TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

Notice to readers:
The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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Independent Auditors' Report Translated from Chinese

To TURVO INTERNATIONAL CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of TURVO INTERNATIONAL CO., LTD. (the "Company") and its subsidiaries as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2022 and 2021, and their consolidated financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by 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 Company and its subsidiaries in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 consolidated financial statements. 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.

Impairment of accounts receivable

As of December 31, 2022, the the Company and its subsidiaries's accounts receivable and allowance for doubtful accounts amounted to NTD 677,816 thousand and NTD 8,654 thousand, respectively. Net accounts receivable represented 14% of the total consolidated assets that could have significant impacts on the the Company and its subsidiaries. Due to a higher proportion of accounts receivable from the main clients accounted for the Company's accounts receivable, the recoverability of accounts receivable is the key matter of the Company. The amount of loss allowance on accounts receivable was measured based on expected credit loss of the continued period, and divided the corresponding accounts receivable into groups accordingly, during the measurement process. In addition, make judgement, analyze, and estimate the application of related assumption on measurement process, including certain accounts aging interval, loss rate between different aging range, and consideration of forward-looking information. The measurement result affects the net of accounts receivable and involve material judgment of management, we therefore, determine this a key audit matter.

We procedures included, but not limited to, understanding and testing the effectiveness of internal control over accounts receivable; assessing the reasonableness of loss allowance policy, including understanding related information to evaluate expected credit loss ratio; investigating accounts receivable details at end of the period, recalculating the reasonableness of loss allowance based on the expected credit loss ratio of each Group; evaluating the reasonableness of the allowance for doubtful accounts based on individual customers with significant overdue accounts or longer aging, reviewing the collection in subsequent period; analyzing the receivable turnover to evaluate recoverability based on individual customers with significant sales amount.

In addition, we considered the adequacy of the disclosures related to accounts receivable in Notes 5 and 6 to the consolidated financial statements.

Valuation for inventories

As of December 31, 2022, the net inventories and allowance for reduction of inventories amounted to NTD 898,869 thousand and NTD 71,847 thousand, respectively. Net inventories represented 18% of the total consolidated assets that could have significant impacts on the the Company and its subsidiaries. The Company produce and sale automobile parts, the raw materials are mainly steel etc. Due to diversity of products and uncertainty arising from rapid changes in products, causing the complexity of net present value on inventory, we therefore, determined the issue a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control system with respect to obsolete and slow-moving inventory; testing management level to evaluate the correctness of the net present value on inventories; observe and evaluate the planning and performing of inventory check on management to confirm the numbers and conditions of inventories; acquiring correctness of the inventory aging on inventory aging sheet and testing the correctness of stock in or stock out.

In addition, we also considered the adequacy of the disclosures related to inventory in Notes 5 and 6 to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

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 maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

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 ability to continue as a going concern of the Company and its subsidiaries. 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 Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements 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.

Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021.

Huang, Tzu Ping
Huang, Yu Ting
Ernst & Young, Taiwan
March 9, 2023

Notes to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousand New Taiwan Dollars)

Assets	Notes	As at 31 December 2022	As at 31 December 2021
Current Assets			
Cash and cash equivalents	4, 6(1)	$1,053,051	$1,393,141
Financial assets at fair value through profit or loss, current	4	-	57
Financial assets measured at amortized cost, current	4, 6(2)	160,748	234,791
Notes receivable		3,186	3,097
Accounts receivable, net	4, 5, 6(3)	677,816	565,564
Other receivables		3,494	14,449
Current income tax assets		608	3,157
Inventories, net	4,5, 6(4)	898,869	707,859
Prepayment		50,814	36,379
Other current assets		20,887	8,113
Total current assets		2,869,473	2,966,607
Non-current assets			
Property, plant and equipment	4, 6(5), 8	1,525,264	1,582,313
Right of use assets	4, 6(13)	89,936	123,603
Intangible assets	4	8,266	6,256
Deferred tax assets	4, 6(17)	15,492	16,345
Other non-current assets		474,450	231,702
Total non-current assets		2,113,408	1,960,219
Total assets		$4,982,881	$4,926,826

(The accompanying notes are an integral part of the consolidated financial statements)
(continued)

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As at 31 December 2022	As at 31 December 2021
Current liabilities			
Short-term loans	4, 6(6)	$ -	$433,692
Financial liabilities at fair value through profit or loss, current	4	-	1,820
Contract liabilities, current	4、6(11)	941	265
Notes payable	4	98,233	86,718
Accounts payable	4	240,335	231,424
Other payables	6(7)	303,447	271,529
Current tax liabilities	4, 6(17)	194,174	106,120
Current lease liabilities	4, 6(13)	48,028	44,707
Other current liabilities		19,582	19,441
Long-term borrowings (including current portion with maturity less than 1 year)	4, 6(8)	128,454	59,635
Total current liabilities		1,033,194	1,255,351
Non-current liabilities			
Long-term loans	4, 6(8)	397,905	317,764
Deferred tax liabilities	4, 6(17)	57,970	130,075
Non-current lease liabilities	4, 6(13)	44,492	84,076
Other non-current liabilities		1,311	1,312
Total non-current liabilities		501,678	533,227
Total liabilities		1,534,872	1,788,578
Equity attributable to the parent company	6(10)		
Capital			
Common stock		602,881	602,881
Additional paid-in capital		818,217	962,908
Retained earnings			
Legal reserve		382,536	328,260
Special reserve		157,901	146,683
Retained earnings		1,609,531	1,233,543
Total Retained earnings		2,149,968	1,708,486
Other components of equity			
Exchange differences on translation of foreign operations - the parent company		(137,354)	(157,901)
Equity attributable to owners of the parent		3,433,712	3,116,374
Non-controlling interests		14,297	21,874
Total equity		3,448,009	3,138,248
Total liabilities and equity		$4,982,881	$4,926,826

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the years ended 31 December	
	Notes	2022	2021
Net Sales	4, 6(11)	$3,350,323	$3,232,810
Cost of Sales	6(4), 6(9), 6(14)	(2,246,687)	(2,083,499)
Gross Profit		1,103,636	1,149,311
Operating Expenses	6(9), 6(14)		
Selling and marketing		(39,659)	(39,221)
Management and administrative		(332,172)	(270,743)
Research and development		(185,235)	(191,195)
Expected credit (losses) gains	6(12)	(1,764)	1,047
Total Operating Expenses		(558,830)	(500,112)
Operating Income		544,806	649,199
Non-operating income and expenses			
Other income	6(15)	49,442	48,457
Other gain and loss	6(15)	187,983	(36,465)
Financial costs	4,6(15)	(7,418)	(9,471)
Total non-operating income and expenses		230,007	2,521
Income from continuing operations before income tax		774,813	651,720
Income tax expense	4, 6(17)	(161,260)	(121,742)
Net income		613,553	529,978
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		26,899	(18,371)
Income tax related to items that may be reclassified subsequently		(5,136)	2,804
Total other comprehensive income (loss), net of tax		21,763	(15,567)
Total comprehensive income	6(16)	$635,316	$514,411
Net income attributable to:			
Stockholders of the parent		$622,346	$542,761
Non-controlling interests		(8,793)	(12,783)
		$613,553	$529,978
Comprehensive income attributable to:			
Stockholder of the parent		$642,893	$531,543
Non-controlling interests		(7,577)	(17,132)
		$635,316	$514,411
Earnings per share	6(18)		
Earnings per share-basic (NTD)		$10.32	$9.01
Earnings per share-diluted (NTD)		$10.28	$8.98

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Treasury Stock	Total	Non-Controlling Interests	Total Equity
Balance as of 1 January 2021		$602,881	$1,068,073	$290,748	$158,368	$837,003	$(146,683)	$(9,915)	$2,800,475	$39,006	$2,839,481
Appropriations of earnings, 2020											
Legal reserve				37,512		(37,512)			-		-
Special reserve					(11,685)	11,685			-		-
Cash dividends						(120,394)			(120,394)		(120,394)
Cash dividends distributed by additional paid-in capital			(105,345)						(105,345)		(105,345)
Net income for the year ended 31 December 2021						542,761			542,761	(12,783)	529,978
Other comprehensive income (loss), net of tax for the year ended 31 December 2021	6(16)						(11,218)		(11,218)	(4,349)	(15,567)
Total comprehensive income (loss)						542,761	(11,218)		531,543	(17,132)	514,411
Share-based payment transactions recognized the compensation cost			180						180		180
Employee stock options subscribe treasury stock								9,915	9,915		9,915
Balance as of 31 December 2021		$602,881	$962,908	$328,260	$146,683	$1,233,543	$(157,901)	$ -	$3,116,374	$21,874	$3,138,248
Balance as of 1 January 2022		$602,881	$962,908	$328,260	$146,683	$1,233,543	$(157,901)	$ -	$3,116,374	$21,874	$3,138,248
Appropriations of earnings, 2021											
Legal reserve				54,276		(54,276)			-		-
Special reserve					11,218	(11,218)			-		-
Cash dividends						(180,864)			(180,864)		(180,864)
Cash dividends distributed by additional paid-in capital			(144,691)						(144,691)		(144,691)
Net income for the year ended 31 December 2022						622,346			622,346	(8,793)	613,553
Other comprehensive income (loss), net of tax for the year ended 31 December 2022	6(16)						20,547		20,547	1,216	21,763
Total comprehensive income (loss)						622,346	20,547		642,893	(7,577)	635,316
Balance as of 31 December 2022		$602,881	$818,217	$382,536	$157,901	$1,609,531	$(137,354)	$ -	$3,433,712	$14,297	$3,448,009

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2022 and 2021

(Expressed in Thousand New Taiwan Dollars)

	For the years ended 31 December	
	2022	2021
Cash flows from operating activities:		
Net income before tax	$774,813	$651,720
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	314,618	285,220
Amortization	5,572	4,689
Expected credit losses (gains)	1,764	(1,047)
Net loss (gain) of financial assets at fair value through profit or loss	(2,517)	6,553
Interest cost	7,418	9,471
Interest income	(12,984)	(12,467)
Share-based payment expense	-	180
Gain on disposal of property, plant and equipment	(3,982)	(2,963)
Inventory falling price losses	15,387	13,847
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	755	4,729
Decrease in Financial assets measured at amortized cost, current	74,042	5,020
Decrease in notes receivable	5,653	3,317
(Increase) decrease in accounts receivable	(105,119)	129,334
Decrease (increase) in other receivables	10,955	(7,889)
Increase in inventories, net	(203,621)	(209,787)
Increase in prepayments	(19,468)	(14,903)
(Increase) decrease in other current assets	(12,773)	6,078
Decrease in financial liabilities at fair value through profit or loss	-	(6,007)
Increase (decrease) in contract liabilities	676	(771)
Increase in notes payable	25,815	43,524
Decrease (increase) in accounts payable	26,418	(6,840)
Increase in other payables	29,399	23,090
(Decrease) increase in other current liabilities	(133)	9,136
Cash generated from operations	932,688	933,234
Income tax paid	(148,335)	(94,418)
Net cash provided by operating activities	784,353	838,816

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

(continued)

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2022 and 2021

(Expressed in Thousand New Taiwan Dollars)

(Continued)	For the years ended 31 December 2022	2021
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(175,979)	(225,331)
Proceeds from disposal of property, plant and equipment	13,668	5,560
Acquisition of intangible assets	(2,054)	(1,732)
Increase in other non-current assets	(289,550)	(226,704)
Interest receive	12,386	12,078
Net cash used in investing activities	(441,529)	(436,129)
Cash flows from financing activities:		
Increase in short-term loans	834,238	685,863
Decrease in short-term loans	(1,267,930)	(659,222)
Increase in long-term loans (including current portion with maturity less than 1 year)	221,010	331,237
Decrease in long-term loans (including current portion with maturity less than 1 year)	(72,050)	(10,945)
Lease principal repayment	(55,256)	(55,189)
Cash dividends	(325,555)	(225,739)
Exercise of employee stock options	-	9,915
Interest paid	(7,423)	(9,546)
Net cash (used in) provided by financing activities	(672,966)	66,374
Effect of exchange rate changes	(9,948)	3,802
Net (decrease) increase in cash and cash equivalents	(340,090)	472,863
Cash and cash equivalents at beginning of period	1,393,141	920,278
Cash and cash equivalents at end of period	$1,053,051	$1,393,141

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

1. ORGANIZATION AND OPERATIONS

Turvo International Co., Ltd. (the Company) was incorporated in 1987 to manufacture and market air tools, machine elements, hardware parts, wood lathes, and wood planers used on these products. Additionally, the Company also process, manufacture, and market optical elements. Based on the purpose of management operation, the Company conduct a simple merge with the 100% owned reinvestment companies - Yubo investment Co., Ltd. and Yuli investment Co., Ltd., after the resolution of the board of directors' meeting in June 2010, to set 1 August 2010 as the consolidation basis date. The company is a consolidated surviving company.

The Company applied to be listed on the GreTai Securities Market and was authorized for trading over the counter on 14 November 2011. On 28 June 2019, the Company was authorized to be listed on Taiwan Stock Exchange and was officially listed on 17 September 2019. The main registered location and operating base are in NO. 59, Jing 2 Rd., Taichung Harbor Export Processing Zone, Wuci Dist., Taichung City 435, Taiwan.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and subsidiaries (here referred to as "the Group") for the years ended 31 December 2022 and 2021 were authorized for issue in accordance with the resolution of the board of directors' meeting held on 9 March 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

(a) The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by the Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2022. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below:

Items	Newly issued, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2023. The standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised, or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

(a) IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation, and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017, and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(e) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The Company's financial statements for the years ended 31 December 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

A. power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)

B. exposure, or rights, to variable returns from its involvement with the investee, and
C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

A. the contractual arrangement with the other vote holders of the investee
B. rights arising from other contractual arrangements
C. the Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
B. derecognizes the carrying amount of any non-controlling interest;
C. recognizes the fair value of the consideration received;
D. recognizes the fair value of any investment retained;
E. recognizes any surplus or deficit in profit or loss; and
F. reclassifies the parent's share of components that previously recognized in other comprehensive income to profit or loss.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The consolidated entities are as follows:

Investor	Subsidiary	Business nature	Percentage of ownership (%) as of 31 December 2022	Percentage of ownership (%) as of 31 December 2021
the Company	TIPO INTERNATIONA CO., LTD.(SAMOA) [abbreviation: TIPO]	Investing and trading company	100.00%	100.00%
the Company	T&M Joint (Cayman) Holding Co., Ltd. (note) [abbreviation: T&M]	Holding company of reinvesting MSAT	35.71%	35.71%
TIPO	Hong Kong Xin-Feng Enterprise Limited [abbreviation: Hong Kong Xin-Feng]	Holding company of reinvesting Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	100.00%	100.00%
TIPO	Zhejiang Yu-Zuan Precision Component Co., Ltd. [abbreviation: Zhejiang Yu-Zuan]	Manufacturing and marketing the components of computer, medical equipment, optical, automobile, photoelectricity, and precision hardware	100.00%	100.00%
Hong Kong Xin-Feng	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. [abbreviation: Dong-Guan Xin-Feng]	Manufacturing and marketing the components of computer, medical equipment, optical, automobile, photoelectricity, and precision hardware	100.00%	100.00%
T&M	Matec Southeast Asia (Thailand) Co., Ltd. [abbreviation: MSAT]	Manufacturing forging products	99.9991%	99.9991%

Note: the company included T&M in the compilation since 1 January 2018, this is due to the Company being the single largest shareholder of T&M, and the remaining rights of T&M were widely held by many other shareholders. In addition, in the absence of contractual rights, due to the reasons such as the company had acquired a relatively higher voting rights on power of attorney and eligible to appoint T&M's key management personal who have the ability to lead main stakeholder activities. Therefore, the company determine that even if it hold less than 50% of the voting rights, it has control over T&M.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollars (NTD), which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the end of each reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.

B. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of foreign currency financial statements

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In the partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
B. The Group holds the asset primarily for the purpose of trading
C. The Group expects to realize the asset within twelve months after the reporting period
D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as a current when:

A. The Group expects to settle the liability in its normal operating cycle
B. The Group holds the liability primarily for the purpose of trading
C. The liability is due to be settled within twelve months after the reporting period
D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Term of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial Instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(A) the Group’s business model for managing the financial assets
(B) the contractual cash flow characteristics of the financial asset

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as of the reporting date:

(A) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(B) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount or the calculation condition of the following:

(A) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition

(B) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(A) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(B) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(A) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(B) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(C) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount or the below calculation conditions:

a. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on the aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(A) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes

(B) the time value of money
(C) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions

The loss allowance is measured as follows:

(A) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(B) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(C) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
(D) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(A) The rights to receive cash flows from the asset have expired
(B) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(C) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as of fair value through profit or loss. A financial liability is classified as held for trading if:

(A) it is acquired or incurred principally for the purpose of selling or repurchasing it in the short term;
(B) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(C) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as of fair value through profit or loss when doing so results in more relevant information, because either:

(A) it eliminates or significantly reduces a measurement or recognition inconsistency; or

(B) a group of financial liabilities or financial assets and, financial liabilities are managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium fees or transaction costs on acquisition.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative instruments

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as assets or liabilities at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either a non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials/ inventories – Purchase costs under weighted average method.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted for in accordance with IFRS 15 and not within the scope of inventories.

(12) Property, plant, and equipment

Property, plant, and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant, and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "*Property, plant and equipment*". When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings and facilities	5～50 years
Machinery and equipment	3～15 years
Transportation equipment	3～10 years
Lease improvements	3～25 years
Other equipment	3～30 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(13) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement's comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

<u>Group as a lessor</u>

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index, or a rate are recognized as rental income when incurred.

(14) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed periodically to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite shall be deferred application.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Accounting policies of the Group's intangible assets is summarized as follows:

	Software	Trademarks	Patents	Others
Useful lives	2~10 years	10 years	9~10 years	uncertainty
Method of amortization	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Non-amortization
Sources	Outside	Outside	Outside	Outside

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill after recognition cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized under equity.

(17) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group are precision metal components and revenue is recognized based on the consideration stated in the contract.

The credit period of the Group's sale of goods is from 60 to 90 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers and there is no significant financing component to the contract.

(18) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due (overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations).

(20) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(21) Income Tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

B. In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

B. In respect of deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements require management to make judgements, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Judgement of control over subsidiaries without the majority of voting rights.

The Company does not have majority of the voting rights in certain invested companies. However, after taking into consideration factors such as absolute ratio of the Company's holding, relative ratio of the other shareholdings, dispersion degree of shareholdings, contractual arrangements between shareholders, potential voting rights, etc., the Company reached the conclusion that it has de facto control over these invested companies. Please refer to Note 4 for further details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carry-forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

C. Accounts receivables – estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

D. Inventories evaluation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

E. Lease liability and right-of-use asset measurement

The Group adopt the regulation of Amendments to IFRS 16 that required to measure lease liability and estimate right-of use-asset, including determining the leasing period and the implied interest rate of leases. The Group determined the lease period as non-cancellable period, with both followings:

(a) the period that covered by the option to extend the lease, if the Group can reasonably assure to exercise the right-of-use; and
(b) the period that covered by the option to cease the lease, if the Group can reasonably assure to exercise the right-of-use.

Lease liability is estimated based on the present value of the lease implied rate; the Group adopted the incremental borrowing rate as the discount rate due to the lease implied rate is not readily available.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Please refer to Note 3 and Note 6 for the further information about the assumption of lease liability measurement.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at	
	31 December 2022	31 December 2021
Cash on hand	$1,541	$1,096
Bank deposits	1,051,510	1,392,045
Total	$1,053,051	$1,393,141

(2) Financial assets measured at amortized cost

	As at	
	31 December 2022	31 December 2021
Restricted bank deposits	$160,748	$234,791

Restricted bank deposits as of the year ended 2022 and 2021 is refer to the fund that the Company will deposit into the special bank account based on the operation of foreign funds management and taxation regulations. According to the regulations, the fund is limited to the approved plan and cannot be used for other purposes.

(3) Accounts receivable, net

	As at	
	31 December 2022	31 December 2021
Accounts receivable	$683,712	$572,847
Lease payments receivables	3,354	1,599
Less: unearned finance income	(596)	(459)
Less: loss allowance	(8,654)	(8,423)
Accounts receivable, net	$677,816	$565,564

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. Trade receivables are generally on 60~90 days. The total carrying amount as of 31 December 2022 and 2021 were $686,470 and $573,987, respectively. Please refer to Note 6 (12) for more details on loss allowance of trade receivables for the years ended 31 December 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

B. Please refer to Note 6(13) for further information of accounts receivable of finance leasing on machinery and equipment signed by the Group.

C. No accounts receivables were pledged.

(4) Inventories, net

A. Details as follows

	As at	
	31 December 2022	31 December 2021
Merchandise inventories	$1,198	$344
Raw materials	303,945	218,777
Work in progress	186,542	191,384
Finished goods	407,184	297,354
Total	$898,869	$707,859

B. The Group cost of inventories recognized in cost of goods sold amounted to $2,246,687 and $2,083,499 for the year ended 31 December 2022 and 2021, including the loss from market value decline, obsolete and slow-moving of inventories $15,387 and $13,847.

C. No inventories were pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Property, plant and equipment

Owner occupied property, plant, and equipment

	Land	Buildings and Facilities	Machinery and equipment	Transportation equipment	Lease improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As at 1 January 2022	$10,758	$270,677	$2,248,727	$16,855	$114,649	$360,543	$22,044	$3,044,253
Additions	-	-	81,654	-	14	8,007	47,894	137,569
Disposals	-	(20)	(53,280)	(2,190)	-	(10,447)	-	(65,937)
Transfers	-	-	80,550	-	2,541	18,681	(48,432)	53,340
Exchange differences	349	3,904	29,931	197	1,593	4,759	335	41,068
As at 31 December 2022	$11,107	$274,561	$2,387,582	$14,862	$118,797	$381,543	$21,841	$3,210,293
As at 1 January 2022	$-	$86,469	$1,087,309	$11,545	$52,887	$223,730	$-	$1,461,940
Disposals	-	10,967	200,138	1,078	15,658	34,216	-	262,057
Transfers	-	(20)	(44,068)	(2,190)	-	(9,973)	-	(56,251)
Exchange differences	-	1,104	10,843	156	736	4,444	-	17,283
As at 31 December 2022	$-	$98,520	$1,254,222	$10,589	$69,281	$252,417	$-	$1,685,029

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings and Facilities	Machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
As at 1 January 2021	$11,479	$278,730	$2,050,251	$18,325	$99,179	$337,354	$23,312	$2,818,630
Depreciation	-	-	97,106	834	3,572	14,744	31,978	148,234
Disposals	-	-	(16,582)	(3,435)	-	(11,080)	-	(31,097)
Transfers	-	-	135,215	1,396	12,483	22,073	(33,231)	137,936
Exchange differences	(721)	(8,053)	(17,263)	(265)	(585)	(2,548)	(15)	(29,450)
As at 31 December 2021	$10,758	$270,677	$2,248,727	$16,855	$114,649	$360,543	$22,044	$3,044,253
As at 1 January 2021	$-	$76,804	$930,921	$14,037	$44,197	$204,635	$-	$1,270,594
Depreciation	-	11,431	184,487	1,187	8,953	31,285	-	237,343
Disposals	-	-	(14,195)	(3,435)	-	(10,870)	-	(28,500)
Exchange differences	-	(1,766)	(13,904)	(244)	(263)	(1,320)	-	(17,497)
As at 31 December 2021	$-	$86,469	$1,087,309	$11,545	$52,887	$223,730	$-	$1,461,940
Net carrying amount as of:								
31 December 2022	$11,107	$176,041	$1,133,360	$4,273	$49,516	$129,126	$21,841	$1,525,264
31 December 2021	$10,758	$184,208	$1,161,418	$5,310	$61,762	$136,813	$22,044	$1,582,313

A. Operating lease of properties, plants, and equipment:

No properties, plants, and equipment were leased.

B. Components of building that have different useful lives are mainly company accommodation, main buildings, fire engineering of water and electricity, air conditioning engineering, etc., which are depreciated over 50 years, 35 years, 10 years, and 8 years, respectively.

C. Please refer to Note 8 for property, plant and equipment pledged as collateral.

D. The capitalization amount of the borrowing costs of the Group in 2022 and 2021, and its interest rates are as follows:

Items	For the year ended 31 December 2022	For the year ended 31 December 2021
Machinery and equipment	$-	$288
Construction in progress	-	96
Borrowing cost capitalization interest rate interval	-%	0.6780%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Short-term borrowings

	Interest Rates (%)	As at 31 December 2022	As at 31 December 2021
Unsecured bank loans	0.54%~0.70%	$-	$383,692
Secured bank loans	0.70%	-	50,000
Total		$-	$433,692

The Group's unused short-term lines of credits amounted to $1,440,842 and $996,993 as of 31 December 2022 and 2021, respectively.

Please refer to Note 8 for more details on secured bank loans.

(7) Other accounts payables

Accounting title	As at 31 December 2022	As at 31 December 2021
Wages and salaries payable	$112,226	$108,674
Accrued manufacturing overhead	37,610	33,256
Accrued employee bonus	27,592	23,137
Income tax payable	26,042	19,372
Payable on machinery and equipment	18,335	13,882
Employee, director, and supervisor compensation payables	12,727	11,030
Other accounts payables - other	68,915	62,178
Total	$303,447	$271,529

(8) Long-term loans

A. Details of long-term loans as of 31 December 2022 and 2021 are as follows:

Creditor	Content	31 December 2022	Repayment period and methods	security
Bank of Taiwan	Unsecured loan	$75,000	Period is 5 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the	None

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Creditor	Content	31 December 2022	Repayment period and methods	security
			fourth year the principal is divided into 24 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	
Bank of Taiwan	Secured loan	181,941	Period is 7 years, and the loan is allocated in installments and cannot be recycled; the principal is divided into 84 installments in 1 month from the date of initial allocation, and interest is charged monthly, and the principal is repaid on the 15th of each month.	Equipment
Bank of Taiwan	Secured loan	269,418	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Plant
Subtotal		526,359		
Less: current portion (with maturity less than 1 year)		(128,454)		
Total		$397,905		
Interest rates		1.470%		

Please refer to Note 8 for more details on unsecured bank loans.

Creditor	Content	31 December 2021	Repayment period and methods	security
Bank of Taiwan	Unsecured loan	$100,000	Period is 5 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly	None

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Creditor	Content	31 December 2021	Repayment period and methods	security
			interest payments, and the fourth year the principal is divided into 24 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	
Bank of Taiwan	Secured	151,873	Period is 7 years, and the loan is allocated in installments and cannot be recycled; the principal is divided into 84 installments in 1 month from the date of initial allocation, and interest is charged monthly, and the principal is repaid on the 15th of each month.	Equipment
Bank of Taiwan	Secured loan	125,526	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Plant
Subtotal		377,399		
Less: current portion		(59,635)		
Total		$317,764		
Interest rates		1.095%		

Please refer to Note 8 for more details on unsecured bank loans.

(9) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. According to the Act, the rate of contributions of the Company and its domestic subsidiaries shall be no lower than 6% of each individual employees' monthly salaries. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Subsidiaries located in the People's Republic of China will contribute to the social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension expenses under the defined contribution plan of the year ended 2022 and 2021 were $10,634 and $8,926.

(10)Equities

A. Common stock

The Company's authorized and issued capital was NT$800,000 for the years ended 31 December 2022 , respectively, the paid-in capital of NT $602,881, and divided into 60,288,089 shares with par value of $10 (in dollar) each. Each share has one right to vote and receive dividends.

As at December 31, 2022, there was no change in the authorized and issued share capital of the Company.

B. Capital surplus

	As at	
	31 December 2022	31 December 2021
Premium from common stock issuance	$788,696	$933,387
Treasury Stock transaction	180	180
Changes in the net value of related companies and joint venture equity using the equity method	2,213	2,213
Employee stock option	26,848	26,848
Other	280	280
Total	$818,217	$962,908

According to the Company Act, the capital reserve shall not be used except when offsetting the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Treasury Stocks

The Company implemented a treasury stock system and repurchased the Company's shares from the centralized securities market, and the changes in the number of shares repurchased by reason of repurchase are as follows：

For the years ended 31 December , 2022

None.

For the years ended 31 December , 2021

Reason for buying back	Balance as of 1 January	Increased	Decreased	Cancelled	Balance as of 31 December
Transfers to employees	91,000 shares	- shares	(91,000) shares	- shares	- shares

On March 16, 2018, the Company's Board of Directors resolved to repurchase the Company's shares for the period from March 19, 2018, to May 18, 2018; the repurchase price range is $90 to $140.

On May 5, 2021, the Board of Directors resolved to transfer 91,000 shares of treasury stock to employees and established May 27, 2021, as the base date for employee stock options. The Company used the Black-Scholes option valuation model to estimate the fair value of the employee stock options and recognized the compensation cost on the date of grant. The 91,000 employee stock options were fully exercised on June 11, 2021, at a transfer price of $108.96, and the compensation cost was recognized as capital surplus - treasury stock transaction of $180 thousand on the date the stock was delivered to employees.

D. Retained earnings and dividend policy

The company's Articles of Association deducted accumulated losses based on profits and losses of the current year (i.e., deducted distributed employees of before tax benefit and the benefit before director's compensation), allocate 3.5%~7% as employee compensation if still have balance, with no more than 1.7% as director's compensation. The distribution of employee's and director's compensation must be approved by more than two-third of the board of directors attended and agreed by more than half of them, and report to the shareholders meeting. The party who received the distribution of stocks and cash should meet a certain condition of control or being subordinate employees.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

According to the amendment to the Company Act on 20 May 2015, the company is required to distribute employee compensation based on the profitability of the current year. The company held the shareholders meeting to revise the Company's Articles of Incorporation as of 23 June 2020, to revise the Company's Articles of Incorporation. In accordance with the revised articles, if there is a surplus in the current year, if any, shall be distributed in the following order: payment of all taxes and dues; offset prior years' operation losses; set aside 10% of the remaining amount. However, When the accumulated legal reserve reaches the capital stock, there is no longer a requirement to set aside or reverse special reserve in accordance with relevant rules and regulations. Additionally, special reserve allocation should be made according to laws and regulations. If there is any surplus remaining, it is considered as undistributed earnings for the year. The remaining balance, combined with the accumulated undistributed earnings from previous years, is considered as distributable earnings for the shareholders. If distribution is done through the issuance of new shares, it requires approval at a shareholders' meeting after a proposal is made.

The company's dividend policy will based on the forecasted investment expense in the future and fund demand, to allocate 20% of balance from distributable surplus in the current year as dividend distribution, in the form of stock dividend and cash dividend to allocate to shareholders; of which the ratio of cash dividend not lower than 30% of the total dividends of shareholders. However, category and ratio of the distribution surplus should adjust through the shareholders meeting based on the actual gain and fund condition at that year, after the board of directors formulates the method of surplus distribution , the distribution decision made by the shareholders meeting.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Jin-Guan-Zheng-Fa-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the special reserve in the amount equal to the reversal may be released for earnings distribution.

The Company has not adopted the special reserve requirement for the first time, so this letter order has no impact on the Company.

C. Details of the 2022 and 2021 earnings distribution and dividends per share as approved and resolved by the board of shareholders' meeting on 30 June 2022 and 5 July 2021, respectively, are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Appropriation of earnings		Dividend per share (NTD)	
	2021	2020	2021	2020
Legal Reserve	$54,276	$37,512		
Special reserve	11,218	(11,685)		
Common stock - cash dividends	180,864	120,394	$3.0	$2.0

On May 5, 2022 and May 5,2021,, the Board of Directors resolved to distribute cash in the amount of $144,691 thousand ($2.40 per share) and NT$105,345 thousand ($1.75 per share) from capital surplus.

The aforementioned cash dividend adjustment of $1.99698116 per share and capital reserve cash payment adjustment of $1.74735852 per share for 2020 is due to the increase in the number of outstanding common shares as a result of the transfer of treasury shares to employees.

The company will hold details of the 2022 earnings distribution by the board of directors' meeting.

D. For information about the earnings distribution plan, please visit the Market Observation Post System of the Taiwan Stock Exchange.

E. Please refer to Note 6(14) for information on the basis of estimating and recognizing employee compensation and directors' compensation.

E. Non-controlling interests

	For the years ended 31 December	
	2022	2021
Balance as of 1 January	$21,874	$39,006
Net loss for the period attributable to noncontrolling interests	(8,793)	(12,783)
Other comprehensive income or loss attributable to non-controlling interests		-
Exchange differences on translation of financial statements of foreign operating companies	1,216	(4,349)
Balance as of 31 December	$14,297	$21,874

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11)Operating Revenue

	For the years ended 31 December	
Revenue from contracts with customers	2022	2021
Net sales	$3,350,323	$3,232,810

Analysis of revenue from contracts with customers during the years ended on 31 December 2022 and 2021 are as follows:

A. Disaggregation of revenue

For the year ended 31 December 2022

	Taiwan	China	Other	Total
Sale of goods	$1,797,231	$1,552,420	$672	$3,350,323

For the year ended 31 December 2021

	Taiwan	China	Other	Total
Sale of goods	$1,722,090	$1,509,163	$1,557	$3,232,810

The Group recognizes revenues when control of the products is transferred to the customers, therefore the performance obligation is satisfied at a point in time.

B. Contract balances

Contract liabilities - current

	As at		
	31 December 2022	31 December 2021	1 January 2021
Sales of goods	$941	$265	$1,036

The significant changes in the Group's balances of contract liabilities during the years ended 31 December 2022 and 2021 are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended 31 December	
	2022	2021
The opening balance transferred to revenue	$(265)	$(1,036)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	941	265
Changes during the period	$676	$(771)

C. Transaction price allocated to unsatisfied performance obligations

None.

D. Assets recognized from costs to fulfil a contract

None.

(12)Expected credit losses / (gains)

	For the years ended 31 December	
	2022	2021
Operating expenses – Expected credit losses (gains)		
Trade receivables	$1,764	$(1,047)

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of 31 December 2021 and 2020 is as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

31 December 2022

	Not yet due	Overdue					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$633,650	$45,070	$2,029	$253	$-	$8,654	$ 689,656
Loss ratio	-%	-%	-%	-%	-%	50-100%	
Lifetime expected credit losses	-	-	-	-	-	(8,654)	(8,654)
Carrying amount	$633,650	$45,070	$2,029	$253	$-	$-	$ 681,002

31 December 2021

	Not yet due	Overdue					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=12d1 days	Total
Gross carrying amount	$507,520	$56,830	$3,479	$-	$12	$9,243	$577,084
Loss ratio	-%	-%	-%	-%	-%	50-100%	
Lifetime expected credit losses	-	-	-	-	-	(8,423)	(8,423)
Carrying amount	$507,520	$56,830	$3,479	$-	$12	$820	$568,661

Note: The Group’s note receivables are not overdue.

The movement in the provision for impairment of note receivables and trade receivables for the years ended 31 December 2022 and 2021 is as follows:

	Trade receivables
Beginning balance on 1 January 2022	$8,423
Reversal for the current period	1,764
Exchange Rate Difference	(1,533)
Ending balance on 31 December 2022	$8,654
Beginning balance on 1 January 2021	$9,678
Reversal for the current period	(1,047)
Exchange Rate Difference	(208)
Ending balance on 31 December 2021	$8,423

(13)Lease

A. Group as a lessee

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group leases various properties, including real estate such as land and buildings, transportation equipment and office equipment. The lease terms range from 1 to 8 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

(A) Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	As at	
	31 December 2022	31 December 2021
Land	$7,185	$10,088
Land Improvements	360	-
Buildings	71,835	107,366
Transportation equipment	10,408	6,111
Office equipment	148	38
Total	$89,936	$123,603

b. Lease liabilities

	As at	
	31 December 2022	31 December 2021
Lease liabilities		
Current	$48,028	$44,707
Non-current	44,492	84,076
Total	$92,520	$128,783

Please refer to Note 6 (15) (c) for the interest on lease liabilities recognized during the years ended 31 December 2022 and 2021 and refer to Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(B) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2022	2021
Land	$2,902	$2,902
Land Improvements	31	20
Buildings	45,882	42,285
Transportation equipment	3,697	2,616
Office equipment	49	54
Total	$52,561	$47,877

(C) Income and costs relating to lessee and leasing activities

	For the years ended 31 December	
	2022	2021
The expenses relating to short-term leases	$781	$1,032

(D) Cash outflow relating to lessee and leasing activities

During the year ended 31 December 2022 and 2021, the Group’s total cash outflows for leases amounted to $55,256 and $55,189, respectively.

B. Group as a lessor

The Group enters into lease contracts for machinery and equipment contracts that are classified as finance leases due to the transfer of substantially all the risks and rewards of ownership of the subsidiary's subject assets. ◦

The Group has entered finance lease contracts and the undiscounted lease payments and total amounts to be received as of 31 December 2022 and 2021 are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As at	
	31 December 2022	31 December 2021
< 1 year	$ 3,101	$1,599
1 ~ 2 years	5,902	4,391
2 ~ 3 years	5,902	4,391
3 ~ 4 years	5,902	4,391
4 ~ 5 years	4,745	4,391
> 5 years	3,030	4,309
Undiscounted lease payments	28,582	23,472
Less: Unearned finance income from finance leases	(1,721)	(1,541)
Net investment in leases (finance lease receivables)	$ 26,861	$21,931
Current	$ 2,758	$1,140
Non-Current	$ 24,103	$20,791

(14) Summary of employee benefits, depreciation and amortization expense incurred in fiscal 2022 and 2021, by function, is as follows:

Function / Nature	For the years ended 31 December					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$511,919	$269,882	$781,801	$512,115	$263,256	$775,371
Labor and health insurance	42,387	21,143	63,530	50,776	22,663	73,439
Pension	4,643	5,991	10,634	3,443	5,483	8,926
Others	20,281	17,743	38,024	23,119	19,265	42,384
Depreciation	262,513	52,105	314,618	236,592	48,628	285,220
Amortization	527	5,045	5,572	139	4,550	4,689

The number of employees in the Group were 1,602 and 1,783 as at 31 December 2022 and 2021, respectively.

According to the Articles of Incorporation, 3.5%~7% of profit of the current year is distributable as employees' compensation and no higher than 1.7% of profit of the current year is distributable as remuneration to directors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the year ended 2022 and 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors in 2022 to be 3.5% to 7% and no more than 1.7% recognized as employee and director benefits expenses. The estimate basis is distribute based on the current year's profit, the previous mentioned amount is accounted under salary expense. If the resolution of board of directors distribute employee compensation by stocks, then use the closing price on previous day as the calculation basis of distributing the number of shares, the profit and loss is recognized in the next year if a difference exist between the estimation number and the actual distribution amount by the resolution of board of directors.

The details of employees' compensation and remuneration to directors for the years ended 31 December 2022 and 2021 are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended 31 December	
	2022	2021
Employees' compensation	$27,592	$23,137
Remuneration to directors	12,727	11,030

A resolution was passed at a board of directors meeting held on 9 March 2023 to distribute $27,592 and $12,727 in cash as the employees' compensation and remuneration to directors of 2022, respectively. No material differences existed between the estimated amount and the amount determined at the board meeting for the employees' compensation and remuneration to directors for the year ended 31 December 2021.

No material differences existed between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors for the year ended 31 December 2020.

(15)Non-operating income and expenses

A. Other income

	For the years ended 31 December	
	2022	2021
Interest income		
Current financial assets at fair value through profit or loss	$2,090	$6,025
Amortized cost of a financial asset	10,894	6,442
Grant revenue	24,965	22,489
Other revenue-rent discount	152	-
Other revenue-other	11,341	13,501
Total	$49,442	$48,457

B. Other gains and losses

	For the years ended 31 December	
	2022	2021
Foreign exchange losses, net	$185,499	$(31,963)
Net losses on financial assets at fair value through profit or loss	2,517	(6,553)
Gains on disposal of property, plant and equipment	3,982	2,963
Other expense	(4,015)	(912)
Total	$187,983	$(36,465)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Financial costs

	For the years ended 31 December	
	2022	2021
Interest on loans from bank	$(2,765)	$(2,910)
Interest on lease liabilities	(4,653)	(6,561)
Total	$(7,418)	$(9,471)

(16)Components of other comprehensive income

A. For the year ended 31 December 2022

	Arising during the period	Reclassification adjustment during the period	Other comprehensive income, net of tax	Income tax effect	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	$26,899	$-	$26,899	$(5,136)	$21,763

B. For the year ended 31 December 2021

	Arising during the period	Reclassification adjustment during the period	Other comprehensive income, net of tax	Income tax effect	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	$(18,371)	$-	$(18,371)	$2,804	(15,567)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(17) Income tax

According to the amendments to industrial innovation regulations published on 24 July 2019, the undistributed surplus that used to construct, purchase certain assets, or techniques as of 2018 is recognized as calculation of deductions from distribution surplus.

According to The Management, Utilization, and Taxation of Repatriated Offshore Funds Act outlined on 24 July 2019, those who applied for new profit-seeking enterprises and repatriate deposit fund that within the approval term between 15 August 2019 and 14 August 2020, the applied tax rate decrease from 20% to 8%. The transfer fund shall deposit into the foreign exchange special account and deduct taxes when the accepted bank deposit funds into a special account. The Group repatriated USD 9,080 thousand through the approval of competent authority as of July and August in 2021 and deducted 21,307 thousand of taxes.

(1) The major components of income tax expense are as follows:

A. Income tax recorded in profit or loss

	For the years ended 31 December	
	2022	2021
Current income tax expense:		
Current income tax payable	$229,214	$125,115
Adjustments in respect of current income tax of prior periods	(6,400)	(12,916)
Corporate income surtax on undistributed retained earnings	14,820	11,445
Deferred income tax (benefit) expense:		
Deferred income tax expense related to origination and reversal of temporary differences	(76,388)	(1,765)
Others	14	(137)
Income tax expense recognized in profit or loss	$161,260	$121,742

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2022	2021
Deferred income tax (benefit) expense:		
Exchange differences on translation of foreign operations	$5,136	$(2,804)
Income tax relating to components of other comprehensive income	$5,136	$(2,804)

(2) A reconciliation between tax expense and the product of accounting profit multiplied by the Group's applicable tax rate is as follows:

	For the years ended 31 December	
	2022	2021
Accounting profit before tax from continuing operations	$774,813	$651,720
The amount of tax at each statutory income tax rate	$232,009	$192,466
Tax effect of revenue exempt from taxation	(65,130)	(54,360)
Tax effect of expenses non-deductible for tax purposes	509	99
Corporate income surtax on undistributed retained earnings	14,820	11,445
Adjustments in respect of current income tax of prior periods	(6,400)	(12,916)
Income tax impact adjusted according to other tax laws	(14,548)	(14,992)
Total income tax expenses recorded in profit or loss	$161,260	$121,742

Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. established the productive international investment business enterprise in Mainland China, the applicable tax rate is 25%. Due to the High-tech Enterprise Certificate acquired by Zhejiang Yu-Zuan Precision Components Co., Ltd., the company enjoyed 10% of tax incentives on income tax as of December 2020 and applied the tax rate of 15%.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Significant components of deferred income tax assets and liabilities are as follows:

(A) For the year ended 31 December 2022

Items	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary difference				
Unrealized intercompany transactions	$8,625	$(1,628)	$-	$6,997
Unrealized foreign currency exchange gain or loss	5,056	(6,784)	-	(1,728)
Loss allowance overdue	548	18	-	566
Unrealized gain on foreign investments	(169,377)	83,591	-	(85,786)
Provision for allowance to reduce inventories to market value	6,367	1,544	-	7,911
Exchange differences on translation of foreign operations	34,689	-	(5,136)	29,553
Gain or Loss on valuation of financial asset	353	(353)	-	-
Unrealized loss	9	-	-	9
Deferred tax income/(expense)		$76,388	$(5,136)	
Net deferred tax assets/ (liabilities)	$(113,730)			$(42,478)
Reflected in balance sheet as follows:				
Deferred income tax assets	$16,345			$15,492
Deferred income tax liabilities	$(130,075)			$(57,970)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(B) For the year ended 31 December 2021

Items	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary difference				
Unrealized intercompany transactions	$10,409	$(1,784)	$-	$8,625
Unrealized foreign currency exchange gain or loss	1,751	3,305	-	5,056
Loss allowance overdue	631	(83)	-	548
Unrealized gain on foreign investments	(169,377)	-	-	(169,377)
Provision for allowance to reduce inventories to market value	4,476	1,891	-	6,367
Exchange differences on translation of foreign operations	31,885	-	2,804	34,689
Gain or Loss on valuation of financial asset	(702)	1,055	-	353
Unrealized loss	2,628	(2,619)	-	9
Deferred tax income/(expense)		$1,765	$2,804	
Net deferred tax assets/ (liabilities)	$(118,299)			$(113,730)
Reflected in balance sheet as follows:				
Deferred income tax assets	$51,780			$16,345
Deferred income tax liabilities	$170,079			$(130,075)

D. The assessment of income tax returns

	The assessment of income tax returns
TURVO INTERNATIONL CO., LTD	Assessed and approved up to 2020
Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	Declared and approved up to 2021
Zhejiang Yu-Zuan Precision Component Co., Ltd.	Declared and approved up to 2021

(18) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

A. Basic earnings per share

	For the years ended 31 December	
	2022	2021
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	$622,346	$542,761
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	60,288	60,248
Basic earnings per share (NTD)	$10.32	$9.01

B. Diluted earnings per share

	For the years ended 31 December	
	2022	2021
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	$622,346	$542,761
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	60,288	60,248
Effect of dilution:		
Employees' compensation – stock (in thousands)	273	223
Weighted average number of ordinary shares outstanding after dilution (in thousands)	60,561	60,471
Diluted earnings per share (NTD)	$10.28	$8.98

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. RELATED PARTY TRANSACTIONS

(1) Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Zeng Hsing Industrial CO., Ltd. (Zeng Hsing Industrial)	Parant company of the Group
GOODWAY Machine CORP. (GOODWAY)	The Chairman of the Group is the board of director of the Company
AWEA Electromechanical Co., Ltd. (AWEA)	Related party of the Group
ALLRICH CNC, LTD (ALLRICH)	Related party of the Group
Hongli Investment Co., Ltd. (Hongli Investment)	Related party of the Group
Hongju Investment Co., Ltd. (Hongju Investment)	Related party of the Group
Taiwan Central Science Park Industry-Academia-Training Association	The Chairman of the Association is the board of director of the Company

(2) Key management personnel compensation

	For the years ended 31 December	
	2022	2021
Short-term employee benefits	$53,122	$42,119
Post-employment Benefits	1,146	1,102
Total	$54,268	$43,221

The key management of the Group comprises the chairman, directors, independent directors, and general manager.

A. Acquisition of property, plant, and equipment

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended 31 December	
	2022	2021
AWEA	$-	$39,610
GOODWAY	3,592	18,703
ALLRICH	-	472
TOTAL	$3,592	$58,785

B. Payable on machinery and equipment

	For the years ended 31 December	
	2022	2021
GOODWAY	$-	$8,778

C. Notes payable

	For the years ended 31 December	
	2022	2021
GOODWAY	$4,968	$-

8. ASSETS PLEDGED AS COLLATERAL

The following table lists assets of the Group pledged as security:

	Carrying amount		
Items	31 December 2022	31 December 2021	Secured liabilities
Financial assets measured at amortized cost, current	$1,024	$1,016	Performance guarantee mechanism
Property, Plant and Equipment- building	118,587	124,091	Bank loan
Property, Plant and Equipment- equipment	229,682	182,475	Bank loan
Property, Plant and Equipment- other	10,158	11,545	Bank loan

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The promissory note amount of unrecovered canalled license due to the borrowing cost of contract approval as of the year ended 2022 and 2021 are $2,313,099 and $1,895,829.

(2) The important contracts of construction in progress

A. As at 31 December 2022

Contracting parties	Subject matter	Project	Total contract amount	Contract amount paid as of 31 December 2022
LIMING CONSTRUCTION CO., LTD.	Operating construction	Plant	$586,552	$386,998
DAH YEA ELECTRICAL ENGINEERING CO., LTD.	Electrical construction	Plant	171,429	14,904
Total			$757,981	$401,902

The above construction payment is based on construction progress. ◦

B. As at 31 December 2021

Contracting parties	Subject matter	Project	Total contract amount	Contract amount paid as of 31 December 2021
LIMING CONSTRUCTION CO., LTD.	Operating construction	Plant	$586,552	$149,444
DAH YEA ELECTRICAL ENGINEERING CO., LTD.	Electrical construction	Plant	171,429	-
Total			$757,981	$149,444

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial Assets	As at	
	31 December 2022	31 December 2021
Financial assets at fair value through profit or loss:		
Designated at fair value through profit or loss at initial recognition	$-	$57
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand)	1,051,510	1,392,045
Financial assets measured at amortized cost	160,748	234,791
Notes receivable	3,186	3,097
Accounts receivable	677,816	565,564
Other receivables	3,494	14,449

Financial Liabilities	As at	
	31 December 2022	31 December 2021
Current financial liabilities at fair value through profit or loss：		
Designated at fair value through profit or loss at initial recognition	$-	$1,820
Financial liabilities at amortized cost:		
Short-term loans	-	433,692
Notes and accounts payables	338,568	318,142
Other payables	303,447	271,529
Lease liability	92,520	128,783
Lease liability (including long-term loans due within one year)	526,359	377,399

(2) Financial risk management objectives and policies

The Group's risk management objective is to manage the market risk, credit risk, and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on policy and risk appetite.

The Group has established appropriate policies, procedures, and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

The market risk of the Group is the risk that the financial instruments will be subject to fluctuations in fair value or cash flows due to changes in market prices. Market risks mainly include exchange rate risk, interest rate risk, and other price risks (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

<u>Foreign currency risk</u>

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore, natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB. The information of the sensitivity analysis is as follows:

A. When NTD appreciates/depreciates against USD by 1%, the profit for the years ended 31 December 2022 and 2021 is decreased by $(4,050) and $(15,278), respectively; and no impact on the equity.

B. When NTD appreciates/depreciates against RMB by 1%, the profit for the years ended 31 December 2022 and 2021 is increased by $(4,224) and $(3,394), respectively; and no impact on the equity.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to Group's bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on the borrowings with variable interest rates as of the end of the reporting period. At the reporting date, a change of 10 basis points of interest rate in a reporting period will result in an increase/decrease of $526 and $811 for the years ended 31 December 2022 and 2021, respectively.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade and note receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures, and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition, and the Group's internal rating criteria, etc. Certain counterparties' credit risk will also be decreased by taking credit enhancement procedures, such as requesting for prepayment.

As of 31 December 2022, and 2021, amounts receivables from top ten customers represented 76% and 71% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies, and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, and convertible bonds. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial liabilities	< 1 year	2 ~ 3 years	4 ~ 5 years	> 5 years	Total
As at 31 December 2022					
Short-term loans	$-	$-	$-	$-	$-
Notes and accounts payable	338,568	-	-	-	338,568
Lease liability	59,043	41,831	3,880	-	104,754
Long-term loans (within 1 year maturity)	128,921	182,512	154,106	62,222	527,761
As at 31 December 2021					
Short-term loans	$434,362	$-	$-	$-	$434,362
Notes and accounts payable	318,142	-	-	-	318,142
Lease liability	49,207	76,900	10,571	-	136,678
Long-term loans (within 1 year maturity)	59,993	162,664	87,429	68,430	378,516

Note：(I) Including the cash flow of short-term leasing and the assets with low value bid.

(II) The following table provides further information about the expiry of lease liability:

	Maturity			
	< 1 year	1 ~ 5 year	6 ~ 10 year	Total
Lease liability	$59,043	$45,711	$-	$104,754

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term loans	Long-term loans (Long-term loans due within one year)	Lease liability	Total liabilities from financing activities
As at 1 January 2022	$433,692	$377,399	$128,783	$939,874
Cash flow	(433,692)	148,960	(55,256)	(339,988)
Non-cash changes	-	-	17,068	17,068
Foreign exchange differences	-	-	1,925	1,925
As at 31 December 2022	$-	$526,359	$92,520	$618,879

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term loans	Long-term loans (Long-term loans due within one year)	Lease liability	Total liabilities from financing activities
As at 1 January 2021	$407,051	$57,107	$167,915	$632,073
Cash flow	26,641	320,292	(55,189)	291,744
Non-cash changes	-	-	17,075	17,075
Foreign exchange differences	-	-	(1,018)	(1,018)
As at 31 December 2021	$433,692	$377,399	$128,783	$939,874

(7) Fair value of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

(A) The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(B) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds, and futures, etc.) at the reporting date.

(C) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(D) Fair value of debt instruments without market quotations, bank loans, bonds payable, and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(E) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12 for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The Group's derivative financial instruments include a foreign exchange swap and a cross currency swap. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of 31 December 2022 and 2021 is as follows:

Foreign Exchange Swap and Cross Currency Swap

The Group entered a foreign exchange swap and a cross currency swap to manage its exposure to financial risk, but these contracts are not designated as hedging instruments.

The table below lists the information related to these contracts:

Date	Contact	Contract amount	Maturity
2022.12.31	None		
2021.12.31	Foreign Exchange Swap	USD4,700(in thousands)	2021/11/30-2022/03/31
		USD1,100(in thousands)	2021/11/30-2022/04/29
		USD1,700(in thousands)	2021/11/30-2022/04/29
		USD5,000(in thousands)	2021/12/10-2022/03/10
		RMB37,000(in thousands)	2021/10/29-2022/01/28
		RMB6,000(in thousands)	2021/11/10-2022/02/10
		RMB9,800(in thousands)	2021/12/10-2022/03/10

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group’s assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring or recurring basis.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Unit: Thousands

	As at					
	31 December 2022			31 December 2021		
	Foreign Currency	Exchange rate	NTD	Foreign Currency	Exchange rate	NTD
Financial assets						
Monetary item:						
USD	$13,807	30.7080	$423,985	$55,177	27.69	$1,527,851
CNY	138,057	4.4092	608,721	118,256	4.3431	513,598
EUR	4,151	32.7086	135,773	1,936	31.3382	60,671
Financial liabilities						
Monetary item:						
CNY	$42,266	4.4092	$186,359	$40,132	4.3431	$174,297
EUR	1,797	32.7086	58,777	1,577	31.3382	49,420

Due to the large number of functional currencies used in the Group, it’s impossible to disclose foreign exchange gains and losses on the basis of each monetary item which has significant impact. The Group recognized $185,499 and $(31,963) for foreign exchange loss for the years ended 31 December 2022 and 2021, respectively.

(11) Capital management

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Group manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

13. ADDITIONAL DISCLOSURES

A. Information on significant transactions

(A) Financing provided:

No.	Lending company	Loaning object	Transaction subject	Related parties	Highest amount of the period	Ending balance (approved by the shareholders meeting)	Actual payout amount at the end period	Rate	Loaning nature (Note 3)	Business transaction amount	Reasons for short-term financing fund	Allowance for doubtful debts	Securities Name	Securities Value	Financing loan limit for individual party (Note 1)	Total limit of financing loan (Note 2)
0	TURVO INTERNATIONAL Co., LTD	TIPO INTERNATIONAL CO., LTD	Other receivables due from related parties	Yes	$177,910	$120,060	$-	NA	2	$-	Operating cycle	$-	-	$-	$343,371	$1,373,485
0	TURVO INTERNATIONAL Co., LTD	T&M Joint (Cayman) Holding Co., LTD	Other receivables due from related parties	Yes	$5,179	$3,732	$1,639	NA	2	$-	Operating cycle	$-	-	$-	$343,371	$1,373,485
0	TURVO INTERNATIONAL Co., LTD	Matec Southeast Asia (Thailand) Co., LTD	Other receivables due from related parties	Yes	$135,609	$79,041	$47,330	2%~ 3%	2	$-	Operating cycle	$-	-	$-	$343,371	$1,373,485
0	TURVO INTERNATIONAL Co., LTD	Matec Southeast Asia (Thailand) Co., LTD	Other receivables due from related parties	Yes	$8,527	$8,527	$-	4%	2	$-	Purchase of equipments and materials	$-	-	$-	$343,371	$1,373,485

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	Zhejiang Yu-Zuan Precision Component Co., Ltd.	Other receivables due from related parties	Yes	$130,066	$95,647	$-	4%	2	$-	Operating cycle	$-	-	$-	$1,182,551 (Note 4)	$1,182,551 (Note 4)

Note 1: 10% of net amount of the company's latest financial statement for the borrowed fund

Note 2: 40% of net amount of the company's latest financial statement for the borrowed fund

Note 3: The filling way of borrowed fund and nature is as follows:

(1) Have business transactions: 1

(2) Required for short-term financing: 2

Note 4: The company direct or indirect hold 100% of voting shares and engage in loan financing between foreign companies, or the company direct or indirect hold 100% of voting shares and engage in loan financing with the company, the financing amount is not limit to 40% net of the enterprise who borrowed loan but limit to 100% of the net amount of loanee and enterprise.

(B) Endorsement/guarantee provided: None.

(C) Securities held at the end of the period (excluding investment subsidiaries, affiliates and joint venture controlling interests): None.

(D) Marketable securities acquired or disposed of that cost or amounted to at least $300 million or above 20% of the paid-in capital: None.

(E) Acquisition of individual real estate that cost at least $300 million or above 20% of the paid-in capital: None.

(F) Disposal of individual real estate at prices of at least $300 million or above 20% of the paid-in capital: None.

(G) Related party transactions for purchases and sales amounts exceeding the lower of $100 million or 20% of capital stock: refer to Note 13 (1) (J).

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(H) Receivables from related parties amounting to over $100 million or 20% of the paid-in capital: None

(I) Information about derivatives of investees over which the Group has a controlling interest: refer to Note 12 (7).

(J) Inter-company relationships and significant intercompany transactions:

No (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Transactions			
				Subjects	Amount	Transaction terms	Accounted for 3% total consolidate revenue or total asset (Note 3)
0	TURVO INTERNATIONAL Co., LTD	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	(1)	Purchase of goods	$514,249 (USD 17,915,737 EUR 1,345)	Regular trade	15.35%
0	TURVO INTERNATIONAL Co., LTD	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	(1)	Other payables	$143,218 (USD 4,663,874)	Regular trade	2.87%
0	TURVO INTERNATIONAL Co., LTD	Zhejiang Yu-Zuan Precision Component Co., Ltd.	(1)	Purchase of goods	$146,086 (USD 14,003 RMB 33,375,673)	Regular trade	4.36%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Transactions			
				Subjects	Amount	Transaction terms	Accounted for 3% total consolidate revenue or total asset (Note 3)
0	TURVO INTERNATIONAL Co., LTD	Matec Southeast Asia (Thailand)	(2)	Other receivables	$60,032 (USD 283,851 THB 57,716,951)	Regular trade	1.20%
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Sales	$514,249 (USD 17,915,737 EUR 1,345)	Regular trade	15.35%
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(3)	Other receivables	$143,218 (USD 4,663,874)	Regular trade	2.87%
2	Zhejiang Yu-Zuan Precision Component Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Sales	$146,086 (USD 14,003 RMB 33,375,673)	Regular trade	4.36%
3	Matec Southeast Asia (Thailand)	TURVO INTERNATIONAL Co., LTD	(2)	Other payables	$60,032 USD 283,851 (THB 57,716,951)	Regular trade	1.20%

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: (1) represents the transactions from the parent company to a subsidiary.

(2) represents the transactions from a subsidiary to the parent company.

(3) represents the transactions from a subsidiary to a subsidiary

Note 3: The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability, the ratio is accounted as the ending balance to consolidated total assets; however, for income or loss accounts, the ratio is based on mid-term accumulated amount to consolidated income.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Information on investees

(A) Names, locations, and related information of investees on which the company exercises significant influence (excluding the investee in China):

Investor Company	Investee Company	Location	Main businesses and products	Original investment amount		Balance as at 31 December 2022			Net Income (Losses) of the Investee (Note 1)	Equity in Earnings (Losses) (Note 2)	Notes
				31 December 2022	31 December 2021	Shares	Percentage of Ownership	Carrying Value			
TURVO INTERNATIONAL Co., LTD	TIPO INTERNATIONAL CO., LTD.	Samoa	Purchase and sale	$946,313 (USD31,133,211)	$946,313 (USD31,133,211)	31,133,211 shares	100%	$2,167,667	$325,651	$324,023	Subsidiary
TURVO INTERNATIONAL Co., LTD	T&M Joint (Cayman) Holding Co., LTD.	Cayman Island	Financial investment	$61,760 (USD 2,045,753)	$61,760 (USD 2,045,753)	4,912,749 shares	100%	$7,941	$(13,678)	$(4,884)	Subsidiary
TIPO INTERNATIONAL CO., LTD.	Hong Kong Xin-Feng Co., Ltd	Hong Kong	Financial investment	$216,811 (USD7,133,211 HKD220,000)	$216,811 (USD7,133,211 HKD220,000)	-	100%	$975,220	$251,566	Cope with subsidiary	Second-tier subsdiary
T&M Joint (Cayman) Holding Co., LTD	Matec Southeast Asia (Thailand) Co., Ltd.	Thailand	Manufacturing	$204,635 (USD 6,606,203)	$204,635 (USD 6,606,203)	216,276 shares	99.99%	$24,062	$(13,270)	Cope with subsidiary	Second-tier subsdiary

Note1: The recognized investment gains and losses of investee companies in the current period include the investment gains and losses recognized by these companies for their reinvestment companies.

Note2: The investment gains and losses of investee companies recognized in the current period include the investment gains and losses of these companies arising from downstream transactions.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specif

C. Information on investment in Mainland China

(A) The name of the investee in Mainland China, the main businesses and products, its issued capital, on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, e dividends from the investee, and the limitation on investee:

Investee Company	Main Businesses and Products	Total Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2021	Percentage of Ownership
					Outflow	Inflow		
Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	Manufacturing and trading	HKD 58,385,000 (Note 1)	Indirect investments through Turvo (BVI)	$230,289 (USD7,120,536)	$-	$-	$230,289 (USD7,120,536)	100%
Zhejiang Yu-Zuan Precision Component Co., Ltd.	Manufacturing and trading	USD 23,000,000	Indirect investments through Turvo (BVI)	$686,956 (USD23,000,000)	$-	$-	$686,956 (USD23,000,000)	100%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accumulated investment in Mainland China as of 31 December 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$917,245 (USD30,120,536)	$917,245 (USD30,120,536)	$2,060,227 (note 2)

Note1：Part of the voting right acquired through the equity transfer

Note2：Based on the regulations from Ministry of Economic Affairs Investment Review Committee, the proportion limit of investment in Mainland China is 60% of the net amount.

Note3：The recognized profit and loss under investment should base on the financial statement that audited by accountants.

(B) As at 31 December 2022, for information on significant transactions and prices, payments, etc. between the parent company and subsidiaries, please refer to Note 13(1) (J). The unrealized profit amount generated due to the previous significant transaction items accounted for $13,295 thousand.

D. Information of major shareholders

For the year ended 31 December 2022

Shares / Major shareholders	Number of holding shares	Proportion of holding shares
Zeng Hsing Industrial CO., Ltd.	14,030,000	23.27%
GOODWAY Machine CORP.	10,528,064	17.46%

Note: The main shareholder information in the table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The information included the total number of ordinary shares held by the shareholders, which have completed the delivery and registration of dematerialized shares that reached 5%. The share capital stated in the Company's financial report and the number of dematerialized shares actually delivered and registered by the Company may differ because the calculation bases were different.

14. OPERATING SEGMENT INFORMATION

A. For management purposes, the Group is organized into business units based on operating strategies and has two reportable segments as follows:

Taiwan segment produces, manufacture, and trading precision metal processing including automobile, industrial application, and household application, etc.

China segment produces, manufacture, and trading precision metal processing, including computer, medical equipment, optical, precision metal hardware, etc.

Other segment is responsible for transpose during departments.
No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements.
Transfer listed price between operating department is based on the executed function and affordable risks as the basis of consideration.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. The reportable segments' profit and loss, information are listed as follows:

(A) For the year ended 31 December 2022

	Taiwan	China	Other	Adjustments and eliminations (Note 1)	Total of the Group
Revenue					
External customers	$1,797,231	$1,552,420	$672	$-	$3,350,323
Inter-segment	8,918	679,431	10,936	(699,285)	-
Interest revenue	7,277	6,771	399	(1,463)	12,984
Total revenue	1,813,426	2,238,622	12,007	(700,748)	3,363,307
Interest expense	2,974	5,066	841	(1,463)	7,418
Depreciation and amortization	88,817	222,432	8,941	-	320,190
Investment income	319,139	-	538,499	(857,638)	-
Segment profit	$708,415	$373,939	$550,097	$(857,638)	$774,813
Assets					
Investment using the equity method	$2,175,608	$-	$3,153,355	$(5,328,963)	$-
Capital expenditures of non-current assets	79,241	88,197	8,541	-	175,979
Operating segment Assets	$4,668,201	$2,579,908	$3,322,063	$(5,587,291)	$4,982,881
Operating segment liabilities	$1,234,489	$425,835	$111,885	$(237,337)	$1,534,872

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(B) For the year ended 31 December 2021

	Taiwan	China	Other	Adjustments and eliminations (Note 1)	Total of the Group
Revenue					
External customers	$1,722,090	$1,509,163	$1,557	$-	$3,232,810
Inter-segment	10,716	649,764	1,599	(662,079)	-
Interest revenue	11,557	5,533	34	(4,657)	12,467
Total revenue	1,744,363	2,164,460	3,190	(666,736)	3,245,277
Interest expense	3,091	10,084	953	(4,657)	9,471
Depreciation and amortization	64,864	215,964	9,081	-	289,909
Investment income	256,377	-	410,419	(666,796)	-
Segment profit	$614,798	$313,808	$389,910	$(666,796)	$651,720
Assets					
Investment using the equity method	$2,242,230	$-	$3,426,864	$(5,669,094)	$-
Capital expenditures of non-current assets	128,567	88,559	8,205	-	225,331
Operating segment Assets	$4,565,136	$2,761,280	3,535,923	(5,935,513)	$4,926,826
Operating segment liabilities	$1,448,762	$507,476	$72,884	$(240,544)	$1,788,578

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Geographic information

(A) Revenue from external customers:

	For the years ended 31 December	
Country	2022	2021
China	$1,552,431	$1,509,037
Taiwan	641,087	559,071
Germany	353,810	441,715
Turkey	199,147	99,497
Mexico	106,361	98,853
India	89,149	76,277
Hungary	84,324	65,382
USA	69,284	64,670
Korea	61,956	70,252
Romania	28,689	58,902
Other countries	164,085	189,154
Total	$3,350,323	$3,232,810

(B) Important customer information

	For the years ended 31 December			
	2022		2021	
Customers	Amount	%	Amount	%
Company A	$617,628	19	$555,818	17
Company B	375,863	11	505,542	16
Company C	243,619	7	194,888	6
Total	$1,237,110	37	$1,256,248	39