
Revenue from external customers	$ 95,418	26,019	3,557	204	-	125,198
Revenue from segments	-	-	74,503	-	(74,503)	-
	$ 95,418	**26,019**	**78,060**	**204**	**(74,503)**	**125,198**
Reportable segment profit (loss)	**$ 1,939**	**(4,887)**	**(6,022)**	**(3,976)**	**3,867**	**(9,079)**

	For the three months ended March 31, 2022					
	Europe	**America**	**Taiwan**	**Others**	**Adjustment & Elimination**	**Total**
Revenue						
Revenue from external customers	$ 121,386	19,373	4,903	926	-	146,588
Revenue from segments	3,213	-	108,835	-	(112,048)	-
	$ 124,599	**19,373**	**113,738**	**926**	**(112,048)**	**146,588**
Reportable segment profit (loss)	**$ 850**	**(542)**	**(3,166)**	**(494)**	**798**	**(2,554)**