Stock Code: 3680

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2022 and 2021

Address: 9F-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City

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For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese language independen t auditors' report and consolidated financial statements shall prevail.

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Statement of Consolidated Financial Statements of Affiliated Companies

In 2022 (from January 1 to December 31, 2022), the "companies" required to be included in the consolidated financial statements of affiliates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Accounting Standards No. 10 (IAS 10), and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the proceeding consolidated financial statements of parent and subsidiary companies, thus the Company is not required to prepare separate consolidated financial statements of affiliates.

Sincerely,

Name of Company: Gudeng Precision Industrial Co., Ltd.

Chairman: Ming-Chien Chiu

March 8, 2023

Independent Auditors' Report

To: Gudeng Precision Industrial Co., Ltd.

Audit Opinion

We have audited the accompanying parent company consolidated financial statements of the Gudeng Precision Industrial Co., Ltd. and its subsidiary (Gudeng Group), which comprise the parent company only balance sheets as of December 31, 2022 and 2021 and the parent company consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company consolidated financial statements, including a summary of significant accounting policies.

In our opinion which based on our audit results and the other certified public accountants' audit reports (please refer to the paragraph of Other Matter), the accompanying parent company consolidated financial statements present fairly and the preparation of International Financial Reporting Standards, International Accounting Standards, interpretations and explanatory announcements approved and issued by the Financial Supervisory Commission, in all material respects, the parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company consolidated financial performance and its parent company consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. In accordance with the professional ethics code of accountants, the staff of the accounting firm under the independence standard have maintained their independence from Gudeng Group and fulfilled other responsibilities under the standard. 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 Company's parent company consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for Gudeng Group consolidated financial statements for the year ended December 31, 2022 are stated as follows:

<u>Authenticity of the Recognition of Sales Revenue from Particular Clients</u>

Revenue from Gudeng Precision Industrial Co., Ltd. is derived from mask and wafer handling solutions, in which the recognition of sales revenue from a particular client requires manual recognition and verification of the relevant documents, which may result in the existence of an inappropriate recognition of revenue, presuming as a significant risk by the Statements on Auditing Standards; therefore, authenticity of the recognition of sales revenue is considered as a key audit matter. Please refer to Note 4(16) and 28 of the consolidated financial statements for the accounting policy and information regarding the revenue recognition.

The main audit procedures performed on the above mentioned key matter are as follows:

1. We understood, assessed, and tested the reasonableness and effectiveness of the implementation of the internal controls over revenue recognition.
2. We obtained details of the sales revenue from particular clients to process sampling, and verified related documents of revenue recognition in order to confirm conduct sample testing samples, check the shipment supporting documents and the collection of receivables to confirm the authenticity of the sales revenue.

Other Matters

Related associates in the consolidated financial statements of Gudeng Group shall be checked by other accountants. Therefore, our opinions expressed in the parent company consolidated financial statements regarding the amounts stated in respect of such investments using the equity method are based on the audit reports of other accountants. The balance of the investment under the equity method of associates on December 31, 2022 and 2021 were $103,678 thousand and $47,463 thousand, accounting for 0.85% and 0.5% of the total amount of the assets, and associates' share of comprehensive income or loss accounted for using the equity method for the year ended December 31, 2022 and 2021 were $5,775 thousand and $8,834 thousand, accounting for and 0.65% and 2.35% of the total amount of consolidated comprehensive income.

Gudeng Precision Industrial Co., Ltd. has prepared the individual financial reports for the year of 2022 and 2021, and the audit report issued by the accountant with unqualified opinion is on file for reference.

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

Management is responsible for the preparation and fair presentation of the parent company consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Preparation of International Financial Reporting Standards, International Accounting Standards, Explanations and Explanatory Announcements approved and issued by the Financial Supervisory Commission" and for such internal control as management determines is necessary to enable the preparation of parent company consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company consolidated financial statements, management is responsible for assessing Gudeng Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Gudeng Group 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 Gudeng Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism. We also:

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

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 Gudeng Group's parent company consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

CPA-Jian-Ming Zeng	CPA-Pan-Fa Wang
Financial Supervisory Commission Approval Document No.: Financial-Supervisory-Securities-Auditing-1100356048	Financial Supervisory Commission Approval Document No.: Financial-Supervisory-Securities-Auditing-1100356048

March 8, 2023

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated Balance Sheets
For the Years Ended December 31, 2022 and 2021
Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 2,270,488	19	$ 1,707,329	18
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	142,562	1	50,467	1
1136	Financial assets at amortized cost - current (Notes 4 and 9)	329,760	3	11,500	-
1150	Notes receivable from unrelated parties (Note 10)	1,433	-	252	-
1160	Notes receivable from related parties' net (Note 10 and 39)	615	-	-	-
1170	Trade receivables from unrelated parties (Notes 4, 10 and 28)	1,077,420	9	626,519	7
1180	Trade receivables from related parties' net (Note 10 and 39)	275	-	-	-
1200	Other receivables (Note 10)	6,850	-	2,575	-
1210	Other receivables from related parties (Notes 10 and 39)	9	-	16	-
1220	Current tax assets (Note 30)	9	-	5	-
130X	Inventories (Notes 4, 11 and 43)	1,645,942	13	996,668	10
1410	Prepayments (Note 19)	166,918	1	197,087	2
1479	Other current assets (Note 20)	4,901	-	1,444	-
11XX	Total current assets	5,647,182	46	3,593,862	38
	Non-current assets				
1517	Purchase of financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	403,475	3	444,159	5
1535	Financial assets at amortized cost - non-current (Notes 4 and 9)	2,546	-	2,542	-
1550	Investments accounted for using the equity method (Notes 4 and 13)	103,678	1	47,463	1
1600	Property, plant and equipment (Notes 4 and 14)	4,737,362	39	4,165,116	44
1755	Right-of-use assets (Notes 4 and 15)	92,468	1	68,295	1
1760	Investment properties, net (Notes 4 and 16)	780,755	6	599,959	6
1805	Goodwill (Notes 4 and 17)	65,383	1	74,583	1
1821	Other intangible assets (Notes 4 and 18)	103,569	1	107,934	1
1840	Deferred tax assets (Notes 4 and 30)	49,762	-	26,413	-
1915	Prepayments for equipment (Note 41)	216,846	2	330,181	3
1990	Other non-current assets - other (Note 20)	1,453	-	8,172	-
1920	Refundable deposits (Note 38)	28,945	-	32,637	-
15XX	Total non-current assets	6,586,242	54	5,907,454	62
1XXX	Total assets	$ 12,233,424	100	$ 9,501,316	100

Code	Liabilities and equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 21)	$ 28,000	-	$ 179,920	2
2120	Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	1,447	-	-	-
2150	Notes payable to unrelated parties (Note 23)	8,753	-	90	-
2160	Notes payable to related parties (Notes 23 and 39)	100	-	-	-
2170	Trade payables to unrelated parties (Note 23)	541,279	5	412,025	4
2180	Trade payables to related parties (Notes 23 and 39)	13,616	-	18,704	-
2219	Other payables (Note 24)	954,093	8	695,914	7
2230	Current tax liabilities (Note 30)	202,458	2	51,264	1
2250	Provisions - current (Notes 4 and 25)	26,618	-	28,822	-
2280	Lease liabilities - current (Notes 4 and 15)	28,827	-	18,150	-
2131	Contract liabilities - current (Notes 4 and 28)	709,026	6	459,559	5
2320	Current portion of Long-term borrowings (Notes 4 and 21)	154,638	1	164,467	2
2399	Other current liabilities (Note 24)	13,696	-	3,862	-
21XX	Total current liabilities	2,682,551	22	2,032,777	21
	Non-current liabilities				
2530	Corporate Bonds payable (Notes 4 and 22)	922,582	8	-	-
2540	Long-term borrowings (Note 21)	3,169,205	26	2,875,903	30
2570	Deferred tax liabilities (Notes 4 and 30)	4,140	-	495	-
2580	Lease liabilities - non-current (Notes 4 and 15)	65,674	-	30,086	1
2640	Net defined benefit liabilities - non-current (Notes 4 and 26)	26,110	-	26,958	-
2645	Guarantee deposits (Note 39)	8,538	-	9,423	-
25XX	Total non-current liabilities	4,196,249	34	2,942,865	31
2XXX	Total liabilities	6,878,800	56	4,975,642	52
	Equity attributable to owners of the company (Note 27)				
	Share capital				
3110	Ordinary shares	840,973	7	840,973	9
3140	Share capital collected in advance	1,521	-	-	-
3100	Total share capital	842,494	7	840,973	9
3200	Capital surplus	3,248,341	26	3,094,606	33
	Retained earnings				
3310	Legal reserve	216,567	2	143,427	1
3320	Special reserve	157,093	1	24,637	-
3350	Unappropriated earnings	560,545	5	338,648	4
3300	Total retained earnings	934,205	8	506,712	5
3400	Other equity	(146,666)	(1)	(5,909)	-
3500	Treasury stock	-	-	(15,289)	-
31XX	Total equity attributable to owners of the company	4,878,374	40	4,421,093	47
36XX	Non-controlling interests (Note 27)	476,250	4	104,581	1
3XXX	Total equity	5,354,624	44	4,525,674	48
	Total liabilities and equity	$ 12,233,424	100	$ 9,501,316	100

The attached notes are part of this consolidated financial statements.

(Please refer to Deloitte & Touche's audit report on March 8, 2023)

Chairman: Ming-Chien Chiu Manager: Tian-Ruei Lin Accounting Supervisor: Po-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated statements of comprehensive income
From January 1 to December 31, 2022 and 2021
Unit: In Thousands of New Taiwan Dollars, Except Earnings Per Share in Dollars

Code		2022 Amount	2022 %	2021 Amount	2021 %
4000	Non-operating income and expenses (Notes 4 and 28)	$ 4,494,031	100	$ 3,121,186	100
5000	Operating costs (Notes 4, 11, 29 and 39)	2,303,716	51	1,883,178	60
5900	Gross Profit	2,190,315	49	1,238,008	40
	Operating expenses (Notes 26, 29 and 39)				
6100	Selling and marketing expenses	198,603	4	128,636	4
6200	General and administrative expenses	579,886	13	491,293	16
6300	Research and development expenses	297,794	7	165,590	5
6450	Expected credit impairment loss (reversal benefits)	21,729	1	(7,660)	-
6000	Total operating expenses	1,098,012	25	777,859	25
6900	Net operating income	1,092,303	24	460,149	15
	Non-operating income and expenses (Note 29)				
7100	Interest income	5,587	-	1,188	-
7190	Other income (Note 39)	79,568	2	54,599	2
7020	Other gains and losses	98,283	2	(29,735)	(1)
7050	Finance costs	(55,056)	(1)	(27,570)	(1)
7060	Share of profit or loss from associates accounted for using the equity method	5,775	-	8,834	-
7000	Total non-operating income and expenses	134,157	3	7,316	-
7900	Net income before tax	1,226,460	27	467,465	15
7950	Income tax expense (Notes 4 and 30)	(199,131)	(4)	(97,636)	(3)
8200	Net income for the year	1,027,329	23	369,829	12

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Code		2022 Amount	2022 %	2021 Amount	2021 %
	Other comprehensive income/(loss)				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans (Note 26)	1,074	-	(8,326)	-
8316	Unrealized valuation gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(140,936)	(3)	16,845	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating the financial statements of foreign operations	179	-	(1,678)	-
8300	Other comprehensive income/(loss) for the year (net of income tax)	(139,683)	(3)	6,841	-
8500	Total comprehensive income/(loss) for the year	$ 887,646	20	$ 376,670	12
	Net income attributable to				
8610	Owners of the company	$ 933,071	21	$ 336,660	11
8620	Non-controlling interests	94,258	2	33,169	1
8600		$ 1,027,329	23	$ 369,829	12
	Total comprehensive income/(loss) attributable to				
8710	Owners of the company	$ 793,258	18	$ 343,501	11
8720	Non-controlling interests	94,388	2	33,169	1
8700		$ 887,646	20	$ 376,670	12
	Earnings per share (Note 31)				
9710	Basic	$ 11.12		$ 4.03	
9810	Diluted	$ 10.84		$ 4.02	

The attached notes are part of this consolidated financial statements.

(Please refer to Deloitte & Touche’s audit report on March 8, 2023)

Chairman: Ming-Chien Chiu Manager: Tian-Ruei Lin Accounting Supervisor: Po-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated statements of changes in equity
From January 1 to December 31, 2022 and 2021
Unit: In Thousands of New Taiwan Dollars

Code		Attributable to owners of the company											Non-controlling interests	Total equity
		Ordinary shares				Retained earnings			Other equity					
		Number of Shares	Share capital	Share capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized appraisal gains and losses of financial assets measured at fair value through other comprehensive gains and losses	Treasury stock	Total		
A1	Balance on January 1, 2021	76,059	$ 760,586	$ 79,795	$ 1,396,857	$ 103,238	$ 34,374	$ 400,850	($ 16,990)	($ 4,086)	($ 15,289)	$ 2,739,335	$ 71,526	$ 2,810,861
	Appropriation of earnings													
B1	Legal reserve	-	-	-	-	40,189	-	(40,189)	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	(9,737)	9,737	-	-	-	-	-	-
B5	Cash dividends distributed by the company	-	-	-	-	-	-	(360,029)	-	-	-	(360,029)	-	(360,029)
M7	Changes in percentage of ownership interests in subsidiaries (Note 35)	-	-	-	-	-	-	(55)	-	-	-	(55)	-	(55)
E1	Share capital collected in advance transferred to ordinary shares	7,979	79,795	(79,795)	1,671,575	-	-	-	-	-	-	1,671,575	-	1,671,575
I1	Conversion of convertible corporate bonds	59	592	-	6,371	-	-	-	-	-	-	6,963	-	6,963
N1	The Company issues employee stock options	-	-	-	19,803	-	-	-	-	-	-	19,803	-	19,803
O1	Increase/decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(114)	(114)
D1	Net income for 2021	-	-	-	-	-	-	336,660	-	-	-	336,660	33,169	369,829
D3	Other comprehensive income/(loss) after tax for 2021	-	-	-	-	-	-	(8,326)	(1,678)	16,845	-	6,841	-	6,841
D5	Total comprehensive income/(loss) for 2021	-	-	-	-	-	-	328,334	(1,678)	16,845	-	343,501	33,169	376,670
Z1	Balance on December 31, 2021	84,097	840,973	-	3,094,606	143,427	24,637	338,648	(18,668)	12,759	(15,289)	4,421,093	104,581	4,525,674
	Appropriation of earnings													
B1	Appropriation of legal reserve	-	-	-	-	73,140	-	(73,140)	-	-	-	-	-	-
B3	Appropriation of special reserve	-	-	-	-	-	132,456	(132,456)	-	-	-	-	-	-
B5	Cash dividends distributed by the company	-	-	-	-	-	-	(504,435)	-	-	-	(504,435)	-	(504,435)
M7	Changes in percentage of ownership interests in subsidiaries (Note 35)	-	-	-	-	-	-	(2,087)	-	-	-	(2,087)	-	(2,087)
	Changes in other capital surplus													
C5	Equity component of convertible bonds issued by the Company	-	-	-	42,872	-	-	-	-	-	-	42,872	-	42,872
C7	Changes in associates and joint venture accounted for using the equity method	-	-	-	1,188	-	-	-	-	-	-	1,188	1,174	2,362
I1	Conversion of convertible corporate bonds	-	-	1,521	32,178	-	-	-	-	-	-	33,699	-	33,699
N1	The Company issues employee stock options	-	-	-	77,497	-	-	-	-	-	15,289	92,786	-	92,786
O1	Increase/decrease in non-controlling interests (Note 27)	-	-	-	-	-	-	-	-	-	-	-	(1,451)	(1,451)
M5	Acquisition of part of the equity of subsidiaries (Note 27)	-	-	-	-	-	-	-	-	-	-	-	277,558	277,558
D1	Net income for 2022	-	-	-	-	-	-	933,071	-	-	-	933,071	94,258	1,027,329
D3	Other comprehensive income/(loss) after tax for 2022	-	-	-	-	-	-	944	179	(140,936)	-	(139,813)	130	(139,683)
D5	Total comprehensive income/(loss) for 2022	-	-	-	-	-	-	934,015	179	(140,936)	-	793,258	94,388	887,646
Z1	Balance on December 31, 2022	84,097	$ 840,973	$ 1,521	$ 3,248,341	$ 216,567	$ 157,093	$ 560,545	($ 18,489)	($ 128,177)	$ -	$ 4,878,374	$ 476,250	$ 5,354,624

The attached notes are part of this consolidated financial statements.
(Please refer to Deloitte & Touche's audit report on March 8, 2023)

Chairman: Ming-Chien Chiu Manager: Tian-Ruei Lin Accounting Supervisor: Po-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated statements of cash flows
From January 1 to December 31, 2022 and 2021
Unit: In Thousands of New Taiwan Dollars

Code		2022	2021
	Cash flows from operating activities		
A10000	Net income before tax for the year	$ 1,226,460	$ 467,465
A20010	Adjustments for		
A20100	Depreciation expenses	234,924	176,179
A20200	Amortization expenses	23,070	20,076
A20300	Expected credit impairment loss (reversal benefits)	21,729	(7,660)
A20400	Net loss on financial assets at fair value through profit or loss	10,425	70
A20900	Finance costs	55,056	27,570
A21200	Interest income	(5,587)	(1,188)
A21300	Dividend income	(31,857)	(520)
A21900	Compensation costs of share-based payment	79,535	19,803
A22300	Share of profit or loss from associates accounted for using the equity method	(5,775)	(8,834)
A22800	Gains on bargain purchase	(36)	-
A23200	Gain on disposal of subsidiaries	(54,936)	-
A22500	Gain on disposal of property, plant and equipment	(1,580)	(640)
A22900	Loss (gain) on lease amendment	192	(26)
A23500	Impairment loss	-	20,435
A23700	Write-downs of inventories for price loss and obsolescence (gain on reversal)	30,009	(127,038)
A29900	Income from odd lot transferred from corporate bonds	(1)	(1)
A30000	Net Changes in operating assets and liabilities		
A31130	Notes receivable	6,752	219
A31150	Trade receivables	(430,526)	(197,846)
A31180	Other receivables	(4,362)	3,278
A31200	Inventories	(600,645)	(58,847)
A31230	Prepayments	(75,833)	(103,244)
A31240	Other current assets	(1,801)	251
A32130	Notes payable	(39,816)	90
A32150	Trade payables	122,903	207,331
A32180	Other payables	113,262	35,901
A32200	Provisions	(2,204)	4,903
A32210	Contract liabilities	261,708	147,027

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Code		2022	2021
A32230	Other current liabilities	6,147	1,151
A32240	Net defined benefit liabilities	226	(123)
A33000	Cash generated from/(used in) operations	937,439	625,782
A33100	Interest received	5,587	1,188
A33200	Dividend received	31,741	492
A33300	Interest paid	(46,102)	(26,294)
A33500	Income tax paid	(75,771)	(158,425)
AAAA	Net cash inflow from operating activities	852,894	442,743
	Cash flows from investing activities		
B00010	Purchase of financial assets at fair value through other comprehensive income	(68,714)	(380,000)
B00040	Purchase of financial assets at amortized cost	(307,848)	(11,500)
B00050	Proceeds from sale of financial assets at amortized cost	-	22,000
B00100	Purchase of financial assets at fair value through profit or loss	(161,340)	(50,878)
B00200	Proceeds from sale of financial assets at fair value through profit or loss	57,858	10,943
B02200	Net cash outflow on acquisition of subsidiaries (Note 33)	(23,664)	-
B02300	Net cash inflow on disposal of subsidiaries (Note 34)	208,129	-
B02700	Payments for property, plant and equipment	(966,354)	(1,779,397)
B02800	Proceeds from disposal of property, plant and equipment	10,115	5,036
B03700	Increase in refundable deposits	-	(313)
B03800	Decrease in refundable deposits	998	-
B04200	Decrease in other receivables	103,152	-
B04500	Payments for intangible assets	(18,303)	(16,475)
B06700	Increase in other non-current assets	(1,026)	(1,268)
B07100	Increase in prepayments for equipment	(56,737)	(329,741)
B07600	Receive associates' dividend	3,500	1,783
BBBB	Net cash outflow from investment activities	(1,220,234)	(2,529,810)
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	799,284	865,944
C00200	Repayments of short-term borrowings	(918,710)	(1,017,564)
C01200	Issuing corporate bonds	994,720	-
C04600	Issuance of ordinary shares for cash	-	1,671,575
C01600	Proceeds from long-term borrowings	1,728,240	2,203,000

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Code		2022	2021
C01700	Repayments of long-term borrowings	(1,571,430)	(1,057,771)
C03100	Refund of guarantee deposits	(416)	(868)
C04020	Return on lease principal	(23,650)	(16,713)
C04500	Cash dividends distribution	(234,715)	(406,630)
C05100	Treasury shares purchased by employees	15,289	-
C05800	Changes in non-controlling interests	141,782	(169)
CCCC	Net cash inflow from financing activities	930,394	2,240,804
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	105	(1,912)
EEEE	Net increase in cash and cash equivalents	563,159	151,825
E00100	Cash and cash equivalents at the beginning of the year	1,707,329	1,555,504
E00200	Cash and cash equivalents at the end of the year	$ 2,270,488	$ 1,707,329

The attached notes are part of this consolidated financial statements.

(Please refer to Deloitte & Touche's audit report on March 8, 2023)

Chairman: Ming-Chien Chiu Manager: Tian-Ruei Lin Accounting Supervisor: Po-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Notes to the consolidated financial statements

From January 1 to December 31, 2022 and 2021

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

1. Company Overview

Gudeng Precision Industrial Co., Ltd. (hereinafter "the Company") was a company limited by shares incorporated at New Taipei City in March 1998, and opened for business in March of the same year with primary business of trading and manufacturing of mould and mask package.

Shares of the Company were traded in the over-the-counter (OTC) market at Taipei Exchange (TPEx) in August 2011.

The consolidated financial statements of the Company are presented in the New Taiwan Dollars, the functional currency of the Company.

2. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were reported to and issued by the Company's board of directors on March 8, 2023.

3. Application of New and Amended Standards and Interpretations

a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The first adoption of IFRSs endorsed and issued into effect by the FSC did not result in significant changes on the accounting policies of Gudeng Precision Industrial Co., Ltd. and its subsidiaries (hereinafter referred to as the Group).

b. IFRSs endorsed by the FSC that are applicable in 2023

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendment to IAS 12 "Deferred income tax related to assets and liabilities arising from a single transaction"	January 1, 2023 (Note 3)

Note 1. The amendment shall be applied to annual reporting periods beginning on or after January 1, 2023.

Note 2. This amendment shall be applied to changes in accounting policies and changes in accounting estimates that occur for annual periods beginning on or after January 1, 2023.

Note 3. This amendment applies to transactions occurring after January 1, 2022, except for the deferred income tax recognition of temporary differences in lease and ex-service obligations as of January 1, 2022.

1) Amendment to IAS 1 "Disclosure of Accounting Policies"

The amendment provides that the Group shall determine the material accounting policy information to be disclosed in accordance with the definition of material information. Accounting policy information is material if, when considered together with other information included in the Group's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. This amendment also clarifies that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed by the Group.
- Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial.
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

Moreover, this amendment gives examples to explain that it is likely to consider accounting policy information significant to the financial statements if that information relates to significant transactions, other events or conditions and the accounting policy:

(1) Has changed during the period by the Group, and this change results in a significant change on information of the financial statements;

(2) Was chosen properly by the Group from alternatives permitted by IFRS Standards;

(3) Was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS Standard that specifically applies;

(4) Relates to an area for which the Group is required to make significant judgments and assumptions

(5) Relates to complex accounting practices, and users of the Group’s financial statements would otherwise not understand the relating significant transactions, other events or conditions

2) Amendment to IAS 8 "Definition of Accounting Estimates"

This amendment defines accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. The application of accounting policy by the Group may require items in financial statements to be measured at monetary amounts that cannot be observed directly and must instead be estimated. Therefore, an input or a measurement technique has to be used to develop an accounting estimate to achieve this goal. The changes are considered as changes in accounting estimates while the effects of changes in accounting estimates from changes in an input or a measurement technique do not belong to correction of prior period errors.

3) Amendment to IAS 12 “Deferred income tax related to assets and liabilities arising from a single transaction”

The amendment clarifies that the exemption provisions originally recognized in IAS 12 are not applicable to the transactions of taxable and deductible temporary differences of the same amount resulting at the time of original recognition. The Group will recognize the deferred income tax assets (where taxable income is likely to be used to deduct temporary differences) and deferred income tax liabilities for all deductible and taxable temporary differences related to the lease and decommissioning obligations on January 1, 2022, and recognize the cumulative impact as an adjustment to the initial balance of retained earnings on that date. The amendment is deferred for transactions other than lease and decommissioning obligations occurring after January 1, 2022.

Besides the abovementioned effects, as of the date the accompanying consolidated financial statements were authorized for issue, the Group has evaluated its financial position and financial performance which were not impacted as a result of the aforementioned amendments of the standards or interpretations.

c. IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1. Unless stated otherwise, the aforementioned New, Revised or Amended Standards and Interpretations are effective for annual periods beginning on or after their respective effective dates.

Note 2. The seller and the lessee shall retroactively apply the amendments to IFRS 16 to sale and leaseback transactions concluded after the initial application of IFRS 16.

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendment provides that if the Group sells or invests assets in associates (or joint ventures), or loses control of subsidiaries, but retains material influence (or joint control) over the subsidiary and if the above assets or former subsidiaries meet the definition of "business" in IFRS 3 "business combination," the Group shall fully recognize the profit or loss arising from such transactions.

In addition, if the Group sells or invests assets in associates (or joint venture), or loses control over a subsidiary in a transaction with associates (or joint venture), but retains material influence (or joint control) over the subsidiary and if the above assets or former subsidiary do not comply with the definition of "business" in IFRS 3, the Group shall only recognize the profit or loss arising from such transactions within the scope of equity unrelated to the investors' interest in such associates (or joint ventures), namely, the profit or loss attributable to the Company's share shall be written off.

2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current" (Amendments in 2020) and "Non-current Liabilities with Covenants" (Amendments in 2022)

The amendments in 2020 clarify that whether the Group has the right to defer the settlement period of liabilities at the closing date of the reporting period to at least 12 months after the reporting period when the liabilities are classified as current. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The amendments in 2020 also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The amendments in 2022 further clarify that only the covenants that are required to comply with before the end of the reporting period will affect the classification of liabilities. Although the covenants that must be complied with within 12 months after the reporting period do not affect the classification of liabilities, relevant information must be disclosed so that financial report users can understand that the Group may not be able to comply with the covenants and must repay within 12 months after the reporting period risk.

The amendments in 2020 also stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

3) Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

This amendment clarifies that in the case of a sale and leaseback transaction, where the transfer of the asset meets the requirements of IFRS 15 "Revenue from Customer Contracts" to be treated as a sale asset, the seller and lessee's liability arising from the leaseback shall be treated under the lease liability provisions of IFRS 16, provided that in the case of a change in lease benefits not dependent on the index or rate, The seller and lessee shall measure such liability in such a way as to exclude gains and losses relating to the rights of use retained. Subsequently, the difference between the current lease payment and the actual payment included in the calculation of lease liabilities shall be included in profit or loss.

Besides the above-mentioned effects, as of the date the accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance as a result of the aforementioned standards or interpretations. The related impact will be disclosed when the evaluation has been completed.

4. Summary of Significant Accounting Policies

a. Statement of Compliance

The interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the related inputs are observable and based on the significance of the related inputs, are described as follows:

1) Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
2) Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3) Level 3: Inputs are unobservable inputs for the asset or liability.

c. Criteria classifying current/non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;
2) Assets expected to be realized within 12 months after the reporting period; and
3) Cash and cash equivalents (not including the asset restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.)

The construction part of the Group has an operating cycle longer than one year. Assets related to the construction business are classified as current or non-current according to the normal operating cycle.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities that are due for repayment within 12 months after the balance sheet date (current liabilities even if long-term refinancing or rescheduling agreements have been completed between the balance sheet date and the issuance of financial statements), and
3) Liabilities for which the Company is not able to defer the repayment deadline to more than 12 months after the balance sheet date unconditionally. Terms of an obligation that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments, do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (subsidiaries). The consolidated statement of comprehensive income has included the operating profit and loss of subsidiaries that are acquired or disposed of from the acquisition date or until the disposal date in the current period. Adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group. When preparing the consolidated financial statements, all intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where the change in the Group's ownership interest in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction. The carrying amounts of the Group and non-controlling interests have been adjusted to reflect the changes in their relative interests in subsidiaries. The difference between the adjustment amount of non-controlling interests and the fair value of consideration paid or collected shall be directly recognized in equity attributable to the owners of the Company.

For details of subsidiaries, ratio of shareholding, and operations, please refer to Note 12 and Table IX & X.

e. Business combinations

Enterprise combinations are handled using the acquisition method. Acquisition related costs are recognized as expenses in the current period of cost occurrence and labor acquisition.

Goodwill is measured by the total amount of the fair value of the transfer consideration and the fair value of the acquirer's previously held interest in the acquiree on the acquisition date, which exceeds the net amount of the identifiable assets acquired and liabilities assumed on the acquisition date.

f. Foreign Currency

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

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the current period.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rates prevailing on the date of measurement of the fair value. The exchange difference is recognized as the current profit and loss. However, if the change of fair value is recognized as other comprehensive income, the exchange difference generated is recognized as other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate on the date of the transaction and will not be translated again.

In the preparation of consolidated financial statements, the assets and liabilities of foreign operations (including the country of operation or currency used of the subsidiaries, associates, joint ventures, or branches different from the Company) are converted into NTD at the exchange rate on each balance sheet date. Income and expense items are translated at the average exchange rates on the balance sheet date. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Group and non-controlling interests as appropriate).

If the retained interests after the Group disposes of all the interests in the foreign operation, or disposes of part of the interests in the subsidiaries of the foreign operation but loses control, or disposes of the joint agreement of the foreign operation or the related enterprise are financial assets and are treated in accordance with the accounting policy of financial instruments, all accumulated exchange differences attributable to the owner of the Group and related to the foreign operation will be reclassified to profit or loss.

If part of the disposal of a subsidiary of a foreign operation does not result in loss of control, the accumulated exchange difference are reattributed to the non-controlling interests in proportion, and are not recognized as profit or loss. In other disposal of foreign operations, the accumulated exchange differences will be classified as profit and loss based on its proportion.

g. Inventory and inventory - site for construction

Inventories include raw materials, semi-finished goods, finished goods, work-in-progress and stock in hand. Inventory is measured by the lower of cost and net realizable value. When comparing cost and net realizable value, except for similar stock in hand, it is based on individual items. Net realizable value is the balance that the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventory costs are calculated by weighted average method.

The land to be developed is classified as construction land upon acquisition of ownership. The construction land is measured by the lower of the cost and net realized value. Comparative cost and net realized value is based on individual projects.

h. Investment in associates

An associate is an entity over which the Group has significant influence on and that is not a subsidiary or joint venture.

The Group accounts for investments in associates by using the equity method.

Under the equity method, investments in associates are initially treated at cost and adjusted thereafter for the post-acquisition change in the Group's interest in profit or loss, share in other comprehensive income, and profits of associates. In addition, equity changes in associates are recognized based on the shareholding ratio.

When the acquisition cost exceeds the net fair value of the Group’s identifiable assets and liabilities of the associate on the acquisition date, the exceeding amount is classified as goodwill, which is included in the carrying value of the investment and is not amortized; when the net fair value of the Group’s net fair value of the associate exceeds the acquisition cost, the exceeding amount is classified as current profit or loss.

When the associate issues new shares, if the Group does not subscribe according to the proportion of shares, resulting in the change of the proportion of shares, and the resulting increase or decrease of the net equity value of the investment, the increase or decrease is recognized as an adjustment to capital reserve - change of net equity value of associate recognized by the equity method and investment by equity method. However, if the ownership interest of the associate is reduced due to the failure to subscribe or acquire according to the proportion of shares, the amount related to the associate recognized in other comprehensive income is reclassified according to the proportion of reduction, and the basis of accounting treatment is the same as that the associate must follow if it directly disposes of the relevant assets or liabilities; If capital reserves should be debited as a result of the foregoing adjustment, and the balance of capital reserves resulting from the investment under the equity method is insufficient, the difference is debited to the retained surplus.

When the Group's shares of losses of an associate equal or exceed its equity in that associate (which includes any carrying amount of the investment accounted for by using the equity method and long-term equity that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

In the assessment of impairment, the Group treats the total carrying amount of the investment (including goodwill) as a single asset to compare the recoverable amount with the carrying amount, and carry out the impairment test. The impairment loss recognized is also part of the carrying amount of the investment. Reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment’s fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. 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

Group continues to use the equity method without any remeasurement of retained interest.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent that interests in the associate are not related to the Group.

i. Property, Plant and Equipment

Property, plant and equipment are stated at cost, subsequently are measured at the amount of cost less accumulated depreciation and accumulated impairment loss.

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

Except for the self-owned land which is not depreciated, the property, plant and equipment are separately depreciated on a straight-line basis over their useful lives to each significant part. The estimated useful lives, residual values, and depreciation methods are reviewed by the Group at least at the end of each year. Also, it defers the impact of changes in accounting estimates.

When property, plant, and equipment is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in current profit or loss.

j. Investment properties

Investment property is a property held to earn rental and/or for capital appreciation. Investment property also includes land held for future use that is currently undetermined.

Owned investment real estate is originally measured at cost (including transaction cost) and subsequently at cost minus accumulated depreciation and accumulated impairment loss.

Investment properties are transferred to property, plant and equipment for the carrying amounts by the transfer date to be self-owned.

On de-recognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Goodwill

Goodwill acquired through M&A uses the goodwill value recognized on the M&A day as the cost, subsequently measured by cost deducting accrued impairment loss.

For purposes of impairment test, the goodwill shares to the Group benefits cash-generating unit or its group due to integrative M&A effect (hereinafter referred to as the “Cash-generating Unit”).

The cash-generating unit shared with the goodwill conducts impairment test through comparison between its face value containing goodwill and recoverable value every year (and the time with sign showing potential impairment). If the goodwill with such shares was acquired by corporate M&A, then, the unit should conduct impairment test at end of the year. If the recoverable amount of the cash-generating unit with shared goodwill is less than its face value, firstly, the loss deducts the face value with shared goodwill, second, decrease the face value of each asset with respect of the proportion in the unit. Any impairment loss is directly recognized as current loss. Goodwill impairment losses may not be reversed in subsequent periods.

The disposal of profit/loss is defined by including disposal related goodwill value during operation of the cash generation unit with goodwill shares.

l. Intangible Assets

1) Acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at the amount of cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized on a straight-line basis over the service life. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period and the application of the effect of changes in the aggregate estimate is deferred.

2) Acquisition through business combinations

The intangible assets acquired by business combinations are recognized at the fair value of the acquisition date and are separately recognized with goodwill. The subsequent measurement method is the same as the intangible assets acquired separately.

3) De-recognition

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

m. Impairment of property, plant and equipment, right-of-use asset, investment property and intangible assets (other than goodwill)

On each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the Group of the smallest cash-generating unit on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually.

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

Because the inventory, real estate, plant and equipment and intangible assets recognized in the customer contract are subject to impairment recognition according to the inventory impairment loss regulations and the above regulations first, and then the difference between the carrying amount of the assets related to the contract cost and the remaining amount of the consideration expected to be recovered from the provision of goods or services less the directly related cost shall be recognized as the impairment loss, and then the carrying amount of the assets related to the contract cost shall be included in the cash generating unit for the impairment assessment of the cash generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit or contract cost related assets are increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization or depreciation) that would have been determined to have no impairment loss recognized on the asset or cash-generating unit or contract cost related assets in prior years. The reversal of impairment losses is recognized in profit or loss.

n. Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instruments.

When financial assets and financial liabilities are initially measured, in case financial assets and financial liabilities are not measured at FVTPL, they are measured with the fair value added to transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

i. Measurement categories

Financial assets held by the Group are classified into the following categories: financial assets measured at fair value through profit and loss, financial assets measured at amortized cost, investment in equity instruments measured at fair value through other comprehensive profits and losses.

(a) Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit and loss are financial assets that are forced to be measured at fair value through profit and loss. Financial assets mandatorily measured at fair value through profit or loss include equity instrument investments not designated to be measured at fair value through other comprehensive income, and debt instrument investments not subject to classification as measured at amortized cost or to be measured at fair value through other comprehensive income.

Financial assets measured at fair value through profit and loss are measured at fair value, and the dividends and interest generated are recognized in other income and interest income respectively, and profits or losses generated by re-measurement are recognized in other profits and losses. Please refer to Note 38 for the method of determining the fair value.

(b) Financial assets at amortized cost

The Group’s financial assets that meet the following conditions are subsequently measured at amortized cost:

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 cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost (including cash and cash equivalents, accounts receivable at amortized cost, other receivables, and refundable deposits) are measured at the aggregate carrying amount of the financial asset after initial recognition and determined by using the effective interest method. Any foreign exchange gains or losses are recognized in profit or loss.

Except for the following cases, the interest income is calculated by applying the effective interest rate to multiply the gross carrying amount of a financial asset:

a) For credit-impaired financial assets purchased or initiated, the interest income is calculated based on the adjusted effective interest rate multiplying the amortized cost of the financial asset.

b) For the financial assets that are not purchased or initiated, but subsequently become credit-impaired, the interest income shall be calculated based on the effective interest rate multiplying the amortized cost of the financial asset from the next reporting period after the credit impairment.

Cash equivalents include time deposits with high liquidity, which can be converted into quota cash at any time and with little risk of value change within three months from the date of acquisition. They are used to meet short-term cash commitments.

(c) Investments in equity instruments at fair value through other comprehensive income

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI, if the equity investment is not held for trading or if it is not contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are measured at fair value, and subsequently gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in other equity. When the investment is disposed of, the cumulative gain or loss is directly transferred to retained earnings and is not reclassified to profit or loss.

Dividends on these investments using equity instruments at other FVTOCI are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

ii. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including account receivables) on each balance sheet date.

Accounts receivable are recognized for a loss allowance based on lifetime expected credit losses. Other financial assets are evaluated to see whether the credit risk has increased significantly since they were initially recognized. If not, they are recognized as the loss allowance for 12-month expected credit loss. If they have increased considerably, they are recognized as the loss allowance based on lifetime expected credit loss.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. The 12-month expected credit loss represents possible credit loss from breach of contract within 12 months of reporting date. Lifetime expected credit loss represents expected credit loss from breach of contract of financial instruments during period of existence.

The carrying amount of the impairment loss of all financial assets is reduced by the provision account, while the provision loss of the investment in debt instruments measured at fair value through other composite gains or losses is recognized as other composite gains or losses and does not reduce the carrying amount.

iii. De-recognition of Financial Assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On de-recognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. When the debt instrument investment measured at fair value through other comprehensive income is derecognized as a whole, the difference between its carrying amount and the sum of the consideration received plus any accumulated profit or loss recognized in other comprehensive income is recognized in profit and loss. Upon de-recognition of investment using equity instruments measured at fair value through other comprehensive profits and losses as a whole, the accumulated gains and losses are directly transferred to retained earnings and are not reclassified in profit and loss.

2) Financial liabilities

a) Follow-up measurement

All financial liabilities are measured at amortized cost by effective interest methods.

b) De-recognition of Financial Liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3) Convertible corporate bonds

Components of the conversion option included in the convertible corporate bonds issued by the Group are classified as derivative financial liabilities due to they are exchanged of a fixed amount of cash or other financial assets for a fixed number of conversion option settled by the Group's own equity instruments.

At initial recognition, the derivative financial liability component of the convertible bonds is measured at fair value, and the original carrying amount of the non-derivative financial liability component is the residual amount after separating the embedded derivatives. In subsequent periods, non-derivative financial liabilities are measured at cost using the effective interest method, and derivative financial liabilities are measured at fair value while the changes in the fair value are recognized as profit or loss.

The transaction costs related to the issuance of convertible corporate bonds are the components of non-derivative financial liabilities allocated in proportion to the corresponding fair values (included in the carrying amount of liabilities) and the components of derivative financial liabilities (included in profit or loss).

o. Provisions

The amount recognized as the provisions is the best estimate of the expenses needed to settle the obligation on the balance sheet date, which is based on the risk and uncertainty of the obligation. The provisions is measured by the discounted value of the estimated cash flow of the obligation to settle.

Warranty

The warranty obligations that correspond to the requirements of the guarantee and the agreement are based on the best estimates of the expenditure required to settle the Group's obligations, and recognize revenue when the relevant products are recognized.

p. Revenue recognition

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

1) Sales Revenue of Commodities

Merchandise sales revenue is derived from the sale of manufacturing light cover cases and their design services. Upon shipping of the products, the clients have the right to set prices and to use the merchandise as well as the major responsibility of reselling, and bear the risk of obsolescence. The Group recognizes revenue and accounts receivable at that point in time.

Merchandise sales revenue comes from the sale of equipment for manufacturing semiconductors. Revenue and accounts receivable are recognized when the customer accepts the equipment, that is, the performance obligations are satisfied and the customer has control over the product.

2) Service revenue

Service income comes from maintenance services.

For the maintenance services provided by the Group, the relevant income is recognized at the time of service provision.

q. Leasing

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

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer are substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Regarding financial leases, lease payments include fixed payments, in-substance fixed payments, variable lease payments that are determined by an index or a rate, guaranteed residual value, the exercise price of a purchase option when it is reasonably certain to exercise the option, and penalties for terminating the lease reflected in the lease term, and less any lease incentives payable. Net value of lease investment is measured as the sum of the present value of lease receivables and the unguaranteed residual value plus the original direct cost, and it is expressed as finance lease receivable. Financing income is allocated to each accounting period to reflect the fixed rate of return obtained during each period from the net value of the unexpired lease investment of the Group.

Under operating leases, lease payments after deduction of lease incentives are recognized as income on a straight-line basis over the relevant lease term. The initial direct cost incurred from the acquisition of the operating lease shall be added to the carrying amount of the underlying assets, and it shall be recognized as an expense within the lease term on a straight-line basis.

Variable lease payments that do not depend on an index or a rate in the lease agreements are recognized income in the current period.

2) The Group as lessee

Except that the lease payments of the low-value underlying assets and short-term leases applicable to the recognition exemption are recognized as expenses on a straight-line basis during the lease term, other leases are recognized as right-of-use assets and lease liabilities on the inception of the lease.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease commencement date minus the lease incentive received, the original direct cost and the estimated cost of the recovery target asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability. A right-of-use asset is separately presented on the consolidated balance sheet.

Right-of-use assets are depreciated using the straight-line basis from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

The lease liability is initially measured by the present value of lease payments (including fixed payments; in-substance fixed payments; variable lease payments that are determined by an index or a rate; amounts expected to be paid by the lessee under residual value guarantees; the exercise price of a purchase option when it is reasonably certain to exercise the option; and penalties for terminating the lease reflected in the lease term; less any lease incentives receivable). If the implicit interest rate of a lease can be determined easily, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If there is a change in future lease payments due to changes in the assessment of the lease term, the amounts expected to be paid under residual value guarantees, and purchase option of the underlying assets, or a change in the index or rate used to determine lease payments, the Group remeasures the lease liabilities and adjusts the right-of-use assets accordingly. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasured amount is recognized in profit or loss. For lease modifications that are not treated as a separate lease, remeasurement of the lease liabilities due to the reduction in the scope of the lease is to reduce the right-of-use assets, and to recognize the profit or loss on the partial or full termination of the lease; the remeasurement of the lease liabilities due to other modifications is to adjust the right-of-use assets. Lease liabilities are presented separately in the consolidated balance sheets.

r. Borrowing costs

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

The investment income earned from the temporary investment of a specific loan before the occurrence of capital expenditure meeting the requirements shall be deducted from the borrowing cost meeting the capitalization conditions.

Except for the above, other borrowing costs are recognized in profit or loss.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Benefits after retirement

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

Defined benefit costs (including service cost, net interest and re-measurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. The service cost, including the current service cost, and the net interest of the net defined benefit liabilities (assets) are recognized as employee benefit expenses when incurred. The remeasurement (including actuarial profit and loss, changes in the impacts of the asset ceiling, and plan asset remuneration after deducting interest) is recognized in other comprehensive income and included in retained earnings when incurred, and will not be reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) is the shortfall (surplus) for defined benefit pension plans. Net defined benefit assets may not exceed the present value of refundable contributions from the plan or reductions in future contributions.

t. Employees stock options

Employee stock option for employees

Employee subscription right is recognized as expenses on straight basis over the given period pursuant to the fair value of equity tool on the given day and the best quantity forecast as expected, while making adjustments on capital reserve - employee stock options. If it is vested at grant date, the expense is recognized in full at the same date. The Company's cash capital increase to retain employees' subscription and transfer of employees with treasury stocks is based on the date of approval by the Board of Directors.

u. Income Tax

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

1) Current income tax

The Group determines the current income (loss) in accordance with the laws as well as regulations established by each income tax reporting jurisdiction, and calculates the payable (recoverable) income tax accordingly.

A tax is levied on the unappropriated earnings pursuant to the Income Tax Act of the Republic of China and is recorded as an income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred income tax

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all temporary taxable differences, and deferred income tax assets are recognized when there is a high probability that taxable income will be available for the use of income tax credits generated by temporary deductible differences, loss carryforward, purchase of mechanical equipment, research development, and personnel training.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint agreement, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred income tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on t ax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the balance sheet, to recover or settle the carrying amount of its assets and liabilities.

3) Current tax and deferred income tax for the year

Current and deferred income taxes are recognized in profit or loss, but current and deferred income taxes related to items recognized in other comprehensive income or directly included in equity are recognized in other comprehensive income or directly included in equity.

If current income tax or deferred income tax is derived from the business combination, the income tax impact is included in the accounting treatment of the business combination.

5. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

When the Group adopts accounting policies, the management must make judgments, estimates and assumptions based on historical experience and other critical factors. Actual results might be different from estimates.

The management will constantly review the estimations and underlying assumptions. If the revision of the estimate only affects the current period, it shall be recognized in the current revised period. If the revision of the accounting estimate affects both the current period and the future period, it shall be recognized in the current revised period and the forthcoming period.

6. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and working capital	$ 940	$ 1,000
Bank checking and demand deposits	2,249,548	1,686,329
Cash equivalents (investments with original maturity date within 3 months)		
Bank time deposits	20,000	20,000
	$ 2,270,488	$ 1,707,329

At the end of the balance sheet date, the ranges of the market rates for bank deposits were as follows:

	December 31, 2022	December 31, 2021
Bank deposits	0.001%~1.05%	0.001%~0.3%
Time deposits	0.31%~0.435%	0.05%~0.08%

7. Financial Instruments at Fair Value through Profit or Loss

	December 31, 2022	December 31, 2021
Financial assets - current		
Mandatorily at fair value through profit or loss		
Derivatives (not designated for hedging)		
－Foreign exchange forward contracts (I)	$ 460	$ -
－Conversion of options (Note 22)	2,605	-
Non-derivative financial assets		
－Domestic publicly traded shares	139,497	28,747
Hybrid financial assets		
－Structured deposits (II)	-	21,720
	$ 142,562	$ 50,467
Financial liabilities - current		
Held for trading		
Derivatives (not designated for hedging)		
－Conversion of options (Note 22)	$ 1,447	$ -

a. At the end of the balance sheet date, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

December 31, 2022

	Currency	Maturity Date	Contract amount (in thousands)
Buy forward exchange contracts	NTD/USD	From January 2022 to January 2023	NTD 4,145/USD150

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

b. Structured time deposit contracts entered into between the Group and the banks. The structured time deposits include an embedded derivative that is not closely related to the main contract. Because the main contract included in the hybrid contract is an asset within the scope of IFRS 9, the overall hybrid contract evaluation should mandatorily be classified as measured at fair value through profit or loss.

8. **Financial assets at fair value through other comprehensive income**

Investments in equity instruments

	December 31, 2022	December 31, 2021
Non-current		
Domestic investment		
Publicly traded placement shares		
Symtek Automation Asia Co., Ltd.	$ 251,124	$ 378,886
Publicly traded shares		
Asia Neo Tech Industrial Co., Ltd.	83,150	-
Non-publicly traded shares		
NanoClean Materials Co., Ltd.	1,465	2,900
MontJade Engineering Co., Ltd.	16,669	20,046
HIGHLAND APPLIED MATERIALS, INC.	12,202	10,595
Origin Precision Technology Co., Ltd.	5,918	6,080
Certain Micro Application Technology Inc.	32,947	25,652
	$ 403,475	$ 444,159

The Group invests in publicly and non-publicly traded ordinary shares in Taiwan under the medium and long-term strategy and expects to make profits through long-term investment. The management of the Group considers that the short-term fair value of the investments will be included in the profit or loss and is not consistent with the long-term investment planning mentioned above, and therefore, the designation of such investments is not in line with the fair value of the investment in other comprehensive income.

The shares of Symtek Automation Asia Co., Ltd. held by the Group are private ordinary shares subject to transfer restrictions pursuant to Article 43-8 of the Securities and Exchange Act.

9. **Financial assets at amortized cost**

	December 31, 2022	December 31, 2021
Current		
Pledged certificate of deposit	$ 126,500	$ 11,500
Time deposits with an original maturity date more than 3 months	203,260	-
	$ 329,760	$ 11,500
Non-current		
Pledged deposits	$ 2,546	$ 2,542

a. As of December 31, 2022 and 2021, the interest rates of time deposits were 0.815%~5.05% and 0.815%, respectively.

b. Refer to Note 40 for information related to financial assets at amortized cost pledged as security.

10. Notes Receivable, Accounts Receivable, Other Receivables, and Collection

	December 31, 2022	December 31, 2021
Notes receivable		
Measured at amortized cost		
Total carrying amount	$ 1,433	$ 252
Less: allowance for loss	-	-
	$ 1,433	$ 252
Arising from operations	$ 1,433	$ 252
Notes receivable from related parties (Note 39)		
Measured at amortized cost		
Total carrying amount	$ 615	$ -
Less: allowance for loss	-	-
	$ 615	$ -
Accounts receivable		
Measured at amortized cost		
Total carrying amount	$ 1,084,009	$ 629,380
Less: allowance for loss	(6,589)	(2,861)
	$ 1,077,420	$ 626,519
Accounts receivable from related parties (Note 39)		
Measured at amortized cost		
Total carrying amount	$ 275	$ -
Less: allowance for loss	-	-
	$ 275	$ -
Other receivables		
Other receivable - non-related parties		
Purchase discount receivable	$ -	$ 1,738
Others	6,850	837
	$ 6,850	$ 2,575
Other receivables from related parties (Note 39)	$ 9	$ 16
Collection		
Measured at amortized cost		
Total carrying amount	$ 20,248	$ 2,228
Less: allowance for loss	(20,248)	(2,228)
	$ -	$ -

Accounts receivable

The average credit period of the Group for commodity sales is 60 to 120 days. In assessing the recoverability of accounts receivable, the Group considers any change in the credit quality of the accounts receivable from the original credit date to the balance sheet date. To mitigate the credit risk, the management of the Group appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the Group will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Company believes that the Group’s credit risk is significantly reduced.

The Group applies the simplified approach of IFRS 9 and recognizes allowance for uncollectible accounts for accounts receivable as lifetime expected credit losses for the duration of contract. The lifetime expected credit loss is determined the provision matrix which refers to past default records and the current financial condition of the clients and industrial economic conditions. Due to the historical experience of credit losses of the Group, there is no significant difference in the loss patterns of different client's groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the expected credit loss rate based on the overdue days of notes receivable and entry days of accounts receivable.

The Group directly reclassifies the collection when there is evidence indicating that the debtor is experiencing in severe financial difficulty and there is no realistic prospect of recovery by the Group, such as the counterparty is under liquidation or the aging of the debts is over 365 days. The Group continues to engage in enforcement activity, and the recovered amounts are written off the related collection.

The Group's loss allowance for notes receivable and accounts receivable based on the provision matrix were as follows:

Notes receivable

December 31, 2022

	Not overdue
Expected credit loss rate	0%
Total carrying amount	$ 2,048
Allowance for losses (lifetime expected credit losses)	-
Costs after amortization	$ 2,048

December 31, 2021

	Not overdue
Expected credit loss rate	0%
Total carrying amount	$ 252
Allowance for losses (lifetime expected credit losses)	-
Costs after amortization	$ 252

Accounts receivable

December 31, 2022

	1-90 days	91-180 days	181-270 days	271-365 days	Total
Expected credit loss rate	0.26%	3.52%	6.46%	15.19%	
Total carrying amount	$ 993,258	$ 79,704	$ 6,253	$ 5,069	$1,084,284
Allowance for losses (lifetime expected credit losses)	(2,611)	(2,804)	(404)	(770)	(6,589)
Costs after amortization	$ 990,647	$ 76,900	$ 5,849	$ 4,299	$1,077,695

December 31, 2021

	1-90 days	91-180 days	181-270 days	271-365 days	Total
Expected credit loss rate	0.3%	0.6%	6.5%	39.2%	
Total carrying amount	$ 597,379	$ 28,956	$ 1,131	$ 1,914	$ 629,380
Allowance for losses (lifetime expected credit losses)	(1,850)	(186)	(74)	(751)	(2,861)
Costs after amortization	$ 595,529	$ 28,770	$ 1,057	$ 1,163	$ 626,519

The above is the aging analysis based on the date of entry.

Changes in loss allowance for accounts receivable are as follows:

	2022	2021
Beginning balance	$ 2,861	$ 1,923
Add: Allowance of impairment losses in the current year	21,729	1,500
Add: Acquisition through business combinations	399	-
Less: Transferred out due to reclassification for the period	(17,991)	(560)
Less: Disposal of subsidiaries (Note 34)	(25)	-
Less: Actual write-off of the current year	(398)	-
Foreign currency translation differences	14	(2)
Ending balance	$ 6,589	$ 2,861

Changes in loss allowance for collection are as follows:

	2022	2021
Beginning balance	$ 2,228	$ 10,835
Add: Transferred in due to reclassification in the current year	17,991	560
Less: Reversal for impairment losses in the current year	-	(9,160)
Foreign currency translation differences	29	(7)
Ending balance	$ 20,248	$ 2,228

11. Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 383,578	$ 191,884
Semi-finished products	259,513	128,252
Work in process	643,849	471,465
Finished products	242,117	150,699
Stock in hand	2,807	54,368
	1,531,864	996,668
Construction land		
Sanxia District, New Taipei City	114,078	-
	$ 1,645,942	$ 996,668

Nature of cost of goods sold as below:

	2022	2021
Cost of inventory sold	$ 2,258,249	$ 1,877,436
Inventory valuation loss (gain on reversal)	30,009	(127,038)
Loss on inventory scrap	17,107	131,768
Others	(1,649)	1,012
	$ 2,303,716	$ 1,883,178

Please refer to Note 40 for the amount of inventory pledged as collateral for loans.

As of December 31, 2022, part of the construction land of the Group is the agricultural and animal husbandry land to be developed, which is temporarily registered as the ownership in the name of a third party. The trustee has issued a closing letter.

12. Subsidiaries

Subsidiaries included in consolidated financial statements

The consolidated financial statements are presented as follows:

			Percentage of equity held		
Name of investor company	Name of Subsidiary	Nature of business	December 31, 2022	December 31, 2021	Description
Gudeng Precision Industrial Co., Ltd. (hereinafter "the Company")	Gudeng Venture Capital Co., Ltd. (hereinafter "Gudeng Venture")	Venture capital and management consulting business	100%	100%	-
	We Solutions (previously known as Wei Zhen) Technology Co., Ltd. (hereinafter "We Solutions")	Trading , repair, and maintenance of various precision instruments	83.33%	100%	Note 1
	Gudeng Equipment Co., Ltd. (formerly “Gudeng Automation”) (hereinafter “Gudeng Equipment”)	Manufacture, trading , repair, and maintenance of various precision instruments	50.10%	50.93%	Notes 1 and 10
	Rich Point Global Corp. (hereinafter “Rich Point”)	Engaged in various investment business	100%	100%	-
	Partner one Ltd.	Engaged in various investment business	-	-	Note 2
	Gudeng Inc.(USA)	Engaged in various electronic components business	100%	100%	Note 4
Gudeng Venture	Jia Shuo Construction (formerly: Daisho Giken), Inc. (hereinafter “Jia Shuo”)	Industrial plant, residential and building development and leasing, real estate sales and leasing	100%	100%	Note 5
	Hengyang Green Energy Co., Ltd. (hereinafter “Hengyang”)	Piping works and electrical installations	45%	-	Note 9
Rich Point	Sun Park Development Limited (hereinafter “Sun Park”)	Engaged in various investment business	100%	100%	-
	Gudeng Investment Co., Ltd. (hereinafter "Gudeng Investment")	Engaged in various investment business	100%	100%	-
Sun Park	Shanghai Gudeng Trading Co., Ltd. (hereinafter "Shanghai Gudeng")	Sales of plastic and electronic products	100%	100%	-
	Suzhou Kun Ju Trading Co., Ltd. (hereinafter "Suzhou Kun Ju")	Sales and maintenance of automobiles, trading of various alcohol and aluminum foil	100%	100%	-
Gudeng Investment	Suzhou City Wu Jiang Start-up Automobile Trading Co., Ltd. (hereinafter "Wu Jiang Start-up")	Sales and maintenance of automobiles	-	100%	Note 6
Partner one Ltd.	Gudeng Investment (HK)	Engaged in various investment business	-	-	Note 2
Gudeng Investment (HK)	Welton Technology Co., Ltd. (hereinafter "Welton")	Engaged in manufacture of plastic products, electronic and communication equipment, electrical machinery and equipment	-	-	Note 3
Gudeng Equipment	Showa Precision Co., Ltd. (hereinafter "Showa")	Manufacture, trading, repair, and maintenance of various precision instruments	100%	100%	-
We Solutions	Fu Rui Sheng Industrial Co., Ltd. (hereinafter “Fu Rui Sheng”)	Investment and management consulting business	54.94%	-	Note 7
	Shuoting Precision Industry Co., Ltd. (hereinafter “Shuoting”)	Manufacturing and wholesale of mould and manufacturing of machinery and equipment	41.37%	-	Notes 1 and 8
Fu Rui Sheng	Bor Sheng Industrial Co., Ltd. (hereinafter “Bor Sheng”)	Manufacturing and wholesale of mould and manufacturing of machinery and equipment	93%	-	Note 7
	Shuoting	Manufacturing and wholesale of mould and manufacturing of machinery and equipment	29.06%	-	Notes 1 and 8

Note 1. Please refer to Note 35 for details of change in percentage of equity held by the Group.

Note 2. The company was registered in 2017 with no yet capital investment.

Note 3. Welton is currently in the pre-trial stage of name and has not yet established.

Note 4. The establishment and registration of subsidiaries approved by the Board of Directors in 2019 with investment amounted to US$350 thousand in capital on November 29, 2021 were completed.

Note 5. Daisho Giken changed its name to Jia Shuo Construction, Inc. on June 29, 2021.

Note 6. The Group signed a 100% equity transfer agreement for Wu Jiang Start-up with Jiaxing Fengmiao Trading Co., Ltd. and Suzhou Chengfeng Trading Co., Ltd., and completed the equity transfer on April 25, 2022, resulting in a loss of control over Wu Jiang Start-up. Please refer to Note 34.

Note 7. We Solutions invested NT$96,551 thousand on July 29, 2022, and acquired 54.94% of Fu Rui Sheng's equity interests and 93% of its subsidiaries' equity interests. Please refer to Note 33.

Note 8. We Solutions acquired Shuoting for NT$23,860 thousand on July 29, 2022, and the consolidated shareholding ratio was 69.15%, including Fu Rui Sheng's shareholding, with obtaining the control over Shuoting; therefore, it was included to the consolidated entity from July 29, 2022. Please refer to Note 33. Shuoting handled a cash capital increase of NT$45,000 thousand on September 29, 2022, but the Group did not subscribe according to the shareholding ratio, resulting in an increase in the consolidated shareholding ratio from 69.15% to 70.43%. Please refer to Note 35.

Note 9. Gudeng Venture invested NT$54,000 thousand on September 1, 2022 to acquire a 45% equity interests in Hengyang. Since the Group had more than half of the board seats of Hengyang, it had substantial control and was included to the consolidated entity from September 1, 2022. Please refer to Note 33.

Note 10. Gudeng Automation Co., Ltd. was renamed from Gudeng Equipment Co., Ltd. in February 10, 2023.

13. Investments accounted for using the equity method

Investment in associates

	December 31, 2022	December 31, 2021
Significant associates		
Jinhui Technology Co., Ltd.	$ 51,019	$ 47,463
i Analyzer Incorporation	52,659	-
	$ 103,678	$ 47,463

Significant associates

Name of Company	Ratio of equity held and voting right December 31, 2022	December 31, 2021
Jinhui Technology Co., Ltd.	35%	35%
i Analyzer Incorporation	23.24%	-

The Group held 10,474 thousand ordinary shares of i Analyzer Incorporation (herein after “i Analyzer”) on February 10, 2022, recognized as financial assets at FVTOCI－non-current, with a book value of NT$33,970 thousand, and a shareholding ratio of 16.40%. On June 30, 2022, it participated in the cash capital increase of i Analyzer at NT$3.24 per share and acquired 6,157 thousand shares of common stock for a total of NT$19,970 thousand. After the acquisition, the shareholding ratio increased to 23.24%. The acquisition had a significant impact on the company, so it was recognized as financial assets at FVTOCI. The fair value at the time of acquisition (NT$3.24 per share) was transferred and recognized as investments accounted for using the equity method.

Please refer to Table IX “Names, Locations and Relevant Information of Investee Companies” for nature of business, primary business premises, and countries of company registration of the above-mentioned associates.

The share of profit or loss and other comprehensive income enjoyed by the associate and the Group using the equity method is calculated on the basis of the financial statements audited by other accountants.

14. Property, Plant and Equipment

	Self-owned land	Buildings	Machinery equipment	Leasehold improvements	Other equipment	Real property under construction	Total
Cost							
Balance on January 1, 2022	$ 2,444,861	$ 677,791	$ 659,208	$ 35,899	$ 924,837	$ 283,009	$ 5,025,605
Acquisition through business combinations (Note 33)	147,405	-	265,770	-	39,531	12,008	464,714
Addition	230,835	1,335	127,415	11,868	193,589	166,411	731,453
Disposal	-	-	(46,379)	-	(8,971)	-	(55,350)
Reclassification	-	4,346	53,143	6,790	29,697	(17,948)	76,028
Reclassified as investment property	(182,478)	(7,460)	-	-	-	-	(189,938)
Disposal of subsidiaries (Note 34)	-	(90,783)	-	-	(22,546)	-	(113,329)
Net exchange differences	-	3,264	5	9	870	-	4,148
Balance on December 31, 2022	$ 2,640,623	$ 588,493	$ 1,059,162	$ 54,566	$ 1,157,007	$ 443,480	$ 5,943,331
Accumulated depreciation and impairment							
Balance on January 1, 2022	$ -	$ 123,893	$ 278,155	$ 17,141	$ 441,300	$ -	$ 860,489
Acquisition through business combinations (Note 33)	-	-	235,164	-	33,312	-	268,476
Disposal	-	-	(37,940)	-	(8,875)	-	(46,815)
Depreciation expenses	-	12,548	68,949	4,739	114,333	-	200,569
Reclassification	-	(40)	-	-	-	-	(40)
Reclassified as investment property	-	(96)	-	-	-	-	(96)
Disposal of subsidiaries (Note 34)	-	(73,683)	-	-	(5,810)	-	(79,493)
Net exchange differences	-	2,629	1	8	241	-	2,879
Balance on December 31, 2022	$ -	$ 65,251	$ 544,329	$ 21,888	$ 574,501	$ -	$ 1,205,969
Net Balance on December 31, 2022	$ 2,640,623	$ 523,242	$ 514,833	$ 32,678	$ 582,506	$ 443,480	$ 4,737,362
Cost							
Balance on January 1, 2021	$ 937,688	$ 583,884	$ 492,971	$ 22,973	$ 761,532	$ -	$ 2,799,048
Addition	1,452,995	38,264	169,087	12,930	105,935	283,009	2,062,220
Disposal	-	-	(191)	-	(10,420)	-	(10,611)
Reclassification	44,240	33,104	(2,658)	-	67,959	-	142,645
From investment properties	9,938	23,204	-	-	-	-	33,142
Net exchange differences	-	(665)	(1)	(4)	(169)	-	(839)
Balance on December 31, 2021	$ 2,444,861	$ 677,791	$ 659,208	$ 35,899	$ 924,837	$ 283,009	$ 5,025,605
Accumulated depreciation and impairment							
Balance on January 1, 2021	$ -	$ 105,956	$ 229,809	$ 14,285	$ 365,429	$ -	$ 715,479
Disposal	-	-	(187)	-	(6,028)	-	(6,215)
Depreciation expenses	-	16,600	48,533	2,860	81,948	-	149,941
From investment properties	-	1,820	-	-	-	-	1,820
Net exchange differences	-	(483)	-	(4)	(49)	-	(536)
Balance on December 31, 2021	$ -	$ 123,893	$ 278,155	$ 17,141	$ 441,300	$ -	$ 860,489
Net amount on December 31, 2021	$ 2,444,861	$ 553,898	$ 381,053	$ 18,758	$ 483,537	$ 283,009	$ 4,165,116

Depreciation expenses are calculated by straight-light basis using the estimated useful lives as follows:

Buildings	6 to 51 years
Machinery equipment	4 to 16 years
Leasehold improvements	2 to 9 years
Other equipment	1 to 21 years

The Group's significant components of the buildings includes main buildings of plants, improvement of main buildings, roads and walls, etc., and they are depreciated based on the estimated useful lives of 51 years, 21 years, and 20 years, respectively.

As of March 31, 2022, the Group had NT$3,886 thousand in self-owned land, which were agricultural land, and the ownership was temporarily registered in the name of a third party, and the trustee had issued a settlement statement.

Please refer to Note 40 for the amount of property, plant and equipment pledged as collateral for loans.

15. Lease Agreements

a. Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of right-of-use assets		
Land	$ -	$ 21,000
Buildings	83,243	31,476
Transportation Equipment	9,225	15,819
	$ 92,468	$ 68,295

	2022	2021
Additions of right-of-use assets	$ 16,572	$ 33,885
Depreciation expense of right-of-use assets		
Land	$ 170	$ 670
Buildings	15,800	8,102
Transportation Equipment	9,339	8,914
	$ 25,309	$ 17,686

b. Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 28,827	$ 18,150
Non-current	$ 65,674	$ 30,086

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2022	December 31, 2021
Buildings	1.45%～2.72%	1.45%～1.63%
Transportation Equipment	1.50%～7.90%	1.50%～7.90%

c. Major lease activities and terms

The Group leases several transportation equipment for operational use with lease terms of 3 to 5 years. At the end of the lease term, the Group has the option to purchase the equipment for its nominal amount at that time.

The Group has also leased certain land for plant use for a period of 5 to 20 years. At the end of the lease terms, the Group has no bargain purchase option over the leasehold land and buildings, and the Group may not sublease or transfer all or part of the underlying lease without the lessor's consent.

d. Other lease information

	2022	2021
Short-term leases expenses	$ 12,551	$ 14,182
Expenses relating to low-value asset leases	$ 3	$ -
Total cash (outflow) for leases	($ 37,694)	($ 31,820)

The Group has elected to apply the recognition exemption on the leases houses and buildings which qualify as short-term leases, and it did not recognize related right-of-use assets and lease liabilities for these leases.

All lease commitments with lease terms beginning after the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Lease commitments	$ 62,655	$ 5,811

16. Investment properties

	Completed Investment Properties
Cost	
Balance on January 1, 2022	$ 645,026
Transfer in from property, plant and equipment	189,938
Balance on December 31, 2022	$ 834,964
Accumulated depreciation and impairment	
Balance on January 1, 2022	$ 45,067
Transfer in from property, plant and equipment	96
Depreciation expenses	9,046
Balance on December 31, 2022	$ 54,209
Net Balance on December 31, 2022	$ 780,755
Cost	
Balance on January 1, 2021	$ 678,168
Reclassified to Property, Plant and Equipment	(33,142)
Balance on December 31, 2021	$ 645,026
Accumulated depreciation and impairment	
Balance on January 1, 2021	$ 38,335
Reclassified to Property, Plant and Equipment	(1,820)
Depreciation expenses	8,552
Balance on December 31, 2021	$ 45,067
Net amount on December 31, 2021	$ 599,959

The total amount of lease payments to be received in the future for leasing investment real estate with a business lease is as follows:

	December 31, 2022	December 31, 2021
Year 1	$ 19,811	$ 33,070
Year 2	320	16,407
	$ 20,131	$ 49,477

Investment properties are depreciated by straight-light basis using the useful lives as follows:

Main buildings	51 years

The fair value of the investment properties of the Group cannot be reliably determined due to the scarcity of nearby buildings, which leads to less frequent comparable market transactions and reliable alternative estimates to replace the fair value.

The Group held freehold interests in all of its investment properties. Please refer to Note 40 for the amount of investment real estate set as security for borrowing.

The Group has no lease commitment commencing after the balance sheet date for the lease term.

17. Goodwill

	2022	2021
Cost		
Beginning balance	$ 98,784	$ 98,784
Acquisition through business combination for the current year (Note 33)	40,761	-
Disposal of subsidiaries (Note 34)	(49,961)	-
Ending balance	$ 89,584	$ 98,784
Accumulated impairment		
Beginning balance	($ 24,201)	($ 3,766)
Impairment loss recognized for the period	-	(20,435)
Ending balance	($ 24,201)	($ 24,201)
Beginning net balance	$ 74,583	$ 95,018
Ending net balance	$ 65,383	$ 74,583

On July 29, 2022, the Group acquired Fu Rui Sheng Industrial Co., Ltd. and resulted in goodwill of NT$40,761 thousand, which was mainly attributable from the control premium, including merger synergies, revenue growth, and future development which were expected to be generated.

It was assessed that the recoverable amount of Showa Precision Co., Ltd. amounting to NT$5,793 thousand was less than the carrying amount, so the goodwill impairment of NT$20,435 thousand was recognized in 2021.

The recoverable amount of Showa Precision Co., Ltd. is determined on the basis of use value, and is estimated by the cash flow of the financial budget for the next 5 years approved by the management of the Group, and calculated by the annual discount rate of 12.9%.

18. Other Intangible Assets

	Patents	Cost of Computer software	Franchise	Golf membership card	Technique	Client Relationship	Total
Cost							
Balance on January 1, 2022	$ 97,425	$ 48,926	$ 44,158	$ 8,763	$ 5,900	$ 5,300	$ 210,472
Acquisition through business combinations (Note 33)	-	550	-	-	-	-	550
Acquired separately	-	18,303	-	-	-	-	18,303
Disposal of subsidiaries (Note 34)	-	-	(45,805)	-	-	-	(45,805)
Net exchange differences	-	-	1,647	-	-	-	1,647
Balance on December 31, 2022	$ 97,425	$ 67,779	$ -	$ 8,763	$ 5,900	$ 5,300	$ 185,167
Accumulated amortization and impairment							
Balance on January 1, 2022	$ 22,467	$ 32,420	$ 44,158	$ -	$ 843	$ 2,650	$ 102,538
Acquisition through business combinations (Note 33)	-	148	-	-	-	-	148
Amortization expenses	8,329	11,247	-	-	844	2,650	23,070
Disposal of subsidiaries (Note 34)	-	-	(45,805)	-	-	-	(45,805)
Net exchange differences	-	-	1,647	-	-	-	1,647
Balance on December 31, 2022	$ 30,796	$ 43,815	$ -	$ -	$ 1,687	$ 5,300	$ 81,598
Net Balance on December 31, 2022	$ 66,629	$ 23,964	$ -	$ 8,763	$ 4,213	$ -	$ 103,569
Cost							
Balance on January 1, 2021	$ 97,425	$ 32,451	$ 44,494	$ 8,763	$ 5,900	$ 5,300	$ 194,333
Acquired separately	-	16,475	-	-	-	-	16,475
Net exchange differences	-	-	(336)	-	-	-	(336)
Balance on December 31, 2021	$ 97,425	$ 48,926	$ 44,158	$ 8,763	$ 5,900	$ 5,300	$ 210,472
Accumulated amortization and impairment							
Balance on January 1, 2021	$ 14,138	$ 24,166	$ 44,494	$ -	$ -	$ -	$ 82,798
Amortization expenses	8,329	8,254	-	-	843	2,650	20,076
Net exchange differences	-	-	(336)	-	-	-	(336)
Balance on December 31, 2021	$ 22,467	$ 32,420	$ 44,158	$ -	$ 843	$ 2,650	$ 102,538
Net amount on December 31, 2021	$ 74,958	$ 16,506	$ -	$ 8,763	$ 5,057	$ 2,650	$ 107,934

The franchise represents the franchise of operation granting to Wu Jiang Start-up to sell Shanghai Volkswagen in Suzhou City. The Group had completed the equity transfer of Wu Jiang Start-up on April 25, 2022. Please refer to Note 34.

Golf membership card of the Group is a right of use and the management of the Group considers that the Group has the intention and ability to extend the useful life continuously, hence it is an intangible asset with indefinite useful life, and is tested for impairment annually whether or not there is any indication of impairment. Security deposit of golf membership amounted to NT$12,000 thousand and recognized as refundable deposits.

Amortization expenses are calculated by straight-light basis using the estimated useful lives as follows:

Cost of Computer software	2 to 9 years
Patents	10 years
Technique	7 years
Client Relationship	2 years

Amortization expenses summarized by function:

	2022	2021
Operating costs	$ 8,464	$ 6,182
General and administrative expenses	5,705	4,946
Research expenses	8,901	8,948
	$ 23,070	$ 20,076

19. Prepayments

	December 31, 2022	December 31, 2021
Current		
Advance payment	$ 124,572	$ 77,981
Prepaid rent	731	782
Prepaid investment	-	85,478
Tax overpaid retained for offsetting the future tax payable	17,853	15,883
Prepaid insurance fee	1,140	752
Other prepayments	22,622	16,211
	$ 166,918	$ 197,087

Gudeng Venture of the Group participated in the 2021 annual cash capital increase of Asia Neo Tech Industrial Co., Ltd by the resolution of the Board of Directors on December 27, 2021 to subscribe 3,326,000 shares at NT$25.7 per share, and it is recorded under the account of prepaid investment as the relevant legal procedures have not been completed as of December 31, 2021.

20. Other Assets

	December 31, 2022	December 31, 2021
Current		
Other current assets		
Temporary payments	$ 4,901	$ 1,337
Advances to employees	-	107
	$ 4,901	$ 1,444
Non-current		
Other non-current assets		
Net defined benefit plans (Note 26)	$ 1,379	$ -
Others	74	8,172
	$ 1,453	$ 8,172

21. Borrowings

a. Short-term borrowings

	December 31, 2022	December 31, 2021
Secured loans (Note 40)		
- Other loans (1)	$ -	$ 29,920
- Bank loans (2)	28,000	150,000
	$ 28,000	$ 179,920

1) Other borrowings are loans borrowed by Wu Jiang Start-up from SAIC Motor Corporation Ltd. at fixed interest rate of 6.16% as of December 31, 2021.

2) The interest rates on revolving loans of banks were 2.05~2.47% and 1.28% respectively as of December 31, 2022 and 2021.

b. Long-term Borrowings

	December 31, 2022	December 31, 2021
Secured loans (Note 40)	$2,527,770	$2,876,104
Unsecured loans	796,073	164,266
Less: current portion matured in 1 year	(154,638)	(164,467)
	$3,169,205	$2,875,903
Contents of loan		
Annual rate	1.625%~2.995%	1.150%~1.850%
Maturity Date	Due gradually before June 2041	Due gradually before June 2041

Please refer to Notes 40 and 41 for the collateral of the above bank loans.

22. Corporate Bonds Payable

	December 31, 2022	December 31, 2021
Domestic unsecured convertible bonds	$ 922,582	$ -
Less: current portion matured in 1 year	-	-
	$ 922,582	$ -

The third domestic secured convertible bonds

On July 7, 2022, the Group issued 10,000 units with 3-year issuance periods of NTD denominated unsecured convertible corporate bonds at a coupon rate of 0% with a principal amounted to NT$1,000,000 thousand.

Holders of corporate bonds of each unit are entitled to convert into the ordinary shares of the Group at NT$231.4 per share. After such conversion price is determined, if there is an increase in the ordinary shares in issue, the conversion price adjustment formula shall be adjusted.

From the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date, if the closing price of the Group's ordinary shares exceeds 30% of the current conversion price for 30 consecutive business days, the Group may, within 30 business days, delivery a “Notice to call back bonds” due in 30 days through registered mails, and call back all the corporate bonds by cash at par value by the end of that period; from the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date, if the outstanding balance of the convertible corporate bonds is less than 10% of total initial issue amount, the Group may, at any time after that time, delivery a “Notice to call back bonds” due in 30 days through registered mails, and call back all the corporate bonds by cash at par value by the end of that period.

The date when two years have passed since the issuance of the convertible corporate bonds is the benchmark date for bondholders to sell back the converted corporate bonds in advance. Forty business days before the date, the Group shall send a “Notice of Exercise of Put-back Option” by registered mail to redeem all of its bonds in cash at the face value of the bonds.

This convertible corporate bonds comprise a liability and equity component, and the equity component is presented under equity as capital surplus – share option. The equity component is initially recognized at the effective interest rate of 1.79%.

The contents of the conversion which was fully converted by the Group per the requests of the bond holders as of December 31, 2022 are as follows:

	2022
Total amount of requested conversion of bonds	$ 35,200
Less: shares capital of ordinary shares issued at the conversion price of the above-mentioned convertible bonds in accordance with issuance regulations	(1,521)
premium on conversion	33,679
Add: capital surplus – share option	1,510
Financial liabilities at fair value through profit or loss	75
Less: discount on corporate bonds payable	(1,434)
Financial assets at fair value through profit or loss	(141)
Odd lot transferred into other revenue	(1)
Ordinary shares Issued and partially transferred to capital surplus - premium on conversion of corporate bonds	$ 33,688

Movements of the master contracts of debt from the issuance date to December 31, 2022 are as follows:

	Amount
Issue proceeds on July 7, 2022 (less transaction costs of NT$5,280 thousand)	$ 994,720
Equity components (less transaction cost allocated to equity of NT$228 thousand)	(42,872)
Derivatives components - put right	(4,500)
Derivatives components - redemption rights	700
Liability components on issuance date (Derivatives components - redemption rights)	948,048
Interests calculated at the effective interest rate of 1.79%	8,300
Ordinary shares converted from corporate bonds payable	(33,766)
Liability components on December 31, 2022	$ 922,582

The second domestic secured convertible bonds

On November 21, 2019, the Group issued 3,000 units with 3-year issuance periods of NTD denominated secured convertible corporate bonds at a coupon rate of 0% with a principal amounted to NT$300,000 thousand.

Holders of corporate bonds of each unit are entitled to convert into the ordinary shares of the Group at NT$125 per share. After such conversion price is determined, if there is an increase in the ordinary shares in issue, the conversion price adjustment formula shall be adjusted. On September 24, 2019, the Board of Directors of the Group resolved to issue 3,000 thousand new shares with a par value of NT$10 per share for the cash capital increase, with the base date of the capital increase of November 26, 2019, and the conversion price of the corporate bonds was adjusted to NT$124 per share beginning in the record date of that capital increase. The conversion price of the corporate bonds was adjusted to NT$123.3 as per the Adjustment Method on March 18, 2020. The conversion price of the corporate bonds was adjusted to NT$122.8 as per the adjustment formula on August 28, 2020. The conversion price of the corporate bonds was adjusted to NT$121.3 as per the Adjustment Method on January 25, 2021. The conversion price of the corporate bonds was adjusted to NT$120.7 as per the Adjustment Method on March 17, 2021. The conversion price of the corporate bonds was adjusted to NT$119.1 as per the Adjustment Method on July 12, 2021. The conversion period was from February 22, 2020 to November 21, 2022. The corporate bonds not converted during the period will be redeemed in cash at par value on November 21, 2022.

From the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date, if the closing price of the Group's ordinary shares exceeds 30% of the current conversion price for 30 consecutive business days, the Group may, within 30 business days, delivery a “Notice to call back bonds” due in 30 days through registered mails, and call back all the corporate bonds by cash at par value by the end of that period; from the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date, if the outstanding balance of the convertible corporate bonds is less than 10% of total initial issue amount, the Group may, at any time after that time, delivery a “Notice to call back bonds” due in 30 days through registered mails, and call back all the corporate bonds by cash at par value by the end of that period.

On July 13, 2021, the Group exercised the right to recover the bonds in accordance with the issuance and conversion measures, and the base date for recovering the convertible bonds was set at September 1, 2021, which have been fully converted as of December 31, 2021.

This convertible corporate bonds comprise a liability and equity component, and the equity component is presented under equity as capital surplus – share option. The equity component is initially recognized at the effective interest rate of 1.76%.

The contents of the conversion which was fully converted by the Group per the requests of the bond holders as of December 31, 2021 are as follows:

	2021
Total amount of requested conversion of bonds	$ 7,200
Less: shares capital of ordinary shares issued at the conversion price of the above-mentioned convertible bonds in accordance with issuance regulations	(592)
premium on conversion	6,608
Add: capital surplus – share option	109
Less: discount on corporate bonds payable	(222)
Financial assets at fair value through profit or loss	(14)
Odd lot transferred into other revenue	(1)
Ordinary shares Issued and partially transferred to capital surplus - premium on conversion of corporate bonds	$ 6,480

Movements of the master contracts of debt from the issuance date to December 31, 2021 are as follows:

	Amount
Issue proceeds on November 21, 2019 (less transaction costs of NT$ 4,411 thousand)	$ 295,589
Equity components (less transaction cost allocated to equity of NT$171 thousand)	(11,469)
Derivatives components - redemption rights	570
Liability components on issuance date (Derivatives components - redemption rights)	284,690
Interests calculated at the effective interest rate of 1.76%	4,273
Ordinary shares converted from corporate bonds payable	(281,996)
Liability components on December 31, 2020	$ 6,967
Liability components on January 1, 2021	$ 6,967
Interests calculated at the effective interest rate of 1.76%	11
Ordinary shares converted from corporate bonds payable	(6,978)
Liability components on December 31, 2021	$ -

23. Note Payables and Trade Payables

	December 31, 2022	December 31, 2021
Notes payable		
Arising from operations - unrelated parties	$ 8,753	$ 90
Arising from operations - related parties (Note 39)	$ 100	$ -
Accounts payable		
Arising from operations - unrelated parties	$ 541,279	$ 412,025
Arising from operations - related parties (Note 39)	$ 13,616	$ 18,704

The average credit periods of parts of Commodities purchased by the Group are 1 - 3 months, and interests re not added to the accounts payable. The Group has financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

24. Other Liabilities

	December 31, 2022	December 31, 2021
Current		
Other payables		
Equipment payment payable	$ 68,733	$ 303,634
Salaries and bonuses payable	230,658	129,847
Employee compensation payable	67,554	30,211
Directors and supervisors remuneration payable	44,631	15,987
Vacation leave payment payable	23,811	15,199
Interest payable	2,883	2,155
Dividends payable	336,998	67,278
Others	178,825	131,603
	$ 954,093	$ 695,914
Other Liabilities		
Temporary received	$ 518	$ 535
Received on behalf of others	4,771	3,327
Others	8,407	-
	$ 13,696	$ 3,862

25. **Provisions**

	December 31, 2022	December 31, 2021
Current		
Warranty	$ 26,618	$ 28,822

Warranty provisions is the present value of the best estimate of the future economic benefits resulted from the Group's management due to warranty obligations according to the agreements of sales contracts of commodities. This estimate is based on the historical experience of warranty and considers the adjustment of new raw materials, changes in manufacturing process, or other factors affecting quality of the products.

26. **Benefits after retirement plan**

a. Defined contribution plans

The pension system of the *Labor Pension Act* applicable to the Company, We Solutions, Gudeng Equipment, Gudeng Venture, Showa and Shuoting under the Group was a defined contribution plan under government administration, and 6% of the employees' monthly salaries is contributed to their personal accounts at the Bureau of Labor Insurance.

Wu Jiang Start-up, Shanghai Gudeng, Kun Ju, Sun Park, Gudeng Investment and Rich Point under the Group, have not yet established employee retirement measures, and the local government has not forced to formulate employee retirement measures, so the provisions of IAS 19 are not applicable.

b. Defined benefit plans

The Company and Shuoting under the Group with the pension mechanism under the “Labor Standards Law” is considered as defined benefit plans. The payment of the employee's pension is based on the length of service and the average salary of six months before the approved retirement date. Those companies contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to a retirement fund that is deposited with Bank of Taiwan under the name of The Supervisory Committee of Workers' Retirement Fund. Before the end of year, if the balance at the retirement fund is not sufficient to pay employees who will meet the retirement criteria next year, a lump-sum deposit for the shortfall should be made before the end of March of the following year. The plan assets are held in a commingled fund which is operated and managed by the government’s designated authorities; as such, the Group does not have any right to intervene in the investments of the funds.

The amounts included in the accompanying balance sheets arising from the Group's obligation in respect of its defined benefit plans were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 40,120	$ 31,658
Fair value of plan assets	(15,389)	(4,700)
Net defined benefit liabilities	$ 24,731	$ 26,958

The changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
January 1, 2022	$ 31,658	($ 4,700)	$ 26,958
Interest expenses (income)	235	(112)	123
Recognized in profit or loss	235	(112)	123
Re-measurement on the net defined benefit liability			
Actuarial gains recognized from changes in financial assumptions	(1,530)	-	(1,530)
Actuarial (gains) losses - experience adjustments	1,705	(1,249)	456
Recognized in other comprehensive income	175	(1,249)	(1,074)
Business combinations	10,361	(11,460)	(1,099)
Contributions from employer	-	(177)	(177)
Benefits paid	(2,309)	2,309	-
December 31, 2022	$ 40,120	($ 15,389)	$ 24,731
January 1, 2021	$ 23,201	($ 4,446)	$ 18,755
Interest expenses (income)	70	(15)	55
Recognized in profit or loss	70	(15)	55
Re-measurement on the net defined benefit liability			
Actuarial losses – changes in financial assumptions	1,032	-	1,032
Actuarial (gains) losses - experience adjustments	7,355	(61)	7,294
Recognized in other comprehensive income	8,387	(61)	8,326
Contributions from employer	-	(178)	(178)
December 31, 2021	$ 31,658	($ 4,700)	$ 26,958

The amounts recognized in profit or loss for the defined benefit plans are summarized by function as follows:

	2022	2021
General and administrative expenses	$ 123	$ 55

The Group is exposed to following risks for the defined benefits plans under the "Labor Standards Law":

1) Investment risk: Through its own use and entrusting operation, Bureau of Labor Funds, MOL invested labor pension funds in domestic (foreign) equity and debt securities and bank deposits. But the allocated amounts of the Group's plan assets shall not be lower than the gain calculated by the average interest rate on a two-year time deposit.
2) Interest rate risk: The decline in government bond interest rate will increase the present value of the obligation on the defined benefit plan, while the return on plan assets will increase. The net effect on the present value of the obligation on defined benefit plan is partially offset by the return on plan assets.
3) Salary risk: The calculation of the present value of defined benefit obligation is in reference to the plan participants' future salary. Hence, the increase in plan participants' salary will increase the present value of the defined benefit obligation.

The present value of the defined benefit obligation of the Group was calculated by the independent actuary. The principal assumptions on the measurement date were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.4402%～1.7000%	0.4850%
Expected rates of salary increase	1.0000%～4.0000%	3.0000%

Mortality rate is based on Taiwan life insurance experience life table of 2021.

The turnover rate is based on the data obtained from the employee turnover experience data provided by the Group and considering the future trend.

If there are reasonable and possible changes in material actuarial assumptions while all other assumptions remain unchanged, the amount of increase (decrease) in the present value of the defined benefit obligation is as follows:

	December 31, 2022	December 31, 2021
Discount rate		
0.5% increase	($ 2,042)	($ 1,647)
0.5% decrease	$ 2,186	$ 1,705
Expected rates of salary increase		
0.5% increase	$ 2,106	$ 1,688
0.5% decrease	($ 2,012)	($ 1,599)

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

	December 31, 2022	December 31, 2021
The expected amount of contribution within 1 year	$ 183	$ 183
The average maturity period of defined benefit obligations	9.7~14.52 years	10.8 years

27. Equity

a. Ordinary share capital and share capital collected in advance

	December 31, 2022	December 31, 2021
Nominal shares (in thousand shares)	150,000	150,000
Nominal share capital	$ 1,500,000	$ 1,500,000
Number of shares issued and payments received in full (in thousand shares)	84,097	84,097
Share capital issued	$ 840,973	$ 840,973
Share capital collected in advance	$ 1,521	$ -

On October 16, 2020, the Board of Directors resolved a capital increase in cash to issue 7,600 thousand of new shares with a par value of NT$10 per share, and issued on premiums for NT$236 per share. The above-mentioned capital increase in cash had been reported and approved for effectiveness by the Securities and Futures Bureau, Financial Supervisory Commission on November 12, 2020, and the ex-rights date of the capital increase was December 15, 2020 resolved by the Board of Directors. The statutory procedures were completed on February 24, 2021 as the share capital collected in advance was transferred to ordinary share capital.

As at December 31, 2022 and 2021, the debenture holders of the Company had requested to convert their secured and unsecured corporate bonds into 152 thousand and 2,437 thousand ordinary shares, respectively, of which 152 thousand shares were recognized as share capital collected in advance amounted to NT$1,521 thousand, and the registration of the change was made after new shares issued on the ex-rights date of the capital increase according to the law.

b. Capital surplus

	December 31, 2022	December 31, 2021
Used to offset deficit, distribute cash, or replenish share capital (1)		
Premium on issuance of shares	$ 2,696,145	$ 2,696,145
Premium on conversion of convertible corporate bonds	309,185	275,497
Treasury shares transactions	200,461	103,161
Changes in net equity values of associates and joint venture accounted for using the equity method	1,188	-
Not to be used for any purposes		
Employees stock options	-	19,803
Stock options	41,362	-
	$ 3,248,341	$ 3,094,606

1) This type of capital surplus may be used to offset deficit or issue cash or replenish share capital when there are no loss, but share capital replenishment is restricted to the ratio of actual share capital stock each year.

c. Retained Earnings and Dividends Policy

According to the surplus distribution policy of the Company’s articles of association, the Company's earning distribution or appropriation for deficits shall be made after the end of the half-year period in a fiscal year. As in the form of new share issuance, the proposal shall be resolved in the shareholders' meeting before the distribution; as in the form of cash, the proposal shall be resolved by the Board of Directors and then reported in the shareholders' meeting.

According to the surplus distribution policy of the company’s articles of association, if there is a surplus in the annual final accounts, taxes shall be paid in accordance with the law, and after the accumulated losses are made up, another 10% shall be allocated as the statutory surplus reserve, and the rest shall be set aside or reversed to special surplus reserves as required by law and order; if there is a balance and accumulated undistributed surplus, the board of directors shall draw up a surplus distribution proposal and submit it to the shareholders’ meeting for resolution to distribute dividends and bonuses to shareholders. For the policies on employees' compensation and remuneration of directors, which is stipulated in the Company's Articles of Incorporation, please refer to Note 29(7).

The legal reserve shall be allocated until it reaches the balance of the Company's paid-in capital. The legal reserve can be used to offset deficit. When the Company has no loss, the part of the legal capital reserve exceeding 25% of the total paid-in capital may be distributed in cash in addition to being appropriated as share capital.

The Company has set aside and reversed the special surplus reserve in accordance with the provisions of Financial Supervisory Securities Letter No. 1010012865 and No. 1090150022. If there is a subsequent reversal of the net reduction of other equity, the surplus may be allocated in respect of the reserved portion of the reserved special surplus reserve.

The board of directors of the Company has decided on the surplus distribution plan for the year 2021 as follows:

	From July 1 to December 31, 2021	From January 1 to June 30, 2021
Date of the resolution of the Board of Directors Meeting	March 7, 2022	November 5, 2021
Legal reserve	$ 25,365	$ 7,463
Special reserve	($ 18,728)	$ 3,561
Cash dividends	$ 167,437	$ 67,278
Cash dividend per share (NT$)	$ 2.0	$ 0.8

The above-mentioned cash dividend was resolved by the Board of Directors to distribute, and the remaining earnings distribution items were also resolved at the regular shareholders' meeting held on May 27, 2022.

The board of directors of the Company has decided on the surplus distribution plan for the half year of 2022 as follows:

	From January 1 to June 30, 2022
Date of the resolution of the Board of Directors Meeting	November 9, 2022
Legal reserve	$ 47,775
Special reserve	$ 151,184
Cash dividends	$ 336,998
Cash dividend per share (NT$)	$ 4.0

The above-mentioned cash dividend was resolved by the Board of Directors to distribute, and the rest will be resolved by the shareholders' meeting held on May 24, 2023.

d. Non-controlling interests

	2022	2021
Beginning balance	$ 104,581	$ 71,526
Net income for the year	94,258	33,169
Other comprehensive income		
Re-measurements of defined benefit plan	130	-
Adjustments of changes in capital surplus of associates accounted for using the equity method	1,174	-
Increase in non-controlling interests from acquisition of subsidiaries (Note 33)	132,563	-
Non-controlling interest to participate in subsidiary's cash capital increase	144,995	-
Decrease in non-controlling interests from acquisition of subsidiaries based on non-shareholding ratio (Note 35)	(1,451)	(114)
Ending balance	$ 476,250	$ 104,581

e. Treasury stock

Reason for buy-back	Shares transferred to employees (in Thousand Shares)	Buy-back for Cancellation (in Thousand Shares)	Shares of parent company held by subsidiaries (in Thousand Shares)	Total (in Thousand Shares)
Number of shares on January 1, 2022	449	-	-	449
Decrease during the year	(449)	-	-	(449)
Number of shares on December 31, 2022	-	-	-	-
Number of shares on January 1, 2021	449	-	-	449
Number of shares on December 31, 2021	449	-	-	449

In January 2022, the Company transferred treasury shares to employees with transferred treasury shares of 70 thousand shares at a total buy-back cost of NT$2,384 thousand. The record date of the employee shares subscription for these treasury shares was December 27, 2021 and the date to deliver the shares to employees was January 26, 2022.

In June 2022, the Company transferred treasury shares to employees with transferred treasury shares of 120 thousand shares at a total buy-back cost of NT$4,086 thousand. The record date of the employee shares subscription for these treasury shares was April 29, 2022 and the date to deliver the shares to employees was June 10, 2022.

In July 2022, the Company transferred treasury shares to employees with transferred treasury shares of 259 thousand shares at a total buy-back cost of NT$8,819 thousand. The record date of the employee shares subscription for these treasury shares was May 27, 2022 and the date to deliver the shares to employees was July 1, 2022.

The Company received NT$15,289 thousand for the transfer of treasury stock and also recognized capital surplus - treasury shares transaction of NT$97,300 thousand on the date of share delivery to employees, please refer to Note 32.

Treasury shares held by the Company shall not be pledged as collateral in accordance with the Securities and Exchange Act, nor shall it be entitled to dividend distribution and voting rights.

28. Revenue

	2022	2021
Revenue from customer contracts		
Sales Revenue of Commodities	$ 4,494,031	$ 3,121,186

a. Explanation of customer contracts

Sales Revenue of Commodities

The sales revenue of commodities comes from the manufacturing of mask packages, its service of design, and the sales of semiconductor related products. Upon shipping of the photomask case products, the clients have the right to set prices and to use the merchandise as well as the major responsibility of reselling, and bear the risk of obsolescence. In addition, in the sale of semiconductor equipment, the performance obligations are satisfied and the customer takes over the control over the products when the customer accepts the equipment. The Group recognizes revenue and accounts receivable at that point in time.

b. Balance of contracts

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (Note 10)	$1,077,420	$ 626,519	$ 421,004
Accounts receivable from related parties (Note 10)	$ 275	$ -	$ -
Contract liabilities – Unearned sales revenue			
Sales of Commodities	$ 709,026	$ 459,559	$ 312,532

The contract liabilities from the beginning of the year and from previous periods whose performance obligations were fulfilled were recognized as revenue for the year as follows.

	2022	2021
From beginning contract liabilities		
Sales of Commodities	$417,426	$260,462

c. Breakdown of revenue from customer contracts

Please refer to Note 46 for information on the breakdown of revenue.

29. Net income before tax

a. Interest income

	2022	2021
Bank deposits	$ 5,504	$ 1,109
Imputed interest on deposits	83	79
	$ 5,587	$ 1,188

b. Other income

	2022	2021
Rental income		
Investment properties	$ 36,243	$ 33,999
Other rental	2,361	4,194
	38,604	38,193
Dividend income		
Financial assets at fair value through profit or loss	6,648	520
Investments in equity instruments at fair value through other comprehensive income	25,209	-
	31,857	520
Others	9,107	15,886
	$ 79,568	$ 54,599

c. Other gains and (losses)

	2022	2021
Gain or loss of financial assets and financial liabilities		
Financial assets and liabilities mandatorily classified as at fair value through profit or loss	($ 10,425)	($ 70)
Net gain (loss) on foreign exchange	54,560	(5,579)
Gains on bargain purchase - acquisition of subsidiaries (Note 33)	36	-
Gain on disposal of property, plant and equipment	1,580	640
Gain on disposal of subsidiaries (Note 34)	54,936	-
Gain (loss) on lease amendment	(192)	26
Impairment loss	-	(20,435)
Others	(2,212)	(4,317)
	$ 98,283	($ 29,735)

d. Finance costs

	2022	2021
Interest on bank loans	$ 55,890	$ 28,156
Interest on convertible corporate bonds	8,300	11
Interest on lease liabilities	1,490	925
Imputed interest on deposits	25	16
Other interest expenses	35	1,298
Less: Amount included in the cost of key assets	(10,684)	(2,836)
	$ 55,056	$ 27,570

Information on interest capitalization is as follows:

	2022	2021
Amount of capitalized interest	$ 10,684	$ 2,836
Capitalized interest rate	1.42%	1.25%

e. Depreciation and amortization expenses

	2022	2021
Depreciation expenses summarized by function		
Operating costs	$ 160,584	$ 123,389
Operating expenses	74,340	52,790
	$ 234,924	$ 176,179
Amortization expenses summarized by function		
Operating costs	$ 8,464	$ 6,182
Operating expenses	14,606	13,894
	$ 23,070	$ 20,076

f. Employee benefits expenses

	2022	2021
Benefits after retirement		
Defined contribution plans	$ 23,579	$ 15,455
Defined benefit plans (Note 26)	123	55
	23,702	15,510
Equity-based payment		
Equity settlement	79,535	19,803
Other employee benefits	992,143	617,306
Total employee benefit expenses	$1,095,380	$ 652,619
Summarized by function		
Operating costs	$ 445,337	$ 242,966
Operating expenses	650,043	409,653
	$1,095,380	$ 652,619

g. Remunerations of employees and directors

The Company allocates the employees' compensation and remuneration of directors for not less than 3% and not more than 3%, respectively, of the income before tax before deducting the distributed the employees' compensation and the remuneration of directors in the current year. The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021 were resolved by the board of directors on March 8, 2023 and March 7, 2022, respectively, as follows:

Estimated ratio

	2022	2021
Employees' compensation	3.106%	4.3%
Remuneration of directors	3%	3%

Amount

	2022		2021	
	Cash	Stock	Cash	Stock
Employees' compensation	$ 35,338	$ -	$ 19,042	$ -
Remuneration of directors	34,130	-	13,285	-

If there is any change in the amount after the date of issuance of the annual consolidated financial statements, it shall be treated according to the change in accounting estimates and adjusted and recorded in the next year.

There was no difference between the actual amount of employees' compensation and remuneration of directors for the years ended December 31, 2021 paid and the amount recognized in the accompanying consolidated financial statements for the year ended December 31, 2021.

Information on the employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022 resolved by the Company's board of directors is available at the "Market Observation Post System" website of the Taiwan Stock Exchange.

30. Income Tax

a. Income Tax Recognized in profit or loss

The main components of income tax expenses are as follows:

	2022	2021
Current income tax		
Incurred for the year	$ 238,838	$ 71,292
Adjustments from prior years	(20,003)	1,292
	218,835	72,584
Deferred income tax		
Incurred for the year	(19,715)	25,052
Adjustments from prior years	11	-
	(19,704)	25,052
Income tax expense recognized in profit or loss	$ 199,131	$ 97,636

The adjustment of accounting income and income tax expenses is as follows:

	2022	2021
Net income before tax	$1,226,460	$ 467,465
Income tax expenses of net income before tax calculated at the legal tax rate	$ 245,292	$ 93,493
Non-deductible tax expense	7,293	3,317
Tax-free income	(21,149)	(11,019)
Debenture issuance cost	(1,056)	-
Temporary differences not recognized	-	(837)
Deduction for losses not recognized	(14,169)	643
Additional levy on undistributed earnings	425	-
Effect of different tax rates on subsidiaries operating in other jurisdictions	2,487	10,110
Current income tax expense from previous years adjusted in the year	(20,003)	1,292
Deferred income tax expense from previous years adjusted in the period	11	-
Income from tax-free dividends shall not be recognized as loss deduction	-	637
Income tax expense recognized in	$ 199,131	$ 97,636

profit or loss

b. Current income tax assets and liabilities

	December 31, 2022	December 31, 2021
Current income tax assets		
Tax refund receivable	$ 9	$ 5
Current income tax liabilities		
Income tax payable	$ 202,458	$ 51,264

c. Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows:

2022

Deferred income tax assets	Beginning balance	Recognized in profit or loss	Ending balance
Temporary difference			
Unrealized exchange gain or loss	$ 1,234	($ 1,234)	$ -
Unrealized loss on inventories for price loss	21,510	8,345	29,855
Unrealized loss on transactions with subsidiaries	346	-	346
Vacation leave payment payable	2,980	1,771	4,751
Allowance for Doubtful Debts over limit	343	3,270	3,613
Impairment loss of fixed assets	-	6,250	6,250
Warranty loss	-	4,947	4,947
	$ 26,413	$ 23,349	$ 49,762

Deferred income tax liabilities	Beginning balance	Recognized in profit or loss	Ending balance
Temporary difference			
Unrealized exchange gains	$ -	($ 3,514)	($ 3,514)
Unrealized profit on financial assets	-	(92)	(92)
Unrealized loss on transactions with subsidiaries	(295)	(35)	(330)
Defined benefit retirement plan	(200)	(4)	(204)
	($ 495)	($ 3,645)	($ 4,140)

2021

Deferred income tax assets	Beginning balance	Recognized in profit or loss	Ending balance
Temporary difference			
Unrealized exchange gain or loss	$ 446	$ 788	$ 1,234
Unrealized loss on inventories for price loss	46,919	(25,409)	21,510
Unrealized loss on transactions with subsidiaries	346	-	346
Vacation leave payment payable	2,450	530	2,980
Allowance for Doubtful Debts over limit	1,244	(901)	343
	$ 51,405	($ 24,992)	$ 26,413

Deferred income tax liabilities	Beginning balance	Recognized in profit or loss	Ending balance
Temporary difference			
Unrealized loss on transactions with subsidiaries	($ 260)	($ 35)	($ 295)
Defined benefit retirement plan	(175)	(25)	(200)
	($ 435)	($ 60)	($ 495)

d. Amount of unused loss deduction for deferred income tax assets not recognized in the consolidated balance sheet

We Solutions

	December 31, 2022	December 31, 2021
Deduction for losses		
Due in 2026	$ -	$ 10,950
Due in 2027	-	40,040
Due in 2028	-	27,430
	$ -	$ 78,420

Gudeng Venture

	December 31, 2022	December 31, 2021
Deduction for losses		
Due in 2022	$ -	$ 838
Due in 2029	2,639	2,639
Due in 2030	1,748	1,748
Due in 2031	600	600
Due in 2032	3,622	-
	$ 8,609	$ 5,825

Jia Shuo

	December 31, 2022
Deduction for losses	
Due in 2032	$ 3,936

Fu Rui Sheng

	December 31, 2022
Deduction for losses	
Due in 2032	$ 670

e. Income tax assessments

In addition to 2021, the annual income tax returns of a profit-seeking enterprise of 2020 and before of the Company, Gudeng Venture, We Solutions, Gudeng Equipment, Fu Rui Sheng, Shuo Ting, Bor Sheng and Jia Shuo have been assessed by the tax authorities.

31. Earnings per Share

Weighted average of ordinary shares and earnings used for calculating earnings per share are as follows:

Net income for the year

	2022	2021
Net income used to calculate earnings per share	$ 933,071	$ 336,660
Impacts of potential ordinary shares with dilution effect:		
Valuation gain or loss on after-tax interest of convertible corporate bonds and conversion options	1,616	-
Net income used for calculating diluted earnings per share	$ 934,687	$ 336,660

Number of Shares

Unit: Thousand shares

	2022	2021
Weighted average of ordinary shares used for calculating basic earnings per share	83,944	83,642
Impacts of potential ordinary shares with dilution effect:		
Convertible corporate bonds	2,108	-
Employees' compensation	146	78
Weighted average of ordinary shares used for calculating dilutive earnings per share	86,198	83,720

If the Group has the option to issue the employee bonus in stocks or cash when calculating the diluted earnings per share, it is assumed that the employee bonus will adopt the method of issuing stocks, and the weighted average number of outstanding shares will be included in the calculation of diluted earnings per share when the potential ordinary shares are diluted. While determining diluted earnings per share before distributing shares to employees as compensations in the following year, dilutive effects of such potential ordinary shares should still be considered.

32. Share-based Payment Agreement

a. Employees stock option plan

Gudeng Equipment under the Group granted 600 stock options to its employees in October 2022.

The information on employee stock options is as follows:

	2022	
Employees stock options	Unit (Thousands)	Weighted average Exercise Price (NT$)
Outstanding at the beginning of the year	-	$ -
Granted for the year	600	22
Exercised in the year	(600)	22
Outstanding at the end of the year	-	
Exercisable, ending	-	
Weighted-average fair value of the stock options for the year (NT$)	$ 3.3963	

The weighted average share price on the exercise date of employee stock options exercised in 2022 was NT$22.

Gudeng Equipment priced the granted employee share options granted in October 2022 by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

	October 2022
Market value on the grant date	NT$ 25.23
Exercised price	NT$ 22
Expected Volatility	39.61%
Duration	30 days
Expected rate of dividend	0%
Risk-free Interest Rate	1.157%

Cost of compensation recognized for the year ended December 31, 2022 amounted to NT$2,038 thousand.

b. The second transfer of treasury shares to employees in 2022

The regulations of transfer of treasury shares of the Company were approved by the Board of Directors on March 23, 2019, pursuant to which the employees are entitled to subscribe for such shares, and was considered and approved by the Remuneration Committee on May 27, 2022 to purchase 259 thousand of treasury shares at the subscription price of NT$34.05. Recipients include employees that meet specific conditions within the Company.

The information on employee share options of treasury shares is as follows:

	2022	
Employee share options of treasury shares	Unit (Thousands)	Weighted-Average Exercise price (NT$)
Outstanding at the beginning of the year	-	$ -
Granted for the year	259	34.05
Exercised for the year	(259)	34.05
Outstanding at the end of the year	-	
Weighted-average fair value of the employee share options of treasury shares granted for the year (NT$)	$ 215.4	

The Company priced the granted employee share options by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

	Treasury shares transferred to employees
Number of Shares	259 thousand shares
Restricted transfer period	Unrestricted
Share price on the grant date	NT$249.5
Exercised price	NT$34.05
Expected Volatility	43.17%
Duration	22 days
Risk-free Interest Rate	0.52%

Cost of compensation recognized for the year ended December 31, 2022 amounted to NT$55,789 thousand.

c. The first transfer of treasury shares to employees in 2022

The regulations of transfer of treasury shares of the Company were approved by the Board of Directors on March 23, 2019, pursuant to which the employees are entitled to subscribe for such shares, and was considered and approved by the Remuneration Committee on April 29, 2022 to purchase 120 thousand of treasury shares at the subscription price of NT$34.05. Recipients include employees that meet specific conditions within the Company.

The information on employee share options of treasury shares is as follows:

Employee share options of treasury shares	2022 Unit (Thousands)	2022 Weighted-Average Exercise price (NT$)
Outstanding at the beginning of the year	-	$ -
Granted for the year	120	34.05
Exercised for the year	(120)	34.05
Outstanding at the end of the year	-	
Weighted-average fair value of the employee share options of treasury shares granted for the year (NT$)	$ 180.9	

The Company priced the granted employee share options by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

	Treasury shares transferred to employees
Number of Shares	120 thousand shares
Restricted transfer period	Unrestricted
Share price on the grant date	NT$215
Exercised price	NT$34.05
Expected Volatility	48.16%
Duration	20 days
Risk-free Interest Rate	0.44%

Cost of compensation recognized for the year ended December 31, 2022 amounted to NT$21,708 thousand.

d. The first transfer of treasury shares to employees in 2021

The regulations of transfer of treasury shares of the Company were approved by the Board of Directors on March 23, 2019, pursuant to which the employees are entitled to subscribe for such shares, and was considered and approved by the Remuneration Committee on May 27, 2022 to purchase 70 thousand of treasury shares at the subscription price of NT$34.05. Recipients include employees that meet specific conditions within the Company.

The information on employee share options of treasury shares is as follows:

	2021	
Employee share options of treasury shares	Unit (Thousands)	Weighted-Average Exercise price (NT$)
Outstanding at the beginning of the year	-	$ -
Granted for the year	70	34.05
Exercised for the year	-	-
Outstanding at the end of the year	70	
Weighted-average fair value of the employee share options of treasury shares granted for the year (NT$)	$ 282.9	

The information on the outstanding employee stock options is as follows:

	December 31, 2021
Range of exercise price (NT$)	$ 34.05
Weighted-average remaining duration of contracts (year)	0.019 years

The Company priced the granted employee share options by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

	Treasury shares transferred to employees
Number of Shares	70 thousand shares
Restricted transfer period	Unrestricted
Share price on the grant date	NT$317
Exercised price	NT$34.05
Expected Volatility	50.64%
Duration	12 days
Risk-free Interest Rate	0.24%

Cost of compensation recognized for the year ended December 31, 2021 amounted to NT$19,803 thousand.

33. Business combinations

a. Acquisition of subsidiaries

	Primary operating activities	Date of Acquisition	Ownership equity and the proportion of acquisitions with voting rights (%)	Transfer consideration
Fu Rui Sheng and its subsidiary, Bor Sheng	Investment and management consulting business	July 29, 2022	54.94%	$ 96,551
Shuoting Precision Industry Co., Ltd.	Manufacturing and wholesale of mould and manufacturing of machinery and equipment	July 29, 2022	69.15%	$ 23,860
Hengyang Green Energy Co., Ltd.	Piping works and electrical installations	September 1, 2022	45%	$ 54,000

The Group acquired Fu Rui Sheng and Shuoting for the year ended December 31, 2022 to continue to expand the operations of the Group.

b. Transfer consideration

	Fu Rui Sheng
Cash	$ 96,551

	Shuoting
Cash	$ 23,860

	Hengyang
Cash	$ 54,000

c. Assets acquired and liabilities assumed on the acquisition date

	Fu Rui Sheng and its subsidiary, Bor Sheng
Current assets	
Cash and cash equivalents	$ 22,663
Financial assets mandatorily classified as at fair value through profit or loss - current	2,329
Financial assets at amortized cost - current	8,916
Notes receivable	2,695
Accounts receivable and other receivables	87,376
Inventories	65,770
Other current assets	1,476
Non-current assets	
Property, Plant and Equipment	3,710
Guarantee deposits	470
Right-of-use assets	18,638
Current liabilities	
Bank loans	(18,519)
Accounts payable and other payables	(39,905)
Notes payable	(21,224)
Other current liabilities	(11,433)
Non-current liabilities	
Other non-current liabilities	(16,935)
	$ 106,027

	Shuoting
Current assets	
Cash and cash equivalents	$ 8,994
Financial assets mandatorily classified as at fair value through profit or loss - current	1,500
Notes receivable	5,853
Accounts receivable and other receivables	60,675
Inventories	19,711
Prepayments	4,349
Other current assets	200
Non-current assets	
Property, Plant and Equipment	180,520
Other Intangible Assets	402
Right-of-use assets	27,194
Deferred income tax assets	6,045
Refundable deposits	2,052
Other non-current assets	4
Current liabilities	
Notes payable	(27,355)
Bank loans	(28,103)
Accounts payable and other payables	(68,132)
Other current liabilities	(10,601)
Non-current liabilities	
Long-term Borrowings	(107,269)
Other non-current liabilities	(19,255)
	$ 56,784

	Hengyang
Current assets	
Cash and cash equivalents	$ 119,090
Prepayments	97
Non-current assets	
Property, Plant and Equipment	12,008
Current liabilities	
Other payables	(11,115)
	$ 120,080

If the measurement of identifiable assets acquired and liabilities assumed from business combination has not been completed, the balance sheet date shall be recognized with the provisional sum, and retroactive adjustment or additional assets or liabilities shall be recognized during the measurement period to reflect the new information about the actual facts and conditions on the acquisition date.

d. Goodwill generated from the acquisition

	Fu Rui Sheng and its subsidiary, Bor Sheng	Shuoting	Hengyang
Transfer consideration	$ 96,551	$ 23,860	$ 54,000
Less: fair value of identifiable net assets acquired	(106,027)	(56,784)	(120,080)
Add: Fair value of original shareholding held by Fu Rui Sheng	-	16,642	-
Add: Non-controlling interests	50,237	16,282	66,044
Goodwill arising from acquisition (gains on bargain purchase)	$ 40,761	$ -	($ 36)

The goodwill arising from the acquisition of Fu Rui Sheng mainly comes from control of premium In addition, the consideration paid for the combination includes the expected combination synergies, revenue growth, future market development and employee value of Showa. However, such benefits do not meet the requirements for recognition of identifiable intangible assets, thus they are not recognized separately.

The goodwill generated from the acquisition is not expected to be tax deductible.

e. Net cash outflow on acquisition of subsidiaries

	Fu Rui Sheng and its subsidiary, Bor Sheng	Shuoting	Hengyang
Consideration paid in cash	$ 96,551	$ 23,860	$ 54,000
Less: balance of cash and cash equivalent acquired	(22,663)	(8,994)	(119,090)
	$ 73,888	$ 14,866	($ 65,090)

f. The impact of business combination on operating results

As of the acquisition date, the operating results of the acquired company are as follows:

	Fu Rui Sheng and its subsidiary, Bor Sheng	Shuoting	Hengyang
Operating income since acquisition date	$ 61,217	$ 56,343	$ -
Net profit (loss) since acquisition date	$ 1,717	($ 17,645)	($ 8,448)

34. Disposal of subsidiaries

The Group signed a 100% equity transfer agreement for Wu Jiang Start-up with Jiaxing Fengmiao Trading Co., Ltd. and Suzhou Chengfeng Trading Co., Ltd., and completed the equity transfer on April 25, 2022, resulting in a loss of control over Wu Jiang Start-up.

a. Consideration received

	Wu Jiang Start-up
Cash and cash equivalents	$ 211,145
Total consideration received	$ 211,145

b. Analysis of assets and liabilities from a loss of control

	Wu Jiang Start-up
Current assets	
Cash and cash equivalents	$ 3,016
Net accounts receivable (including loss allowance of NT$25 thousand)	2,505
Other receivables	212
Inventories	83,737
Prepayments	24,969
Other current assets	20
Non-current assets	
Property, Plant and Equipment	33,836
Right-of-use assets	21,610
Goodwill	49,961
Other non-current assets	7,749
Refundable deposits	5,216
Current liabilities	
Short-term borrowings	(60,668)
Other payables	(3,244)
Prepayments	(12,241)
Guarantee deposits	(469)
Net assets disposed	$ 156,209

c. Gain on disposal of subsidiaries

	Wu Jiang Start-up
Consideration received	$ 211,145
Net assets disposed	(156,209)
Gain on disposal of subsidiaries	$ 54,936

d. Net cash inflow on disposal of subsidiaries

	Wu Jiang Start-up
Consideration received by cash and cash equivalents	$ 211,145
Less: Balance on cash and cash equivalents from disposal	(3,016)
Net cash inflow on disposal of subsidiaries	$ 208,129

35. <u>Equity transactions with non-controlling interests</u>

On December 28 and November 30, 2022, the Company did not subscribe the shares of Gudeng Equipment Co., Ltd. in accordance with its shareholding ratio, resulting in the shareholding ratio decreased from 50.93% to 50.10%.

As the above-mentioned transaction for the year ended December 31, 2022 did not change the control over the subsidiary, the Company treated the transaction as a equity transaction.

	(December 28, 2022) Gudeng Equipment Co., Ltd.	(November 30, 2022) Gudeng Equipment Co., Ltd.
Cash consideration paid	($ 3,213)	($ 60,501)
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	2,893	60,024
Difference in equity transactions	($ 320)	($ 477)
Adjustment account for difference in equity transactions		
Unappropriated earnings	($ 320)	($ 477)

On November 25, 2022, the Company did not acquire shares of Gudeng Equipment Co., Ltd. in accordance with its shareholding ratio, resulting in the shareholding ratio decreased from 100% to 83.33%.

As the above-mentioned transaction for the year ended December 31, 2022 did not change the control over the subsidiary, the Company treated the transaction as a equity transaction.

	(November 25, 2022) We Solutions Technology Co., Ltd.
Cash consideration paid	$ -
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	(797)
Difference in equity transactions	($ 797)
Adjustment account for difference in equity transactions	
Unappropriated earnings	($ 797)

On September 29, 2022, the Group did not acquire shares of Shuoting in proportion to the shareholding ratio resulting in an increase on the shareholding ratio from 69.15% to 70.43%.

As the above-mentioned transaction did not change the control over the subsidiary, the Group treated the transaction as an equity transaction.

	September 29, 2022 (Shuoting)
Cash consideration paid	($ 21,000)
Debt-to-equity swaps	(11,505)
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	32,337
Difference in equity transactions	($ 168)
Adjustment account for difference in equity transactions	
Unappropriated earnings	($ 493)
Capital surplus - recognized changes in percentage of ownership interests in subsidiaries	$ 325

On October 1, 2021, the Group did not acquire shares of Gudeng Equipment Co., Ltd. in proportion to the shareholding ratio, resulting in a increase on the shareholding ratio from 50.87% to 50.93%.

As the above-mentioned transaction for the year ended December 31, 2021 did not change the control over the subsidiary, the Group treated the transaction as an equity transaction.

	(October 1, 2021) Gudeng Equipment Co., Ltd.
Cash consideration paid	($ 169)
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	114
Difference in equity transactions	($ 55)
Adjustment account for difference in equity transactions	
Unappropriated earnings	($ 55)

36. Information on cash flows

Non-cash Transactions

In the year 2022 and 2021, the Group entered into the following non-cash financing activities:

The cash dividend for the first half of the year of Gudeng Company approved by the Board of Directors has not been distributed as of December 31, 2022 and 2021 (refer to Notes 24 and 27).

37. Capital Risk Management

The Group is currently in stable operations, and it conducts management of risks in capital to ensure that it would continue as a going concern with the premise of optimizing the balances of debt and equity, and to maximize shareholders' equity.

The Group adopts a prudent risk management strategy which is reviewed on a regular basis and makes overall planning in accordance with its business development strategies and operational requirements to determine the appropriate capital structure of the Group.

38. Financial instruments

a. Fair value information - financial instruments not measured at fair value

The carrying amounts of financial assets and financial liabilities not measured at fair value, except for the following table, are considered to be close to the fair value by the management of the Group.

b. Fair value information - Fair value of financial instruments measured at fair value on a recurring basis

1) Fair Value Hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives	$ -	$ 3,065	$ -	$ 3,065
Domestic publicly traded shares	139,497	-	-	139,497
Total	$ 139,497	$ 3,065	$ -	$ 142,562
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
－Domestic publicly traded shares	$ 83,150	$ 251,124	$ -	$ 334,274
－Domestic non-publicly traded shares	-	-	69,201	69,201
Total	$ 83,150	$ 251,124	$ 69,201	$ 403,475
Financial liabilities at fair value through profit or loss				
Derivatives	$ -	$ 1,447	$ -	$ 1,447

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic publicly traded shares	$ 28,747	$ -	$ -	$ 28,747
Structured deposits	-	21,720	-	21,720
Total	$ 28,747	$ 21,720	$ -	$ 50,467
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
－Domestic publicly traded shares	$ -	$ 378,886	$ -	$ 378,886
－Domestic non-publicly traded shares	-	-	65,273	65,273
	$ -	$ 378,886	$ 65,273	$ 444,159

There were no transfers between Levels 1 and 2 fair value measurement for the years ended December 31, 2022 and 2021.

2) Reconciliation of financial instruments at Level 3 fair value measurement

2022

Financial assets	Financial assets at fair value through other comprehensive income Equity instruments
Beginning balance	$ 65,273
Addition	14,774
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	(10,846)
Conversion	-
Ending balance	$ 69,201

2021

Financial assets	Measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
	Derivatives	Equity instruments	
Beginning balance	$ 48	$ 47,314	$ 47,362
Recognized in profit or loss (Other gain and loss)	(34)	-	(34)
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	17,959	17,959
Conversion	(14)	-	(14)
Ending balance	$ -	$ 65,273	$ 65,273
Change of unrealized loss in the current period related to assets held by the end of the year and recognized as gains and losses	$ 34	$ -	$ 34

3) Valuation techniques and inputs applied to Level 2 fair value measurement

Financial Instruments Classification	Valuation Techniques and Inputs
Structured deposits	Discounted cash flow: future cash flows are estimated based on end-of-period observable interest rates, discounted at market rates.
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - convertible corporate bond redemption options	Estimated by the binary tree model for convertible corporate bonds valuation, and the significant unobservable inputs used are stock price volatility. When share price volatility increases, the fair value of these derivatives will increase.
Domestic publicly traded securities	Private equity investments of the Group are financial commodities that have an active market but cannot be sold subject to a lock-up period, and the Group determines the fair value of such financial commodities based on the relevant market price.

4) Valuation techniques and inputs applied to Level 3 fair value measurement

The fair value of no publicly quoted shares is determined by using the market-based method of valuation – price-to-earnings ratio and share-price-to-net ratio to reasonably assess the fair value.

c. Classification of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	$ 142,562	$ 50,467
Financial assets at amortized cost (Note 1)	3,718,341	2,383,370
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	403,475	444,159
Financial liabilities		
Measured at fair value through profit or loss		
Held for trading	1,447	-
Measured at amortized cost (Note 2)	5,800,804	4,356,446

Note 1. The balance refers to financial assets at amortized cost, including cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), financial assets at amortized cost, other receivables (including related parties), and refundable deposits.

Note 2. The balance refers to the financial liabilities measured at amortized cost, including short-term borrowings, note payables (including related parties), accounts payable (including related parties), other payables, guarantee deposits, current portion of long-term borrowings and corporate bonds payables, and long-term borrowings.

d. Objectives and policy of financial risk management

The Group's main financial instruments include equity investment, accounts receivable, accounts payable, corporate bonds payables, and borrowings. Financial risks relates to operations of the above mentioned financial instruments. (Including foreign exchange rates, interest rates and other price risks), credit risk and liquidity risk.

1) Market Risks

The Group’s activities expose it primarily to the financial risks of changes in foreign exchange rates (see (1) below) and the changes in interest rates (see (2) below).

There is no change in the Group's exposure to market risks of financial instruments and how such exposure is managed and measured.

i. Exchange Rate Risks

Several subsidiaries of the Company's sales and purchase transactions are denominated in foreign currency; as a consequence, the Group is exposed to the risk of fluctuation in the exchange rate. The management of the Group’s exchange rate exposure is to use foreign exchange forward contracts and options to manage risks within the scope permitted by the policy.

Please refer to Note 44 for the carrying amount of monetary assets and monetary liabilities of the Group denominated in non-functional currencies on the balance sheet date (including monetary items denominated in a non-functional currency in the consolidated financial statements).

Sensitivity analysis

The Group is mostly affected by the fluctuation of the USD and JPY exchange rate.

The following table details the sensitivity analysis of the Group when the exchange rate of the New Taiwan dollar (functional currency) increases and decreases by 1% against the relevant foreign currencies. A sensitivity rate of 1% is used internally when reporting to management from the group on exchange rate risks. It represents management’s assessment on reasonably possible scope of foreign exchange rates.

	Effect of USD currency		Effect of JPY currency	
	2022	2021	2022	2021
Gains and losses	$ 11,190	$ 3,874	$ 1,092	$ 19

a) It is mainly derived from USD-denominated bank deposits, receivables, and payables that are still outstanding on the balance sheet date of the Group without cash flow hedging.

b) It is mainly derived from JPY-denominated receivables and payables that are still outstanding on the balance sheet date of the Group without cash flow hedging.

ii. Interest Rate Risks

The entities of the Group have been exposed to interest rate risk through its fixed and floating-rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities subject to interest rate exposure on the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
With interest rate risk of fair value		
– Financial assets	$ 20,000	$ 20,000
– Financial liabilities	1,017,083	48,236
Interest rate risk with cash flows		
– Financial assets	2,581,854	1,700,371
– Financial liabilities	3,354,726	3,222,445

Sensitivity analysis

The following sensitivity analysis is based on the interest rate exposure of derivative and non-derivative instruments on the balance sheet date. For floating rate liabilities, the analysis is based on the assumption that the amount of liabilities outstanding on the balance sheet date is circulated during the reporting period. A 25 basis point fluctuation in interest rate was used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates.

If interest rates increased/decreased by 0.25% and all other variables were held constant, the Group's pre-tax net profit for the years ended December 31, 2022 and 2021 would decrease/increase by NT$1,932 thousand and NT$3,805 thousand, respectively.

iii. Other Price Risks

The Group has equity price exposure arising from the investments in publicly traded equity securities, and the management of the Group manage the risks by holding different risk investment portfolios.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the balance sheet date.

If the monetary fund price increased/ decreased by 10%, the income before tax for the years ended December 31, 2022 and 2021 would have increased/ decreased by NT$13,950 thousand and NT$2,875 thousand, respectively due to an increase/ decrease in the fair value of financial assets at fair value through profit or loss. The profit and loss before tax for 2022 and 2021 would be increased/decreased by NT$40,348 thousand and NT$44,416 thousand, respectively due to the increase/decrease in the fair value of the financial asset measured at fair value through other comprehensive income.

The increased sensitivity of the Group to price risk during this year was mainly due to its participation in the private subscription of publicly traded shares.

2) Credit Risks

Credit risk refers to the risk of financial loss of the Group caused by the counterparty's default of contractual obligations. As of the balance sheet date, the Group's maximum credit risk exposure that may cause financial losses due to the failure of the counterparty to fulfill the obligation and the financial guarantee provided by the Group is mainly from:

a) The carrying amount of financial assets recognized in the Consolidated Balance Sheets.

b) (2) The amount of contingent liabilities generated from providing a financial guarantee by the Group.

The policies adopted by the Group are to trade only with well-reputed counterparties, and, as it is necessary, sufficient collateral must be obtained to reduce the risk of financial losses. To mitigate the credit risk, the management of the Group appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the Group will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Company believes that the Group’s credit risk is significantly reduced. Therefore, the credit risk is limited.

The Group’s credit risks are concentrated on the biggest client, and the ratio of accounts receivable from the above-mentioned client as of December 31, 2022 and 2021 were 25% and 56%, respectively.

3) Liquidity Risks

The Group manages and maintains sufficient positions in cash and cash equivalents to support the Group's operations and to mitigate the impact of cash flow fluctuations. The management of the Group supervises the use of the bank's financing line and ensures compliance with the terms of the loans contract.

The bank loans are an important source of liquidity for the Group. Please refer to the following (2) description of financing lines for the unused financing lines of the Company as of the end of the years ended December 31, 2022 and 2021.

i. Liquidity of non-derivative financial liabilities

The remaining contractual maturity analysis for non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities based on the earliest date on which the Group can be required to pay. Therefore, the Group's bank borrowings with repayment on demand clause are included in the earliest duration in below table regardless of the probability of the banks choosing to exercise their rights immediately. The analysis of maturity dates for other non-derivative financial liabilities is based on the agreed repayment dates.

December 31, 2022

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	5 years and above	Total
Non-derivative financial liabilities						
Notes payable	$ 8,853	$ -	$ -	$ -	$ -	$ 8,853
Accounts payable	554,895	-	-	-	-	554,895
Other payables	951,210	-	-	-	-	951,210
Lease liabilities	30,530	24,414	19,004	15,850	9,110	98,908
Guarantee deposits	-	8,538	-	-	-	8,538
Other current liabilities	13,696	-	-	-	-	13,696
Borrowings	185,521	597,050	197,409	2,374,746	-	3,354,726
Convertible corporate bonds	-	-	964,800	-	-	964,800
	$ 1,744,705	$ 630,002	$ 1,181,213	$ 2,390,596	$ 9,110	$ 5,955,626

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	5 years and above
Lease liabilities	$ 30,530	$ 24,414	$ 19,004	$ 15,850	$ 9,110

December 31, 2021

	Less than 1 year	1 to 2 years	2 to 3 years	3 years and above	Total
Non-derivative financial liabilities					
Notes payable	$ 90	$ -	$ -	$ -	$ 90
Accounts payable	430,729	-	-	-	430,729
Other payables	693,759	-	-	-	693,759
Lease liabilities	21,344	13,441	7,633	6,724	49,142
Guarantee deposits	-	9,423	-	-	9,423
Other current liabilities	3,862	-	-	-	3,862
Borrowings	346,542	162,747	185,135	2,528,021	3,222,445
	$1,496,326	$ 185,611	$ 192,768	$2,534,745	$4,409,450

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	5 years and above
Lease liabilities	$ 21,344	$ 13,441	$ 7,633	$ 6,724	$ -

ii. Liquidity of derivative financial liabilities

Liquidity analysis of derivatives is prepared on the basis of undiscounted contract net cash inflows and outflows for derivatives with net delivery. For derivatives to be taken for gross delivery, it is prepared on the basis of undiscounted gross cash inflows and outflows. When the amount payable or receivable is not fixed, the amount disclosed is determined based on the estimated interest rate projected by the yield curve on the balance sheet date.

December 31, 2022

	On Demand or Less than 1 Month	1~3 Months	3 months to 1 year	1 to 5 years	5 years and above
Net delivery					
Foreign exchange forward contracts	$ 4,145	$ -	$ -	$ -	$ -

iii. Financing line

	December 31, 2022	December 31, 2021
Credit line of unsecured bank overdraft (to be extended with agreement between two parties)		
Amount used	$ 650,223	$ 164,266
Amount unused	961,000	620,000
	$ 1,611,223	$ 784,266
Credit line of secured bank loans (to be extended with agreement between two parties)		
Amount used	$ 2,701,620	$ 3,026,104
Amount unused	1,209,260	705,000
	$ 3,910,880	$ 3,731,104

39. Unrelated parties transaction

Transactions, balances, income and expenses between the Company and its subsidiaries (related parties of the Company) are eliminated in full on consolidation and therefore are not disclosed in this note. Transactions between the Group and other related parties are as follows:

a. Name and relationship of Related party

Name of related party	Relationship with the Group
Jin Peng Investment Co., Ltd. (hereinafter "Jin Peng")	Substantial related party
Sheng Jie Investment Co., Ltd. (hereinafter "Sheng Jie")	Substantial related party
Yun Sheng Investment Co., Ltd. (hereinafter "Yun Sheng")	Substantial related party
Onore King Taiwan International Marketing Co., Ltd. (hereinafter "Onore King")	Substantial related party
Ting Shan Enterprise Co., Ltd. (hereinafter “Ting Shan”)	Substantial related party
Shuo Great Co., Ltd. (hereinafter “Shuo Great”)	Substantial related party
JIN HUI Technology Co., Ltd. (hereinafter "JIN HUI")	Associates

b. Purchase

Item	Name of related party	2022	2021
Sales costs	JIN HUI	$ 40,772	$ 6,528

Purchases are based on market prices less discounts to reflect the volume of purchases and the relationship with the related party.

c. Receivables from related parties (excluding loans to related parties)

Item	Name of related party	December 31, 2022	December 31, 2021
Accounts receivable - related parties	Ting Shan	$ 221	$ -
	Shuo Great	54	-
		$ 275	$ -
Notes receivable - related parties	Shuo Great	$ 615	$ -
Other receivable - related parties	JIN HUI	$ 7	$ 16
	Onore King	2	-
		$ 9	$ 16

The outstanding balances of receivables from related parties is not collateralized. No bad debts expense was set aside for receivables from related parties for the years ended December 31, 2022 and 2021.

d. Payable to related party (excluding loans to related parties)

Item	Name of related party	December 31, 2022	December 31, 2021
Accounts payable - related parties	JIN HUI	$ 13,616	$ 18,704
Notes payable - related parties	Shuo Great	$ 100	$ -

The outstanding balance of payables to related parties is not collateralized.

e. Lease agreements as a lessee

Lease expenses

			Lease expenses	
Lessor	Underlying subject	Rental and Payment Method of Rent	2022	2021
Sheng Jie	Employee dorm	Rent amounted to NT$105 thousand per month with monthly payment.	$ 1,457	$ 1,383
Yun Sheng	Warehouse	The monthly rent is NT$150 thousand, which shall be paid on a monthly basis.	$ 1,350	$ -
Jin Peng	Employee dorm	Rent amounted to NT$7-8 thousand per month with monthly payment.	$ -	$ 24

f. Lease agreements as a lessor

1) The total amount of lease payments received in the future is summarized as follows:

Name of related party	December 31, 2022	December 31, 2021
Sheng Jie	$ 8	$ 8
Yun Sheng	8	8
Jin Peng	8	8
Onore King	12	-
	$ 36	$ 24

2) Rental income is summarized as follows:

Lessee	Underlying subject	Rental and Payment Method of Rent	2022	2021
Sheng Jie	Office	Rent amounted to NT$1 thousand per month with monthly payment.	$ 12	$ 12
Yun Sheng	Office	Rent amounted to NT$1 thousand per month with monthly payment.	12	12
Jin Peng	Office	Rent amounted to NT$1 thousand per month with monthly payment.	12	12
Onore King	Office	Rent amounted to NT$1 thousand per month with monthly payment.	14	-
			$ 50	$ 36

3) Guarantee deposits is summarized as follows:

Name of related party	December 31, 2022	December 31, 2021
Sheng Jie	$ 2	$ 2
Yun Sheng	2	2
Jin Peng	2	2
	$ 6	$ 6

g. Other Related Party Transactions

Item	Name of related party	2022	2021
Other income	JIN HUI	$ 118	$ 53

h. Remuneration of key management

	2022	2021
Short-term employee benefits	$ 67,063	$ 59,134

The remuneration of directors and other members of key management, was determined by the remuneration committee based on the individual performance and market trends.

40. <u>Pledged Assets</u>

The following assets were pledged as collateral for financing loans:

	December 31, 2022	December 31, 2021
Pledged time deposits (recognized as financial assets measured at amortized cost - current)	$ 126,500	$ 11,500
Pledged deposits (recognized as financial assets measured at amortized cost - non-current)	2,546	2,542
Inventories	-	35,200
Self-owned land	2,383,780	2,311,490
Buildings, net	487,262	492,665
Investment properties	780,755	599,959
	$ 3,780,843	$ 3,453,356

41. <u>Significant Contingent Liabilities and Unrecognized Contract Commitments</u>

Except for those disclosed in other notes, significant commitments and contingencies of the Group on the balance sheet date are as follows:

a. Significant Commitments

1) As of December 31, 2022, guarantee notes issued by the Group for financing facilities applied from financial institutions (including long-term and short-term borrowings) amounted to NT$417,900 thousand.

2) The Group has contracted with various manufacturers to purchase equipment and land. The total contract price is NT$403,746 thousand. As of December 31, 2022, it has paid NT$216,846 thousand (prepaid equipment payment), and the remaining NT$186,900 thousand has not been paid.

3) As of December 31, 2022, guarantee notes received by the Group for the outsourced construction works amounted to NT$156,435 thousand.

4) As of December 31, 2022, the guarantee notes issued by the Group for application of research grants amounted to NT$18,500 thousand.

b. Contingency

Entegris Inc. in the US filed a confirmation lawsuit with the Intellectual Property Court of the Intellectual Property and Commercial Court on the grounds that the Company's patent of Republic of China No. I238804 was invalid. The Company received the copy of the complaint on November 30, 2021 and was aware of the case. A lawyer has been appointed to deal with it; in order to safeguard the "validity of the patent in dispute" and the "company rights and interests", it has filed a lawsuit of penalty for damages and others for damages caused by infringement of the Company's patent rights due to Entegris Inc. and others in Intellectual Property and Commercial Courts. This case has not yet been certain, and it has no significant impact on the operation of finance and business sales function through evaluation.

42. Information on Foreign Currency Assets and Liabilities with Significant Effect

The following information is summarized and expressed in foreign currencies other than the functional currency of each entity of the Group, and the disclosed exchange rate refers to the exchange rate converted from such foreign currencies to the functional currency. Foreign currency assets and liabilities with significant influence are as follows:

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 43,054	30.71 (USD:NTD)	$ 1,322,188
JPY	469,793	0.2324 (JPY:NTD)	109,180
RMB	80	4.408 (RMB:NTD)	353
			$ 1,431,721
Foreign currency liabilities			
Monetary items			
USD	6,618	30.71 (USD:NTD)	$ 203,239
RMB	6,758	4.408 (RMB:NTD)	29,789
			$ 233,028

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 19,777	27.68 (USD:NTD)	$ 547,427
JPY	42,510	0.2405 (JPY:NTD)	10,224
RMB	16	4.344 (RMB:NTD)	70
			$ 557,721
Foreign currency liabilities			
Monetary items			
USD	5,780	27.68 (USD:NTD)	$ 159,990
JPY	34,495	0.2405 (JPY:NTD)	8,296
RMB	4,350	4.344 (RMB:NTD)	18,896
			$ 187,182

The net foreign exchange gain or loss (realized and unrealized) of the Group for the years ended December 31, 2022 and 2021 were a gain of NT$54,560 thousand and a loss of NT$5,579 thousand, respectively. Due to the variety of foreign currency transactions and functional currencies of the group individual entities, the exchange gains or losses could not be disclosed according to the foreign currencies with significant impact.

43. <u>Supplementary Disclosures</u>

a. Information on significant transactions and b. Information on reinvestment business

No.	Item	Description
1	Loans to others.	Table I
2	Endorsements/guarantees to others.	Table II
3	Marketable securities held at the end of the period. (excluding investment in subsidiaries, associates, and joint ventures)	Table III
4	The cumulative purchase or sale of the same securities amounted to NT$300 million or 20% and above of the paid-in capital.	Table IV
5	The amount of property acquired reached NT$300 million or 20% and above of the paid-in capital.	Table V
6	The amount of property disposal reached NT$300 million or 20% and above of the paid-in capital.	None
7	The amount of purchases or sales with related parties reached NT$100 million or 20% and above of the paid-in capital.	Table VI
8	Receivables from related parties amounted to NT$100 million or 20% and above of paid-in capital.	Table VII
9	Engaged in derivative products transactions.	Note 7
10	Others: the business relationships and significant transactions and amounts between parent and subsidiaries and between subsidiaries.	Table VIII
11	Investee information	Table IX

c. Information on Investments in Mainland China:

No.	Item		Description
1	Name of the investee in mainland China, primary business, paid-in capital, investment method, outward and inward remittance of the fund, shareholding ratio, investment gain (loss) recognized for the period, carrying amount of the investment at the end of the period, repatriation of investment profit or loss and investment limit in mainland China.		Table X
2	The following significant transactions with the mainland investee, directly or indirectly through the third region, and their prices, payment terms, unrealized gain or loss:		
	a)	Purchase amount and percentage, ending balance and percentage of payables.	Table XI
	b)	Sales amount and percentage, ending balance and percentage of receivables.	Table XI
	c)	The amount of property transactions and the amount of profit or loss generated.	None
	d)	The ending balance and the purpose of bill endorsement, or provision of collateral.	Table II
	e)	The maximum balance, ending balance, Interest rate interval and total amount of current interest of financing.	Table I
	f)	Other transactions that have a significant effect on the current profit or loss or financial situation, such as the provision or acceptance of services.	Table XI

d. Information of major shareholder: list of all shareholders with ownership of 5 % or greater showing the names and the number of shares and percentage of ownership held by each shareholder. (Table XII)

44. <u>Segment information</u>

The information provided to the key business decision-makers is for resource allocation and performance evaluation of the segments, focusing on types of each product provided and service offered. The Group shall report the segment as follows:

semiconductor - manufacturer.

Motor vehicles – direct sales and maintenance.

Others

a. Segment revenue and results of operations

The revenue and operating results of the Group reported by the segment were analyzed as follows:

	2022					
	Semiconductor manufacturing	Motor vehicles trading	Semiconductor equipment manufacturing	Others	Reconciliation and elimination	Total
Revenue						
Revenue from external clients	$ 3,240,538	$ 89,490	$ 987,755	$ 176,248	$ -	$ 4,494,031
Intersegment revenue	383,630	-	1,672	106,087	(491,389)	-
Interest income	2,929	44	963	1,651	-	5,587
Total revenue	$ 3,627,097	$ 89,534	$ 990,390	$ 283,986	($ 491,389)	$ 4,499,618
Interest Expense	$ 52,811	$ 35	$ 139	$ 2,106	($ 35)	$ 55,056
Depreciation and amortization	$ 233,004	$ 1,728	$ 11,635	$ 15,531	($ 3,904)	$ 257,994
Segment (loss) profit	$ 1,011,998	($ 3,989)	$ 203,415	$ 82,765	($ 266,860)	$ 1,027,329

	2021					
	Semiconductor manufacturing	Motor vehicles trading	Semiconductor equipment manufacturing	Others	Reconciliation and elimination	Total
Revenue						
Revenue from external clients	$ 1,918,716	$ 485,166	$ 551,551	$ 165,753	$ -	$ 3,121,186
Intersegment revenue	172,218	-	328	38,939	(211,485)	-
Interest income	619	194	30	647	(302)	1,188
Total revenue	$ 2,091,553	$ 485,360	$ 551,909	$ 205,339	($ 211,787)	$ 3,122,374
Interest Expense	$ 26,048	$ 1,646	$ 117	$ 160	($ 401)	$ 27,570
Depreciation and amortization	$ 177,937	$ 6,347	$ 7,647	$ 8,441	($ 4,117)	$ 196,255
Segment (loss) profit	$ 360,030	($ 14,094)	$ 67,532	$ 2,477	($ 46,116)	$ 369,829

b. Segment assets and liabilities

	December 31, 2022					
	Semiconductor manufacturing	Motor vehicles trading	Semiconductor equipment manufacturing	Others	Reconciliation and elimination	Total
Segment assets	$11,070,014	$ -	$ 1,616,042	$ 1,882,089	($ 2,334,721)	$12,233,424
Segment liabilities	$ 5,802,021	$ -	$ 1,065,473	$ 235,987	($ 224,681)	$ 6,878,800

	December 31, 2021					
	Semiconductor manufacturing	Motor vehicles trading	Semiconductor equipment manufacturing	Others	Reconciliation and elimination	Total
Segment assets	$ 8,740,501	$ 212,211	$ 928,419	$ 1,129,975	($ 1,509,790)	$ 9,501,316
Segment liabilities	$ 4,185,566	$ 57,305	$ 715,303	$ 130,805	($ 113,337)	$ 4,975,642

For the purposes of monitoring segment performance and allocating resources between each segment:

1) All assets are evenly allocated to reportable segments other than associates accounted for using the equity method, other financial assets and current and deferred income tax assets. Goodwill has been allocated to reportable segments. Assets used jointly by reportable segments are allocated on the basis of the separate revenues earned by individual reportable segments; and

2) All liabilities are evenly allocated to reportable segments other than borrowings, other financial liabilities and current and deferred income tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

c. Income from major products and services

1) The income from main products and services of the Group is analyzed as follows:

	2022	2021
Photomask, carrier products	$ 2,380,923	$ 1,454,479
Wafer carrier products	653,771	387,866
Machine equipment products	924,206	558,383
Motor vehicles trading	71,051	405,139
Semiconductor manufacturing raw materials and consumables	46,137	61,358
Others	417,943	253,961
	$ 4,494,031	$ 3,121,186

d. Regional Information

The Group mainly operates in two regions - Taiwan and mainland China.

Revenue from external customers of the Group is divided by location of operation and non-current assets by location of assets are listed as follows:

	Revenue from external clients		Non-current assets	
	2022	2021	December 31, 2022	December 31, 2021
Taiwan	$ 3,961,871	$ 2,469,939	$ 6,076,099	$ 5,315,852
Mainland China	532,160	651,247	21,970	113,619
Others	-	-	3,445	4,869
	$ 4,494,031	$ 3,121,186	$ 6,101,514	$ 5,434,340

Non-current assets do not include assets classified as financial instruments and deferred income tax assets.

e. Information of major clients:

Revenues from single customer accounting for more than 10% of the Group's total revenue are as follows:

	2022	2021
Client A	$ 1,978,663	$ 1,478,284

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Financing provided to others

From January 1 to December 31, 2022

Unit: In thousands of NT$ and foreign currency, unless otherwise specified

No. (Note 1)	Financing Company	Counterparty	Transaction Item	Related Party or Not	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 2)	Business Interaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)	Note
													Name	Value			
0	Gudeng Precision Industrial Co., Ltd.	We Solution Technology Co., Ltd.	Other receivable - related parties	Y	$ 30,000	$ 30,000	$ -	3%	2	$ -	Operating capital	$ -	Promissory note	$ 30,000	$ 1,951,350	$ 1,951,350	
0	Gudeng Precision Industrial Co., Ltd.	Gudeng Investment Co., Ltd.	Other receivable - related parties	Y	30,000	30,000	-	3%	2	-	Operating capital	-	Promissory note	30,000	1,951,350	1,951,350	
1	Shanghai Gudeng Trading Co., Ltd.	Suzhou Kunju Trading Co., Ltd.	Other receivable - related parties	Y	30,856 (RMB 7,000)	30,856 (RMB 7,000)	- (RMB -)	3%	2	-	Operating capital	-	Promissory note	30,856 (RMB 7,000)	1,951,350	1,951,350	
2	Suzhou Kunju Trading Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Other receivable - related parties	Y	30,856 (RMB 7,000)	30,856 (RMB 7,000)	- (RMB -)	3%	2	-	Operating capital	-	Promissory note	30,856 (RMB 7,000)	1,951,350	1,951,350	
3	Gudeng Investment Co., Ltd.	Gudeng Precision Industrial Co., Ltd.	Other receivable - related parties	Y	30,000	30,000	-	3%	2	-	Operating capital	-	Promissory note	30,000	1,951,350	1,951,350	
3	Gudeng Investment Co., Ltd.	Hengyang Green Energy Co., Ltd.	Other receivable - related parties	Y	20,000	20,000	-	3%	2	-	Operating capital	-	Promissory note	20,000	1,951,350	1,951,350	
4	We Solution Technology Co., Ltd.	Fu Rui Sheng Industrial Co., Ltd.	Other receivable - related parties	Y	15,000	15,000	-	3%	2	-	Operating capital	-	Promissory note	15,000	125,039	125,039	
4	We Solution Technology Co., Ltd.	Shuoting Precision Industry Co., Ltd.	Other receivable - related parties	Y	15,000	15,000	-	3%	2	-	Operating capital	-	Promissory note	15,000	125,039	125,039	

Note 1. The No. column is filled as follows:

(1) Fill in 0 for issuer.

(2) Investee companies are numbered in order starting from Arabic numeral 1 by company.

Note 2. The nature of the financing are explained as follows:

(1) Fill in 1 for any business interaction.

(2) Fill in 2 for any needs in short-term financing.

Note 3. The methods of calculation and amounts for financing limits.

1. Financing limits for each borrowing company:

(1) The Company's financing limits for each borrowing company for is limited to 40% of the Company's current net worth (12/31/2022) in compliance with the Company's regulations of procedures for financing.

(2) The investee company's financing limits for each borrowing company for is limited to 40% of the Company's current net worth (12/31/2022) in compliance with the Company's regulations of procedures for financing.

2. Total financing limits:

(1) The Company's aggregate financing limits for external parties for is limited to 40% of the Company's current net worth (12/31/2022) in compliance with the Company's regulations of procedures for financing.

(2) The investee company's aggregate financing limits for external parties for is limited to 40% of the Company's current net worth (12/31/2022) in compliance with the Company's regulations of procedures for financing.

3. The Company's financing limits are calculated based on the net worth of the Company's financial statements audited by the certified public accountants; the investee company's financing limits are calculated based on the net worth of the Company's foreign currency financial statements audited by the certified public accountants.

Note 4. Financing between the Company and foreign companies whose 100% voting rights held directly or indirectly by the Company is not restricted to the financing limits stated in Note 3.

Table II

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Endorsements/guarantees to others

From January 1 to December 31, 2022

Unit: In thousands of NT$ and foreign currency, unless otherwise specified

No. (Note 1)	Name of the endorser's company	Endorsement object		Limit of endorsement for single enterprise (Note 3)	Maximum endorsement balance for the current period	Ending endorsement balance	Amount Actually Drawn	Amount of endorsement secured by property	Ratio of accumulated endorsement amount to net value of latest financial statement (%)	Maximum limit of endorsement (Note 3)	Endorsement of the parent company to the subsidiary company	Endorsement of the subsidiary company to the parent company	Endorsement to Mainland China	Note
		Name of Company	Relationship (Note 2)											
2	Suzhou Kunju Trading Co., Ltd.	Gudeng Investment Co., Ltd.	(3)	$ 975,675	$ 22,530 (RMB 5,000)	$ 22,040 (RMB 5,000)	$ 22,040 (RMB 5,000)	$ -	0.45%	$ 2,439,187	N	N	N	

Note 1. The No. column is filled as follows:

(1) Fill in 0 for issuer.

(2) Investee companies are numbered in order starting from Arabic numeral 1 by company.

Note 2. The relationship between the endorsement and the endorsed object is as follows:

(1) The companies with business relationships.

(2) The subsidiaries that directly hold more than 50% of the common stock.

(3) The investee company in which the parent company and its subsidiary indirectly hold more than 50% of the common stock.

(4) A parent company that owns more than 50% of its common stock, either directly or indirectly through a subsidiary.

Note 3. Calculation method and amount of endorsement limit:

1. Limit of endorsement for single enterprise:

(1) The limit of the company's endorsement for a single company is in accordance with the company's endorsement operating procedures, and the limit shall not exceed 20% of the company's current net value (12/31/2022).

(2) The limit of the company's endorsement for an overseas single affiliated company is in accordance with the company's endorsement operating procedures, and the limit shall not exceed 20% of the company's current net value (12/31/2022).

2. Maximum limit of endorsement:

(1) The limit of the company's cumulative endorsement is in accordance with the company's endorsement operating procedures, and the limit shall not exceed 50% of the company's current net value (12/31/2022).

Note 4. An inter-company endorsement in which the company directly or indirectly holds 100% of the voting shares is not subject to the endorsement limit of Note 3.

Table III

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Marketable securities held at the end of the period

December 31, 2022

Unit: In Thousands of New Taiwan Dollars, Except Shares

Name of Held Company	Type and Name of Marketable Securities (Note 1)	Relationship with the issuer of securities	Financial Statement Account	End of the Period				Note
				Number of Shares	Carrying amount	Percentage of Ownership	Fair Value	
Gudeng Precision Industrial Co., Ltd.	Listed companies							
	Taiwan Auto-Design Co.	None	Financial assets at fair value through profit or loss - current	180,000	$ 8,370	0.86	$ 8,370	—
	Symtek Automation Asia Co., Ltd.	None	Financial assets at fair value through other comprehensive income－non-current	4,000,000	$ 251,124	5.60	$ 251,124	Note 2
Gudeng Investment Co., Ltd.	Non-publicly traded company							
	Yinsmart Technology Co., Ltd.	None	Financial assets at fair value through profit or loss - current	25,000	$ -	5.00	$ -	—
	Listed companies							
	Elan Microelectronics Corporation	None	〃	25,000	2,150	0.01	2,150	—
	Taiwan Semiconductor Manufacturing Co. Ltd.	None	〃	42,000	18,837	-	18,837	—
	Symtek Automation Asia Co., Ltd.	None	〃	1,167,000	99,195	1.63	99,195	—
	Foxsemicon Integrated Technology Inc.	None	〃	23,000	4,106	0.03	4,106	—
	Fitipower Integrated Technology Inc.	None	〃	20,902	2,415	0.01	2,415	—
	Advanced Wireless Semiconductor Company	None	〃	22,000	1,498	0.01	1,498	—
	WinWay Technology Co., Ltd.	None	〃	7,000	2,926	0.02	2,926	—
	Asia Neo Tech Industrial Co., Ltd.	None	Financial assets at fair value through other comprehensive income－non-current	3,326,000	83,150	10.30	83,150	—
					$ 214,277		$ 214,277	
	Non-publicly traded company							
	NanoClean Materials Co., LTD.	None	Financial assets at fair value through other comprehensive income－non-current	500,000	$ 1,465	10.00	$ 1,465	—
	MontJade Engineering Co., Ltd.	None	〃	1,340,000	16,669	6.09	16,669	—
	Jiurun Precision Technology Co., Ltd.	None	〃	372,000	12,202	16.00	12,202	—
	Origin Precision Technology Co., Ltd.	None	〃	590,000	5,918	19.67	5,918	—
	Certain Micro Application Technology Inc.	None	〃	1,595,495	32,947	9.91	32,947	—
					$ 69,201		$ 69,201	
Bor Sheng Industrial Co., Ltd.	Non-publicly traded company							
	Ting Shan Enterprise Co., Ltd.	Yes	Financial assets at fair value through other comprehensive income－non-current	300,000	$ -	9.58	$ -	—

Note 1. The marketable securities stated in this table is defined as shares, bonds, and beneficiary certificates in the scope of IFRS 9 "Financial Instruments," and the marketable securities derived from the above-mentioned items.

Note 2. It refers to private ordinary shares which are financial commodities that have an active market but cannot be sold subject to a lock-up period, the fair value of which is determined based on the relevant market price.

Note 3. The negotiable securities held by the Group are not subject to any guarantee, pledge or other restrictions as agreed except as disclosed in the remarks.

Table IV

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

The cumulative purchase or sale of the same securities amounted to NT$300 million or 20% and above of the paid-in capital

From January 1 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning		Buy		Sell				Other adjustment items (Note)	End of the Period	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Selling price	Carrying Cost	Gain (Loss) on disposal		Number of Shares	Amount
Gudeng Precision Industrial Co., Ltd.	Gudeng Investment Co., Ltd.	Investments accounted for using the equity method	Gudeng Investment Co., Ltd.	Subsidiaries	41,700,000	$ 389,454	14,000,000	$ 360,000	-	$ -	$ -	$ -	($ 31,316)	55,700,000	$ 718,138

Note: It includes the share of gains and losses of subsidiary recognized by adopting equity method and unrealized appraisal gains and losses of financial assets measured at fair value.

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital

From January 1 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Name of Acquiring Company	Types of Property	Transaction Date	Transaction Amount	Payment Term	Counterparty	Relationship	Information on Prior Transaction for the Counterparty of Related Party				Reference for price determination	Purpose of acquisition and situation of usage	Other agreements
							Owner	Relationship with the Issuer	Transfer Date	Amount			
Gudeng Precision Industrial Co., Ltd.	Self-owned Land and Buildings	2022.03.07	$ 205,000	Paid in full	Yung Ming Precast Concrete Co., Ltd.	Non-related party	-	-	-	$ -	Referred to market prices and property valuation reports from real estate appraisers, and the appraised value amounted to NT$217,424 thousand.	Self-usage in operation	None

Note 1. If the acquired assets should be appraised in accordance with the regulations, the appraisal result shall be indicated in the “Reference Basis for Price Determination” column.

Note 2. The paid-in capital is the paid-in capital of the parent company. For issuers with shares of no-par value or of par value which is not NT$10 per share, the regulation regarding the 20% of the paid-in capital is calculated by the 10% equity attributable to owners of the parent company on the balance sheet.

Note 3. Date of occurrence: The date of contract signing, date of payment, dates of boards of directors' resolutions, date of transfer, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

Table VI

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Amount of purchases or sales with related parties amounted to NT$100 million or 20% and above of the paid-in capital

From January 1 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Buyer/Seller	Name of Counterparty	Relationship	Transaction status				Abnormal Transaction		Notes/ Accounts receivable (payable)		Note
			Purchase (Sale)	Amount	Ratio to Total Purchase (Sales)	Credit Terms	Unit Price	Credit Terms	Balance	Ratio to Total Notes or Accounts Receivable (payable)	
Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	The same affiliate	Sales	$ 194,289	6	120 days	-	-	$ 159,616	19	
	We Solution Technology Co., Ltd.	The same affiliate	Purchase	179,823	21	35 days	-	-	(14,850)	(6)	

Note 1. If the trading conditions of related parties are different from general trading conditions, the situation and reasons for the differences should be described in the unit price and credit period fields.

Note 2. In case of advance receipt (payment), the reasons, contractual terms, amount and difference from the general transaction shall be stated in the Remarks column.

Note 3. The paid-in capital is the paid-in capital of the parent company. For issuers with shares of no-par value or of par value which is not NT$10 per share, the regulation regarding the 20% of the paid-in capital is calculated by the 10% equity attributable to owners of the parent company on the balance sheet.

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Receivables from related parties amounted to NT$100 million or 20% and above of the paid-in capital

December 31, 2022

Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Company Name	Name of Counterparty	Relationship	Balance of receivables from related parties	Turnover Rate	Overdue receivables from related parties		Amount of Receivables from Related Parties Collected Subsequent to the Balance Sheet Date	Allowance for Impairment Loss
					Amount	Actions Taken		
Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	The same affiliate	Accounts receivable $ 159,616	2.5	$ -	—	$ 92,891	$ -

Note 1. Please fill in the accounts and notes receivable, and other receivables, etc. separately.

Note 2. The paid-in capital is the paid-in capital of the parent company. For issuers with shares of no-par value or of par value which is not NT$10 per share, the regulation regarding the 20% of the paid-in capital is calculated by the 10% equity attributable to owners of the parent company on the balance sheet.

Table VIII

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Situations of business relationship and important transactions between parent company and subsidiaries

From January 1 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

No. (Note 1)	Name of Trader	Name of Counterparty	Relationship with the Trader (Note 2)	Situations of Transactions			
				Account	Amount	Transaction Terms (Note 4)	% of Total Sales or Asset (Note 3)
0	Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	1	Sales	$ 194,289	—	6
			1	Purchase	154	—	-
			1	Service fees	71,587	—	2
			1	Accounts receivable - related parties	159,616	—	2
			1	Accounts payable - related parties	59	—	-
			1	Other payable - related parties	29,318	—	-
		Gudeng Investment Co., Ltd.	1	Rental income	480	—	-
			1	Interest income	105	—	-
		Gudeng Equipment Co., Ltd.	1	Sales	9,502	—	-
			1	Purchase	1,672	—	-
			1	Rental income	4,021	—	-
			1	Other income	1,373	—	-
			1	Interest expenses	(9)	—	-
			1	Other expenses	(165)	—	-
			1	Guarantee deposits	669	—	-
			1	Accounts receivable - related parties	1,689	—	-
			1	Other receivable - related parties	111	—	-
			1	Accounts payable - related parties	101	—	-
		We Solution Technology Co., Ltd.	1	Purchase	179,823	—	-
			1	Other income	61	—	6
			1	Other expenses	(126)	—	-
			1	Accounts payable - related parties	14,850	—	-
		Rich Point Global Corp.	1	Other receivable - related parties	304	—	-
		Sun Park Development Limited	1	Other receivable - related parties	77	—	-
		Jia Shuo Construction, Inc.	1	Guarantee deposits	2	—	-
			1	Rental income	12	—	-
		Gudeng Inc.	1	Other receivable - related parties	193	—	-
			1	Other payable - related parties	11,214	—	-
			1	Service fees	27,580	—	1
		Shuoting Precision Industry Co., Ltd.	1	Purchase	5,867	—	-
			1	Accounts payable - related parties	6,161	—	-
1	Rich Point Global Corp.	Gudeng Investment Co., Ltd.	3	Other receivable - related parties	284	—	-
2	Suzhou Wujiang Xinchuang Automobile Trade Co., Ltd.	Suzhou Kunju Trading Co., Ltd.	3	Other expenses	301	—	-
3	Gudeng Equipment Co., Ltd.	Gudeng Inc.	3	Purchase	105	—	-

Note 1. The information on business interaction between the parent company and subsidiaries should be remarked in the column of No., and the instructions for filling out No. are as below:

1. Fill in 0 for parent company
2. Subsidiary are numbered in order starting from Arabic numeral 1 by company.

Note 2. Three types of the relationship with the trader as below and remark it by type only:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 3. For calculation on the ratio of transaction amount to consolidated total revenue or total assets, ending balance to consolidated total assets is used to calculate for those belongs to accounts on the balance sheet; mid-term cumulative balance to consolidated total revenue is used to calculate for those belongs to accounts on the income statement.

Note 4. The sales or purchase transaction price between parent company and subsidiary follows the terms of the contract, and the collection term is 90 days after monthly closing date, considering as capital usage and adjustment of affiliated companies. Other transactions are determined by negotiation between two parties due to no relevant similar transaction for reference.

Note 5. This table discloses one-way information on the transactions only, and the above-mentioned transactions are wholly eliminated when preparing consolidated financial statements.

Table IX

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

NAMES, LOCATIONS AND RELEVANT INFORMATION OF INVESTEE COMPANIES

From January 1 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars and Foreign Currencies, Except Shares

Name of investor company	Name of Investee Company	Location	Main Business Activities	Original Investment Amount		Held at the End of The Period			Net Income (Loss) of the Investee	Investment Profit (Loss) Recognized in the Current Period	Note
				End of the Current Period	Year-end of the last year	Number of Shares	Ratio (%)	Carrying amount			
Gudeng Precision Industrial Co., Ltd.	Rich Point Global Corp.	Equity Trust Chambers, P. O. Box 3269, Apia, Samoa	Engaged in reinvestment of various business	$ 289,824	$ 289,824	-	100	$ 350,930	$ 86,328	$ 86,328	Note 2
	Gudeng Investment Co., Ltd.	8F.-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Venture capital and management consulting business	777,000	417,000	55,700,000	100	718,138	(18,142)	(18,142)	Notes 1 and 2
	We Solution Technology Co., Ltd.	No. 207, Fuxing 2nd Rd., Zhubei City, Hsinchu County	Trading , repair, and maintenance of various precision instruments	248,825	198,825	25,000,000	83.33	260,498	78,927	77,648	Note 2
	Gudeng Equipment Co., Ltd.	No. 106, Sec. 2, Fuxing 3rd Rd., Zhubei City, Hsinchu County	Manufacture, trading , repair, and maintenance of various precision instruments	99,074	35,359	11,302,701	50.1	275,762	203,415	103,529	Notes 1 and 2
	Gudeng Inc.	1798 Technology DR, #298 San Jose, CA, 95110	Engaged in various electronic components business	USD 850	USD 350	850,000	100	37,899	17,650	17,650	Note 2
Rich Point Global Corp.	Sun Park Development Limited	Suite 2302-6 23/F Great Eagle CTR 23 Harbour RD Wanchai H.K.	Engaged in reinvestment of various business	RMB 14,020	RMB 14,020	-	100	RMB 26,257	RMB 7,222	RMB 7,222	Note 2
	Gudeng Investment Co., Ltd.	TMF Chambers, P. O. Box 3269, Apia, Samoa	Engaged in reinvestment of various business	RMB 50,549	RMB 50,549	-	100	RMB 53,355	RMB 12,332	RMB 12,332	Notes 1 and 2
Gudeng Investment Co., Ltd.	Jia Shuo Construction, Inc.	8F.-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Industrial plant, residential and building development and leasing, real estate sales and leasing	135,100	135,100	13,510,000	100	130,670	(3,996)	(3,996)	Note 2
	Jinhui Technology Co., Ltd.	No. 43, Jingjian 4th Rd., Guanyin Dist., Taoyuan City	Surface treatment and thermal treatment, wholesale of chemical materials, manufacture of other chemical materials and other metals, wholesale of pollution prevention equipment, wholesale of recycled materials	35,000	35,000	3,500,000	35	51,019	20,160	7,056	Note 3
	i Analyzer Incorporation	7F-8, No. 200, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City	Manufacture, trading , repair, and maintenance of various precision instruments	53,940	-	16,631,503	23.24	52,659	(14,257)	(1,281)	Note 3
	Hengyang Green Energy Co., Ltd.	2F, No. 50, Yongkehuan Rd., Wangxing Vil., Yongkang Dist., Tainan City	Piping works and electrical installations	63,000	-	6,300,000	45	59,234	(8,285)	(3,802)	Note 2
Gudeng Equipment Co., Ltd.	Shenghe Precision Technology Co., Ltd.	8F.-6, No. 100, Sec. 1, Jiafeng 11th Rd., Zhubei City, Hsinchu County	Design and transformation of semiconductor and panel PVD vacuum technology related platform	70,000	70,000	1,977,686	100	67,164	16,375	12,882	Note 2 and 3
We Solution Technology Co., Ltd.	Fu Rui Sheng Industrial Co., Ltd.	16F-3, No. 598, Sec. 1, Dunhua Rd., Houzhuang Vil., Beitun Dist., Taichung City	Investment and management consulting business	96,551	-	3,218,361	54.94	97,383	30,450	614	Note 2
	Shuoting Precision Industry Co., Ltd.	1F, No. 8, Ln. 64, Sec. 2, Gansu Rd., Dahe Vil., Xitun Dist., Taichung City	Manufacturing and wholesale of mould and manufacturing of machinery and equipment	44,860	-	4,486,026	41.37	39,938	(14,152)	(4,532)	Note 2
Fu Rui Sheng Industrial Co., Ltd.	Shuoting Precision Industry Co., Ltd.	1F, No. 8, Ln. 64, Sec. 2, Gansu Rd., Dahe Vil., Xitun Dist., Taichung City	Manufacturing and wholesale of mould and manufacturing of machinery and equipment	31,505	-	3,150,483	29.06	25,234	(14,152)	(4,246)	Note 2
	Bor Sheng Industrial Co., Ltd.	1F, No. 45, Dawei Rd., Dayuan Vil., Dali Dist., Taichung City	Manufacturing and wholesale of mould and manufacturing of machinery and equipment	16,740	-	1,674,000	93	65,095	42,095	5,584	Note 2

Note 1. Net income (loss) of the investee and investment profit (loss) recognized in the current period are the amounts audited by the certified public accountants.

Note 2. Wholly eliminated when preparing consolidated financial statements.

Note 3. Net income (loss) of the investee and investment profit (loss) recognized in the current period are the amounts unaudited by the certified public accountants.

Note 4. Please refer to Table X for the information about investments in Mainland China.

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Information on Investments in Mainland China

From January 1 to December 31, 2022

Unit: In thousands of NT$ and foreign currency, unless otherwise specified

Investee Company In Mainland China	Main Business Activities	Paid-in Capital	Method of Investment (Note 1)	Accumulated amount of investment remitted out of Taiwan at the beginning of the period	Remitted or repatriated amount of investment for the period		Accumulated amount of investment remitted out of Taiwan at the end of the period	Net Income (Loss) of the Investee	Ratio of Shareholding (%) of the direct or indirect investment of the Company	Investment Profit (Loss) Recognized in Current Period (Note 2)	Carrying amount of the investment at the end of the period	Investment income repatriated by the year end of the period	Note
					Remitted	Repatriated							
Shanghai Gudeng Trading Co., Ltd.	Wholesale, import and export, commission agency and related ancillary services of plastic products, power products and hardware & electric materials	USD 1,000	(2) Investor company: Sun Park Development Limited	$ 30,710 (USD 1,000)	$ -	$ -	$ 30,710 (USD 1,000)	$ 32,939 (RMB 7,449)	100	$ 32,939 (RMB 7,449) (2)B	$ 79,322 (RMB 17,995)	$ -	
Suzhou Wujiang Xinchuang Automobile Trade Co., Ltd.	Motor vehicles trading	RMB 15,750	(2) Investor company: Gudeng Investment Co., Ltd.	225,630 (RMB 45,000) (USD 888)	-	-	225,630 (RMB 45,000) (USD 888)	(4,002) (RMB -905)	-	(4,979) (RMB -1,126) (2)B	- (RMB -)	38,455 (RMB 8,724)	
Suzhou Kunju Trading Co., Ltd.	Sales of automobiles, after-sales services and technical consulting services related to automobile repair	RMB 7,645	(2) Investor company: Sun Park Development Limited	37,098 (USD 1,208)	-	-	37,098 (USD 1,208)	(1,004) (RMB -227)	100	(1,004) (RMB -227) (2)B	36,485 (RMB 8,277)	-	

Accumulated amount of investment remitted out of Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Upper Limit on Investment in mainland China regulated by the Investment Commission of the Ministry of Economic Affairs
NTD 293,438 (USD 3,096) (RMB 45,000)	NTD 414,517 (USD 5,388) (RMB 56,500)	NTD 2,927,024 (USD 95,311)

Note 1. The methods of investment are classified as below five types:

(1) Direct investment in Mainland China.

(2) Reinvestment in Mainland China through companies registered in a third region. (please specify the investment company in a third region).

(3) Other method.

Note 2. In the column of investment profit (loss) recognized for the period:

(1) If the company is in preparation status without investment profit (loss), it shall be remarked.

(2) Recognized basis of investment profit (loss) includes below three types and shall be remarked.

A. Financial statements audited and certified by international accounting firms in cooperation with accounting firms of Republic of China.

B. The financial statements had been audited and certified by the parent company's certified public accountant in Taiwan.

C. Other - Based on the financial statements unaudited by the certified public accountants.

Note 3. Amounts related to this table are listed in New Taiwan Dollars, and any foreign currencies are converted into New Taiwan Dollars with spot exchange rate on the financial report date. (USD spot exchange rate of 30.71; RMB spot exchange rate of 4.408; RMB profit and loss exchange rate of 4.422 on December 31, 2022).

Table XI

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Significant transactions with investee companies in mainland China incurred directly or indirectly through a third region, and their prices, payment terms, unrealized gain or loss, and other relevant information

From January 1 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investee Company In Mainland China	Type of Transaction	Purchases, Sales, and Service fees		Price	Transaction Terms		Notes/ Accounts receivable (payable)		Unrealized gain (loss)	Note
		Amount	Percentage		Payment Terms	Compared with normal transactions	Amount	Percentage		
Shanghai Gudeng Trading Co., Ltd.	Sales	$ 194,289	6	Same as normal clients	Same as normal clients	Same as normal clients	$ 159,616	19	$ -	
〃	Service fees	71,587	7	Same as normal clients	Same as normal clients	Same as normal clients	(29,318)	(4)	-	
〃	Purchase	154	-	Same as normal clients	Same as normal clients	Same as normal clients	(59)	-	-	

Table XII

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Information on Major Shareholders

December 31, 2022

Unit: Share

Name of Major Shareholders	Shareholding	
	Number of Shares Held	Percentage of Ownership
Ming-Lang Zhuang	8,189,563	9.72%
Ming-Chien Chiu	6,647,037	7.88%
Tien-Jui Lin	4,546,853	5.39%

Note 1. Information on major shareholders in this table is information on 5% and above of the total of the ordinary shares and preference shares held by shareholders without physical registration (including treasury shares) and calculated on the last business day of each quarter by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.