CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022 AND 2021

CHUN YU WORKS & CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the entities that are required to be included in the consolidated financial statements of affiliates, are the same as the entities required to be included in the consolidated financial statements under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare,

Chun Yu Works & Co., Ltd.

March 9, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Chun Yu Works & Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Chun Yu Works & Co., Ltd. and subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and reports of other auditors, 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 Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Cut-off of revenue from export sales

Description

Refer to Note 4(29) for accounting policy on revenue recognition and Note 6(21) for details of operating revenue.

The Group derives its revenues from the sales of screws, nuts, wire rods and fastener forming machines, etc., and revenues from export sales account for a high percentage of total revenue. Export sales are recognized as revenues when control of the goods has been transferred according to the terms specified in the contracts. The revenue recognition requires that the products are delivered to the customer, the customer has full discretion over the products, and there is no unfulfilled obligation that could affect the customer's acceptance over the products, but delivery time may vary for each sales transaction. The determination as to when products are transferred to customers involves manual process and judgement. Given that there is a risk of material misstatement from improper revenue recognition for transactions that occur near the balance sheet date and the transaction amounts are usually material to the financial statements, we considered the cut-off of revenue from export sales a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding and assessed the accounting policies of revenue recognition on export sales.
2. Obtained an understanding and assessed the internal controls over revenue recognition on export sales, and tested the effectiveness of internal controls including the delivery process and the timing of revenue recognition.
3. Performed cut-off tests on export sales transactions that took place during a certain period before and after the balance sheet date to ascertain whether sales revenues were recognized when control of goods has been transferred to the customer and revenues were recorded in the proper period.

Valuation of inventories

Description

Refer to Note 4(10) for accounting policy on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(4) for details of inventories. As of December 31, 2022, the inventories and allowance for inventory valuation losses amounted NT$4,186,817 thousand and NT$189,229 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of screws, nuts, wire rods and fastener forming machines, etc. Due to the market demand, technology innovation and other factors, there is a risk of inventories losing value or becoming obsolete. The inventories are measured at the lower of cost and net realisable value. For inventory over a certain age and individually identified as obsolete or slow-moving, the net realisable values are determined by management based on periodic inventory clearance information. Given that the net realisable value used when assessing the inventories individually identified as obsolete or slow-moving involves subjective judgement, we considered the valuation of inventories a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of policies and procedures in relation to the provision of allowance for inventory valuation losses based on the accounting principles and our understanding of the nature of the business and the industry.
2. Obtained an understanding of the warehouse management processes, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to evaluate the effectiveness of procedures used by the management to identify and control obsolete inventories.
3. Verified the appropriateness of net realisable value used in inventory valuation and the logic used in the inventory aging report to ascertain the adequacy of allowance for inventory valuation losses.

Other matter – Reference to the reports of other auditors

We did not audit the financial statements of consolidated subsidiaries, Chun Yu Works (USA) Inc. and Pt Moon Lion Industries Indonesia, which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT$1,777,370 thousand and NT$1,568,012 thousand, constituting 14% and 12% of the consolidated total assets as at December 31, 2022 and 2021, respectively, and the operating revenue amounted to NT$2,190,541 thousand and NT$1,957,518 thousand, constituting 20% and 17% of the consolidated total operating revenue for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with an other matter paragraph on the parent company only financial statements of Chun Yu Works & Co., Ltd. as at and for the years ended December 31, 2022 and 2021.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting

Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

Lin, Tzu-Shu

Independent Accountants

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 9, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,436,550	19	$ 1,026,237	8
1110	Financial assets at fair value through profit or loss - current	6(2)	50,411	1	51,504	1
1150	Notes receivable, net	6(3) and 7	420,299	3	421,653	3
1170	Accounts receivable, net	6(3) and 7	1,665,188	13	2,289,839	18
1200	Other receivables		6,889	-	30,451	-
1220	Current income tax assets	6(28)	2,623	-	10,884	-
130X	Inventories	6(4)(7) and 8	3,997,588	32	4,474,307	35
1410	Prepayments		116,626	1	173,463	2
1476	Other current financial assets	6(1) and 8	11,775	-	1,426	-
11XX	**Total current assets**		8,707,949	69	8,479,764	67
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(6) and 8	439,249	4	628,845	5
1535	Non-current financial assets at amortised cost	6(1)	44,100	1	86,915	1
1600	Property, plant and equipment	6(7)(11), 7 and 8	3,055,795	24	3,090,561	24
1755	Right-of-use assets	6(8) and 8	137,409	1	123,235	1
1780	Intangible assets	6(9)	7,343	-	7,855	-
1840	Deferred income tax assets	6(28)	154,732	1	194,220	2
1915	Prepayments for business facilities	6(7)(9)	23,088	-	30,815	-
1920	Guarantee deposits paid		21,957	-	18,583	-
1930	Long-term notes and accounts receivable	6(3)(10)	3,317	-	15,222	-
1980	Other non-current financial assets	6(1) and 8	-	-	7,361	-
1990	Other non-current assets	6(7)	6,780	-	8,129	-
15XX	**Total non-current assets**		3,893,770	31	4,211,741	33
1XXX	**Total assets**		$ 12,601,719	100	$ 12,691,505	100

(Continued)

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12) and 8	$ 780,846	6	$ 1,642,371	13
2130	Current contract liabilities	6(21) and 7	470,653	4	407,343	3
2150	Notes payable	7	388	-	3,287	-
2170	Accounts payable		558,651	5	1,030,237	8
2200	Other payables	7	440,435	4	579,731	5
2230	Current income tax liabilities	6(28)	45,169	-	75,954	1
2250	Provisions for liabilities - current	6(14)	6,265	-	8,275	-
2280	Current lease liabilities	6(8)	24,728	-	19,252	-
2320	Long-term liabilities, current portion	6(15) and 8	16,121	-	22,997	-
21XX	**Total current liabilities**		2,343,256	19	3,789,447	30
	Non-current liabilities					
2530	Bonds payable	6(13) and 8	4,563,605	36	3,000,000	24
2540	Long-term borrowings	6(15) and 8	22,915	-	601,829	5
2570	Deferred income tax liabilities	6(28)	458,159	4	445,439	3
2580	Non-current lease liabilities	6(8)	27,534	-	16,197	-
2640	Net defined benefit liabilities - non-current	6(16)	116,863	1	170,225	1
2645	Guarantee deposits received		457	-	457	-
25XX	**Total non-current liabilities**		5,189,533	41	4,234,147	33
2XXX	**Total liabilities**		7,532,789	60	8,023,594	63
	Equity attributable to owners of parent					
	Share capital	6(17)(19)				
3110	Common stock		3,021,627	24	2,877,740	23
3200	Capital surplus	6(13)(18)(19)	477,923	4	222,103	2
	Retained earnings	6(6)(17)(19)				
3310	Legal reserve		302,397	2	233,702	2
3320	Special reserve		430,610	3	430,610	3
3350	Unappropriated retained earnings		653,326	5	654,473	5
3400	Other equity interest	6(6)(20)	(331,076)	(2)	(207,956)	(2)
3500	Treasury stocks	6(17) and 8	(267,195)	(2)	(267,195)	(2)
31XX	**Equity attributable to owners of the parent**		4,287,612	34	3,943,477	31
36XX	Non-controlling interest	4(3)	781,318	6	724,434	6
3XXX	**Total equity**		5,068,930	40	4,667,911	37
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9				
3X2X	**Total liabilities and equity**		$ 12,601,719	100	$ 12,691,505	100

The accompanying notes are an integral part of these consolidated financial statements.

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	2022 AMOUNT	2022 %	2021 AMOUNT	2021 %
4000	Operating revenue	6(21) and 7	$ 11,049,641	100	$ 11,810,242	100
5000	Operating costs	6(4)(9)(16)(26)(27) and 7	(9,247,148)	(84)	(9,744,419)	(83)
5900	Net operating margin		1,802,493	16	2,065,823	17
	Operating expenses	6(9)(16)(26)(27), 7 and 12				
6100	Selling expenses		(357,854)	(3)	(392,798)	(3)
6200	General and administrative expenses		(516,002)	(5)	(490,374)	(4)
6300	Research and development expenses		(66,419)	-	(84,250)	(1)
6450	Expected credit gains		1,521	-	2,932	-
6000	Total operating expenses		(938,754)	(8)	(964,490)	(8)
6900	Operating profit		863,739	8	1,101,333	9
	Non-operating income and expenses					
7100	Interest income	6(3)(10)(22)	15,975	-	15,022	-
7010	Other income	6(2)(6)(23) and 7	42,635	-	62,808	1
7020	Other gains and losses	6(2)(5)(8)(24) and 12	80,383	1	38,478	-
7050	Finance costs	6(8)(13)(25)	(121,531)	(1)	(98,569)	(1)
7000	Total non-operating income and expenses		17,462	-	17,739	-
7900	**Profit before income tax**		881,201	8	1,119,072	9
7950	Income tax expense	6(28)	(218,085)	(2)	(244,895)	(2)
8200	**Profit for the year**		$ 663,116	6	$ 874,177	7

(Continued)

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial losses on defined benefit plans	6(16)	$ 42,634	-	($ 13,309)	-
8316	Unrealised loss on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(6)(20)	(89,882)	(1)	(15,597)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	(8,476)	-	2,856	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		58,903	1	(36,274)	-
8399	Aggregated income tax relating to components of other comprehensive (loss) income	6(28)	(2,846)	-	594	-
8300	**Total other comprehensive income (loss) for the year**		$ 333	-	($ 61,730)	-
8500	**Total comprehensive income for the year**		$ 663,449	6	$ 812,447	7
	Profit attributable to:					
8610	Owners of the parent		$ 537,503	5	$ 744,730	6
8620	Non-controlling interest		125,613	1	129,447	1
			$ 663,116	6	$ 874,177	7
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 527,170	5	$ 689,759	6
8720	Non-controlling interest		136,279	1	122,688	1
			$ 663,449	6	$ 812,447	7
	Earnings per share (in dollars)	6(29)				
9750	Basic		$	1.93	$	2.68
9850	Diluted		$	1.81	$	2.67

The accompanying notes are an integral part of these consolidated financial statements.

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent										
				Retained Earnings			Other equity interest					
	Notes	Share capital - common stock	Treasury stock transactions	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Total Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	Total equity
Year ended December 31, 2021												
Balance at January 1, 2021		$ 2,877,740	$ 157,969	$ 179,531	$ 430,610	$ 290,127	($ 185,009)	$ 22,362	($ 288,910)	$ 3,484,420	$ 647,037	$ 4,131,457
Profit for the year		-	-	-	-	744,730	-	-	-	744,730	129,447	874,177
Other comprehensive loss for the year	6(6)(20)	-	-	-	-	(9,662)	(29,712)	(15,597)	-	(54,971)	(6,759)	(61,730)
Total comprehensive income (loss)		-	-	-	-	735,068	(29,712)	(15,597)	-	689,759	122,688	812,447
Distribution of 2020 net income:												
Legal reserve		-	-	18,418	-	(18,418)	-	-	-	-	-	-
Cash dividends	6(19)	-	-	-	-	(172,664)	-	-	-	(172,664)	-	(172,664)
Distribution of first half of 2021 net income:												
Legal reserve		-	-	35,753	-	(35,753)	-	-	-	-	-	-
Cash dividends	6(19)	-	-	-	-	(143,887)	-	-	-	(143,887)	-	(143,887)
Disposal of treasury stocks	6(17)(18)	-	38,679	-	-	-	-	-	21,715	60,394	-	60,394
The Company's dividends received by subsidiaries	6(17)(18)	-	25,455	-	-	-	-	-	-	25,455	-	25,455
Decrease in non-controlling interest		-	-	-	-	-	-	-	-	-	(45,291)	(45,291)
Balance at December 31, 2021		$ 2,877,740	$ 222,103	$ 233,702	$ 430,610	$ 654,473	($ 214,721)	$ 6,765	($ 267,195)	$ 3,943,477	$ 724,434	$ 4,667,911
Year ended December 31, 2022												
Balance at January 1, 2022		$ 2,877,740	$ 222,103	$ 233,702	$ 430,610	$ 654,473	($ 214,721)	$ 6,765	($ 267,195)	$ 3,943,477	$ 724,434	$ 4,667,911
Profit for the year		-	-	-	-	537,503	-	-	-	537,503	125,613	663,116
Other comprehensive income for the year	6(6)(20)	-	-	-	-	27,919	51,630	(89,882)	-	(10,333)	10,666	333
Total comprehensive income (loss)		-	-	-	-	565,422	51,630	(89,882)	-	527,170	136,279	663,449
Distribution of 2021 net income:												
Legal reserve		-	-	37,754	-	(37,754)	-	-	-	-	-	-
Cash dividends	6(19)	-	-	-	-	(287,774)	-	-	-	(287,774)	-	(287,774)
Stock dividends	6(17)(19)	143,887	-	-	-	(143,887)	-	-	-	-	-	-
Distribution of first half of 2022 net income:												
Legal reserve		-	-	30,941	-	(30,941)	-	-	-	-	-	-
Cash dividends	6(19)	-	-	-	-	(151,081)	-	-	-	(151,081)	-	(151,081)
Disposal of financial assets at fair value through other comprehensive income	6(6)(20)	-	-	-	-	84,868	-	(84,868)	-	-	-	-
Issuance of convertible bonds	6(13)(18)	-	221,790	-	-	-	-	-	-	221,790	-	221,790
The Company's dividends received by subsidiaries	6(17)(18)	-	34,030	-	-	-	-	-	-	34,030	-	34,030
Decrease in non-controlling interest		-	-	-	-	-	-	-	-	-	(79,395)	(79,395)
Balance at December 31, 2022		$ 3,021,627	$ 477,923	$ 302,397	$ 430,610	$ 653,326	($ 163,091)	($ 167,985)	($ 267,195)	$ 4,287,612	$ 781,318	$ 5,068,930

The accompanying notes are an integral part of these consolidated financial statements.

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 881,201	$ 1,119,072
Adjustments			
Adjustments to reconcile profit (loss)			
Net losses (gains) on financial assets at fair value through profit or loss	6(24)	18,258	(5,505)
Expected credit gains	12	(1,521)	(2,932)
Provision (reversal of allowance) for inventory market price decline	6(4)	42,381	(11,454)
Depreciation	6(7)(8)(26)	281,744	278,534
Losses on disposal of property, plant and equipment	6(24)	2,045	3,555
Losses (gains) from lease modification	6(8)(24)	182	(213)
Amortization	6(9)(26)	3,784	4,689
Interest income	6(22)	(15,975)	(15,022)
Dividend income	6(23)	(17,827)	(22,647)
Interest expense	6(25)	121,531	98,569
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		(13,816)	55,461
Notes receivable		1,338	83,816
Accounts receivable		629,766	(628,480)
Other receivables		23,562	(16,667)
Inventories		418,843	(1,195,390)
Prepayments		51,555	(48,379)
Long-term notes and accounts receivable		11,905	35,838
Changes in operating liabilities			
Current contract liabilities		63,310	163,604
Notes payable		(2,899)	3,246
Accounts payable		(471,586)	342,321
Other payables		(126,161)	168,809
Provisions for liabilities - current		(2,010)	1,553
Net defined benefit liabilities - non-current		(10,728)	(23,737)
Cash inflow generated from operations		1,888,882	388,641
Interest received		15,975	15,022
Dividends received		17,827	22,647
Income tax refund		-	5,400
Interest paid		(109,360)	(93,751)
Income tax paid		(199,723)	(124,250)
Net cash flows from operating activities		1,613,601	213,709

(Continued)

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in other current financial assets		($ 10,349)	$ 544
Acquisition of financial assets at fair value through other comprehensive income - non-current		(1,059)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		100,773	-
Return of capital from financial assets at fair value through other comprehensive income	6(6)	-	141
Decrease (increase) in non-current financial assets at amortized cost		42,815	(86,915)
Cash paid for acquisition of property, plant and equipment	6(30)	(181,852)	(123,533)
Proceeds from disposal of property, plant and equipment		3,899	2,072
Acquisition of intangible assets	6(9)	(2,926)	(1,663)
Increase in prepayments for business facilities		(25,651)	(66,506)
(Increase) decrease in guarantee deposits paid		(3,374)	5,887
Decrease in other non-current financial assets		7,361	8,539
Decrease (increase) in other non-current assets		1,807	(4,445)
Net cash flows used in investing activities		(68,556)	(265,879)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(31)	(861,525)	(353,282)
Decrease in short-term notes and bills payable	6(31)	-	(40,000)
Payments of lease liabilities	6(31)	(25,026)	(22,618)
Increase in ordinary bonds	6(31)	-	3,000,000
Increase in convertible bonds	6(31)	1,775,874	-
Increase in long-term borrowings	6(31)	27,207	9,309,413
Decrease in long-term borrowings	6(31)	(612,997)	(11,145,202)
Decrease in guarantee deposits received	6(31)	-	(107)
Payments of cash dividends	6(30)	(404,825)	(291,096)
Disposal of treasury stocks	6(17)	-	60,394
Cash dividends paid to non-controlling interest	4(3)	(79,395)	(45,291)
Net cash flows (used in) from financing activities		(180,687)	472,211
Effect of foreign exchange rate changes on cash and cash equivalents		45,955	(24,878)
Net increase in cash and cash equivalents		1,410,313	395,163
Cash and cash equivalents at beginning of year	6(1)	1,026,237	631,074
Cash and cash equivalents at end of year	6(1)	$ 2,436,550	$ 1,026,237

The accompanying notes are an integral part of these consolidated financial statements.

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

(1) Chun Yu Works & Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other related regulations in March 1965. The Company is primarily engaged in the manufacture and heat treatment of screws, nuts and polished steel bars as well as design of pollution prevention equipment and undertaking related services. The information on main business activities of the Company's subsidiaries is provided in Note 4(3).

(2) The Company's shares have been listed on the Taiwan Stock Exchange since October 1991.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

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

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts-cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by IASB
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments 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

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

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

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, 'Critical accounting judgements, estimates and key sources of assumption uncertainty'.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2022	December 31, 2021	Description
Chun Yu Works & Co., Ltd.	Chun Bang Precision Co., Ltd.	Manufacture and sales of moulds	100.00	100.00	—
Chun Yu Works & Co., Ltd.	Chun Yu Works (USA) Inc.	Import and export of hardware products	100.00	100.00	—
Chun Yu Works & Co., Ltd.	Chun Yu Investment Co., Ltd.	Professional investment	100.00	100.00	—
Chun Yu Works & Co., Ltd.	Chun Yu Bio-tech Corp.	Powder metallurgy	100.00	100.00	—
Chun Yu Works & Co., Ltd.	Scholar Holdings Ltd.	Reinvestment and import and export sales	100.00	100.00	—
Chun Yu Works & Co., Ltd.	Sunny City International Limited	Reinvestment and import and export sales	100.00	100.00	—
Chun Yu Works & Co., Ltd.	Pt Moon Lion Industries Indonesia	Manufacture and sales of screws and nuts	71.85	71.85	—
Chun Yu Works & Co., Ltd.	Chun Zu Machinery Industry Co., Ltd.	Manufacture and sales of machinery	47.82	47.82	(Note 1) (Note 2)
Scholar Holdings Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	Manufacture and sales of screws and nuts	100.00	100.00	—
Sunny City International Limited	Shanghai Uchee Hardware Products Ltd.	Sales of screws and nuts	100.00	100.00	—
Shanghai Uchee Hardware Products Ltd.	Chunyu Group Shanghai Tongsheng Trade Co., Ltd.	Sales of screws and nuts	100.00	100.00	—
Chun Zu Machinery Industry Co., Ltd.	Lion City Management Ltd.	Professional investment	100.00	100.00	—
Lion City Management Ltd.	Shanghai Chun Zu Machinery Industry Ltd.	Manufacture and sales of machinery	100.00	100.00	—

(Note 1) It represents the consolidated ownership held by the Group.

(Note 2) A representative appointed by the Company was elected as the chairman of the investee, and the general manager of the investee had to report to the Board of Directors of the Company. Thus, the Company had substantial control over the investee and its subsidiaries.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2022 and 2021, the non-controlling interest amounted to $781,318 and $724,434, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
Name of	Principal place	December 31, 2022		December 31, 2021	
subsidiary	of business	Amount	Ownership (%)	Amount	Ownership (%)
Chun Zu Machinery Industry Co., Ltd.	Taiwan	$ 529,806	52.18%	$ 498,258	52.18%

Summarised financial information of the subsidiaries:

Consolidated balance sheet	Chun Zu Machinery Industry Co., Ltd. and subsidiaries	
	December 31, 2022	December 31, 2021
Current assets	$ 1,408,949	$ 1,401,368
Non-current assets	575,844	647,208
Current liabilities	(742,551)	(840,724)
Non-current liabilities	(154,418)	(181,840)
Total net assets	$ 1,087,824	$ 1,026,012

	For the years ended December 31	
Consolidated statement of comprehensive income	2022	2021
Revenue	$ 1,270,675	$ 1,460,987
Profit for the year	$ 110,989	$ 83,778
Other comprehensive income (loss)	17,142	(4,493)
Total comprehensive income	$ 128,131	$ 79,285
Comprehensive income attributable to non-controlling interest	$ 66,154	$ 40,905
Dividends paid to non-controlling interest	$ 34,605	$ 23,594

Consolidated statements of cash flows	For the years ended December 31 2022	2021
Net cash provided by operating activities	$ 44,226	$ 476,233
Net cash provided by (used in) investing activities	10,589	(92,552)
Net cash used in financing activities	(147,890)	(248,602)
Effect of exchange rate changes on cash and cash equivalents	10,132	(2,294)
Decrease (increase) in cash and cash equivalents	(82,943)	132,785
Cash and cash equivalents, beginning of year	297,485	164,700
Cash and cash equivalents, end of year	$ 214,542	$ 297,485

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognized in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The Group initially measures accounts and notes receivable at fair value and subsequently recognizes the amortised interest income over the period of circulation using the effective interest method and the impairment loss. A gain or loss is recognized in profit or loss.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(11) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(12) <u>Impairment of financial assets</u>

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(13) <u>Derecognition of financial assets</u>

The Group derecognizes a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(14) <u>Property, plant and equipment</u>

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful lives
Buildings and structures:	
Main building of plant	3 ~ 51 years
Others	3 ~ 36 years
Machinery and equipment	2 ~ 22 years
Utilities equipment	3 ~ 20 years
Transportation equipment	2 ~ 9 years
Office equipment	2 ~ 13 years
Other equipment	2 ~ 20 years

(15) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(16) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 10 years.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognized.

(18) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognized at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(21) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable das stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(22) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(23) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Provisions

Provisions (the estimated warranties) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense when it can no longer withdraw an offer of termination benefits or when it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after the balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees’ compensation and directors’ remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings of the Company and its domestic subsidiaries and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(27) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(28) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's the Board of Directors. Stock dividends are recorded as stock dividends to be distributed after they are approved by the Company's shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

Sales of goods

A. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

B. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated output tax as well as sales returns and allowances, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The credit terms for general sales are 2 months, for machinery equipment sales are based on the terms specified in the contracts, some of which are sold on installment over a period of 1 ~ 3 years, and for spare parts sales are 3 ~ 4 months.

C. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(30) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Valuation of inventories

A. As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the market demand and technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such valuation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the valuation.

B. As of December 31, 2022, the carrying amount of inventories was $3,997,588.

6. Details Of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash:		
Cash on hand	$ 1,005	$ 31,855
Checking accounts	107,114	178,158
Demand deposits	992,024	800,541
	1,100,143	1,010,554
Cash equivalents:		
Time deposits	1,336,407	15,683
	$ 2,436,550	$ 1,026,237

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group's time deposits maturing in excess of one year amounting to $44,100 and $86,915 as of December 31, 2022 and 2021, respectively, were classified as financial assets at amortized cost - non-current.

C. As of December 31, 2022 and 2021, the Group's demand deposits amounting to $11,775 and $8,787, respectively, were pledged to others as collateral (Shown as 'Other current financial assets' and 'Other non-current financial assets'). Details are provided in Note 8, 'Pledged assets'.

(2) Current financial assets at fair value through profit or loss

Items	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 39,019	$ 30,203
Beneficiary certificates	13,000	8,000
	52,019	38,203
Valuation adjustment	(1,608)	13,301
	$ 50,411	$ 51,504

A. The Group recognized net profit amounting to $60,698 and $53,409 (shown as 'Other income' and 'Other gains and losses') on financial assets at fair value through profit or loss for the years ended December 31, 2022 and 2021, respectively.

B. As of December 31, 2022 and 2021, the Group had no financial assets at fair value through profit or loss pledged to others as collateral.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2), 'Financial instruments'.

(3) Notes and accounts receivable, net

	December 31, 2022	December 31, 2021
Notes receivable	$ 352,225	$ 332,412
Installment notes receivable	71,609	95,202
	423,834	427,614
Less: Unrealised interest income	(3,267)	(5,709)
Allowance for uncollectible accounts	(268)	(252)
	$ 420,299	$ 421,653
Accounts receivable	$ 1,689,191	$ 2,288,249
Installment accounts receivable	148	31,755
	1,689,339	2,320,004
Less: Unrealised interest income	(148)	(1,047)
Allowance for uncollectible accounts	(24,003)	(29,118)
	$ 1,665,188	$ 2,289,839

A. The ageing analysis of notes receivable and accounts receivable that were past due but not impaired is as follows:

	December 31, 2022		December 31, 2021	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 420,394	$ 1,461,430	$ 420,727	$ 2,062,123
Up to 30 days past due	2,131	170,419	3,915	189,109
31~90 days past due	1,309	36,055	2,964	42,235
91~180 days past due	-	808	8	5,097
Over 181 days	-	20,627	-	21,440
	$ 423,834	$ 1,689,339	$ 427,614	$ 2,320,004

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, notes receivable and accounts receivable were all from contracts with customers. Also, as of January 1, 2021, the balance of receivables from contracts with customers amounted to $2,202,975.

C. For the years ended December 31, 2022 and 2021, the interest income (including installment notes receivable, installment accounts receivable and long-term notes and accounts receivable) recognized in profit or loss amounted to $7,960 and $12,222 (shown as 'Interest income'), respectively.

D. As of December 31, 2022 and 2021, the Group did not hold any collateral as security for accounts receivable.

E. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes or accounts receivable held by the Group was their carrying amount.

F. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2), 'Financial instruments'.

G. As of December 31, 2022 and 2021, the Group had no notes receivable and accounts receivable pledged to others.

(4) Inventories

	December 31, 2022		
	Cost	Allowance for inventory valuation loss	Book value
Raw materials	$ 769,992	($ 33,338)	$ 736,654
Supplies	408,366	(15,568)	392,798
Work in progress	1,472,413	(42,939)	1,429,474
Finished goods	1,536,046	(97,384)	1,438,662
	$ 4,186,817	($ 189,229)	$ 3,997,588

	December 31, 2021		
	Cost	Allowance for inventory valuation loss	Book value
Raw materials	$ 1,398,784	($ 27,661)	$ 1,371,123
Supplies	352,072	(13,513)	338,559
Work in progress	1,312,135	(25,561)	1,286,574
Finished goods	1,558,164	(80,113)	1,478,051
	$ 4,621,155	($ 146,848)	$ 4,474,307

A. The cost of inventories recognized as expense for the year:

	For the years ended December 31	
	2022	2021
Cost of goods sold	$ 9,261,469	$ 9,824,252
Loss on (gain on reversal of) decline in market value (Note)	42,381	(11,454)
Loss on scrapping inventory	1,747	-
Loss on physical inventory	724	1,840
Revenue from sales of scraps	(59,173)	(70,219)
	$ 9,247,148	$ 9,744,419

(Note) The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold in 2021 because certain inventories which were previously provided with allowance for decline in value were subsequently sold or scrapped.

B. Details of the Group's inventories pledged to others as collateral as of December 31, 2022 and 2021 are provided in Note 8, 'Pledged assets'.

(5) Non-current financial assets at fair value through profit or loss

A. There was no such transaction for the years ended December 31, 2022 and 2021.

B. The Group recognized net loss of $3,349 (shown as 'Other gains and losses') on the non-current financial assets at fair value through profit or loss for the year ended December 31, 2022.

(6) Non-current financial assets at fair value through other comprehensive income

Items	December 31, 2022	December 31, 2021
Equity instruments		
Listed stocks	$ 606,462	$ 621,308
Unlisted stocks	772	772
	607,234	622,080
Valuation adjustment	(167,985)	6,765
	$ 439,249	$ 628,845

A. The Group has elected to classify equity investments that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $439,249 and $628,845 as at December 31, 2022 and 2021, respectively.

B. The Company received proceeds from capital reduction of the Company's stock investment - Ascentek Venture Capital Corporation, classified as financial asset measured at fair value through other comprehensive income. The Group received remaining proceeds from settlement in the amount of $141 for the year ended December 31, 2021, and recognized share dividend income of $893 (shown as "Other income").

C. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31	
	2022	2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income (shown as 'Other equity')	($ 89,882)	($ 15,597)
Cumulative gains or losses reclassified to retained earnings due to derecognition	($ 84,868)	$ -
Dividend income recognised in profit or loss (shown as 'Other income')	$ 15,189	$ 19,824

D. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was the carrying amount.

E. Information relating to credit risk of non-current financial assets at fair value through other comprehensive income is provided in Note 12(2), 'Financial instruments'.

F. Details of the Group's non-current financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8, 'Pledged assets'.

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Equipment under acceptance and construction in progress	Total
January 1, 2022									
Cost	$ 1,573,597	$ 1,932,235	$ 4,431,854	$ 94,858	$ 99,541	$ 120,228	$ 662,581	$ 34,639	$ 8,949,533
Accumulated depreciation	-	(1,413,090)	(3,666,184)	(72,436)	(76,989)	(104,335)	(525,896)	-	(5,858,930)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	$ 1,573,597	$ 519,145	$ 765,628	$ 22,422	$ 22,552	$ 15,893	$ 136,685	$ 34,639	$ 3,090,561
2022									
At January 1	$ 1,573,597	$ 519,145	$ 765,628	$ 22,422	$ 22,552	$ 15,893	$ 136,685	$ 34,639	$ 3,090,561
Additions	-	10,851	94,883	238	3,307	28,868	14,318	15,535	168,000
Transfers after acceptance	-	890	34,887	-	-	-	22,209	(57,986)	-
Transfers from inventories	-	-	15,495	-	-	-	-	-	15,495
Transfers from prepayments for business facilities	-	441	14,700	-	-	23	7,994	9,945	33,103
Depreciation charge	-	(49,754)	(144,823)	(3,830)	(7,909)	(6,837)	(40,236)	-	(253,389)
Disposals - Cost	-	(8,124)	(52,798)	(5,600)	(9,970)	(27,311)	(2,026)	-	(105,829)
- Accumulated depreciation	-	7,017	48,849	5,600	9,204	26,424	2,791	-	99,885
Reclassification (Note)	-	-	-	-	-	-	-	(458)	(458)
Net exchange differences	-	2,457	3,781	(2)	166	92	1,913	20	8,427
At December 31	$ 1,573,597	$ 482,923	$ 780,602	$ 18,828	$ 17,350	$ 37,152	$ 143,648	$ 1,695	$ 3,055,795
December 31, 2022									
Cost	$ 1,573,597	$ 1,951,356	$ 4,522,990	$ 89,494	$ 93,331	$ 122,331	$ 712,327	$ 1,695	$ 9,067,121
Accumulated depreciation	-	(1,468,433)	(3,742,346)	(70,666)	(75,981)	(85,179)	(568,679)	-	(6,011,284)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	$ 1,573,597	$ 482,923	$ 780,602	$ 18,828	$ 17,350	$ 37,152	$ 143,648	$ 1,695	$ 3,055,795

(Note) It was transferred to ‘Other non-current assets’.

	Land	Buildings and structures	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Equipment under acceptance and construction in progress	Total
January 1, 2021									
Cost	$ 1,575,982	$ 1,923,586	$ 4,491,495	$ 95,270	$ 98,464	$ 117,927	$ 638,638	$ 9,930	$ 8,951,292
Accumulated depreciation	-	(1,378,319)	(3,690,654)	(69,963)	(73,137)	(100,357)	(492,761)	-	(5,805,191)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	$ 1,575,982	$ 545,267	$ 800,799	$ 25,307	$ 25,327	$ 17,570	$ 145,877	$ 9,930	$ 3,146,059
2021									
At January 1	$ 1,575,982	$ 545,267	$ 800,799	$ 25,307	$ 25,327	$ 17,570	$ 145,877	$ 9,930	$ 3,146,059
Additions	-	7,520	18,035	960	6,366	3,009	21,336	58,605	115,831
Transfers after acceptance	-	11,683	20,857	-	464	2,193	3,522	(38,719)	-
Transfers from inventories	-	-	49,983	-	-	-	-	-	49,983
Transfers from prepayments for business facilities	-	1,170	34,000	-	151	401	8,533	4,840	49,095
Depreciation charge	-	(44,521)	(146,078)	(3,845)	(8,945)	(7,143)	(41,496)	-	(252,028)
Disposals - Cost	-	(6,914)	(34,214)	(1,373)	(6,807)	(3,366)	(7,174)	-	(59,848)
- Accumulated depreciation	-	6,896	29,752	1,373	6,066	3,287	6,847	-	54,221
Net exchange differences	(2,385)	(1,956)	(7,506)	-	(70)	(58)	(760)	(17)	(12,752)
At December 31	$ 1,573,597	$ 519,145	$ 765,628	$ 22,422	$ 22,552	$ 15,893	$ 136,685	$ 34,639	$ 3,090,561
December 31, 2021									
Cost	$ 1,573,597	$ 1,932,235	$ 4,431,854	$ 94,858	$ 99,541	$ 120,228	$ 662,581	$ 34,639	$ 8,949,533
Accumulated depreciation	-	(1,413,090)	(3,666,184)	(72,436)	(76,989)	(104,335)	(525,896)	-	(5,858,930)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	$ 1,573,597	$ 519,145	$ 765,628	$ 22,422	$ 22,552	$ 15,893	$ 136,685	$ 34,639	$ 3,090,561

A. The Group’s property, plant and equipment as of December 31, 2022 and 2021 are for its own use.

B. No interest expense was capitalised in property, plant and equipment for the years ended December 31, 2022 and 2021.

C. Impairment information about the property, plant and equipment is provided in Note 6(11), ‘Impairment of non–financial assets’.

D. Information about the property, plant and equipment that were pledged to others as collateral as of December 31, 2022 and 2021 is provided in Note 8. ‘Pledged assets’.

(8) Lease transactions－lessee

A. The Group leases various assets including land (including the land located in Dayong Section, Gangshan District, Kaohsiung City and the land use right in Songmushan management area, Dalang Town, Dongguan City and Baihe Town, Shanghai City under the contracts signed with the People’s Republic of China), buildings, and business vehicles. Rental contracts are typically made for periods of 1 to 50 year(s). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Land	$ 99,707	$ 103,987
Buildings and structures	37,417	18,650
Transportation equipment	285	598
	$ 137,409	$ 123,235

	For the years ended December 31	
	2022	2021
	Depreciation charge	Depreciation charge
Land	$ 5,620	$ 5,536
Buildings and structures	22,280	20,033
Transportation equipment	455	937
	$ 28,355	$ 26,506

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $40,133 and $3,379, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	For the years ended December 31	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,809	$ 1,657
Expense on short-term leases	10,186	15,915
Losses (gains) from lease modification	182	(213)

E. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were $37,021 and $40,190, respectively.

F. Details of the Group's right-of-use assets pledged to others as collateral as of December 31, 2022 and 2021 are provided in Note 8, 'Pledged assets'.

(9) Intangible assets

	Computer software	
	For thr years ended December 31	
	2022	2021
At January 1		
Cost	$ 24,489	$ 30,881
Accumulated amortisation	(16,634)	(20,235)
	$ 7,855	$ 10,646
Period from January to December		
At January 1	$ 7,855	$ 10,646
Additions - acquired separately	2,926	1,663
Transfers from prepayments for business facilities	275	264
Amortisation charge	(3,784)	(4,689)
Write-offs - cost	(2,653)	(8,255)
- accumulated amortisation	2,653	8,255
Net exchange differences	71	(29)
At December 31	$ 7,343	$ 7,855
At December 31		
Cost	$ 25,343	$ 24,489
Accumulated amortisation	(18,000)	(16,634)
	$ 7,343	$ 7,855

A. No interest expense was capitalised for the years ended December 31, 2022 and 2021.

B. Details of amortisation expenses on intangible assets are as follows:

	For the years ended December 31			
	2022		2021	
Operating costs	$	428	$	501
Selling expenses		436		433
Administrative expenses		1,637		1,721
Research and development expenses		1,283		2,034
	$	3,784	$	4,689

C. As of December 31, 2022 and 2021, the Group had no intangible assets pledged to others.

(10) Long-term notes and accounts receivable

	December 31, 2022		December 31, 2021	
Long-term notes receivable	$	4,180	$	15,094
Long-term installment receivables		-		2,733
		4,180		17,827
Less: Unrealised interest income	(	863)	(	2,605)
	$	3,317	$	15,222

A. The Group's long-term accounts receivable are fully performing in line with the credit standards prescribed based on counterparties' industrial characteristics, scale of business and profitability.

B. As of December 31, 2022 and 2021, the Group had no long-term notes receivable and long-term installment receivables past due.

C. As of December 31, 2022 and 2021, long-term notes and accounts receivable were all from contracts with customers. Also, as of January 1, 2021, the balance of long-term notes and accounts receivable from contracts with customers amounted to $57,350.

D. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the long-term notes receivable and long-term installment receivables held by the Group was their carrying amount.

E. Details of the interest income recognized in profit or loss for the years ended December 31, 2022 and 2021 are provided in Note 6(3), 'Notes and accounts receivable, net'.

F. As of December 31, 2022 and 2021, the Group did not hold any collateral as security for long-term accounts receivable.

G. As of December 31, 2022 and 2021, the Group had no long-term notes and accounts receivable pledged to others.

H. Information relating to credit risk of long-term notes and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(11) Impairment of non-financial assets

A. The Group did not recognise impairment loss for the years ended December 31, 2022 and 2021.

B. As of December 31, 2022 and 2021, the accumulated impairment loss of property, plant and equipment both amounted to $42, after recognising or reversing any impairment loss.

(12) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 572,946	1.56%～5.63%	Note1
Secured borrowings	207,900	9.00%	Note1 and Note2
	$ 780,846		

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 1,080,549	0.52%～1.71%	Note1
Secured borrowings	561,822	1.50%～9.75%	Note1 and Note2
	$ 1,642,371		

(Note1) As of December 31, 2022 and 2021, the interest rate of loans from Indonesia were 9.00% and 9.75% respectively, and the interest rates of loans from other countries were 1.56%~5.63% and 0.52%~5.65% respectively .

(Note2) Details of the collateral provided for short-term borrowings are provided in Note 8, 'Pledged assets'.

Details of interest expense recognized in profit or loss for the years ended December 31, 2022 and 2021 are provided in Note 6(25), 'Finance Costs'.

(13) Bonds payable

	December 31, 2022	December 31, 2021	Collateral
Guaranteed ordinary bonds payable	$ 3,000,000	$ 3,000,000	(Note)
Guaranteed convertible bonds payable	1,600,000	-	-
	$ 4,600,000	$ 3,000,000	
Less: Discount on bonds payable	(36,395)	-	
	$ 4,563,605	$ 3,000,000	

(Note) Details of the collateral provided for bonds payable are provided in Note 8, 'Pledged assets'.

A. The Company was issued the first domestic guaranteed bonds payable from October 2021, the main issuance conditions are as follows:

(a) The Company was approved by the competent authority to raise and issue the first domestic guaranteed bonds payable with a total amount of $3,000,000 (related issue costs of $5,650), with a coupon rate of 0.65% and a maturity period of 7 years from October 15, 2021 to October 15, 2028. The bonds are repayable in cash at the face value of the bonds upon maturity.

(b) First Commercial Bank Co., Ltd. was appointed as the guarantor bank for the bonds.The guarantee period is from the date of full collection of the bonds to the date of full payment of the principal and interest payable under the Plan, and the guarantee covers the outstanding principal and interest compensation payable under the Plan, which are subordinate to the principal debt.

(c) The principal and simple interest will be paid every year by coupon rate since the day approved to issue. If the local financial institutions are closed on a payment day, the principal and interest will be paid on the next operating day without extra interest.

B. The Company was issued the first, second and third domestic guaranteed convertible bonds payable from March 2022, the main issuance conditions are as follows:

(a) The Company was approved by the competent authority to raise and issue the first, second and third domestic guaranteed convertible bonds payable with a total amount of $700,000 (related issue costs of $2,432), $500,000 (related issue costs of $2,006), $400,000 (related issue costs of $1,417), respectively. Issuance prices were $779,162, $557,563 and $445,004, respectively with a coupon rate of 0% and a maturity period of 3 years from March 25, 2022 to March 25, 2025. The bonds are repayable in cash at the face value of the convertible bonds upon maturity.

(b) The first, second and third convertible bonds were respectively entrusted by Changhua Bank Co., Ltd., Huanan Bank Co., Ltd. and Shanghai Commercial Savings Bank Co., Ltd. as guarantor banks. The guarantee period is from the date of full collection of the convertible bonds to the date of full payment of the principal and interest payable under the Plan, and the guarantee covers the outstanding principal and interest compensation payable under the Plan, which are subordinate to the principal debt.

(c) Convertible bonds for bondholders will start from the day following the expiration of three months after the issuance date of each bond (June 26, 2022) and end on the maturity date (March 25, 2025), unless it is suspended according to regulations or laws. Outside the transfer period, the Company may request the conversion of the bonds into ordinary shares of the Company at any time, and the rights of ordinary shares after conversion are the same as those of the original issued ordinary shares.

(d) The conversion price for the conversion of corporate bonds is determined by the pricing model stipulated in each conversion method. In the event that the company has an antidilution clause in the subsequent conversion price, it will be adjusted according to the pricing model specified in the conversion method. On the base date, the conversion price will be re-determined in accordance with the pricing model stipulated in the conversion regulations. If it is higher than the conversion price before the re-determination in the current year, no adjustment will be made.

(e) From the day following the three-month issuance date of each convertible bond (June 26, 2022) to the 40th day of the issuance period (February 13, 2025), if the closing price of the Company's ordinary shares for 30 consecutive business days exceeds the current conversion price by more than 30%, the Company may, within the next 30 business days, recover all its bonds in cash according to the denomination of the bonds; or the day following the 3 months after the issuance of the convertible bonds (Jane 26, 2022) from the

40th day to the expiry of the issuance period (February 13, 2025), when the outstanding amount of the convertible bonds in circulation is less than 10% of the original issuance amount, the Company may recover all bonds in cash at any time thereafter according to the denomination of the bonds.

(f) According to the provisions of the conversion method, all the company's repossession (including the repurchase by the business office of the securities firm). The convertible bonds that have been repaid or converted will be cancelled, and all rights and obligations still attached to the corporate bonds will also be extinguished and no longer issued.

C. When the Company issues convertible corporate bonds, in accordance with the provisions of Amendments to IAS 32 "Financial Instruments: Expression", the conversion right which is of the nature of equity is separated from each liability component, and the account is "Capital reserve-share options" $221,790. Another embedded repurchase option, in accordance with Amendments IFRS No. 9 "Financial Instruments", is separated and accounted for on a net basis because it is not closely related to the economic characteristics and risks of the main contract debt commodity. In the column "Financial assets at fair value through profit and loss – non-current", the effective interest rates of the main contract debt after the first, second and third convertible corporate bonds are separated are 0.90%, 0.90% and 0.91%, respectively.

D. Details of interest expense recognized in profit or loss for the years ended December 31, 2022 and 2021 provided in Note 6, (25), Financial costs.

(14) Provisions for liabilities - current

	Warranty	
	For the years ended December 31	
	2022	2021
January 1	$ 8,275	$ 6,722
Additional provisions	3,194	11,876
Used during the year	(4,612)	(9,317)
Unused amounts reversed	(592)	(1,006)
December 31	$ 6,265	$ 8,275

The Group provides warranties on machinery products sold. Provision for warranty is estimated based on historical warranty data of such products.

(15) Long-term borrowings

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	2019.8.28～2029.6.15	1.43%～2.28%	Refer to Note 8	$ 39,036
Less: Current portion				(16,121)
				$ 22,915

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
Secured borrowings	2017.9.22～2025.3.30	1.65%～10.73% (Note)	Refer to Note 8	$ 624,826
Less: Current portion				(22,997)
				$ 601,829

(Note) As of December 31, 2021, the interest rate of loans from Indonesia was 10.73%, and the interest rates of loans from other countries were 1.65%~1.80%.

Details of interest expense recognized in profit or loss for the years ended December 31, 2022 and 2021 are provided in Note 6(25), 'Finance costs'.

(16) Pensions

A. The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the R.O.C. Labor Standards Act, covering all regular employees' service years prior to the enforcement of the R.O.C. Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the R.O.C. Labor Pension Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March. The information on defined benefit pension plans of the Company and its subsidiary, Pt Moon Lion Industries Indonesia, is as follows:

(a) The amounts recognized in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	($ 283,870)	($ 332,981)
Fair value of plan assets	167,007	162,756
Net defined benefit liability	($ 116,863)	($ 170,225)

(b) Movements in net defined benefit liabilities – non-current are as follows:

2022	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 332,981)	$ 162,756	($ 170,225)
Current service cost	(6,644)	-	(6,644)
Interest (expense) income	(5,459)	817	(4,642)
	(345,084)	163,573	(181,511)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	13,453	13,453
Changes in financial assumptions	26,630	-	26,630
Experience adjustments	2,551	-	2,551
	29,181	13,453	42,634
Pension fund contribution	-	2,653	2,653
Paid pension	31,640	(12,672)	18,968
Exchange difference	393	-	393
Balance at December 31	($ 283,870)	$ 167,007	($ 116,863)

2021	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 360,002)	$ 179,349	($ 180,653)
Current service cost	(5,780)	-	(5,780)
Past service cost	(7,293)	-	(7,293)
Interest (expense) income	-	901	901
Effect of plan curtailment	20,409	-	20,409
	(352,666)	180,250	(172,416)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,590	2,590
Change in demographic assumptions	(1,654)	-	(1,654)
Changes in financial assumptions	(5,378)	-	(5,378)
Experience adjustments	(8,867)	-	(8,867)
	(15,899)	2,590	(13,309)
Pension fund contribution	-	3,240	3,240
Paid pension	32,610	(23,324)	9,286
Exchange difference	2,974	-	2,974
Balance at December 31	($ 332,981)	$ 162,756	($ 170,225)

(c)The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	For the years ended December 31	
	2022	2021
Discount rate	1.50%～7.43%	0.50%～7.55%
Future salary increases	1.75%～5.00%	1.75%～5.00%

Future mortality rate was both estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2022 and 2021.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 5,171)	$ 5,391	$ 5,288	($ 5,108)
December 31, 2021				
Effect on present value of defined benefit obligation	($ 6,872)	$ 7,147	$ 7,021	($ 6,747)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plans of the Group for the following year amount to $2,531.

(f) As of December 31, 2022, the weighted average duration of the retirement plan is 6.5～9.8 years. The analysis of timing of the future pension payment was as follows:

Next 1 year	$ 31,620
Next 2 ~ 5 years	93,593
Over 6 years	320,978
	$ 446,191

B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the R.O.C. Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China are based on certain percentage of employees' monthly salaries and wages (Note). The fund is managed by the government. Other than the monthly contributions, the subsidiaries have no further obligations. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were $57,326 and $56,573, respectively.

(17) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (Unit: Shares in thousands):

	For the years ended December 31	
	2022	2021
Number of shares at the beginning of the year	287,774	287,774
Stock dividend	14,389	-
Number of shares at the end of the year	302,163	287,774

B. On June 22, 2022, the Company increased its capital by issuing new shares through capitalization of unappropriated retained earnings of $143,887 as resolved by the shareholder's meeting. The issuance of new shares was approved by the Securities and Futures Bureau, Financial Supervisory Commission. The effective date was set on September 17, 2022.

C. As of December 31, 2022, the Company's authorised capital was $3,920,696, and the paid-in capital was $3,021,627, consisting of 302,163 thousand ordinary shares, with a par value of $10 (in dollars) per share which were issued in several installments. All proceeds from shares issued have been collected.

D. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows (Unit: Shares in thousands):

	Year ended December 31, 2022			
Reason for reacquisition	Number of shares at the beginning of the year	Addition	Decrease	Number of shares at the end of the year
Acquisition of the parent company's shares by subsidiaries transferred to treasury share from long -term investments	22,314	1,116	-	23,430

Reason for reacquisition	Year ended December 31, 2021			
	Number of shares at the beginning of the year	Addition	Decrease	Number of shares at the end of the year
Acquisition of the parent company's shares by subsidiaries transferred to treasury share from long -term investments	23,830	-	(1,516)	22,314

(b) The subsidiary sold 1,516 thousand shares of the Company in July, 2021. The selling price and book value (cost) were $60,394 and $21,715 respectively, and the recognized gain of disposal was $38,679 (listed as "Capital reserve-treasury stock transaction"). As of December 31, 2022 and 2021, the book value (cost) was both $267,195, and the fair values were $562,324 and $691,748, respectively. The shares of the parent company held by subsidiaries are recognized as treasury shares and are entitled to dividends, recorded under 'Capital reserve-treasury stock transaction'. The cash dividends and stock dividends paid to the subsidiaries for the years ended December 31, 2022 and 2021 amounted to $34,030 and $11,157, $25,455 and $ - respectively.

(c) Reason for share reacquisition and the number of the Company's treasury shares changed as of December 31, 2022 and 2021. Details are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2022	
		Number of shares (in thousands)	Carrying amount
Chun Yu Investment Co., Ltd.	Acquisition of the parent company's shares by subsidiaries transferred to treasury share from long-term investments	23,430	$ 267,195

Name of company holding the shares	Reason for reacquisition	December 31, 2021	
		Number of shares (in thousands)	Carrying amount
Chun Yu Investment Co., Ltd.	Acquisition of the parent company's share by subsidiaries transferred to treasury share from long-term investments	22,314	$ 267,195

(18) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. Movements in capital surplus are as follows:

For the year ended December 31, 2022	Share options	consideration and carrying amount of subsidiaries acquired or disposed	Treasury share transactions	Total
Balance at the beginning of year	$ -	$ 26,901	$ 195,202	$222,103
Issued convertible bonds	221,790	-	-	221,790
Transfers to capital surplus for the Company's dividends received by subsidiaries	-	-	34,030	34,030
Balance at the end of year	$ 221,790	$ 26,901	$ 229,232	$477,923

For the year ended December 31, 2021	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Treasury share transactions	Total
Balance at the beginning of year	$ 26,901	$ 131,068	$157,969
Transfers to capital surplus for the Company's dividends received by subsidiaries	-	25,455	25,455
Disposal of treasury stocks	-	38,679	38,679
Balance at the end of year	$ 26,901	$ 195,202	$222,103

B. Details of 'Capital reserve-share options' are provided in Note 6(13), 'Bonds payable'.

C. Details of 'Capital reserve-treasury share transactions' are provided in Note 6(17), 'Share capital'.

(19) Retained earnings

A. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Under the Company's Articles of Incorporation, the Company may distribute earnings or offset losses at the end of each half fiscal year in accordance with the Company Act. When distributing earnings, the Company shall estimate and reserve for taxes payable, offset losses and set aside as legal reserve until the legal reserve equals the paid-in capital in accordance with the regulations. Where dividends are distributed in the form of cash, it shall be approved by the Board of Directors. Where dividends are distributed by issuing new shares, it shall be approved by the stockholders in accordance with the regulations.

The current year's earnings, if any, shall first be used to pay all taxes, offset prior years' operating losses, set aside 10% of the remaining amount as legal reserve and then reverse or set aside as special reserve in accordance with relevant regulations. The remaining earnings along with accumulated unappropriated earnings from prior years will be the accumulated distributable earnings, and the Board of Directors will present a proposal of the earnings distribution for the approval of the shareholders. Where dividends and bonus, capital surplus and legal reserve, in whole or in part, are distributed in the form of cash, the Board of Directors is authorised make the distribution by approval of more than half of the directors present at the meeting, where more than two-thirds of the directors are present, and the report of such distribution shall be submitted to the shareholders' meeting. The regulation in relation to approval from the shareholders is not applicable. In principal, at least 50% of earnings, after considering the capital needs for current and future development and the interest of shareholders, shall be distributed as dividends according to the dividend policy. However, if there is a need due to changes in the industry's environment or operational plans, the Board of Directors may present a proposal to adjust the ratio for the approval of the shareholders.

C. Special reserve:

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amount of $430,610 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The Company recognized cash dividends and stock dividends distributed to owners amounting to $438,885 and $143,887, $316,551 and $ - for the years ended December 31, 2022 and 2021, respectively. It includes cash dividends of $151,081 ($0.5 (in dollars) per share) in the first half of 2022 earnings, cash dividends of $287,774 ($1.0 (in dollars) per share) and share dividends $143,887 ($0.5 (in dollars) per share) in the second half of 2021 earnings; cash dividends of $143,887 ($0.5 (in dollars) per share) in the first half of 2021 earnings and cash dividends of

$172,664 ($0.6 (in dollars) per share) in the 2020 earnings. On March 9, 2023, the Board of Directors proposed for the distribution of cash dividends from second half of 2022 earnings amounting to $302,163 ($1.0 (in dollars) per share).

(20) Other equity

	For the year ended December 31, 2022		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	($ 214,721)	$ 6,765	($ 207,956)
Revaluation - currency translation	51,630	-	51,630
Revaluation - unrealised gains (losses) on valuation	-	(89,882)	(89,882)
Valuation adjustment transfer out to retained earnings	-	(84,868)	(84,868)
At December 31	($ 163,091)	($ 167,985)	($ 331,076)

	For year ended December 31, 2021		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	($ 185,009)	$ 22,362	($ 162,647)
Revaluation - currency translation	(29,712)	-	(29,712)
Revaluation - unrealised gains (losses) on valuation	-	(15,597)	(15,597)
At December 31	($ 214,721)	$ 6,765	($ 207,956)

(21) Operating revenue

	For the years ended December 31	
	2022	2021
Revenue from contracts with customers	$ 11,049,641	$ 11,810,242

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major product lines:

Major product lines	For the year ended December 31, 2022 Screw segment	Machinery segment	Total
Screws and nuts	$ 5,905,324	$ -	$ 5,905,324
Wire rods	2,988,455	-	2,988,455
Machinery and equipment	-	1,083,791	1,083,791
Billet	688,600	-	688,600
Others	300,045	83,426	383,471
	$ 9,882,424	$ 1,167,217	$ 11,049,641

Major product lines	For the year ended December 31, 2021 Screw segment	Machinery segment	Total
Screws and nuts	$ 5,550,255	$ -	$ 5,550,255
Wire rods	4,612,652	-	4,612,652
Machinery and equipment	-	1,314,145	1,314,145
Others	252,033	81,157	333,190
	$ 10,414,940	$ 1,395,302	$ 11,810,242

B. Contract liabilities

(a) As of December 31, 2022 and 2021, the Group has recognized revenue-related contract liabilities of $470,653 and $407,343, respectively.

(b) Revenue recognized for the years ended December 31, 2022 and 2021, which was included in the contract liabilities of $407,343 and $243,739 as at January 1, 2022 and 2021, respectively, amounted to $308,191 and $195,474, respectively.

(22) Interest income

	For the years ended December 31 2022	2021
Interest income from bank deposits	$ 7,510	$ 2,639
Other interest	8,465	12,383
	$ 15,975	$ 15,022

(23) Other income

	For the years ended December 31 2022	2021
Rent income	$ 2,694	$ 1,496
Dividend income	17,827	22,647
Government grants	1,114	23,639
Other income	21,000	15,026
	$ 42,635	$ 62,808

The Group recognized government grant income of $7,103 for the year ended December 31, 2021 for salary and working capital subsidies from the Ministry of Economic Affairs under the 'Relief and Revitalisation Measures for Industries and Enterprises Experiencing Operational Difficulties Due To the Impact of Severe Pneumonia with Novel Pathogens (COVID-19)'. The Group must comply with the application rules of aforementioned government subsidies. In the following circumstances, the Ministry of Economic Affairs of the Republic of China may revoke or abolish the subsidies and retrieve the funds:

A. Any action that would impair the rights of employees, such as reduction of working hours (unpaid leave), layoffs or pay cuts.

B. Any dissolution, or termination of the operation.

C. More than one receipt for the same salary and working capital subsidies.

D. A landowner on the list of industrial idle land announced in accordance with the Article 46-1 of Statute for Industrial Innovation.

E. Not applying for factory registration in accordance with the Factory Management Act.

F. Any severe violation of laws relating to environmental protection, labour and food safety and sanitation in the past three years.

G. Any severe violation of other relevant laws and regulations.

H. Not cooperating with audits requested from the handling units and execution units.

(24) Other gains and losses

	For the years ended December 31	
	2022	2021
Gains on financial assets at fair value through profit or loss	$ 58,072	$ 51,199
Losses on disposal of property, plant and equipment	(2,045)	(3,555)
Net foreign exchange gains (losses)	26,744	(6,648)
(Losses) gains from lease modification	(182)	213
Miscellaneous disbursements	(2,206)	(2,731)
	$ 80,383	$ 38,478

(25) Finance costs

	For the years ended December 31	
	2022	2021
Interest expense:		
Bank borrowings	$ 48,454	$ 92,745
Ordinary bonds payable	48,560	4,167
Convertible bonds payable	22,708	-
Interest on lease liabilities	1,809	1,657
	$ 121,531	$ 98,569

(26) Expenses by nature

	For the year ended December 31, 2022		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	$ 910,802	$ 394,819	$ 1,305,621
Depreciation	221,677	60,067	281,744
Amortisation	428	3,356	3,784
	$ 1,132,907	$ 458,242	$ 1,591,149

	For the year ended December 31, 2021		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	$ 910,710	$ 445,367	$ 1,356,077
Depreciation	219,897	58,637	278,534
Amortisation	501	4,188	4,689
	$ 1,131,108	$ 508,192	$ 1,639,300

(27) Employee benefit expense

	For the year ended December 31, 2022		
	Classified as operating costs	Classified as operating expenses	Total
Wages and salaries	$ 773,648	$ 332,418	$ 1,106,066
Labour and health insurance fees	59,020	23,068	82,088
Pension costs	49,358	19,254	68,612
Other personnel expenses	28,776	20,079	48,855
	$ 910,802	$ 394,819	$ 1,305,621

	For the year ended December 31, 2021		
	Classified as operating costs	Classified as operating expenses	Total
Wages and salaries	$ 802,979	$ 392,242	$ 1,195,221
Labour and health insurance fees	51,561	19,673	71,234
Pension costs	31,128	17,208	48,336
Other personnel expenses	25,042	16,244	41,286
	$ 910,710	$ 445,367	$ 1,356,077

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall be distributed as employees’ compensation and directors’ remuneration. The ratio shall be 2% for employees’ compensation and shall not be higher than 2% for directors’ remuneration. However, if the Company has accumulated deficit, the earnings shall be reserved to offset losses.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at $13,100 and $16,981, respectively; while directors' remuneration was accrued at $13,100 and $16,981, respectively. The employees' compensation and directors' remuneration resolved by the Board of Directors on March 10, 2021 were both $16,981, and the employees' compensation will be distributed in the form of cash, consistent with the amount recognized on the financial statements for the year ended December 31, 2021.The aforementioned amounts were recognized in salary expenses and were accrued based on the earnings of current year and the percentage prescribed by the Company's Articles of Incorporation. The employees' compensation and directors' remuneration resolved by the Board of Directors on March 9, 2023 were both $13,100. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Components of income tax expense:

(a) Components of income tax expense:

	For the years ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	$ 170,809	$ 137,368
Tax on undistributed earnings	262	243
Prior year income tax under estimation	6,128	1,197
Total current tax	177,199	138,808
Deferred tax:		
Origination and reversal of temporary differences	40,886	106,087
Total deferred tax	40,886	106,087
Income tax expenses	$ 218,085	$ 244,895

(b)The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	For the years ended December 31	
	2022	2021
Remeasurement of defined benefit obligations	$ 8,476	($ 2,856)
Exchange differences differences on translation of foreign financial statements	2,846	(594)
	$ 11,322	($ 3,450)

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	$ 272,659	$ 396,809
Effects from items disallowed by tax regulation	(40,174)	(85,755)
Tax on undistributed earnings	262	243
Prior year income tax under estimation	6,128	1,197
Separate taxation	14,982	355
Change in assessment of realisation of deferred tax assets	(71,654)	(148,789)
Effect from tax loss	35,882	80,835
Income tax expense	$ 218,085	$ 244,895

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	For the year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Allowance for bad debts in excess of tax limits	$ 3,443	($ 484)	$ -	$ 2,959
Pensions	22,494	(1,144)	-	21,350
Loss on decline in inventory market value	14,653	6,151	-	20,804
Unrealised losses on disposal of assets	122	(122)	-	-
Unrealised foreign exchange loss	66	(36)	-	30
Other deferred revenue and unrealised expenses	10,483	391	-	10,874
Currency translation differences	4,450	-	-	4,450
Remeasurements of defined benefit plans	15,224	-	(8,476)	6,748
Tax losses	123,285	(35,768)	-	87,517
	$ 194,220	($ 31,012)	($ 8,476)	$ 154,732

	For the year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax liabilities				
Temporary differences:				
Unrealised foreign exchange gain	$ -	($ 504)	$ -	($ 504)
Gain on investments accounted for using the equity method	(98,738)	(10,501)	(2,846)	(112,085)
Pensions	(1,945)	(1,213)	-	(3,158)
Reserve for land value increment tax	(335,417)	-	-	(335,417)
Others	(9,339)	2,344	-	(6,995)
	($ 445,439)	($ 9,874)	($ 2,846)	($ 458,159)
	($ 251,219)	($ 40,886)	($ 11,322)	($ 303,427)

	For the year ended December 31, 2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Allowance for bad debts in excess of tax limits	$ 3,261	$ 182	$ -	$ 3,443
Pensions	27,907	(5,413)	-	22,494
Loss on decline in inventory market value	15,135	(482)	-	14,653
Unrealised losses on disposal of assets	726	(604)	-	122
Unrealised foreign exchange loss	609	(543)	-	66
Other deferred revenue and unrealised expenses	22,211	(11,728)	-	10,483
Currency translation differences	4,450	-	-	4,450
Remeasurements of defined benefit plans	12,368	-	2,856	15,224
Tax losses	204,177	(80,892)	-	123,285
	$ 290,844	($ 99,480)	$ 2,856	$ 194,220

	For the year ended December 31, 2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax liabilities				
Temporary differences:				
Gain on investments accounted for using the equity method	($ 91,630)	($ 7,702)	$ 594	($ 98,738)
Pensions	(1,949)	4	-	(1,945)
Reserve for land value increment tax	(335,417)	-	-	(335,417)
Others	(10,430)	1,091	-	(9,339)
	($ 439,426)	($ 6,607)	$ 594	($ 445,439)
	($ 148,582)	($ 106,087)	$ 3,450	($ 251,219)

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2022				
Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2017	$ 580,599	$ -	-	2027
2019	516,191	437,586	-	2029
	$ 1,096,790	$ 437,586	$ -	

December 31, 2021				
Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2017	$ 580,599	$ 208,037	107,804	2027
2019	516,191	516,191	-	2029
	$ 1,096,790	$ 724,228	$ 107,804	

E. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences		
Allowance for bad debts in excess of tax limits	517	453
Unrealised loss from inventory valuation	69,650	66,948
Unrealised loss from bad debts	31,661	30,591
Unused compensated absences	4,241	4,179
	$ 106,069	$ 102,171

F. The Group did not recognise deferred tax liabilities related to taxable temporary differences of investment in subsidiaries. The unrecognized deferred tax liabilities as of December 31, 2022 and 2021 were $1,181,299 and $1,073,233, respectively.

G. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority. The Company did not have any administrative remedy as of March 9, 2023.

(29) Earnings per share

	For the year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 537,503	278,733	$ 1.93
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 537,503	278,733	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	649	
Convertible bonds	8,474	22,093	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 545,977	301,475	$ 1.81

	For the year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 744,430	277,919	$ 2.68
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 744,430	277,919	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	587	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 744,430	278,506	$ 2.67

The abovementioned weighted average number of outstanding shares was retrospectively adjusted proportionately to the capitalised amount of unappropriated retained earnings for the year ended December 31, 2021

(30) Supplemental cash flow information

A. Investing and financing activities with partial cash payments:

	For the years ended December 31	
	2022	2021
(a) Purchase of property, plant and equipment	$ 168,000	$ 115,831
Add: Opening balance of payable on equipment (shown as 'Notes payable')	-	4,200
Opening balance of payable on equipment (shown as 'Other payables')	22,043	25,545
Less: Ending balance of payable on equipment (shown as 'Other payables')	(8,191)	(22,043)
Cash paid for acquisition of property, plant and equipment	$ 181,852	$ 123,533

	For the years ended December 31	
	2022	2021
(b) Cash dividends declared	$ 438,855	$ 316,551
Less: Dividends received by subsidiaries for holding the parent company's shares	(34,030)	(25,455)
Cash dividends paid	$ 404,825	$ 291,096

B. Operating and investing activities with no cash flow effects:

	For the years ended December 31	
	2022	2021
(a) Write-offs of uncollectible receivables	$ 3,073	$ 162
(b) Inventories transferred to property, plant and equipment	$ 15,495	$ 49,983
(c) Prepayments for business facilities transferred to property, plant and equipment	$ 33,103	$ 49,095
(d) Property, plant and equipment transferred to other non-current assets-others	$ 458	$ -
(d) Prepayments for business facilities transferred to intangible assets	$ 275	$ 264

(31) Changes in liabilities from financing activities

	Short-term borrowings	Lease liability	Bonds payable	Long-term borrowings (including current portion)	Guarantee deposits received	Liabilities from financing activities -gross
January 1, 2022	$ 1,642,371	$ 35,449	$ 3,000,000	$ 624,826	$ 457	$ 5,303,103
Changes in cash flow from financing activities	(861,525)	(25,026)	1,775,874	(585,790)	-	303,533
Changes in unamortised discount	-	-	11,454	-	-	11,454
Changes in other non-cash items	-	40,315	(223,723)	-	-	(183,408)
Impact of changes in foreign exchange rate	-	1,524	-	-	-	1,524
December 31, 2022	$ 780,846	$ 52,262	$ 4,563,605	$ 39,036	$ 457	$ 5,436,206

	Short-term borrowings	Short-term notes and bills payable	Lease liability	Bonds payable	Long-term borrowings (including current portion)	Guarantee deposits received	Liabilities from financing activities -gross
January 1, 2021	$ 1,995,653	$ 39,957	$ 98,350	$ -	$ 2,460,615	$ 564	$ 4,595,139
Changes in cash flow from financing activities	(353,282)	(40,000)	(22,618)	3,000,000	(1,835,789)	(107)	748,204
Changes in other non-cash items	-	43	(40,893)	-	-	-	(40,850)
Impact of changes in foreign exchange rate	-	-	610	-	-	-	610
December 31, 2021	$ 1,642,371	$ -	$ 35,449	$ 3,000,000	$ 624,826	$ 457	$ 5,303,103

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Ofco Industrial Corp.	Other related party
Gloria Material Technology Corp.	Other related party
TSG Transportation Corp.	Other related party
TSG Environmental Technology Corp.	Other related party
TSG Power Corp.	Other related party
Golden Win Steel Industrial Corp.	Other related party

(2) Significant related party transactions

A. Operating revenue

	For the years ended December 31	
	2022	2021
Sales of goods:		
Other related parties	$ 798,604	$ 630,488

Goods are sold to related parties based on the terms that would be available to third parties and the average credit term is 2 months. The credit terms for machinery and equipment sales are based on the terms specified in the contracts, some of which are sold on installment over a period of 1 ~ 3 years, and for spare parts sales are 3 ~ 4 months.

B. Purchases

	For the years ended December 31	
	2022	2021
Purchases of goods:		
Other related parties	$ 2,437	$ 11,324

Goods are purchased from related parties based on the prices and terms that would be available to third parties and the average payment terms are 1 ~ 2 months. However, both parties may negotiate to extend payment terms according to the funds available.

C. Property transaction

Acquisition of assets:

		Years ended December 31	
	Objects	2022	2021
Other related parties	Machinery and equipment	$ 500	$ -

The Group purchases property, plant and equipment from related parties at a negotiated price.

D. Other expenses

	For the years ended December 31	
	2022	2021
Other related parties	$ 53,737	$ 57,122

E. Other income

	For the years ended December 31	
	2022	2021
Other related parties	$ 3,403	$ -

F. Receivables from related parties

	December 31, 2022	December 31, 2021
Notes receivable		
Other related parties	$ 48,966	$ 25,892
Accounts receivable		
Other related parties	$ 39,106	$ 149,227

G. Contract liabilities - current

	December 31, 2022	December 31, 2021
Other related parties	$ 10,416	$ 1,800

H. Payables to related parties

	December 31, 2022	December 31, 2021
Notes payable		
Other related parties	$ -	$ 1,575
Other payables		
Other related parties	$ 8,348	$ 18,093

(3) Key management compensation

	For the years ended December 31	
	2022	2021
Wages and salaries and other short-term benefits	$ 73,677	$ 69,472

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Assets	December 31, 2022	December 31, 2021	Purpose
Pledged demand deposits (Note 1)	$ 11,775	$ 8,787	Guarantee, collateral for short-term and long-term borrowings and bonds payable
Inventories	79,200	79,200	Collateral for short-term and long-term borrowings
Listed stocks (Note 2)	-	112,056	Collateral for long-term borrowings
Land (Note 3)	453,275	453,275	Collateral for short-term and long-term borrowings and bonds payable
Buildings and structures, net (Note 3)	125,747	121,994	Collateral for short-term and long-term borrowings and bonds payable
Machinery and equipment, net (Note 3)	51,794	48,499	Collateral for short-term and long-term borrowings
Right-of-use assets	14,544	14,906	Collateral for short-term borrowings
	$ 736,335	$ 838,717	

(Note 1) Shown as 'Other current financial assets' and 'Other non-current financial assets'.

(Note 2) Shown as 'Non-current financial assets at fair value through other comprehensive income'.

(Note 3) Shown as 'Property, plant and equipment'.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) As of December 31, 2022 and 2021, the Group's capital expenditures contracted for at the balance sheet date but not yet incurred were $705 and $17,383, respectively.

(2) As of December 31, 2022 and 2021, the Group's line of credit issued but not yet negotiated were $36,751 and $688,706, respectively.

(3) Information on provision of endorsements and guarantees to others is provided in Note 13(1)B.

(4) On October 5, 2019, the Company entered into a mid-term secured syndicated loan agreement with 10 banks including First Commercial Bank for a credit facility of $1,790,000 (including Tranche A facility amount of $590,000, Tranche B facility amount of $1,200,000 and Tranche C facility amount of $720,000, among which the total amount drawdown under Tranche B and Tranche C shall not exceed the Tranche B facility amount). The term for each tranche is 5 years. The Company's commitments to banking syndicate during the terms of syndicated loan are as follows:

i. During the terms of the syndicated loan, the financial covenants stated in the Company's consolidated financial statements audited by independent auditors shall comply with the following financial covenants and will be assessed once a year:

(a) Current ratio: The ratio of current assets to current liabilities shall not be lower than 100%.

(b) Debt ratio: The ratio of total liabilities to tangible equity shall not be higher than 200%.

(c) Interest coverage ratio: The ratio of total amount of income before tax, interest expense, depreciation and amortisation to interest expense shall not be lower than 200%.

(d) Tangible equity: The amount of net assets less intangible assets shall not be lower than $3,000,000.

ii. If the Company fails to comply with the aforementioned financial covenants, the Company is required to pay additional interest rate of 0.10% per annum over the interest rate applicable to this agreement during the period from the date of notification sent by the managing bank to the date that consolidated financial statements, which meet all requirements, are provided. The aforesaid failure to comply with financial covenants will not be regarded as an event of default if additional interest is paid.

As of December 31, 2021, the Group did not breach commitments on aforementioned financial covenants. There was no such transaction for the year ended December 31, 2022.

(5) The Company is involved in a lawsuit filed by Mr. Li, Shi-Ren in 2012 relating to whether an employment relationship existed between both parties. Mr. Li, Shi-Ren claimed that he served in an investee of the Company for 26 years and 8 months and requested the Company to pay pension for a total amount of USD 642 thousand. On February 27, 2014, the Taiwan Kaohsiung District Court rendered a decision that the Company is liable for the USD 642 thousand pension payment. The Company disagreed with the decision and appealed during the legal period. On April 29, 2016, the Taiwan High Court Kaohsiung Branch Court revoked the original decision rendered on February 27, 2014 and rendered a decision that the litigation expenses incurred thereby shall be borne by the appellant (Li, Shi-Ren). Subsequently, Li, Shi-Ren appealed to the Supreme Court. On August 2, 2018, the Supreme Court, after reviewing the case, revoked the decision except for the provisional execution and remanded the case to the Taiwan High Court Kaohsiung Branch Court. On April 15, 2020, following the first decision by the Supreme Court, the Taiwan High Court Kaohsiung Branch Court rendered a decision on the case no. 2018-Zhong-Lao-Shang-Geng-Yi-Zi-1, in which both of the appellant's (Li, Shi-Ren) appeal with the first instance court and motion for provisional execution are dismissed, and the appellant shall bear the relevant litigation expenses. Subsequently, Li, Shi-Ren appealed to the Supreme Court. On April 28, 2022, the Supreme Court, after reviewing the case, revoked the decision except for the provisional execution and remanded the case to the Taiwan High Court Kaohsiung Branch Court. The judgment was remanded by the Supreme Court for the second time. The appeal was dismissed on December 14, 2022, and the relevant litigation expenses incurred shall be borne by the (the Company).

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

Details of the Group's financial instruments by category are provided in Note 6.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for over all risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

(i) The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the RMB, USD and IDR. Foreign exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

(ii) Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. The Group treasury uses forward foreign exchange contracts to manage the foreign exchange risk arising from future commercial transactions and recognized assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

(iii)The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, RMB and IDR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book Value
Financial assets			
Monetary items			
USD:NTD	$ 8,400	30.71	$ 257,973
USD:RMB	3,217	6.9646	98,760
EUR:NTD	1,231	32.72	40,293
RMB:NTD	7,057	4.410	31,109
JPY:NTD	56,869	0.2324	13,216
Financial liabilities			
Monetary items			
USD:NTD	5,260	30.71	161,526
USD:RMB	3,535	6.9646	108,514
USD:IDR	2,230	15,510	68,479
EUR:NTD	834	32.72	27,288

	December 31, 2021		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book Value
Financial assets			
Monetary items			
USD:NTD	$ 11,599	27.68	$ 321,086
USD:RMB	3,778	6.3680	104,522
EUR:NTD	1,199	31.32	37,541
EUR:RMB	1,095	7.220	34,346
RMB:NTD	3,259	4.346	14,159
Financial liabilities			
Monetary items			
USD:NTD	9,325	27.68	258,124
USD:RMB	3,540	6.3680	97,928
USD:IDR	2,977	13,980	82,411
EUR:NTD	767	31.32	24,016

The sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated/depreciated by 1%, the Group's net income for the years ended December 31, 2022 and 2021 would have decreased/increased by $666 and $414, respectively.

The total exchange gains (losses), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to $26,744 and ($6,648), respectively.

ii. <u>Price risk</u>

(i) The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

(ii) The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $504 and $515, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $4,392 and $6,288, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

iii. <u>Cash flow and fair value interest rate risk</u>

(i) The Group's main interest rate risk arises from some borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2022 and 2021, the Group's borrowings at variable rate were mainly denominated in NTD, USD, RMB and IDR.

(ii) The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

(iii) If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have decreased/increased by $961 and $690, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a certain rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.

v. If the default rate of an investment target exceeds 10%, there has been a significant increase in credit risk on that instrument since initial recognition.

vi. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

vii. The Group classifies customer's accounts receivable in accordance with credit risk on trade. The Group applies the modified approach using a provision matrix to estimate the expected credit loss and uses the historical and timely information to establish loss rate for assessing the default possibility of accounts receivable. Movements in relation to the Group applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

	For the year ended December 31, 2022		
	Notes receivable	Accounts receivable	Total
Balance at January 1	$ 252	$ 29,118	$ 29,370
Expected credit loss (gain)	19	(1,540)	(1,521)
Write-offs	-	(3,073)	(3,073)
Effect of foreign exchange	(3)	(502)	(505)
Balance at December 31	$ 268	$ 24,003	$ 24,271

	For the year ended December 31, 2021		
	Notes receivable	Accounts receivable	Total
Balance at January 1	$ 3,507	$ 29,138	$ 32,645
Expected credit (gain) loss	(3,242)	310	(2,932)
Write-offs	-	(162)	(162)
Effect of foreign exchange	(13)	(168)	(181)
Balance at December 31	$ 252	$ 29,118	$ 29,370

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group’s liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

ii. The table below analyses the Group’s non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

December 31, 2022	Less than 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 801,682	$ -	$ -	$ -
Notes payable	388	-	-	-
Accounts payable	558,651	-	-	-
Other payables	440,435	-	-	-
Lease liability	25,654	10,484	14,363	3,785
Bonds payable	1,950	1,950	5,850	4,601,950
Long-term borrowings (including current portion)	16,723	6,367	13,962	3,316
Guarantee deposits received	457	-	-	-

December 31, 2021	Less than 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 1,660,455	$ -	$ -	$ -
Notes payable	3,287	-	-	-
Accounts payable	1,030,237	-	-	-
Other payables	579,731	-	-	-
Lease liability	19,582	3,029	8,064	5,849
Bonds payable	1,950	1,950	5,850	3,003,900
Long-term borrowings (including current portion)	35,527	138,992	482,176	-
Guarantee deposits received	457	-	-	-

iii. For non-derivative financial liabilities, the Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group’s investment in listed stocks and beneficiary certificates is included in Level 1.

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

Level 3: Unobservable inputs for the asset or liability.

B. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other current financial assets, guarantee deposits paid, long-term notes and accounts receivable, non-current financial assets at amortised cost, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, bonds payable, long-term borrowings (including current portion) and guarantee deposits received) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 39,232	$ -	$ -	$ 39,232
Beneficiary certificates	11,179	-	-	11,179
	50,411	-	-	50,411
Financial assets at fair value through other comprehensive income				
Equity securities	439,249	-	-	439,249
	$ 489,660	$ -	$ -	$ 489,660

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 41,325	$ -	$ -	$ 41,325
Beneficiary certificates	10,179	-	-	10,179
	51,504	-	-	51,504
Financial assets at fair value through other comprehensive income				
Equity securities	628,845	-	-	628,845
	$ 680,349	$ -	$ -	$ 680,349

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

E. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

F. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

G. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

13. Supplementary Disclosures

(According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2022)

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: Purchases and sales between the Company and investees in Mainland China are eliminated when preparing consolidated financial statements. Information on significant transactions, such as purchases and sales, receivables and payables, provision of endorsements and guarantees and financing, between the Company and investees in Mainland China is provided in Note 13(1)A, B and J.

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

14. Segment Information

(1) General information

A. Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Group's reportable segments are as follows:

(a) Screw segment: Primarily engaging in the manufacture, process and trade of screws and nuts, etc.

(b) Machinery segment: Primarily engaging in the manufacture, assemble and trade of machine tools and chemical machinery, etc.

(c) Investment segment: Primarily engaging in the general investment.

B. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

C. The Group's chief operating decision-maker assesses the performance based on the segment's net operating profit. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4 in the consolidated financial statements.

(2) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2022			
	Screw segment	Machinery segment	Investment segment	Total
Segment revenue	$ 10,574,494	$ 1,270,675	$ -	$ 11,845,169
Inter-segment revenue	(692,070)	(103,458)	-	(795,528)
Revenue from external customers, net	9,882,424	1,167,217	-	11,049,641
Segment income before tax	1,062,785	137,831	(94,590)	1,106,026
Segment assets	10,588,882	1,910,548	102,289	12,601,719
Segment liabilities	6,644,116	887,581	1,092	7,532,789

	For the year ended December 31, 2021			
	Screw segment	Machinery segment	Investment segment	Total
Segment revenue	$ 11,165,287	$ 1,460,987	$ -	$ 12,626,274
Inter-segment revenue	(750,347)	(65,685)	-	(816,032)
Revenue from external customers, net	10,414,940	1,395,302	-	11,810,242
Segment income before tax	1,416,325	114,780	261,573	1,792,678
Segment assets	10,613,490	1,936,650	141,365	12,691,505
Segment liabilities	7,010,471	1,010,876	2,247	8,023,594

(3) Reconciliation for segment profit or loss, assets and liabilities

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the consolidated statement of comprehensive income. A reconciliation of reportable segment income or loss before tax to the income/(loss) before tax is provided as follows:

	For the years ended December 31	
	2022	2021
Reportable operating segments income before tax	$ 1,106,026	$ 1,792,678
Elimination of inter-segment income (loss)	(224,825)	(673,606)
Profit before income tax	$ 881,201	$ 1,119,072

B. The amounts provided to the chief operating decision maker with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. Therefore, such reconciliation is not required.

(4) Information on products and services

The Group classified the operating segments based on the category of products. Thus, information on products is not disclosed separately.

(5) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	For the years ended December 31			
	2022		2021	
	Revenue (Note)	Non-current assets	Revenue (Note)	Non-current assets
Taiwan	$ 4,076,777	$ 2,319,963	$ 4,767,068	$ 2,358,692
Mainland China and Hong Kong	2,453,107	570,100	3,012,597	612,257
U.S.A.	755,100	30,257	622,376	18,919
Other countries	3,764,657	310,095	3,408,201	270,726
	$ 11,049,641	$ 3,230,415	$ 11,810,242	$ 3,260,594

(Note) The revenue is classified by the country where the customer is located.

(6) Major customer information

Major customer information for the years ended December 31, 2022 and 2021 is as follows:

	For the years ended December 31	
	2022	2021
Customer	Sales Revenue	Sales Revenue
E-SHENG STEEL CO., LTD.	$ 1,524,969	$ 1,471,608

Chun Yu Works & Co., Ltd. and subsidiaries
Provision of endorsements and guarantees to others
For the year ended December 31, 2022

Table 1 Expressed in thousands of NTD

Number	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 1)	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Chun Yu Works & Co., Ltd.	Chun Yu Works (USA) Inc.	2	$ 2,572,567	$ 225,505	$ -	$ -	$ -	0.00%	$ 3,430,090	Y	N	N	(Note 2)
		Chun Yu (Dongguan) Metal Products Co., Ltd.	2	2,572,567	1,127,525	614,200	319,725	-	14.32%	3,430,090	Y	N	Y	(Note 2)
		Shanghai Uchee Hardware Products Ltd.	2	2,572,567	45,084	-	-	-	0.00%	3,430,090	Y	N	Y	(Note 2)

(Note 1) The numbers filled in for the relationship with the Company are as follows:
1. Having business relationship.
2. The Company direct and indirect owns over 50% ownership of the investee company.

(Note 2) The total amount of transactions of endorsement equals to 80% of the Company's net worth, the limit of endorsement for any single entity is 60% of the Company's net worth, and all of the related transactions are to be submitted to the stockholders' meeting for reference.

(Note 3) Foreign currencies are translated into New Taiwan dollars. Exchange rate of foreign currencies indicated as of report date were as follow: USD:NTD 1:30.7100, RMB:NTD 1:4.4100.

Chun Yu Works & Co., Ltd. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account (Note 1)	As of December 31, 2022 Number of shares (In thousands of shares or units)	Book value	Ownership (%)	Fair value	Footnote
Chun Yu Works & Co., Ltd.	Stocks - D-Link Corporation	Other related party	1	2,273	$ 33,753	0.38	$ 33,753	-
	Stocks - OFCO Industrial Corporation	Other related party	1	215	5,321	0.22	5,321	-
	Stocks -Taiwan Styrene Monomer Corporation	—	2	11,678	157,653	2.21	157,653	-
	Stocks - China Ecotek Corporation	—	2	1,970	84,426	1.59	84,426	-
	Stocks - King Kong Iron Works, Ltd.	—	2	304	772	0.55	772	-
	Beneficiary certificates - Yuanta Taiwan High-yield Leading Company Fund	—	1	500	3,935	-	3,935	-
	Beneficiary certificates - PGIM USD High Yield Bond Fund-USD	—	1	300	2,771	-	2,771	-
	Beneficiary certificates -FSITC Taiwan Core Strategic Infrastructure Fund-NTD	—	1	500	4,473	-	4,473	-
Chun Bang Precision Co., Ltd.	Stocks - The First Insurance Co., Ltd.	—	1	10	158	-	158	-
	Stocks - Taiwan Styrene Monomer Corporation	—	2	6,440	86,940	1.22	86,940	-
Chun Yu Investment Corp.	Stocks - Chun Yu Works & Co., Ltd.	The Company	1	22,314	562,324	7.38	562,324	(Note 2) (Note 3)
	Stocks - Taiwan Styrene Monomer Corporation	—	2	6,608	89,208	1.25	89,208	-
Chun Yu Bio-tech Corp.	Stocks - Chun Zu Machinery Industry Co., Ltd.	Subsidiary	2	9	160	0.01	160	-
	Stocks - Taiwan Styrene Monomer Corporation	—	2	1,500	20,250	0.28	20,250	-

(Note 1) The code number explanation is as follows:

1. Financial assets at fair value through profit or loss - current.
2. Financial assets at fair value through other comprehensive profit or loss- non-current.

(Note 2) The Company’s stocks held by Chun Yu Investment Corporation, shown as ‘Financial assets at fair value through profit or loss - Current’, were measured at fair value. The fair value changes were recognised in profit or loss for the current year.

(Note 3) The cost of $267,195 was recognised by the Company under ‘Treasury shares’.

Chun Yu Works & Co., Ltd. and subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2022

Table 3 Expressed in thousands of NTD

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Chun Yu Works & Co., Ltd.	Ofco Industrial Corporation	Other related party	(Sales)	($ 701,410)	(13%)	1 month	-	3 ~ 5 months	$ 37,713	5%	-
	Chun Yu Works (USA) Inc.	Subsidiary	(Sales)	(145,934)	(3%)	3 months	-	4 months	17,801	3%	-
Chun Yu (Dongguan) Metal Products Co., Ltd.	Shanghai Uchee Hardware Products Ltd.	Subsidiary	(Sales)	(319,716)	(18%)	3 months	-	(Note 1)	179	-	-
	Shanghai Uchee Hardware Products Ltd.	Subsidiary	Purchases	196,090	11%	3 months	-	(Note 2)	-	-	-
Shanghai Uchee Hardware Products Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	Subsidiary	(Sales)	(196,090)	(25%)	3 months	-	(Note 1)	-	-	-
	Chun Yu (Dongguan) Metal Products Co., Ltd.	Subsidiary	Purchases	319,716	47%	3 months	-	(Note 2)	(179)	-	-

(Note 1) The credit terms to third parties are 1 ~ 3 months after the sale.

(Note 2) The payment terms to third parties are 3 ~ 6 months after the acceptance.

(Note 3) Foreign currencies are translated into New Taiwan Dollars using the following exchanges: Ending balance of receivable and payable are translated using the exchange rates as of report date (USD:NTD 1:30.71, RMB:NTD 1:4.41), and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2022 (USD:NTD 1:29.8038, RMB:NTD 1:4.4258).

Chun Yu Works & Co., Ltd. and subsidiaries

Significant inter-company transactions during the reporting period

For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD

Number (Note2)	Company name	Counterparty	Relationship (Note 3)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenue or total assets (Note 4)
0	Chun Yu Works & Co., Ltd.	Chun Yu Works (USA) Inc.	1	Sales	$ 145,934	4 months	1%
			1	Accounts receivable	17,801	-	-
		Chun Yu (Dongguan) Metal Products Co., Ltd.	1	Provision of endorsements and guarantees	614,200	-	5%
1	Chun Bang Precision Co., Ltd.	Chun Yu Works & Co., Ltd.	2	Sales	74,274	3 months	1%
			2	Accounts receivable	16,212	-	-
		Pt Moon Lion Industries Indonesia	3	Sales	13,883	3 months	-
2	Chun Zu Machinery Industry Co., Ltd.	Chun Yu Works & Co., Ltd.	2	Sales	11,701	3 months	-
		Pt Moon Lion Industries Indonesia	3	Sales	18,038	3 months	-
		Shanghai Chun Zu Machinery Industry Ltd.	3	Other receivables	13,238	-	-
3	Shanghai Chun Zu Machinery Industry Ltd.	Chun Zu Machinery Industry Co., Ltd.	3	Sales	38,129	(Note5)	-
			3	Accounts receivable	10,650	-	-
4	Chun Yu (Dongguan) Metal Products Co., Ltd.	Scholar Holdings Ltd.	3	Other receivables	20,560	-	-
		Shanghai Uchee Hardware Products Ltd.	3	Sales	319,716	3 months	3%
			3	Other receivables	35,219	-	-
5	Shanghai Uchee Hardware Products Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	3	Sales	196,090	3 months	2%

(Note 1) Intercompany transactions between the parent company and its subsidiaries or between subsidiaries are not disclosed repetitively since the circumstances and amounts of each transaction is the same on each side.

In addition, the disclosure threshold for significant intercompany transactions is $10 million and the transactions are disclosed in asset and income aspects.

(Note 2) The transaction information of the Company and the consolidated subsidiaries should be noted in column "Number". The number means:

1. Number 0 presents the Company.

2. The consolidated subsidiaries are in order from number 1.

(Note 3) The relationships among the transation parties are as follows:

1. The Company to the consolidated subsidiary.

2. The consolidated subsidiary to the Company.

3. The consolidated subsidiary to another consolidated subsidiary.

(Note 4) The percentage of transaction amount over consolidated total revenues or total assets is as follows: Assets and liabilities are calculated using the ending balance over the consolidated total assets at period end; Sales is calculated using the amount of the period over the consolidated total revenue of the period.

(Note 5) The sale of mechanical equipment is handled according to the conditions stipulated in the contract, and some of them are sold by installments, with a period of 1 to 2 years; spare parts are sold within 3 to 4 months.

(Note 6) For the amounts denominated in foreign currencies, the balances of notes/accounts receivable (payable) are translated into New Taiwan dollars at the exchange rate (USD 1 : NTD 30.71; RMB 1 : NTD 4.41) prevailing at the financial reporting date, and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2022 (USD 1 : NTD :29.8038; RMB 1 : NTD 4.4258).

Chun Yu Works & Co., Ltd. and subsidiaries

Information on investees

For the year ended December 31, 2022

Table 5

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2022	Initial investment amount: Balance as at December 31, 2021	Shares held as at December 31, 2022: Number of shares	Shares held as at December 31, 2022: Ownership (%)	Shares held as at December 31, 2022: Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Chun Yu Works & Co., Ltd.	Chun Bang Precision Co., Ltd.	Taiwan	Manufacture and trade of moulds	$ 125,344	$ 125,344	15,000,000	100.00	$ 184,611	$ 5,030	$ 12,463	A subsidiary
	Chun Yu Works (U.S.A.) Inc.	U.S.A.	Import and export of hardware products	114,728	114,728	3,800,000	100.00	363,602	46,836	47,209	A subsidiary
	Chun Yu Investment Corporation	Taiwan	Professional investment	267,652	267,652	74,888,032	100.00	101,198	(94,590)	805	A subsidiary
	Chun Yu Bio-tech Corporation	Taiwan	Powder metallurgy	90,260	90,260	10,000,000	100.00	127,117	11,810	11,787	A subsidiary
	Scholar Holdings Ltd.	Virgin Islands	Reinvestment and import and export trade	2,581,891	2,581,891	33,183,211	100.00	1,019,768	5,221	7,054	A subsidiary
	Sunny City International Ltd	Samoa	Reinvestment and import and export trade	84,824	84,824	1,000,000	100.00	253,160	22,207	22,207	A subsidiary
	Pt Moon Lion Industries Indonesia	Indonesia	Manufacture and trade of screws and nuts	154,760	154,760	14,370,000	71.85	641,959	242,977	174,579	A subsidiary
	Chun Zu Machinery Industry Co., Ltd.	Taiwan	Manufacture and trade of machinery	52,597	52,597	28,821,939	47.81	484,335	110,989	52,425	A subsidiary
Chun Zu Machinery Industry Co., Ltd.	Lion City Management Ltd.	Virgin Islands	Professional investment	61,420	61,420	-	100.00	584,490	85,223	-	A subsidiary (Note 1)

(Note 1) According to the related regulations, it is not required to disclose income (loss) recognized by the Company.

(Note 2) Foreign currencies are translated into New Taiwan Dollars using the following exchanges: Ending balance of receivable and payable are translated using the exchange rates as of report date (USD:NTD 1:30.7100, RMB:NTD 1:4.4100), and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2022 (USD:NTD 1:29.8038, RMB:NTD 1:4.4258).

Chun Yu Works & Co., Ltd. and subsidiaries
Information on investments in Mainland China
For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
Chun Yu (Dongguan) Metal Products Co., Ltd.	Manufacture and trade of screws and nuts	$ 1,980,212 (Note 1)	(Note 3)	$ 1,480,007	$ -	$ -	$ 1,480,007	$ 5,322	100%	$ 5,322	$ 1,049,453	$ -	(Note 9)
Shanghai Uchee Hardware Products Ltd.	Trade of screws and nuts	30,710	(Note 4)	30,710	-	-	30,710	22,226	100%	22,226	251,324	53,773 (Note 7)	(Note 9)
Chunyu Group Shanghai Tongsheng Trade Co., Ltd.	Trade of screws and nuts	8,169	(Note 5)	-	-	-	-	109	100%	109	(3,969)	-	(Note 9)
Shanghai Chun Zu Machinery Industry Ltd.	Manufacture and trade of machinery	261,035 (Note 2)	(Note 6)	61,420	-	-	61,420	85,163	47.82%	40,725	277,049	447,013 (Note 8)	(Note 10)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 10)
Chun Yu Works & Co., Ltd.	$ 1,735,514	$ 1,735,514	$ 3,041,358
Chun Zu Machinery Industry Co., Ltd.	61,420	199,615	652,694

(Note 1) The investment in Chun Yu (Dongguan) Metal Products Co., Ltd. amounted to US$64,481 thousand, consisting of US$48,193 thousand that has been reported to the Investment Commission and US$16,289 thousand from an investment loan from Scholar Holdings Ltd.
(Note 2) The paid-in capital of Shanghai Chun Zu Machinery Industry Ltd. amounted to US$8,500 thousand, consisting of US$4,000 thousand from remittance from Chun Zu Machinery Industry Co., Ltd. through its subsidiary, Lion City Management Ltd. and US$4,500 thousand from capitalisation of retained earnings of Shanghai Chun Zu Machinery Industry Ltd., which were reported to the Investment Commission. In addition, proceeds from capital reduction of Lion City Management Ltd. in 2008 amounting to US$2,000 thousand were reported to the Investment Commission.
(Note 3) Indirect investment in PRC through the existing company (Scholar Holdings Ltd.) located in the third area.
(Note 4) Indirect investment in PRC through the existing company (Sunny City International Ltd.) located in the third area.
(Note 5) Indirect investment in PRC through the existing company (Shanghai Uchee Hardware Products Ltd.) located in PRC.
(Note 6) Indirect investment in PRC through the existing company (Lion City Management Ltd.) located in the third area.
(Note 7) It is the cash dividends totaling US$1,751 thousand distributed by Shanghai Uchee Hardware Products Ltd. to Sunny City International Ltd., which then remitted to the Company and Chun Bang Precision Co., Ltd.
(Note 8) It is the cash dividends amounting to US$30,439 thousand distributed by Shanghai Chun Zu Machinery Industry Ltd. to Lion City Management Ltd., which then remitted to Chun Zu Machinery Industry Co., Ltd.
(Note 9) Investment gains or losses were recognised based on audited financial statements.
(Note 10) The ceiling is calculated based on the 60% of the investor’s net assets or consolidated net assets (whichever is higher).
(Note 11) For the amounts denominated in foreign currencies, the paid-in capital, amount of remittance from Taiwan and book value as of December 31, 2022 are translated into New Taiwan dollars at the exchange rate (USD 1 : NTD 30.7100; RMB 1 : NTD 4.4100) prevailing at the financial reporting date, and the net profit (loss) of the investee and investment income (loss) recognised by the Group for the year ended December 31, 2022 are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2022 (USD 1 : NTD 29.8038; RMB 1 : NTD 4.4258).

Chun Yu Works & Co., Ltd. and subsidiaries
Major shareholders information
December 31, 2022

Table 7 Unit: shares

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Bai Jia Yuan Investment Co., Ltd.	84,219,450	27.87%
Jin Jhih Fu Assets Management Co., Ltd.	28,491,850	9.43%
Chun Yu Investment Co., Ltd.	23,430,172	7.75%

(Note) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may be different from the actual number of shares issued in dematerialised form due to the different calculation basis.