TURVO INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY 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 parent company only balance sheets of TURVO INTERNATIONAL CO., LTD. (the "Company") as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, the parent company only changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company only financial statements, including the summary of significant accounting policies.

In our opinion, based on our audits, the accompanying parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2022 and 2021, and the parent company only financial performance and the parent company only 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, 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company 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 the parent company only financial statements in 2022. These matters were addressed in the context of our audit of the parent company only 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 Company's accounts receivable and allowance for doubtful accounts amounted to NTD 278,296 thousand and NTD 2,769 thousand, respectively. Net accounts receivable represented 6% of the parent company only total assets and have significant impacts on the Company. 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.

Our audit 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 also considered the adequacy of the disclosures related to accounts receivable in Notes 5 and 6 to the parent company only financial statements.

Valuation for inventories (including investments accounted for under the equity method- inventory of subsidiaries)

As of December 31, 2022, inventories of the Company and the investees accounted for under the equity method that could have significant impacts on the financial statements 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 as 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 the inventory aging correctness of 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 parent company only financial statements.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 the parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing 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 parent company only 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.

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. 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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the parent company only financial statements, including the accompanying notes, and whether the Parent Company only 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 to express an opinion on the parent company only 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 parent company only 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.

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

Notice to Readers：
The accompanying parent company only 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying parent company only 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.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousand New Taiwan Dollars)

		As of	
Assets	Notes	31 December 2022	31 December 2021
Current Assets			
Cash and cash equivalents	4, 6(1)	$647,722	$912,491
Financial assets at fair value through profit or loss, current	4	-	57
Financial assets measured at amortized cost, current	4, 6(2), 8	160,748	234,791
Notes receivable		3,186	3,097
Accounts receivable, net	4, 6(3)	278,296	189,616
Other receivables		269	1,064
Accounts receivable-related parties, net	7	61,858	39,264
Current income tax assets	4, 6(18)	-	3,156
Inventories, net	4, 6(4)	237,600	156,751
Prepayment		39,441	19,306
Other current assets		5,174	1,181
Total current assets		1,434,294	1,560,774
Non-current assets			
Investments accounted for under the equity method	4, 6(5)	2,175,608	2,242,230
Property, plant and equipment	4, 6(6), 8	562,990	531,582
Right of use assets	4, 6(14)	26,395	20,613
Intangible assets	4	7,715	5,295
Deferred tax assets	4, 6(18)	4,743	4,778
Other non-current assets	4, 6(14)	456,456	199,864
Total non-current assets		3,233,907	3,004,362
Total assets		$4,668,201	$4,565,136

(The accompanying notes are an integral part of the parent company only financial statements)
(continued)

TURVO INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As of 31 December 2022	31 December 2021
Current liabilities			
Short-term loans	4, 6(7)	$ -	$433,692
Financial liabilities at fair value through profit or loss, current		-	1,820
Contract liabilities, current	4, 6(12)	941	265
Notes payable	4, 7	98,233	86,718
Accounts payable	4	43,305	40,180
Other payables	6(8)	146,907	121,089
Accounts payable-related parties	6(8), 7	163,343	126,450
Current tax liabilities	6(18)	158,062	97,269
Current lease liabilities	4, 6(14)	10,437	9,560
Other current liabilities		11,551	11,953
Long-term borrowings (including current portion with maturity less than 1 year)	4, 6(9)	128,454	59,635
Total current liabilities		761,233	988,631
Non-current liabilities			
Long-term loans	4, 6(9)	397,905	317,764
Deferred tax liabilities	4, 6(18)	57,969	130,075
Non-current lease liabilities	4, 6(14)	16,070	10,980
Other non-current liabilities		1,312	1,312
Total non-current liabilities		473,256	460,131
Total liabilities		1,234,489	1,448,762
Equity attributable to the parent company	6(11)		
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)
Treasury stock		-	-
Total equity		3,433,712	3,116,374
Total liabilities and equity		$4,668,201	$4,565,136

(The accompanying notes are an integral part of the parent company only financial statements)

TURVO INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY 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(12), 7	$1,806,149	$1,732,806
Cost of Sales	6(4), 6(10), 6(15), 7	(1,254,956)	(1,125,370)
Gross Profit		551,193	607,436
Unrealized intercompany profit		(13,295)	(23,819)
Realized intercompany profit		19,807	30,962
Gross Profit, net		557,705	614,579
Operating Expenses	6(10), 6(15)		
Selling and marketing		(24,743)	(20,075)
Management and administrative		(201,808)	(136,379)
Research and development		(88,154)	(85,589)
Expected credit (losses) gains	6(13)	(213)	777
Total Operating Expenses		(314,918)	(241,266)
Operating Income		242,787	373,313
Non-operating income and expenses			
Other income	6(16)	23,321	23,346
Other gain and loss	6(16)	126,142	(35,147)
Financial costs	4, 6(16)	(2,974)	(3,091)
Share of profit or loss of associates and joint ventures accounted for using equity method	4, 6(5)	319,139	256,377
Total non-operating income and expenses		465,628	241,485
Income from continuing operations before income tax		708,415	614,798
Income tax expense	4, 6(18)	(86,069)	(72,037)
Net income		622,346	542,761
Other comprehensive income (loss)	6(17)		
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		25,683	(14,022)
Income tax related to items that may be reclassified subsequently		(5,136)	2,804
Total other comprehensive income, net of tax		20,547	(11,218)
Total comprehensive income		$642,893	$531,543
Earnings per share	6(19)		
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 parent company only financial statements)

TURVO INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY 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 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
Appropriations of earnings, 2020									
Legal reserve				37,512		(37,512)			-
Special reserve					(11,685)	11,685			-
Cash dividends						(120,394)			(120,394)
Cash dividends distributed by additional paid-in capital			(105,345)						(105,345)
Net income for the year ended 31 December 2021						542,761			542,761
Other comprehensive income (loss), net of tax for the year ended							(11,218)		(11,218)
Total comprehensive income (loss)	6(17)					542,761	(11,218)		531,543
Share-based payment transactions recognized the compensation cost			180						180
Employee stock options subscribe treasury stock								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
Balance as of 1 January 2022		$602,881	$962,908	$328,260	$146,683	$1,233,543	$(157,901)	$ -	$3,116,374
Appropriations of earnings, 2021									
Legal reserve				54,276		(54,276)			-
Special reserve					11,218	(11,218)			-
Cash dividends						(180,864)			(180,864)
Cash dividends distributed by additional paid-in capital			(144,691)						(144,691)
Net income for the year ended 31 December 2022						622,346			622,346
Other comprehensive income (loss), net of tax for the years ended	6(17)						20,547		20,547
Total comprehensive income (loss)						622,346	20,547		642,893
Balance as of 31 December 2022		$602,881	$818,217	$382,536	$157,901	$1,609,531	$(137,354)	$ -	$3,433,712

(The accompanying notes are an integral part of the parent company only financial statements)

TURVO INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY 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	$708,415	$614,798
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	83,671	60,608
Amortization	5,146	4,256
Expected credit losses (gains)	213	(777)
Net (gain) loss of financial assets at fair value through profit or loss	(2,517)	6,553
Interest cost	2,974	3,091
Interest income	(7,277)	(11,557)
Share-based payment expense		180
Share of profit or loss of associates and joint ventures accounted for using equity method	(319,139)	(256,377)
Gain on disposal of property, plant and equipment	(2,320)	(863)
Realized intercompany (profit)	(6,512)	(7,142)
Inventory falling price losses	4,378	8,632
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	(87,275)	95,090
Decrease (increase) in other receivables	795	(907)
(Increase) decrease in accounts receivable-related parties	(22,594)	7,167
Increase in inventories, net	(85,901)	(24,142)
Increase in prepayments	(27,639)	(13,652)
(Increase) decrease in other current assets	(3,993)	1,586
Decrease in financial assets at fair value through profit or loss	-	(6,007)
Increase (decrease) in contract liabilities	676	(771)
Increase in notes payable	11,515	43,524
Increase (decrease) in accounts payable	30,175	(26,699)
Increase in other payables-related parties	36,893	18,207
Increase in other payables	22,971	11,002
(Decrease) increase in other current liabilities	(674)	7,955
Cash generated from operations	422,431	546,821
Income tax paid	(99,328)	(36,703)
Net cash provided by operating activities	323,103	510,118

(The accompanying notes are an integral part of the parent company only financial statements)

(Continued)

TURVO INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY 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
(Continued)		
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(79,241)	(128,567)
Proceeds from disposal of property, plant and equipment	10,102	2,097
Acquisition of intangible assets	(2,054)	(1,330)
Increase in other non-current assets	(317,090)	(260,692)
Interest receive	6,679	11,168
Dividends received	417,955	-
Net cash provided by (used in) investing activities	36,351	(377,324)
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	(10,957)	(7,519)
Cash dividends	(325,555)	(225,739)
Exercise of employee stock options	-	9,915
Interest paid	(2,979)	(3,166)
Net cash (used in) provided by financing activities	(624,223)	120,424
Net (decrease) increase in cash and cash equivalents	(264,769)	253,218
Cash and cash equivalents at beginning of period	912,491	659,273
Cash and cash equivalents at end of period	$647,722	$912,491

(The accompanying notes are an integral part of the parent company only financial statements)

TURVO INTERNATIONL CO., LTD.
Notes to Parent Company Only Financial Statements
For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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 financial statements of the Company 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

The Company 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 Company.

(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 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	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 included 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.

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

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

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 remaining standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by 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 Liabilities 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. As the Company is still currently determining the potential impact of the standards and interpretations, it is not practicable to estimate their impact on the Company at this point in time.

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 Company prepared Parent Company Only Financial Statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the Parent Company Only Financial Statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the Parent Company Only Financial Statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

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

(3) 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. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

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

C. 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.

(4) 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.

(5) Current and non-current distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle. ◦
(b) The Company holds the asset primarily for the purpose of trading.
(c) The Company expects to realize the asset within twelve months after the reporting period.
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to liquidate a liability for at least twelve months after the reporting period.

All other assets are classified as non-current:

A liability is classified as current when:
(a) The Company expects to liquidate the liability in its normal operating cycle.
(b) The Company holds the liability primarily for the purpose of trading.
(c) The liability is due to be liquidated within twelve months after the reporting period.
(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms 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.

(6) 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.

(7) Financial Instruments

Financial assets and financial liabilities are recognized when the Company 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.

Financial instruments: Recognition and Measurement

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

The Company 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 Company'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 receivable, trade receivable, 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 of a financial asset except for: purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition

(A) 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 Company 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 of a financial asset except for:

a. Purchased or originated credit-impaired financial assets. For those financial assets, the Company 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 Company 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 Company made an irrevocable election to present the changes of the fair value in other comprehensive income at the 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 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.

A. Impairment of financial assets

The Company 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 Company 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 Company 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 Company 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 Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company 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.

B. Derecognition of financial assets

A financial asset is derecognized when:

(A) The rights to receive cash flows from the asset have expired
(B) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(C) The Company 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.

C. Financial liabilities and equity

Classification between liabilities or equity

The Company 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.

When the bond holder of the transferred company required to exercise a transfer right before the bond mature at that company, carrying amount under the component of liability should first be adjusted to the certain carrying amount during the conversion, for the accounting basis of distributing common stocks.

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 near 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 Company of financial liabilities or financial assets and, financial liabilities are managed, and its performance is measured at fair value, in accordance with a documented risk management or investment strategy, and information about the Company 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, premium, and 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.

D. 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.

(8) Derivative instruments

The Company 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.

(9) 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 Company.

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 Company 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.

(10) 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:

Materials	─ Purchase cost under weighted average cost method.
Work in process and finished goods	─ 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 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.

(11) Investment accounted for using the equity method

The Company prepared Parent Company Only Financial Statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the Parent Company Only Financial Statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the Parent Company Only Financial Statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments. The adjustments took into consideration how the subsidiaries should be accounted for in accordance with IFRS 10 and the different extent to each reporting entity IFRS applies. The adjustments are made by debiting or crediting "Investments accounted for under the equity method", "share of profit or loss of associates and joint ventures accounted for under equity method", and "share of other comprehensive income of associates and joint ventures accounted for using the equity method".

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur were not those recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorate basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in 'Additional Paid in Capital' and 'Investment accounted for using the equity method'. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and the carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

(1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(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	5～15 years
Transportation equipment	5～10 years
Lease improvements	5～10 years
Other equipment	2～30 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.

Company as a lessee

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

At the commencement date, the Company 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 Company 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 Company 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 Company 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 Company 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 Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company 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 Company 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 Company accounted for as short-term leases or leases of low-value assets, the Company 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 Company 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.

Company as a lessor

At inception of a contract, the Company 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 Company 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 Company allocates the consideration in the contract applying IFRS 15.

The Company 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 annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 Company’s intangible assets is summarized as follows:

	Software	Trademarks	Patents	Others
Useful lives	2~10 years	10 years	9~10 years	Uncertain
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 Company 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 Company 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 group 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 Company 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 group 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 (Company of units), then to the other assets of the unit (Company of units) pro rata on the basis of the carrying amount of each asset in the unit (Company of units). Impairment losses relating to goodwill 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 in equity.

(17) Revenue recognition

The Company'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 Company 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 Company are precision metal components, and revenue is recognized based on the consideration stated in the contract.

The credit period of the Company's sale of goods is from 60 to 90 days. For most of the contracts, when the Company 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 Company usually collects the payments shortly after transfer of goods to customers; therefore, 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 Company's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

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 Company 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 Company'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 end of 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 Company 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 Company's parent company only 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 Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the parent company only financial statements:

The judgement of having control over a subsidiary when the Company does not have a majority of voting rights

The Company does not hold a majority of the voting rights in certain invested companies. However, after taking into consideration factors such as absolute size of the Company's holding, relative size of the other shareholdings, how widely spread are the remaining shareholders, 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. 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 Company 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 Company company’s domicile.

C. Accounts receivables – estimation of impairment loss

The Company 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

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. Measurement of lease liability and right-of-use asset

Based on the regulation of IFRS 16, the Company should measure lease liability and estimate right-of-use asset, including leasing duration and decide the implicit interest rate.

The Company determine leasing period as leasing cancellable period that cannot be canceled, include both of the following:

A. During the period of the leasing extension option, if the Company can reasonably assure to exercise the using rights; and

B. During the period of the leasing determination option, if the Company can reasonably assure to not exercise that using rights.

Lease liability is based on the given present value of lease implicate rate, that rate is not readily available, the Company using incremental borrowing rate as discount rate.

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

According to the assumption of measuring lease liability, please refer to the explanation in Note 3 and Note 6.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of	
	31 December 2022	31 December 2021
Cash on hand	$317	$333
Bank deposits	647,405	912,158
Total	$647,722	$912,491

(2) Financial assets measured at amortized cost

	As of	
	31 December 2022	31 December 2021
Restricted bank deposit	$160,748	$234,791

The restricted bank deposit is the account item of special account in the deposit bank, based on The Management, Utilization, and Taxation of Repatriated Offshore Funds Act as of the year ended 2022 and 2021. According to the act, the account is limited to the approved plan and cannot transfer to others.

(3) Accounts receivable, net

A.	As of	
	31 December 2022	31 December 2021
Accounts receivable – non-related parties	$278,307	$191,032
Lease payments receivables	3,354	1,599
Unearned finance income	(596)	(459)
Less: loss allowance	(2,769)	(2,556)
Accounts receivable, net	$278,296	$189,616

B. Trade receivables are generally on 60 ~ 90 day terms. The total carrying amount as of 31 December 2022 and 2021 were $281,065 and $192,172, respectively. Please refer to Note 6 (13) 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.

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

C. For the related information on finance lease liability payable of machinery and equipment signed by the Company, please refer to Note 6(14).

D. No accounts receivables were pledged.

(4) Inventories, net

A. Details as follows

	As of	
	31 December 2022	31 December 2021
Merchandise inventories	$1,198	$344
Raw materials	53,429	33,816
Supplies	8,578	10,330
Work in progress	68,499	75,707
Finished goods	105,896	36,554
Total	$237,600	$156,751

B. The Company cost of inventories recognized in cost of sales amounts to $ 1,254,956 for the year ended 31 December 2022, including the loss from market value decline, obsolete and slow-moving of inventories $ 4,378. The Company cost of inventories recognized in cost of sales amounts to $1,125,370 for the year ended 31 December 2021, including the loss from market value decline, obsolete and slow-moving of inventories $8,632.

C. No inventories were pledged.

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

(5) Investments accounted for using the equity method

The company express 'Investment accounted for using the equity method' of the parent company only financial statement under the investment of subsidiary, and make adjustments, if necessary, details are as follows:

	2022.12.31		2021.12.31	
Investees	Amount	% of ownership	Amount	% of ownership
TIPO INTERNATIONAL CO., LTD.	$2,167,667	100.00%	$2,230,080	100.00%
T&M Joint (Cayman) Holding Co., Ltd.	7,941	35.71%	12,150	35.71%
Total	$2,175,608		$2,242,230	

Details of exchange difference on proportion of profit and loss, foreign operating financial statement of subsidiaries, associates, and joint adventures with investment accounted for using the equity method as of the year ended 2022 and 2021, are as follows:

	2022.12.31		2021.12.31	
Investees	The proportion of profit and loss under subsidiary, associate, and joint adventure that accounted for using the equity method	Exchange difference in the conversion of financial statement of foreign operating institutions	The proportion of profit and loss under subsidiary, associate, and joint adventure that accounted for using the equity method	Exchange difference in the conversion of financial statement of foreign operating institutions
TIPO INTERNATIONAL CO., LTD.	$324,023	$25,008	$263,477	$(11,606)
T&M Joint (Cayman) Holding Co., Ltd.	(4,884)	675	(7,100)	(2,416)
Total	$319,139	$25,683	$256,377	$(14,022)

Details of dividend received as of the year ended 2022 and 2021 are as follows:

Investees	2022.12.31	2021.12.31
TIPO INTERNATIONAL CO., LTD.	$417,955	$-

No securities were pledged under the investment accounted for using equity method.

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

(6) Property, plant and equipment

	As of 31 December 2022	As of 31 December 2021
Owner occupied property, plant and equipment	$562,990	$531,582

A. Owner occupied property, plant and equipment

	Land	Buildings and Facilities	Machinery and equipment	Transportation equipment	Lease improvements	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of 1 January 2022	$5,850	$215,847	$510,449	$6,319	$9,301	$81,424	$11,662	$840,852
Additions	-	-	49,248	-	14	5,173	12,207	66,642
Disposals	-	(20)	(25,405)	-	-	(3,792)	-	(29,217)
Transfers	-	-	46,904	-	314	1,810	(3,952)	45,076
As of 31 December 2022	$5,850	$215,827	$581,196	$6,319	$9,629	$84,615	$19,917	$923,353
As of 1 January 2022	$-	$72,759	$192,080	$3,439	$1,097	$39,895	$-	$309,270
Depreciation	-	8,152	47,977	366	6,514	9,519	-	72,528
Disposals	-	(20)	(18,442)	-		(2,973)	-	(21,435)
As of 31 December 2022	$-	$80,891	$221,615	$3,805	$7,611	$46,441	$-	$360,363

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

Cost:								
As of 1 January 2021	$5,850	$215,847	$361,084	$6,559	$-	$67,972	$8,107	$665,419
Addition	-	-	76,367	834	944	9,396	16,419	103,960
Disposals	-	-	(5,202)	(2,470)	-	(358)	-	(8,030)
Transfers	-	-	78,200	1,396	8,357	4,414	(12,864)	79,503
As of 31 December 2021	$5,850	$215,847	$510,449	$6,319	$9,301	$81,424	$11,662	$840,852
As of 1 January 2021	$-	$64,231	$161,115	$5,629	$-	$32,119	$-	$263,094
Depreciation	-	8,528	34,936	280	1,097	8,131	-	52,972
Disposals	-	-	(3,971)	(2,470)	-	(355)	-	(6,796)
As of 31 December 2022	$-	$72,759	$192,080	$3,439	$1,097	$39,895	$-	$309,270
Net carrying amount as of:								
31 December 2022	$5,850	$134,936	$359,581	$2,514	$2,018	$38,174	$19,917	$562,990
31 December 2021	$5,850	$143,088	$318,369	$2,880	$8,204	$41,529	$11,662	$531,582

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

No properties, plants, and equipment were leased.

C. Components of building that have different useful lives are main building structure, air conditioning units and elevators, which are depreciated over 50 years, 35 years, 10 years, and 8 years, respectively.

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

E. The capitalization amount of the borrowing costs of the Company in 2022, 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)

(7) Short-term borrowings

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

The Company'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.

(8) Other accounts payables

Accounting title	As of 31 December 2022	As of 31 December 2021
Wages and salaries payable	$60,827	$51,555
Employee compensation payable	27,592	23,137
Accrued directors' remuneration	12,727	11,030
Payable on machinery and equipment	14,742	10,354
Accrued processing cost	9,066	7,324
Insurance payable	5,011	3,617
Pension payable	3,109	2,356
Other accounts payables-other	13,833	11,716
Subtotal	146,907	121,089
Other payables to related parties	163,343	126,450
Total	$310,250	$247,539

(9) Long-term loans

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

For the years ended 31 December 2022

Creditor	Content	31 December 2022	Repayment period and methods	security
Bank of Taiwan	Unsecured	$75,000	Period is 5 years, and the loan is allocated in installments and	None

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

Creditor	Content	31 December 2022	Repayment period and methods	security
			cannot be recycled; the first three years after the allocation are grace periods with monthly 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	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	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 (mature within 1 year)		(128,454)		
Total		$397,905		
Interest rates		1.470%		

Please refer to Note 8.

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

B. For the years ended 31 December 2021

Creditor	Content	31 December 2021	Repayment period and methods	security
Bank of Taiwan	Unsecured	$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 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.	None
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	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%		

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

Please refer to Note 8.

(10) 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.

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

(11)Equities

A. Common stock

The Company's authorized and issued capital was $800,000 and $602,881 for the years ended 31 December 2022 and 2021, respectively, divided into 60,288,089 shares and 60,288,089 shares with par value of $10 (in dollar) each. Each share has one right to vote and receive dividends.

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

B. Capital surplus

	As of	
	31 December 2022	31 December 2021
Premium from common stock issuance	$788,696	$933,387
Treasury Stock	180	180
Changes in the net value of related companies and joint venture equity using the equity method	2,213	2,213

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

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.

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

A. 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.

B. The company held the shareholders meeting to revise the Company's Articles of Incorporation as of 23 June 2020, according to the regulation after revision. According to the Company's Articles of Incorporation – Rule 235(1) on 20 May 2015, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues;

b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

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 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.

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

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 2021 and 2020 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on 6 June 2022 and 5 July 2021, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NTD)	
	2021	2020	2021	2020
Legal Reserve	$54,276	$37,512		
Appropriated R/E	11,218	(11,685)		
Ordinary cash dividends	180,864	120,394	$3.0	$2.0

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

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.

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 6.15 for information on the basis of estimating and recognizing employee compensation and directors' compensation.

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

(12) Operating Revenue

	For the years ended 31 December	
Revenue from contracts with customers	2022	2021
Sale of goods	$1,806,149	$1,732,806

The Company recognize revenue with buyers at the time when controlling and transferring commodity, thus, belong to satisfy performance obligation at some point in time.

A. Contract balances

Contract liabilities - current

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

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

	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
Total	$676	$(771)

B. Transaction price allocated to unsatisfied performance obligations

None.

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

C. Assets recognized from costs to fulfil a contract

None.

(13)Expected credit losses / (gains)

	For the years ended 31 December	
	2022	2021
Operating expenses – Expected credit losses (gains)		
Trade receivables	$(213)	$(777)

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

The Company 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 Company's loss allowance as of 31 December 2022 and 2021 is as follows:

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	$277,533	$1,690	$2,006	$253	$-	$2,769	$284,251
Loss ratio	-%	-%	-%	-%	-%	50-100%	
Lifetime expected credit losses	-	-	-	-	-	(2,769)	(2,769)
Carrying amount	$277,533	$1,690	$2,006	$253	$-	$-	$281,482

31 December 2021

	Not yet due	Overdue					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$172,366	$20,207	$129	$-	$11	$2,556	$195,269
Loss ratio	-%	-%	-%	-%	-%	50-100%	
Lifetime expected credit losses	-	-	-	-	-	(2,556)	(2,556)
Carrying amount	$172,366	$20,207	$129	$-	$11	$-	$192,713

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

Note: The Company’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 at 1 January 2022	$2,556
Reversal for the current period	213
Ending balance at 31 December 2022	$2,769
Beginning balance at 1 January 2021	$3,333
Reversal for the current period	(777)
Ending balance at 31 December 2021	$2,556

(14)Operating lease commitment

A. Company as a lessee

The Company 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 Company’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 of	
	31 December 2022	31 December 2021
Land	$7,185	$10,088
Land Improvements	360	-
Buildings	10,208	7,210
Transportation equipment	8,642	3,315
Total	$26,395	$20,613

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

b. Lease liabilities

	As of	
	31 December 2022	31 December 2021
Lease liabilities		
Current	$10,437	$9,560
Non-current	16,070	10,980
Total	$26,507	$20,540

Please refer to Note 6 (16) (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
Transportation equipment	5,606	2,915
Office equipment	2,604	$1,799
Total	$11,143	$7,636

(C) Income and costs relating to leasing activities

	For the years ended 31 December	
	2022	2021
The expenses relating to short-term leases	$449	$748

(D) Cash outflow relating to leasing activities

During the year ended 31 December 2022 and 2021, the Company's total cash outflows for leases amounted to $10,957 and $7,519, respectively.

B. Company as a lessor

The Company 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 Company has entered into 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)

	2022.12.31	2021.12.31
< 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

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

(15) 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	$157,071	$171,700	$328,771	$124,070	$144,828	$268,898
Labor and health insurance	14,207	12,433	26,640	10,457	11,198	21,655
Pension	4,643	5,991	10,634	3,443	5,483	8,926
Remuneration to Directors	-	12,727	12,727	-	7,163	7,163
Others	6,964	5,874	12,838	9,799	5,789	15,588
Depreciation	70,319	13,352	83,671	48,258	12,350	60,608
Amortization	527	4,619	5,146	139	4,117	4,256

The number of employees were 417 and 356 as of 31 December 2022 and 2021, respectively, the number of directors who do not concurrently serve as employees were 8 and 7 people.

Average labor cost for the years ended 31 December 2022 and 2021 were $ 804 and $770, respectively; average salary and bonus for the years ended 31 December 2022 and 2021 were $926 and $903, respectively; the average salary and bonus increased by 4.4% year over year.

The Company’s policy for compensation of directors, managers and employees is as follows:

To comply with the Company's "Remuneration Measures for Independent Directors, Directors, and Managers, and Salary Operation System," we consider the industry's usual payment levels, personal seniority, position, achievement performance, work performance, as well as the salary and remuneration provided by the company to individuals in similar positions in recent years. Furthermore, we evaluate the reasonableness of the relationship between personal performance and the company's operating performance and future risks, taking into account the achievement of the company's short-term and long-term business objectives, its financial status, and other factors. Based on these evaluations, we provide reasonable remuneration.The Remuneration Committee and the Board of Directors review the relevant performance appraisal and remuneration policies promptly, considering the actual operating conditions and relevant laws and regulations. This is done to maintain a balance between the company's sustainable operation and risk control.

In 2010, the compensation of employees and directors was estimated at 3.5% to 7% and no more than 1.7% of profit of the current year is distributable as remuneration to directors and employees' compensation. The Company recognized the employees' compensation and remuneration to directors as employee benefits expense based on profit of current year.If the board of directors resolved to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price one day prior to the date of resolution. The difference between the estimates and the figures resolved at shareholders' meeting will be recognized in profit or loss of the subsequent year.

The Company approved the amendment of the Articles of Incorporation as at 17 June 2019, according to the Act, 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 and supervisors. 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 and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the year ended 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors 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 shareholders meeting 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 shareholders meeting.

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

The details of employees' compensation and remuneration to directors and supervisors for the years ended 31 December 2021 and 2020 are as follows:

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

A resolution was passed at a board of directors meeting held on 9 March 2022 to distribute $27,592 and $12,727 in cash as the employees' compensation and remuneration to directors and supervisors 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 and supervisors for the year ended 31 December 2022.

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

(16)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	5,187	5,532
Grant revenue	5,623	5,897
Rental income	152	-
Other revenue-other	10,269	5,892
Total	$23,321	23,346

B. Other gains and losses

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

	For the years ended 31 December	
	2022	2021
Foreign exchange losses, net	$121,305	$(29,033)
Net losses on financial assets at fair value through profit or loss	2,517	(6,553)
Gains on disposal of property, plant, and equipment	2,320	863
Other expense	-	(424)
Total	$126,142	$(35,147)

C. Financial costs

	For the years ended 31 December	
	2022	2021
Interest on loans from bank	$(2,765)	$(2,910)
Interest on lease liabilities	(209)	(181)
Total	$(2,974)	$(3,091)

(17)Components of other comprehensive income

A. For the year ended 31 December 2022

	Arising during the period	Reclassification adjustment of the current period	Other comprehensive income, net of tax	Income tax benefit (expense)	Other comprehensive income, after-tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	$25,683	$-	$25,683	$(5,136)	$20,547

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

B. For the year ended 31 December 2021

	Arising during the period	Reclassification adjustment of the current period	Other comprehensive income, net of tax	Income tax benefit (expense)	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	(14,022)	$-	$(14,022)	2,804	(11,218)

(18)Income tax

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 charge	$153,851	$73,770
Adjustments in respect of current income tax of prior periods	(5,395)	(9,680)
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	(77,207)	(3,498)
Income tax expense recognized in profit or loss	$86,069	$72,037

(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 Company's applicable tax rate is as follows:

	For the years ended 31 December	
	2022	2021
Accounting profit before tax from continuing operations	$708,415	$614,798
The amount of tax at each statutory income tax rate	$141,683	$122,960
Tax effect of revenue exempt from taxation	(65,130)	(52,704)
Tax effect of expenses not deductible for tax purposes	91	16
Corporate income surtax on undistributed retained earnings	14,820	11,445
Adjustments in respect of current income tax of prior periods	(5,395)	(9,680)
Income tax impact adjusted according to other tax laws	-	-
Total income tax expenses recorded in profit or loss	$86,069	$72,037

(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 foreign currency exchange gain or loss	$5,056	$(6,784)	$-	$(1,728)
Loss allowance overdue	123	(123)	-	-
Unrealized gain on foreign investments	(169,377)	83,591	-	(85,786)
Provision for allowance to reduce inventories to market value	3,850	876	-	4,726
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)		$77,207	$(5,136)	
Net deferred tax assets/ (liabilities)	$(125,297)			$(53,226)
Reflected in balance sheet as follows:				
Deferred income tax assets	$4,778			$4,743
Deferred income tax liabilities	$(130,075)			$(57,969)

(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 foreign currency exchange gain or loss	$1,751	$3,305	$-	$5,056
Loss allowance overdue	92	31	-	123
Unrealized gain on foreign investments	(169,377)	-	-	(169,377)
Provision for allowance to reduce inventories to market value	2,124	1,726	-	3,850
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)		$3,498	$2,804	
Net deferred tax assets/ (liabilities)	$(131,559)			$(125,297)
Reflected in balance sheet as follows:				
Deferred income tax assets	$38,480			$4,778
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

(19)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)	$622,336	$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 significant 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
TIPO INTERNATIONAL CO., LTD. (TIPO)	Investee company (subsidiary) using the equity method
Hong Kong Xin-Feng Co., Ltd	Investee company (subsidiary) evaluated by TIPO using the equity

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

(Hong Kong Xin-Feng)	method
Zhejiang Yu-Zuan Precision Component Co., Ltd. (Zhejiang Yu-Zuan)	Investee company (subsidiary) evaluated by TIPO using the equity method
Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. (Dong-Guan Xin-Feng)	Investee company (third-tier subsidiary) evaluated by Hong Kong Xin-Feng using the equity method
T&M Joint (Cayman) Holding Co., LTD. (T&M)	Investee company (subsidiary) evaluated by TIPO using the equity method
Matec Southeast Asia (Thailand) Co., Ltd. (MSAT)	Investee company (second-tier subsidiary) evaluated by T&M using the equity method
GOODWAY Machine CORP. (GOODWAY)	The Chairman of the Group is the board of director of the Company
AWEA Mechantronic Co., Ltd (AWEA)	The Chairman of the Group is the board of director of the Company
ALLRICH, CNC, LTD. (ALLRICH)	The Chairman of the Group is the board of director of the Company
Taiwan Central Science Park Industry-Academia-Training Association	The Chairman of the Association is the board of director of the Company
LIOU, JYUN-CHANG and other 11 people	Major management level of the Company

(2) Significant transaction between the Company and related parties

A. Sales

Transactions of materials and supplies sold to related parties for the years ended 31 December 2022 and 2021 are summarized as follows:

	For the years ended 31 December	
Name of Related Parties	2022	2021
Dong-Guan Xin-Feng	$3,146	$5,940
Zhejiang Yu-Zuan	5,593	4,776
GOODWAY	200	-
MSAT	179	-
Total	$9,118	$10,716

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

The Company set the selling price for the above related parties based on factors such as different markets, business competition, product characteristics, bulk purchasing, and receivable terms, etc. There are no significant differences from general sales procedures.

B. Purchase

Details of purchase items of the related parties as of the year ended 2022 and 2021 of the Company are as follows:

	For the years ended 31 December	
Name of Related Parties	2022	2021
Dong-Guan Xin-Feng	$514,249	$469,413
Zhejiang Yu-Zuan	146,086	181,580
Total	$660,335	$650,993

The Company calculated prices based on high/low quality when purchasing goods from the above related parties, where the transaction term is the same as regular companies.

C. Acquisition of property, plant and equipment

	For the years ended 31 December	
Name of Related Parties	2022	2021
AWEA	$-	$39,610
GOODWAY	3,592	18,703
ALLRICH	-	472
Total	$3,592	$58,785

No significant difference between acquisition and payment requirement of property, plant, and equipment and regular trading.

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

D. Other receivables

Name of Related Parties	For the years ended 31 December 2022	2021
MSAT	$60,032	$37,866
T&M	1,826	1,398
Total	$61,858	$39,264

Other receivables of the above related parties of the Company are mainly borrowing funds, where the interest rate is based on principle and period. Borrowing terms is the same as regular companies.

E. Notes payable

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

F. Other payable

	For the years ended 31 December 2022	2021
Dong-Guan Xin-Feng	$143,218	$103,021
Zhejiang Yu-Zuan	20,125	23,429
Total	$163,343	$126,450

G. Payable on machinery and equipment

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

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

H. Key management personnel compensation

	For the years ended 31 December	
	2022	2021
Short-term employee benefits	$40,408	$30,656
Post-employment Benefits	1,146	1,102
Total	$41,554	$31,758

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

8. ASSETS PLEDGED AS COLLATERAL

The following table lists assets of the Company 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	Guarantee for the construction of contract
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

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The amount of guaranteed promissory notes write-off that has not been recovered due to issuance of the loan accounted to 2,313,099 and 1,895,829 as of the year ended 2022 and 2021 of the Company.

(2) The important contracts of construction in progress

A. As of 31 December 2022

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

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 of 31 December 2021

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	$149,444
DAH YEA ELECTRICAL ENGINEERING CO., LTD.	Electrical construction	Plant	171,429	-
Total			$757,981	$149,444

The above construction payment is based on construction progress.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

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

Financial Assets	As of	
	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)	647,405	1,392,045
Financial assets measured at amortized cost	160,748	234,791
Notes receivable	3,186	3,097
Accounts receivable	278,296	189,616
Other receivables	62,127	40,328

Financial Liabilities		
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
Contract liability	941	265
Notes and accounts payables	141,538	126,898
Other payables	310,250	247,539
Lease liability	26,507	20,540
Long-term loans (Long-term loans due within one year)	526,359	377,399

(2) Financial risk management objectives and policies

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

The Company 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 Company complies with its financial risk management policies at all times.

(3) Market risk

The market risk of the Company 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.

Foreign currency risk

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

The Company 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 Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company'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 strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2022 and 2021 is decreased by $(22,933) and $(32,873), respectively; and no impact on the equity.
B.

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 Company's exposure to the risk of changes in market interest rates relates primarily to Company's bank borrowings with fixed interest rates and variable interest rates.

The Company 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 Company 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 Company'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 Company's internal rating criteria, etc. Certain counterparties' credit risk will also be managed by taking credit enhancement procedures, such as requesting for prepayment.

As of 31 December 2022, and 2021, amounts receivables from top ten customers represented 92% and 68% of the total trade receivables of the Company, respectively. The credit concentration risk of other accounts receivables is insignificant.

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

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company 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 Company'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 Company'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.

Non-derivative financial liabilities	< 1 year	2 ~ 3 years	4 ~ 5 years	> 5 years	Total
As of 31 December 2022					
Short-term loans	$-	$-	$-	$-	$-
Notes and accounts payable	141,538	-	-	-	141,538
Lease liability	10,688	12,500	3,847	-	27,035
Long-term loans	128,921	182,512	154,106	62,222	527,761
As of 31 December 2021					
Short-term loans	$434,362	$-	$-	$-	$434,362
Notes and accounts payable	126,898	-	-	-	126,898
Lease liability	9,714	9,239	1,856	-	20,809
Long-term loans	59,993	162,664	87,429	68,430	378,516

Note：(i) Include the cash flow of lease contract from short-term lease and low-value target assets

(ii) The following table provide further analysis about the maturity of lease liability:

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

	Maturity			
	< 1 year	1 ~ 5 year	6 ~ 10 year	Total
Lease liability	$10,688	$16,347	$-	$27,035

(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 of 1 January 2022	$433,692	$377,399	$20,540	$831,631
Cash flow	(433,692)	148,960	(10,957)	(295,689)
Non-cash changes	-	-	16,924	16,924
As of 31 December 2022	$-	$526,359	$26,507	$552,866

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 of 1 January 2021	$407,051	$57,107	$14,157	$478,315
Cash flow	26,641	320,292	(7,519)	339,414
Non-cash changes	-	-	13,902	13,902
As of 31 December 2021	$433,692	$377,399	$20,540	$831,631

(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 Company 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 Company'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 Company.

(8) Derivative financial instruments

The Company'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 Company entered into 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 Company 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 Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-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 of					
	31 December 2022			31 December 2021		
	Foreign Currency	Exchange rate	NTD	Foreign Currency	Exchange rate	NTD
Financial assets						
Monetary item:						
USD	$8,212	30.7080	$252,174	$41,469	27.69	1,148,277
EUR	3,640	32.7086	119,059	1,909	31.3382	59,825
RMB	7,428	4.4092	32,752	6,457	4.3431	28,043
Non-monetary item						
USD	$70,848	30.7080	$2,175,600	80,976	27.69	2,242,230
Financial liabilities						
Monetary item:						
USD	$4,380	30.7080	$134,501	$3,729	27.69	$103,256
EUR	1,055	32.7086	34,508	1,017	31.3382	31,871

Due to the large number of functional currencies used in the Company, it's impossible to disclose foreign exchange gains and losses on the basis of each monetary item which has significant impact. The Company recognized $121,305 and $(29,033) for foreign exchange loss for the years ended 31 December 2022 and 2021, respectively.

(11) Capital management

The primary objective of the Company’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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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 (note3)	Business transaction amount	Reasons for short-term financing fund	Allowance for doubtful debts	Securities		Financing loan limit for individual party (Note 1)	Total limit of financing loan (Note 2)
													Name	Value		
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	2.0%~3.0%	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 20% of the paid-in capital: none.

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

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

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

(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.

(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 Company has a controlling interest: refer to Note 12 (8).

(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%

(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	Zhejiang Yu-Zuan Precision Component Co., Ltd.	(1)	Purchase of goods	$146,086 (USD 14,003 RMB 33,375,673)	Regular trade	4.36%
0	TURVO INTERNATIONAL Co., LTD	Matec Southeast Asia (Thailand)	(1)	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 EUR1,345)	Regular trade	15.35%
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	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 (USD 31,133,211)	$946,313 (USD 31,133,211)	31,133,211	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	35.71%	$7,941	$(13,678)	$(4,884)	Subsidiary
TIPO INTERNATIONAL CO., LTD.	Hong Kong Xin-Feng Co., Ltd	Hong Kong	Financial investment	$216,811 (USD 7,133,211 HKD 220,000)	$216,811 (USD 7,133,211 HKD 220,000)	-	100%	$975,220	$251,566	Managed by the consolidated subsidiary	Sub-subsidiary
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	99,99%	$24,062	$(13,270)	Managed by the consolidated subsidiary	Sub-subsidiary

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.

(B) Information about major transactions of investee companies with controlling power

(1) Financing provided: none.

(2) Endorsement/guarantee provided: none.

(3) Marketable securities held: none.

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

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

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

(7) Total purchases from or sales to related parties amounting to at least $100 million or 20% of the paid-in capital: refer to Note 13(1) J.

(8) Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: refer to Note 13(1) J.

(9) Information about derivatives of investees over which the Company has a controlling interest: refer to Note 12(7)。

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

C. Information on investment in Mainland China

(A) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as 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 2022	Percentage of Ownership	Equity in Earnings (Losses) (Note 3)	Carrying Value as of 31 December 2022	Accumulated Inward Remittance of Earnings as of 31 December 2022
					Outflow	Inflow					
Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	Manufacturing and trading	HKD 58,385,000 (Note 1)	Establish companies through investment in the third region and reinvest in China companies	$230,289 (USD7,120,536)	$-	$-	$230,289 (USD7,120,536)	100%	$253,783	$971,523	$717,836
Zhejiang Yu-Zuan Precision Component Co., Ltd.	Manufacturing and trading	USD 23,000,000	Establish companies through investment in the third region and reinvest in China companies	$686,956 (USD23,000,000)	$-	$-	$686,956 (USD23,000,000)	100%	$46,420	$1,182,551	$-

(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 (USD 30,120,536)	$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 of 31 December 2022, for information on significant transactions and prices, payments, etc. between the parent company and subsidiaries, please refer to Note 13(1) G. 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
HSBC Bank custodian Merrill Lynch International Investment Special Account	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.