HANNSTOUCH SOLUTION INCORPORATED

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022 AND 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of HannsTouch Solution Incorporated

Opinion

We have audited the accompanying parent company only balance sheets of HannsTouch Solution Incorporated as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of HannsTouch Solution Incorporated as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of HannsTouch Solution Incorporated 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. 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 HannsTouch Solution Incorporated's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for HannsTouch Solution Incorporated's 2022 parent company only financial statements are stated as follows:

Key Audit Matter –Appropriateness of cut-off of overseas warehouse operating revenue

Description

Refer to Note 4(32) for a description of accounting policy on revenue recognition in the financial statements.

HannsTouch Solution Incorporated stores inventories in the warehouses under the custody of foreign third parties. Such inventories are checked and accepted by the custodians in order to meet the requirements of overseas sales customers. The custodians regularly send inventory reports to HannsTouch Solution Incorporated to verify the quantity, and HannsTouch Solution Incorporated recognises operating revenue based on actual inventories used by the customers which are shown in the inventory report provided by the custodians.

As the process of revenue recognition arising from HannsTouch Solution Incorporated's foreign warehouse involves numerous manual procedures, we considered the appropriateness of cut-off of overseas warehouse operating revenue as 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 evaluated HannsTouch Solution Incorporated's procedures on overseas warehouse operating revenue, and selected samples to check the accuracy of operating revenue recognition.
2. Performed cut-off procedures on sales revenue from distribution warehouse recognised during a specific period before and after the period-end, including verifying delivery schedule of distribution warehouse and ensuring the movements of inventories contained in the statements and cost of goods sold had been recognised in the appropriate period; and
3. Observed the annual physical inventory conducted for significant warehouse.

Key audit matter- Impairment assessment on investment property

Description

Refer to Notes 4(20), 5(2) and 6(12) for accounting policy applied on impairment of investment property, accounting estimates and assumptions applied on the impairment assessment of tangible assets and details of impairment.

HannsTouch Solution Incorporated has appointed appraisers to appraise the investment property in Taipei and to value the recoverable amount as the basis for assessing the impairment of investment property.

The recoverable amount is calculated through income approach and comparison method. The determination of the recoverable amount is subject to management judgement and uncertainty, which could have a significant impact in assessing whether there is any impairment loss on investment property. Thus, we considered the impairment assessment of investment property as a key audit matter.

How our audit addressed the matter:

We understood the basis and process of management's assessment and performed the following audit procedures in respect of the above key audit matter:

1. Assessed the appointed appraisers and appraisal firms in conformity with the rules of qualification and independence.
2. Assessed the expected future income used in the experts' appraisal report and compared with local market price and forecast documents for the industry.
3. Assessed the discount rate used in the experts' appraisal report and inspected the assumptions of cost of capital with return on similar assets in the market.
4. Examined the parameters of valuation model in the experts' appraisal report and setting of formulas.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

In preparing the parent company only financial statements, management is responsible for assessing HannsTouch Solution Incorporated’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 HannsTouch Solution Incorporated 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 HannsTouch Solution Incorporated’s financial reporting process.

Auditors’ responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HannsTouch Solution Incorporated'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 HannsTouch Solution Incorporated'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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause HannsTouch Solution Incorporated to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within HannsTouch Solution Incorporated to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only 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.

Chen, Ching Chang　　　　　　　　Liao, Fu-Ming

For and on behalf of PricewaterhouseCoopers, Taiwan
February 20, 2023

The accompanying parent company only 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 parent company only 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.

HANNSTOUCH SOLUTION INCORPORATED
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,592,078	11	$ 1,546,639	10
1110	Financial assets at fair value through profit or loss - current	6(2)	131,964	1	64,887	1
1136	Current financial assets at amortised cost	6(4)	-	-	1,571,000	10
1170	Accounts receivable, net	6(5)	289,569	2	320,278	2
1180	Accounts receivable due from related parties, net	7	54,018	1	52,848	-
1200	Other receivables		11,258	-	2,173	-
1210	Other receivables - related parties	7	443	-	2,285	-
130X	Inventory	6(6)	171,348	1	203,248	1
1476	Other current financial assets	6(7) and 8	44,981	-	44,957	-
1479	Other current assets		31,550	-	29,503	-
11XX	**Total current assets**		2,327,209	16	3,837,818	24
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	6(2)	177,958	1	96,109	1
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	553,821	4	778,137	5
1535	Non-current financial assets at amortised cost	6(4)	86,934	1	-	-
1550	Investments accounted for under equity method	6(8)	759,075	5	732,018	4
1600	Property, plant and equipment	6(9), 7 and 8	4,182,984	30	4,383,563	27
1755	Right-of-use assets	6(10)	284,271	2	285,527	2
1760	Investment property - net	6(12) and 8	5,727,331	40	5,762,387	36
1780	Intangible assets		22,954	-	14,229	-
1840	Deferred income tax assets	6(26)	111,351	1	94,443	1
1900	Other non-current assets		701	-	569	-
15XX	**Total non-current assets**		11,907,380	84	12,146,982	76
1XXX	**Total assets**		$ 14,234,589	100	$ 15,984,800	100

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HANNSTOUCH SOLUTION INCORPORATED
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2120	Financial liabilities at fair value through profit or loss - current	6(2)	$ -	-	$ 8	-
2150	Notes payable		502	-	1,703	-
2170	Accounts payable		139,010	1	158,052	1
2180	Accounts payable - related parties	7	13,058	-	-	-
2200	Other payables	6(14)	348,736	3	378,461	2
2220	Other payables - related parties	7	247	-	1,150	-
2230	Current income tax liabilities		-	-	24,844	-
2280	Current lease liabilities		15,049	-	14,034	-
2320	Long-term liabilities, current portion	6(16)	172,754	1	251,015	2
2399	Other current liabilities		3,735	-	38,072	-
21XX	**Total current liabilities**		693,091	5	867,339	5
	Non-current liabilities					
2530	Corporate bonds payable	6(15) and 7	1,500,000	10	1,500,000	9
2540	Long-term borrowings	6(16) and 8	1,977,789	14	2,972,282	19
2570	Deferred income tax liabilities	6(26)	-	-	55	-
2580	Non-current lease liabilities		278,162	2	277,801	2
2670	Other non-current liabilities		18,693	-	16,328	-
25XX	**Total non-current liabilities**		3,774,644	26	4,766,466	30
2XXX	**Total liabilities**		4,467,735	31	5,633,805	35
	Equity					
	Share capital	6(18)				
3110	Common stock		8,069,485	57	8,069,485	51
	Capital surplus	6(19)				
3200	Capital surplus		312,925	2	312,925	2
	Retained earnings	6(20)				
3310	Legal reserve		244,402	2	144,361	1
3320	Special reserve		-	-	6,457	-
3350	Unappropriated retained earnings		1,248,767	9	1,600,011	10
	Other equity interest					
3400	Other equity interest		(90,461)	(1)	217,756	1
3500	Treasury stock	6(18)	(18,264)	-	-	-
3XXX	**Total equity**		9,766,854	69	10,350,995	65
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 14,234,589	100	$ 15,984,800	100

The accompanying notes are an integral part of these parent company only financial statements.

HANNSTOUCH SOLUTION INCORPORATED
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(21) and 7	$ 2,255,129	100	$ 3,556,043	100
5000	Operating costs	6(6)(25) and 7	(2,179,720)	(97)	(2,386,433)	(67)
5950	Net operating margin		75,409	3	1,169,610	33
	Operating expenses	6(25) and 7				
6100	Selling expenses		(25,323)	(1)	(32,839)	(1)
6200	General and administrative expenses		(112,610)	(5)	(170,371)	(5)
6300	Research and development expenses		(32,765)	(1)	(33,939)	(1)
6450	Impairment gain (loss) determined in accordance with IFRS 9	12(2)	10	-	(11)	-
6000	Total operating expenses		(170,688)	(7)	(237,160)	(7)
6900	Operating (loss) profit		(95,279)	(4)	932,450	26
	Non-operating income and expenses					
7100	Interest income	6(22)	11,570	-	9,208	-
7010	Other income	6(23)	114,056	5	155,638	4
7020	Other gains and losses	6(24) and 7	19,204	1	165,219	5
7050	Finance costs	7	(49,502)	(2)	(70,507)	(2)
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(8)	7,760	-	34,884	1
7000	Total non-operating income and expenses		103,088	4	294,442	8
7900	**Profit before income tax**		7,809	-	1,226,892	34
7950	Income tax benefit (expense)	6(26)	16,963	1	(226,494)	(6)
8200	**Profit for the year**		$ 24,772	1	$ 1,000,398	28
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	($ 308,237)	(14)	$ 225,827	6
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	-	-	(1,614)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		20	-	-	-
8300	**Other comprehensive (loss) income for the year**		($ 308,217)	(14)	$ 224,213	6
8500	**Total comprehensive (loss) income for the year**		($ 283,445)	(13)	$ 1,224,611	34
	Earnings per share (in dollars)	6(27)				
9750	Basic earnings per share		$	0.03	$	1.24
9850	Diluted earnings per share		$	0.03	$	1.23

The accompanying notes are an integral part of these parent company only financial statements.

HANNSTOUCH SOLUTION INCORPORATED
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

			Capital Reserves			Retained Earnings			Other Equity Interest			
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Difference between the price for acquisition or disposal of subsidiaries and carrying amount	Capital surplus, others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stock	Total equity
Year ended December 31, 2021												
Balance at January 1, 2021		$ 8,069,485	$ 309,035	$ 919	$ 2,971	$ 109,361	$ 14,100	$ 941,680	$ -	($ 6,457)	$ -	$ 9,441,094
Profit		-	-	-	-	-	-	1,000,398	-	-	-	1,000,398
Other comprehensive income		-	-	-	-	-	-	-	-	224,213	-	224,213
Total comprehensive income		-	-	-	-	-	-	1,000,398	-	224,213	-	1,224,611
Appropriations of 2020 earnings:												
Legal reserve	6(20)	-	-	-	-	35,000	-	(35,000)	-	-	-	-
Special reserve		-	-	-	-	-	(7,643)	7,643	-	-	-	-
Cash dividends		-	-	-	-	-	-	(314,710)	-	-	-	(314,710)
Balance at December 31, 2021		$ 8,069,485	$ 309,035	$ 919	$ 2,971	$ 144,361	$ 6,457	$ 1,600,011	$ -	$ 217,756	$ -	$ 10,350,995
Year ended December 31, 2022												
Balance at January 1, 2022		$ 8,069,485	$ 309,035	$ 919	$ 2,971	$ 144,361	$ 6,457	$ 1,600,011	$ -	$ 217,756	$ -	$ 10,350,995
Profit		-	-	-	-	-	-	24,772	-	-	-	24,772
Other comprehensive income (loss)		-	-	-	-	-	-	-	20	(308,237)	-	(308,217)
Total comprehensive income (loss)		-	-	-	-	-	-	24,772	20	(308,237)	-	(283,445)
Appropriations of 2021 earnings:	6(20)											
Legal reserve		-	-	-	-	100,041	-	(100,041)	-	-	-	-
Special reserve		-	-	-	-	-	(6,457)	6,457	-	-	-	-
Cash dividends		-	-	-	-	-	-	(282,432)	-	-	-	(282,432)
Purchase of treasury stock	6(18)	-	-	-	-	-	-	-	-	-	(18,264)	(18,264)
Balance at December 31, 2022		$ 8,069,485	$ 309,035	$ 919	$ 2,971	$ 244,402	$ -	$ 1,248,767	$ 20	($ 90,481)	($ 18,264)	$ 9,766,854

The accompanying notes are an integral part of these parent company only financial statements.

HANNSTOUCH SOLUTION INCORPORATED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 7,809	$ 1,226,892
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(25)	834,830	778,527
Expected credit (gain) loss on doubtful accounts	12(2)	(10)	11
Amortisation	6(25)	9,786	7,440
Interest expense		49,502	70,507
Interest income	6(22)	(11,570)	(9,208)
Dividend income	6(23)	(52,972)	(20,888)
Loss on financial assets at fair value through profit or loss	6(2)(24)	21,048	27,495
Share of profit or loss of associates and joint ventures accounted for under equity method	6(8)	(7,760)	(34,884)
Gain on disposals of property, plant and equipment	6(24)	-	(126)
Gain on disposal of non-current assets held for sale	6(24)	-	(192,690)
Gain from lease modification	6(24)	-	(3,509)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(94,384)	(52,004)
Accounts receivable		30,719	(74,771)
Accounts receivable - related parties		(1,170)	20,772
Other receivables		(8,957)	20,847
Other receivables - related parties		1,842	(1,800)
Inventory		31,900	(5,148)
Other current assets		(1,388)	10,224
Changes in operating liabilities			
Notes payable		(1,201)	1,486
Accounts payable		(19,042)	23,552
Accounts payable - related parties		13,058	(2,486)
Other payables		(46,359)	(23,616)
Other payables - related parties		(903)	432
Other current liabilities		(34,337)	(8,610)
Other non-current liabilities		2,365	-
Cash inflow generated from operations		722,806	1,758,445
Interest received		11,442	7,842
Cash dividends received		64,390	20,888
Interest paid		(43,253)	(63,369)
Income taxes paid		(25,503)	-
Net cash flows from operating activities		729,882	1,723,806

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HANNSTOUCH SOLUTION INCORPORATED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial instruments at fair value through profit or loss		($ 75,598)	($ 90,000)
Acquisition of non-current financial assets at fair value through other comprehensive income		(83,921)	(358,899)
Decrease (increase) in current financial assets at amortised cost		1,571,000	(971,000)
Increase in non-current financial assets at amortised cost		(86,934)	-
Acquisition of investments accounted for under equity method	6(8)	(30,695)	(348,000)
Acquisition of property, plant and equipment	6(28)	(561,883)	(388,749)
Proceeds from disposal of property, plant and equipment		-	134
Acquisition of intangible assets		(17,815)	-
Acquisition of investment property	6(28)	(3,613)	(40,817)
(Increase) decrease in other current financial assets		(24)	14,433
(Increase) decrease in other non-current assets		(132)	29
Proceeds from disposal of non-current assets held for sale		-	1,660,264
Net cash flows from (used in) investing activities		710,385	(522,605)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of corporate bonds payable		-	(900,000)
Proceeds from long-term debt		-	336,630
Repayment of long-term debt	6(29)	(1,072,754)	(1,873,333)
Issuance of corporate bonds payable	6(15)	-	1,500,000
Repayment of lease liabilities	6(29)	(21,378)	(21,736)
Cash dividends paid	6(20)	(282,432)	(314,710)
Payments to acquire treasury shares		(18,264)	-
Net cash flows used in financing activities		(1,394,828)	(1,273,149)
Net increase (decrease) in cash and cash equivalents		45,439	(71,948)
Cash and cash equivalents at beginning of year	6(1)	1,546,639	1,618,587
Cash and cash equivalents at end of year	6(1)	$ 1,592,078	$ 1,546,639

The accompanying notes are an integral part of these parent company only financial statements.

HANNSTOUCH SOLUTION INCORPORATED
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

HannsTouch Solution Incorporated (the "Company") was incorporated in September 1999 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in the manufacture and sales of touch products and lease of property. The common shares of the Company have been listed on the Taiwan Stock Exchange since September 27, 2002.

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

These financial statements were authorised for issuance by the Board of Directors on February 20, 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") that 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
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 Company's financial condition and financial performance based on the Company's assessment.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 Company's financial condition and financial performance based on the Company'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 International Accounting Standards Board
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 International Accounting Standards Board
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 Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

B. The preparation of financial statements in conformity with the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company classified's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial parent company only statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in NTD, which is the Company's functional and presentation currency.

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 recognised 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 recognised in profit or loss.

C. All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

(4) 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.

(5) Cash equivalents

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. 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.

(6) 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 recognised and derecognised using settlement date accounting.

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

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

(7) 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 Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income:

(a) The objective of the Company'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 recognised and derecognised using settlement date accounting.

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

The changes in fair value of equity investments that were recognised 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 recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company 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 Company's business model is achieved by collecting contractual cash flows.

(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 amortised cost are recognised and derecognised using settlement date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company'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 receivable

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

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

(10) Impairment of financial assets

For financial assets at amortised cost including accounts receivable, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises 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 that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Leasing arrangements (lessor)－operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) 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.

(14) Non-current assets held for sale (or disposal groups)

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(15) Investments accounted for using equity method

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company 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.

B. Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company recognise loss continuously in proportion to its ownership.

D. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(16) Property, plant and equipment

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

C. 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:

Buildings and structures	2~35 years
Machinery equipments	2~10 years
Furniture and fixtures	2~6 years
Other equipments	2~10 years

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

A. Leases are recognised 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 Company. For short-term leases or leases of low-value assets, lease payments are recognised 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 fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised 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 recognised as an adjustment to the right-of-use asset.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 25 years.

(19) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 6 years.

(20) Impairment of non-financial assets

The Company 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 recognised 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 recognizing 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 recognised.

(21) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised 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 recognised 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 recognised 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.

(22) 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 accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

C. If the credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognised in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognising in profit or loss for loan commitments or financial guarantee contracts.

(24) Bonds payable

Ordinary corporate bonds issued by the Company are initially recognised 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'.

(25) Derecognition of financial liabilities

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

(26) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(27) Provisions

Provisions are recognised when the Company 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, as a deduction of sales revenue in the period when related products are sold.

(28) 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 recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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 in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan 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 government bonds (at the balance sheet date).

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

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

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised 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.

(29) <u>Income taxes</u>

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised 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. 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 and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. Deferred tax is determined using tax rates 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 recognised 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, unrecognised and recognised deferred tax assets are reassessed.

(30) 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.

(31) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(32) Revenue recognition

A. Sales of goods

(a) The Company manufactures and sells touch panel and related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the buyer, the buyer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the buyer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Sales revenue of products was recognised based on the contract price net of sales returns and discount. The sales returns and discounts are estimated based on the anticipated annual sales quantities. Accumulated experience is used to estimate and provide for the sales returns and discounts, using the anticipated annual sales quantities, and revenue is only recognised 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. A refund liability is recognised for expected sales returns and discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the control was transferred with a credit term of 60 days, which is consistent with market practice.

(c) A receivable is recognised 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.

B. Leases

The Company is engaged in the leasing of certain property classified as operating leases based on the lease condition. The lease payments received during the leasing period on a straight line basis are recognised as property lease income.

(33) Government grants

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

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company'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. The related information is addressed below:

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

Investment property

The Company uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation. When these portions cannot be sold separately and cannot be leased out separately under a finance lease, the property is classified as investment property only if the own-use portion accounts for the immaterial property.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of tangible assets
The Company assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of company strategy might cause material impairment on assets in the future.

B. Realisability of deferred tax assets
Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and

profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

As at December 31, 2022, the Company recognised deferred tax assets amounting to $ 111,351.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 22	$ -
Checking accounts and demand deposits	292,056	46,639
Time deposits	1,300,000	1,400,000
Cash equivalents		
Bills with repurchase agreement	-	100,000
	$ 1,592,078	$ 1,546,639

A. The Company 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. Certain cash and cash equivalents which were pledged as collateral and restricted have been transferred to other financial assets. Refer to Notes 6(7) and 8 for details.

C. Time deposits with maturity over three months held by the Company as of December 31, 2022 and 2021 amounted to $0 and $1,571,000, respectively. The time deposits were classified as financial assets at amortised cost as they were not highly liquid investments. Refer to Note 6(4) for details.

(2) Financial assets / liabilities at fair value through profit or loss

Items	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 124,962	$ 55,965
Unlisted stocks	39,052	39,052
Non-hedging derivatives	48	363
	164,062	95,380
Valuation adjustment	(32,098)	(30,493)
	$ 131,964	$ 64,887
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivatives	$ -	$ 8

Items	December 31, 2022	December 31, 2021
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	$ 62,100	$ 40,000
Beneficiary certificates	103,498	50,000
	165,598	90,000
Valuation adjustment	12,360	6,109
	$ 177,958	$ 96,109

A. The nature of financial assets and liabilities at fair value through profit or loss are as follows:

(a) Equity instruments: including listed and unlisted stocks.

(b) Beneficiary certificates: including domestic limited partnership.

(c) Derivative instruments: including forward foreign exchange contracts.

B. Amounts recognised in profit or loss in relation to financial assets / liabilities at fair value through profit or loss are listed below:

	Years ended December 31	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	$ 8,001	($ 35,894)
Beneficiary certificates	(3,809)	6,792
Derivative instruments	(25,240)	1,607
	($ 21,048)	($ 27,495)

C. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2022		
	Contract amount		
Derivative financial instruments	(Notional principal)	(In thousands)	Contract period
Presale forward exchange contracts			
-Sell USD and buy NTD	USD	$ 1,500	2022/12/29-2023/1/31

	December 31, 2021		
	Contract amount		
Derivative financial instruments	(Notional principal)	(In thousands)	Contract period
Presale forward exchange contracts			
-Sell USD and buy NTD	USD	$ 5,500	2021/11/26-2022/1/28

The Company entered into forward foreign exchange contracts to sell to hedge exchange rate risk. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

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

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

Items	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Listed stocks	$ 644,302	$ 560,381
Valuation adjustment	(90,481)	217,756
	$ 553,821	$ 778,137

A. The Company has selected to classify the 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 $553,821 and $778,137 as of December 31, 2022 and 2021, respectively.

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

	Years ended December 31	
	2022	2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 308,237)	$ 225,827
Dividend income recognised in profit or loss		
Held at end of year	$ 46,760	$ 20,696

C. 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 Company was $553,821 and $778,137, respectively.

D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items:		
Time deposits with maturity over three months	$ -	$ 1,571,000
Non-current items:		
Corporate bonds	$ 86,934	$ -

A. For the years ended December 31, 2022 and 2021, interest income arising from financial assets at amortised cost amounted to $4,878 and $2,859, respectively.

B. 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 amortised cost held by the Company was $86,934 and $1,571,000 respectively.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(5) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 289,659	$ 320,378
Less: Allowance for uncollectible accounts	(90)	(100)
	$ 289,569	$ 320,278

A. As of December 31, 2022 and 2021, the estimated sales discounts and allowances were $9,142 and $10,984, respectively. Since the sales discounts and allowances met the requirements for offset of financial liabilities and financial assets, the net amounts were shown under accounts receivable.

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

	December 31, 2022	December 31, 2021
Not past due	$ 269,280	$ 320,378
Up to 30 days	20,379	-
	$ 289,659	$ 320,378

The above ageing analysis was based on past due date.

C. As of December 31, 2022 and 2021, accounts receivable were all from contracts with customers. As of January 1, 2021, the balance of accounts receivable from contracts with customers amounted to $245,607.

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 Company's accounts receivable was $289,659 and $320,378, respectively.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 87,758	($ 12,323)	$ 75,435
Work in progress	1,725	-	1,725
Finished goods	124,601	(30,413)	94,188
	$ 214,084	($ 42,736)	$ 171,348

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 84,343	($ 4,250)	$ 80,093
Work in progress	39,700	-	39,700
Finished goods	88,417	(4,962)	83,455
	$ 212,460	($ 9,212)	$ 203,248

The cost of inventories recognised as expense for the year:

	Years ended December 31	
	2022	2021
Cost of goods sold	$ 1,710,002	$ 2,377,874
Unallocated overhead expense	429,857	6,725
Loss on (gain on reversal of) decline in market value	33,524	(19,115)
Scrapped inventory	6,337	20,949
	$ 2,179,720	$ 2,386,433

The Company reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold for the year ended December 31, 2021 as certain inventories which were previously provided with allowance were subsequently sold.

(7) Other current financial assets

	December 31, 2022	December 31, 2021
Time deposits pledged	$ 28,919	$ 28,919
Restricted bank deposits	16,062	16,038
	$ 44,981	$ 44,957

Refer to Note 8 for further information on other current financial assets pledged to others as collateral.

(8) Investments accounted for using equity method

	2022	2021
At January 1	$ 732,018	$ 349,134
Addition of investments accounted for using equity method	30,695	348,000
Share of profit or loss of investments accounted for using equity method	7,760	34,884
Cumulative translation adjustment for using equity method	20	-
Earnings distribution of investments accounted for using equity method	(11,418)	-
At December 31	$ 759,075	$ 732,018

Subsidiaries	December 31, 2022	December 31, 2021
Glory Stone Co., Ltd. (Glory Stone)	$ 457,734	$ 458,834
Golden Apple Investment Corporation (Golden Apple Investment)	121,445	123,182
Yin Wang Investment Corporation (Yin Wang Investment)	149,182	150,002
Hanns Blegrain Ltd.(Hanns Blegrain)	30,714	-
	$ 759,075	$ 732,018

Refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2022 for the information regarding the Company’s subsidiaries.

(9) Property, plant and equipment

	Buildings and structures	Machinery and equipment	Furniture and fixtures	Other equipment	Unfinished construction and equipment under acceptance	Total
January 1, 2022						
Cost	$ 5,382,280	$ 8,113,460	$ 18,315	$ 64,814	$ 431,150	$ 14,010,019
Accumulated depreciation and impairment	(2,467,895)	(7,091,234)	(6,842)	(60,485)	-	(9,626,456)
	$ 2,914,385	$ 1,022,226	$ 11,473	$ 4,329	$ 431,150	$ 4,383,563
2022						
At January 1	$ 2,914,385	$ 1,022,226	$ 11,473	$ 4,329	$ 431,150	$ 4,383,563
Additions	-	-	-	-	579,063	579,063
Reclassifications	149,667	672,143	20,936	1,164	(843,910)	-
Depreciation	(294,580)	(475,919)	(7,273)	(1,870)	-	(779,642)
At December 31	$ 2,769,472	$ 1,218,450	$ 25,136	$ 3,623	$ 166,303	$ 4,182,984
December 31, 2022						
Cost	$ 5,531,947	$ 8,785,603	$ 39,251	$ 65,978	$ 166,303	$ 14,589,082
Accumulated depreciation and impairment	(2,762,475)	(7,567,153)	(14,115)	(62,355)	-	(10,406,098)
	$ 2,769,472	$ 1,218,450	$ 25,136	$ 3,623	$ 166,303	$ 4,182,984

	Buildings and structures	Machinery and equipment	Furniture and fixtures	Other equipment	Unfinished construction and equipment under acceptance	Total
January 1, 2021						
Cost	$ 5,364,819	$ 8,075,148	$ 11,563	$ 65,123	$ 8,656	$ 13,525,309
Accumulated depreciation and impairment	(2,180,350)	(6,665,510)	(4,768)	(58,870)	-	(8,909,498)
	$ 3,184,469	$ 1,409,638	$ 6,795	$ 6,253	$ 8,656	$ 4,615,811
2021						
At January 1	$ 3,184,469	$ 1,409,638	$ 6,795	$ 6,253	$ 8,656	$ 4,615,811
Additions	-	-	3,038	-	477,145	480,183
Disposals	(8)	-	-	-	-	(8)
Reclassifications (Note 2)	17,586	44,125	3,714	-	(54,651)	10,774
Depreciation	(287,662)	(431,537)	(2,074)	(1,924)	-	(723,197)
At December 31	$ 2,914,385	$ 1,022,226	$ 11,473	$ 4,329	$ 431,150	$ 4,383,563
December 31, 2021						
Cost	$ 5,382,280	$ 8,113,460	$ 18,315	$ 64,814	$ 431,150	$ 14,010,019
Accumulated depreciation and impairment	(2,467,895)	(7,091,234)	(6,842)	(60,485)	-	(9,626,456)
	$ 2,914,385	$ 1,022,226	$ 11,473	$ 4,329	$ 431,150	$ 4,383,563

Note 1: Refer to Note 8 for further information on property, plant and equipment pledged to others as collateral.

Note 2: The Company transferred certain investment properties amounting for $19,304 for its own use in 2021 and transferred them from ‘investment property’ to ‘property, plant and equipment’.

(10) Lease transactions－lessee

A. The Company leases various assets including land, machinery and business vehicles. Rental contracts are typically made for periods of 3 to 20 years. 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, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise office and parking lot. Low-value assets comprise foreign warehouse and dormitory.

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

	December 31, 2022	December 31, 2021
	Book value	Book value
Land	$ 276,732	$ 275,939
Transportation equipment (Business vehicles)	480	801
Other equipment	7,059	8,787
	$ 284,271	$ 285,527

	Years ended December 31	
	2022	2021
	Depreciation charge	Depreciation charge
Land	$ 15,303	$ 15,888
Transportation equipment (Business vehicles)	321	224
Other equipment	1,728	1,729
	$ 17,352	$ 17,841

D. The movements of right-of-use assets of the Company during 2022 and 2021 are as follows:

	2022			
	Land	Transportation equipment (Business vehicles)	Other equipment (Tank)	Total
At January 1	$ 275,939	$ 801	$ 8,787	$ 285,527
Additions	16,096	-	-	16,096
Depreciation	(15,303)	(321)	(1,728)	(17,352)
At December 31	$ 276,732	$ 480	$ 7,059	$ 284,271

	2021			
	Land	Transportation equipment (Business vehicles)	Other equipment (Tank)	Total
At January 1	$ 325,143	$ 64	$ 10,516	$ 335,723
Additions	-	961	-	961
Lease modification	(33,316)	-	-	(33,316)
Depreciation	(15,888)	(224)	(1,729)	(17,841)
At December 31	$ 275,939	$ 801	$ 8,787	$ 285,527

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 6,658	$ 6,675
Expense on short-term lease contracts	2,453	2,457
Expense on leases of low-value assets	9,138	9,616
Gain on lease modification	-	3,509

F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were $32,969 and $33,809, respectively.

(11) Leasing arrangements - lessor

A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 1 and 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. For the years ended December 31, 2022 and 2021, the Company recognised rent income based on the operating lease agreement, which does not include variable lease payments as follows:

	Years ended December 31	
	2022	2021
Rent income	$ 2,020	$ 68,955

(12) Investment property

	Land	Buildings and structures	Unfinished construction and equipment acceptance	Total
January 1, 2022				
Cost	$ 4,974,140	$ 931,364	$ -	$ 5,905,504
Accumulated depreciation and impairment	-	(143,117)	-	(143,117)
	$ 4,974,140	$ 788,247	$ -	$ 5,762,387
2022				
At January 1	$ 4,974,140	$ 788,247	$ -	$ 5,762,387
Additions	-	-	2,780	2,780
Reclassifications	-	2,780	(2,780)	-
Depreciation	-	(37,836)	-	(37,836)
At December 31	$ 4,974,140	$ 753,191	$ -	$ 5,727,331
December 31, 2022				
Cost	$ 4,974,140	$ 934,144	$ -	$ 5,908,284
Accumulated depreciation and impairment	-	(180,953)	-	(180,953)
	$ 4,974,140	$ 753,191	$ -	$ 5,727,331
January 1, 2021				
Cost	$ 4,974,140	$ 941,620	$ -	$ 5,915,760
Accumulated depreciation and impairment	-	(105,628)	-	(105,628)
	$ 4,974,140	$ 835,992	$ -	$ 5,810,132
2021				
At January 1	$ 4,974,140	$ 835,992	$ -	$ 5,810,132
Additions	-	-	9,048	9,048
Reclassifications	-	(10,256)	(9,048)	(19,304)
Depreciation	-	(37,489)	-	(37,489)
At December 31	$ 4,974,140	$ 788,247	$ -	$ 5,762,387
December 31, 2021				
Cost	$ 4,974,140	$ 931,364	$ -	$ 5,905,504
Accumulated depreciation and impairment	-	(143,117)	-	(143,117)
	$ 4,974,140	$ 788,247	$ -	$ 5,762,387

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31	
	2022	2021
Rental income from investment property	$ 156,602	$ 142,420
Direct operating expenses arising from the investment property that generate rental income during the year	$ 66,342	$ 71,169

B. The fair value of the investment property held by the Company as at December 31, 2022 and 2021 was $6,947,888 and $6,947,888, respectively, which was valued using the actual price registration. In addition, there was no significance difference between the fair value on December 31, 2022 and the assessment result of the fair value on February 20, 2023 under management's assessment.

C. Information about the investment property that was pledged to others as collateral is provided in Note 8.

D. The Company transferred certain investment properties amounting to $19,304 for its own use in 2021 and transferred them from 'investment property' to 'property, plant and equipment'.

(13) Non-current assets held for sale

On November 5, 2020, the Company considered the efficiency and utilization of assets, and decided to dispose the 1F to 3F of the plant in Southern Taiwan Science Park after the resolution of the Board of Directors. The disposal transaction amount was $2,768,264. The inspection was completed on April 23, 2021. The proceeds from disposal were collected in three installments amounting to $1,108,000, $554,000 and $1,106,264 which were received on November 23, 2020, February 2, 2021 and May 23, 2021, respectively. The transaction was completed in the second quarter of 2021 and the gain on disposal of non-current asset held for sale was $192,690.

(14) Other payables

	December 31, 2022	December 31, 2021
Salary and bonus payable	$ 79,290	$ 147,192
Payables for machinery and equipment	112,595	96,248
Repairs and maintenance expense payable	68,923	58,484
Utility expenses payable	20,448	19,405
Import / export (customs) expense payable	4,333	5,069
Others	63,147	52,063
	$ 348,736	$ 378,461

(15) Bonds payable

	December 31, 2022	December 31, 2021
Bonds payable	$ 1,500,000	$ 1,500,000
Less: Maturity within one year	-	-
	$ 1,500,000	$ 1,500,000

A. In order to fulfill working capital, the Board of Directors resolved to issue the 2017 first domestic private unsecured bonds A, B and C on October 27, 2017 at an issuance amount of NT$300 million, NT$600 million and NT$900 million, respectively. In October 2019, August 2020 and April 2021, the Group has paid off in advance, respectively.

B. In order to fulfill working capital, the Board of Directors resolved to issue the first domestic secured ordinary bonds on May 5, 2021. The terms and conditions of the ordinary bonds were as follows:

(a) Issuance amount: The total issuance amount was NT$900 million. The bonds were divided into A, B and C bonds amounting to NT$300 million each.

(b) Face value: NT$1 million

(c) Issuance price: Issued at full amount of face value on the issuance date.

(d) The time limit of issuance: The issuance period for each bond is 5 years from July 5, 2021 to July 5, 2026.

(e) The interest rate of bond and payments of interest: The interest rate of each bond is 0.51% fixed per annum. The simple interest is calculated and paid per year starting from the issuance date.

(f) The repayment date and method: repayable at once on the maturity date.

(g) Guarantee: A, B and C bonds are secured by a bank guarantee issued by Mega International Commercial Bank Co., Ltd., Hua Nan Bank Co., Ltd. and Taishin International Bank Co., Ltd., respectively, in accordance with the commissioned guarantee agreement and bond-fulfilling guarantee obligation agreement individually signed by the three banks.

(h) Guarantee bank: Bank SinoPac Co., Ltd.

C. In order to fulfill working capital, the Board of Directors resolved to issue the second domestic secured ordinary bonds on November 5, 2021. The terms and conditions of the ordinary bonds were as follows:

(a) Issuance amount: NT$600 million

(b) Face value: NT$1 million

(c) Issuance price: Issued at full amount of face value on the issuance date.

(d) The time limit of issuance: The issuance period is 5 years from November 26, 2021 to November 26, 2026.

(e) The interest rate of bond and payments of interest: The interest rate is 0.57% fixed per annum. The simple interest is calculated and paid per year starting from the issuance date.

(f) The repayment date and method: repayable at once on the maturity date.

(g) Guarantee: The bonds are secured by a bank guarantee issued by Taiwan Shin Kong Commercial Bank Co., Ltd. in accordance with the commissioned guarantee agreement and bond-fulfilling guarantee obligation agreement.

(h) Guarantee bank: Taishin International Bank Co., Ltd.

(16) Long-term borrowings

Borrowing period and repayment term	Coupon Rate	December 31, 2022
Land and buildings on Yixian Road, Sec. 2 pledged as collateral for borrowings		
NTD borrowings from Land Bank: the borrowing period is 15 years and interest is payable monthly for the first 3 years, principal is payable quarterly starting from the 4th year until May 2033 (Note)	1.70%	$ 1,813,913
Machinery and equipment pledged as collateral for borrowings		
NTD borrowings from Bank of Taiwan: the borrowing period is 5 years and interest is payable monthly for the first 2 years, principal is payable quarterly starting from the 3rd year until October 2026	1.79%	336,630
		2,150,543
Less: Current portion (including unamortised long-term borrowing cost)		(172,754)
		$ 1,977,789

Borrowing period and repayment term	Coupon Rate	December 31, 2021
Land and buildings on Yixian Road, Sec. 2 pledged as collateral for borrowings		
NTD borrowings from Land Bank: the borrowing period is 15 years and interest is payable monthly for the first 3 years, principal is payable quarterly starting from the 4th year until May 2033 (Note)	1.20%	$ 2,886,667
Machinery and equipment pledged as collateral for borrowings		
NTD borrowings from Bank of Taiwan: the borrowing period is 5 years and interest is payable monthly for the first 2 years, principal is payable quarterly starting from the 3rd year until October 2026	1.10%	336,630
		3,223,297
Less: Current portion (including unamortised long-term borrowing cost)		(251,015)
		$ 2,972,282

Note: The pledged assets are property, plant and equipment. On May 8, 2018, the Group entered into a long-term borrowing contract for 15 years with Land Bank, for a facility of $4,160,000 and has repaid $1,100,000 and $900,000 in advance in December 2021 and January 2022, respectively.

(17) Pensions

A. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes 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.

B. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were $11,156 and $11,256, respectively.

(18) Share capital

A. As of December 31, 2022, the Company's authorized capital was $20,000,000, consisting of 2 billion shares, and the paid-in capital was $8,069,485 with a par value of $10 (in dollars) per share.

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

	2022	2021
At January 1	806,949	806,949
Purchase of treasury shares	(1,907)	-
At December 31	805,042	806,949

B. In order to promote the development of strategy alliance, improve financial structure, fulfill working capital, and repay liabilities, the Company's shareholders, on May 24, 2022, resolved to increase capital in cash and issue common shares up to 80 million shares or increase capital through the issuance of global depository receipts. The Company will choose one or both methods, at a par value of NT$10 per share.

C. Treasury shares

(a) On August 1, 2022, the Board of Directors of the Company resolved to repurchase the Company's ordinary shares for transfer to employees. The expected number of shares to be repurchased was 20,000 thousand shares. The repurchase period was from August 2, 2022 to December 31, 2022, and the price range was between $6.59 (in dollars) and $14.57 (in dollars). The details are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2022 Number of shares	Carrying amount (Note)
The Company	To be reissued to employees	1,907	$ 18,264

Note: Excluding transaction cost.

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(19) Capital surplus

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.

(20) Retained earnings / Events after the balance sheet date

A. Under the Company's Articles of Incorporation, the annual earnings, if any, shall first be used to pay all taxes and offset accumulated deficit and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. Except for the distribution of cash dividends and bonus which the Board of Directors are authorised to resolve and then report to shareholders, others will be proposed by the Board of Directors and approved by the shareholders.

B. According to the Articles of Incorporation, the Company shall consider to appropriate all of current undistributed earnings based on finance, business, operation and other factors. The appropriation of earnings can be in the form of cash dividend or stock dividend separately or both. The ratio of cash dividend shall not be lower than 20% of the total dividends distributed.

C. 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.

D. On February 20, 2023, the Board of Directors during its meeting resolved the following:

	Year ended December 31, 2022
Legal reserve	$ 2,477
Reversal of special reserve	90,461
	$ 92,938

E. On May 24, 2022 and July 26, 2021, the appropriations of 2021 and 2020 earnings resolved by the shareholders are as follows:

	Years ended December 31			
	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 100,041		$ 35,000	
Reversal of special reserve	(6,457)		(7,643)	
Cash dividends	282,432	$ 0.35	314,710	$ 0.39
	$ 376,016		$ 342,067	

(21) Operating revenue

	Years ended December 31	
	2022	2021
Revenue from contracts with customers		
Touch sensors and related products	$ 2,098,527	$ 3,413,623
Rental revenue from property	156,602	142,420
	$ 2,255,129	$ 3,556,043

Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time in the following major geographical regions:

	Years ended December 31	
	2022	2021
Revenue from external customer contracts		
South Korea	$ 1,130,362	$ 2,228,543
China	939,013	1,130,920
Taiwan	183,693	196,136
Europe	2,061	444
	$ 2,255,129	$ 3,556,043

(22) Interest income

	Years ended December 31	
	2022	2021
Interest income from bank deposits	$ 6,536	$ 6,214
Interest income from financial assets measured at amortised cost	4,878	2,859
Interest income from bills with repurchase agreement	156	132
Other interest income	-	3
	$ 11,570	$ 9,208

(23) Other income

	Years ended December 31	
	2022	2021
Dividend income	$ 52,972	$ 20,888
Research and development income (Note 1)	33,506	-
Revenue from purchasing masks on behalf of others	10,859	19,209
Rent income (Note 2)	2,020	68,955
Other income (Note 3)	14,699	46,586
	$ 114,056	$ 155,638

Note 1: Represents the income from the design and process development entrusted by the Group's associate, Hannstar Display Corp.

Note 2: Refer to Note 6(11) for details.

Note 3: Other income for the year ended December 31, 2021 mainly refers to compensation for underground pipe construction in the factory by the Company and property income from leasing plants, totaling $28,263.

(24) Other gains and losses

	Years ended December 31	
	2022	2021
Net foreign exchange gain (losses)	$ 40,252	($ 3,611)
Losses on financial instruments at fair value through profit or loss	(21,048)	(27,495)
Gains on disposals of non-current asset held for sale (Note)	-	192,690
Gains arising from lease modifications	-	3,509
Gains on disposals of property, plant and equipment	-	126
	$ 19,204	$ 165,219

Note: Refer to Note 6(13) for the related information.

(25) Employee benefit expense and expenses by nature / Events after the balance sheet date

	Year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Salary expenses	$ 142,783	$ 57,156	$ 199,939
Labour and health insurance fees	19,033	5,381	24,414
Pension costs	8,344	2,812	11,156
Directors' remuneration	-	2,350	2,350
Other personnel expenses	20,686	7,775	28,461
Depreciation expense	832,846	1,984	834,830
Amortisation charge	6,435	3,351	9,786

	Year ended December 31, 2021		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Salary expenses	$ 209,710	$ 106,122	$ 315,832
Labour and health insurance fees	19,376	6,855	26,231
Pension costs	7,806	3,450	11,256
Directors' remuneration	-	22,176	22,176
Other personnel expenses	21,250	8,484	29,734
Depreciation expense	775,225	3,302	778,527
Amortisation charge	3,984	3,456	7,440

As of December 31, 2022 and 2021, the Company had 321 and 306 employees, including 6 and 6 non-employee directors, respectively.

For the years ended December 31, 2022 and 2021, the average employee benefits were $838 and $1,277, respectively, the average salary expenses were $635 and $1,053, respectively, and the average change in adjustments on salary expenses was (39.7%). In addition, the Company had established the audit committee to replace supervisors, thus no remuneration was paid to supervisors.

The Company’s salary and remuneration policy for directors, managers and employees is as follows:

A. Directors’ remuneration policies: In accordance with the Company’s Articles of Incorporation, directors’ remuneration of the Company shall refer to the Company’s overall operating performance, operating risk and trend of the industry in the future and individual director’s contribution to the Company which shall be authorised by the Board of Directors to be determined based on the estimates of remuneration committee.

B. Managers’ compensation policies: The Company’s managers’ compensation is based on the individual performance and contribution to the Company’s overall operations and considers the Company’s future operating risk and the compensation level within the same industry. It will be proposed by the remuneration committee and discussed by the Board of Directors.

D. Employees’ salary policies: The Company follows Labor Standards Act and related regulations to determine employees’ salaries and benefits, employees’ salary including salaries, bonus and compensation.

   a. Employees’ salary standard is determined based on job responsibility, education and experience, professional knowledge and skill and their professional seniority. Salary and remuneration shall not be based on the employees’ age, gender, race, religion, political affiliation and civil status.
   b. Bonus will be distributed based on the Company’s operating performance and employees’ individual performance.
   c. Employees’ compensation is determined based on the job grade, performance and years of service.
   d. Salary increase is determined based on the Company’s operating condition, taking into consideration domestic economic growth rate, price index, salary increases within the same industry and the individual performance.

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees’ compensation and directors’ and supervisors’ remuneration. The ratio shall be between 0.001% and 15% for employees’ compensation and shall not be higher than 2% for directors’ remuneration.

B. For the years ended December 31, 2022 and 2021, employees’ compensation was accrued at $1 and $54,000, respectively; while directors’ remuneration was accrued at $0 and $19,600, respectively. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2022, the employees' compensation and directors' remuneration were estimated and accrued based on profit of current year distributable as of the end of reporting period as prescribed by the Company's Articles of Incorporation. In addition, the employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors on February 20, 2023 were the same, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration for 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.

C. 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.

(26) Income taxes

A. Income tax (benefit) expense

(a) Components of income tax expense:

	Years ended December 31	
	2022	2021
Current tax:		
Prior year income tax overestimation	$ -	($ 1,052)
Total current tax	-	(1,052)
Deferred tax:		
Origination and reversal of temporary differences	(16,963)	227,546
Total deferred tax	(16,963)	227,546
	($ 16,963)	$ 226,494

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

	Years ended December 31	
	2022	2021
Changes in fair value of financial assets at fair value through other comprehensive income	$ -	$ 1,614

B. Reconciliation between income tax (benefit) expense and accounting profit

	Years ended December 31	
	2022	2021
Income tax calculated by applying statutory rate to the profit before tax	$ 1,561	$ 238,893
Expenses disallowed by tax regulation	347	-
Tax exempt income by tax regulation	(12,678)	(11,347)
Temporary differences not recognised as deferred tax assets	(6,193)	-
Prior year income tax overestimation	-	(1,052)
	($ 16,963)	$ 226,494

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

	2022			
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	At December 31
Temporary differences:				
—Deferred tax assets:				
Provisions	$ 2,197	($ 369)	$ -	$ 1,828
Impairment loss	11,177	-	-	11,177
Loss on obsolete inventories / Inventory valuation loss	1,843	6,705	-	8,548
Loss carryforward	74,420	14,297	-	88,717
Others	4,806	(3,725)	-	1,081
	94,443	16,908	-	111,351
—Deferred tax liabilities:				
Unrealised exchange gain	(55)	55	-	-
	$ 94,388	$ 16,963	$ -	$ 111,351

	2021			
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	At December 31
Temporary differences:				
－Deferred tax assets:				
Provisions	$ 4,161	($ 1,964)	$ -	$ 2,197
Impairment loss	13,313	(2,136)	-	11,177
Loss on obsolete inventories / Inventory valuation loss	5,666	(3,823)	-	1,843
Unrealised loss on valuation of financial instruments	1,614	-	(1,614)	-
Loss carryforward	299,573	(225,153)	-	74,420
Others	-	4,806	-	4,806
	324,327	(228,270)	(1,614)	94,443
－Deferred tax liabilities:				
Unrealised gain on valuation of financial instruments	(773)	773	-	-
Unrealised exchange gain	(6)	(49)	-	(55)
	(779)	724	-	(55)
	$ 323,548	($ 227,546)	($ 1,614)	$ 94,388

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

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2014	$ 994,010	$ 88,720	$ -	2024
2016	278,062	278,062	-	2026
2022	76,803	76,803	-	2032

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2014	$ 994,010	$ 94,039	$ -	2024
2016	278,062	278,062	-	2026

E. The Company’s income tax returns through 2020 have been assessed and approved by the Tax Authority.

(27) Earnings per share

	Year ended December 31, 2022		
Basic earnings per share	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Profit attributable to ordinary shareholders of the parent	$ 24,722	806,460	$ 0.03
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 24,722	806,460	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	532	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 24,722	806,992	$ 0.03

	Year ended December 31, 2021		
Basic earnings per share	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Profit attributable to ordinary shareholders of the parent	$ 1,000,398	806,949	$ 1.24
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,000,398	806,949	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	3,617	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,000,398	810,566	$ 1.23

(28) Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31	
	2022	2021
Purchase of property, plant and equipment	$ 579,063	$ 480,183
Add: Opening balance of payable on equipment	95,272	3,838
Less: Ending balance of payable on equipment	(112,452)	(95,272)
Cash paid during the year	$ 561,883	$ 388,749

	Years ended December 31	
	2022	2021
Purchase of investment property	$ 2,780	$ 9,048
Add: Opening balance of payable on equipment	976	32,745
Less: Ending balance of payable on equipment	(143)	(976)
Cash paid during the year	$ 3,613	$ 40,817

(29) Changes in liabilities from financing activities

For the years ended December 31, 2022 and 2021, the Company's liabilities from financing activities included bonds payable, long-term borrowings and lease liabilities. The changes all pertain to changes in the financing cash flow and other non-cash changes, the aggregate amounts were as follows. Please refer to statements of cash flows for other information.

	2022			
	Bonds payable	Long-term borrowings (Note)	Lease liability (Note)	Liabilities from financing activities-gross
At January 1	$ 1,500,000	$ 3,223,297	$ 291,835	$ 5,015,132
Changes in cash flow from financing activities	-	(1,072,754)	(21,378)	(1,094,132)
Changes in other non-cash items	-	-	22,754	22,754
At December 31	$ 1,500,000	$ 2,150,543	$ 293,211	$ 3,943,754

	2021			
	Bonds payable	Long-term borrowings (Note)	Lease liability (Note)	Liabilities from financing activities-gross
At January 1	$ 900,000	$ 4,760,000	$ 342,765	$ 6,002,765
Changes in cash flow from financing activities	600,000	(1,536,703)	(21,736)	(958,439)
Changes in other non-cash items	-	-	(29,194)	(29,194)
At December 31	$ 1,500,000	$ 3,223,297	$ 291,835	$ 5,015,132

Note: Including current portion.

7. Related Party Transactions

(1) Names of related parties and relationship with the Company

Names of related parties	Relationship with the Company
HannStar Display Corporation (Hannstar)	Entities with significant influence to the Company
Hannstar Technology Services (Shenzhen) Inc. (Hannstar Technology)	Other related party
Glory Stone Co., Ltd. (Glory Stone)	Subsidiary
Golden Apple Investment Corporation (Golden Apple)	Subsidiary
Yin Wang Investment Corporation (Yin Wang)	Subsidiary
Xiao Ma Yin Meng Co., Ltd. (Xiao Ma Yin Meng)	Second tier subsidiary
Pottery Inc. (Pottery)	Second tier subsidiary

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31	
	2022	2021
Subsidiaries	$ 83,488	$ 75,355
Second tier subsidiary	2,242	-
Entities with significant influence to the Company	-	28,852
	$ 85,730	$ 104,207

There were no similar transactions that can be compared with. The transaction conditions were based on the mutual agreement.

B. Purchases

	Years ended December 31	
	2022	2021
Purchases of goods:		
Entities with significant influence to the Company	$ 21,425	$ 5,518

There were no similar transactions that can be compared with. The transaction conditions were based on the mutual agreement.

C. Rent expense

	Years ended December 31	
	2022	2021
Entities with significant influence to the Company	$ 10,612	$ 10,523

There were no similar transactions that can be compared with. The transaction conditions were based on the mutual agreement.

D. Interest expenses

	Years ended December 31	
	2022	2021
Entities with significant influence to the Company	$ -	$ 5,986

E. Administrative expenses

	Years ended December 31	
	2022	2021
Subsidiaries	$ 2,714	$ 17,103
Other related party	295	-
	$ 3,009	$ 17,103

F. Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable:		
Subsidiaries	$ 51,963	$ 52,848
Second tier subsidiary	2,055	-
	$ 54,018	$ 52,848
Other receivables:		
Subsidiaries	$ 374	$ 1,211
Second tier subsidiary	69	-
Entities with significant influence to the Company	-	1,074
	$ 443	$ 2,285

It pertains to rent receivable and office expenses.

G. Accounts payable

	December 31, 2022	December 31, 2021
Accounts payable:		
Entities with significant influence to the Company	$ 13,058	$ -
Other payables:		
Entities with significant influence to the Company	$ 23	$ 1,150
Subsidiaries	224	-
	$ 247	$ 1,150

H. Prepayments (shown as other current assets)

	Years ended December 31	
	2022	2021
Subsidiaries	$ 5,724	$ 6,593

It pertains to prepayments for an accommodation project between the Company and a subsidiary.

I. Property transactions

Disposal of property, plant and equipment

	Years ended December 31			
	2022		2021	
	Disposal proceeds	Gain	Disposal proceeds	Gain
Entities with significant influence to the Company	$ -	$ -	$ 2,768,284	$ 192,702

J. Issuance of bonds payable

On November 28, 2017, the Company issued domestic first private unsecured bonds, and the issuance amount was NT$1.8 billion. The bonds were fully subscribed by Hannstar. As of December 31, 2021, the Company made early repayments of bonds payable in October 2019, August 2020 and April 2021.

K. The design and process development income from entities with significant influence to the Group for the years ended December 31, 2022 and 2021 amounted to $33,506 and $0, respectively.

(3) Key management compensation

	Years ended December 31	
	2022	2021
Salaries and other short-term employee benefits	$ 27,022	$ 39,444

8. Pledged Assets

The Company's assets pledged for the purpose of long-term borrowings, customs duty on raw material imports and performance bond are as follows:

	Book value	
Pledged asset	December 31, 2022	December 31, 2021
Pledged time deposits (shown as other financial assets)	$ 28,919	$ 28,919
Demand deposits (shown as other financial assets)	16,062	16,038
Property, plant and equipment and investment property	5,488,679	5,144,468
	$ 5,533,660	$ 5,189,425

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

As of December 31, 2022, significant commitments and contingencies are outlined as follows:

(1) Contingencies

In November 2013, the Tainan District Prosecutors Office initiated the prosecution proceedings against the Company and the Company's former Directors and financial managers suspected of false reporting, increasing the contract prices of construction projects, purchasing scrapped equipment, misappropriating deposits, receiving kickbacks, hollowing out the Company's assets and breach of trust under the Securities and Exchange Act, Criminal Code, Business Entity Accounting Act and Tax Collection Act and other crimes. In December 2016, the Criminal court of Tainan District Court has rendered its decision that the Company is innocent. In March 2019, the second instance court has found the other defendants guilty. However, in November 2020, the third instance court remanded certain part of the cases back to the second instance court, and the criminal cases were pending with the Tainan Branch of the Taiwan High Court. Further, the Company filed incidental civil lawsuits against other defendants suspected of the criminal case. The first instance court and the second instance court have rendered its judgment whereby the Company partly won in some of the cases. In September 2022, the Company filed appeals to the third instance, and the former incidental civil lawsuits are pending with the Supreme Court. As the construction and equipment had been derecognised from past financial statements through depreciation, impairment and loss from disposal, the above cases have no significant effect on the Company's financial situation.

(2) Commitments

As of December 31, 2022, the Company's capital expenditure contracted for at the balance sheet date but not incurred amounted to $293,653.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

(1) Refer to Notes 6(20) and 6(25) for details.

(2) On February 20, 2023, the Company planned to change its name to "精金科技股份有限公司" and English name as "HannsTouch Solutions & Investments Corporation" as resolved by the Board of Directors of the Company.

(3) On February 20, 2023, the Company's board of directors resolved not to proceed with the capital increase by cash through the issuance of up to 80 million shares of stock either through private placement or public offering, as resolved by the shareholders during their meeting last May 24, 2022 for the purpose of developing strategic alliances, increasing working capital, etc. However, in order for the Company to have the flexibility to respond to changes in the industry and the economy, and in line with the practice of the competent authority to review the plans of companies to raise capital, the Company's board of directors proposed another resolution for the capital increase.

(4) For the purpose of developing strategic alliances and increasing working capital, the Company's board of directors during its meeting on February 20, 2023 resolved to increase capital through the issuance of up to 80 million shares of stock or depository receipts with a proposed denomination of NT$10 per share through private placement or public offering.

(5) On February 20, 2023, the Board of Directors of the Company resolved to retire the treasury shares acquired in 2022 that have not been transferred to employees. The effective date for the retirement of untransferred treasury shares was set on March 30, 2023, and the chairman of the board has been authorised to handle the registration of the capital reduction of as a result of the retirement of the treasury shares.

(6) On February 20, 2023, the Board of Directors of the Company resolved to repurchase the Company's ordinary shares for transfer to employees. The expected number of shares to be repurchased was 5,000 thousand shares. The repurchase period was from February 21, 2022 to April 20, 2023, and the price range was between $6.8 (in dollars) and $13 (in dollars).

(7) On February 20, 2023, the Company's Board of Directors resolved to purchase common shares of Hannstar Display Corp. in batches from open market with the aggregate amount of up to $1,500,000.

(8) The Board of Directors during its meeting on February 20, 2023 resolved to extend a credit loan facility of $200,000 to Glory Stone. On the other hand, the original credit loan facility of $200,000 granted to Glory Stone as resolved by the Board of Directors on February 22, 2022 was terminated as the credit facility was not used.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company'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. To maintain or adjust the capital structure, the Company adjusted the capital structure through the issuance of new shares to borrow or repay loans.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 309,922	$ 160,996
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 553,821	$ 778,137
Financial assets at amortised cost		
Cash and cash equivalents	$ 1,592,078	$ 1,546,639
Financial assets at amortised cost	86,934	1,571,000
Accounts receivable (including related parties)	343,587	373,126
Other receivables (including related parties)	11,701	4,458
Other financial assets	44,981	44,957
	$ 2,079,281	$ 3,540,180
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities designated as at fair value through profit or loss	$ -	$ 8
Financial liabilities at amortised cost		
Notes payable	$ 502	$ 1,703
Accounts payable (including related parties)	152,068	158,052
Other payables (including related parties)	348,983	379,611
Bonds payable (Note)	1,500,000	1,500,000
Long-term borrowings (Note)	2,150,543	3,223,297
	$ 4,152,096	$ 5,262,663
Lease liability (Note)	$ 293,211	$ 291,835

Note: Including current portion.

B. Financial risk management polhicies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall 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

Exchange rate risk

i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD and JPY. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require the Company to manage its foreign exchange risk against the functional currency. The Company is required to hedge the entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD and JPY expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). 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					
			Book value	Sensitivity analysis		
	Foreign currency (In thousands)	Exchange rate	(NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 10,121	30.715	$ 310,867	1%	$ 3,109	$ -
JPY:NTD	79,482	0.2325	18,480	1%	185	-
Financial liabilities						
Monetary items						
USD:NTD	1,073	30.715	32,957	1%	330	-
JPY:NTD	207,559	0.2325	48,257	1%	483	-

	December 31, 2021					
			Book value	Sensitivity analysis		
	Foreign currency (In thousands)	Exchange rate	(NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 10,758	27.680	$ 297,781	1%	$ 2,978	$ -
JPY:NTD	79,282	0.2404	19,059	1%	191	-
Financial liabilities						
Monetary items						
USD:NTD	2,683	27.680	74,265	1%	743	-
JPY:NTD	82,885	0.2404	19,926	1%	199	-

iv. Total exchange loss, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to $40,252 and ($3,611), respectively.

Price risk

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

ii. The Company's investments in equity securities and funds 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 $3,099 and $1,606, respectively. Other components of equity would have increased / decreased by $5,538 and $7,781, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company policy is to maintain at least 1~3% of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. During the years ended December 31, 2022 and 2021, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company 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 Company adopts the assumption that the default occurs when the contract payments are past due over 120 days.

iii. The Company adopts the following assumption 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. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments.

v. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. On December 31, 2022 and 2021, the Company had no written-off financial assets that are still under recourse procedures.

vi. The methods used by the Company in assessing the expected credit risk of accounts receivable were as follows:

(i) Individually estimated expected credit loss according to individual significant accounts receivable which are considered on default;

(ii) Other customers' accounts receivable were classified based on the Company's credit rating standards. The Company applies different loss rate methodology and provision matrix to estimate the expected credit loss of different groups.

(iii) Loss rates are calculated based on past and current information, taking into account forward-looking information provided by the Basel Committee on Banking Supervision.

(iv) On December 31, 2022 and 2021, the provision loss for accounts receivable which were individually estimated by loss rate methodology and provision matrix were as follows:

	Group 1	Group 2	Total
December 31, 2022			
Expected loss rate	0.03%~100%	0.03%	
Total book value	$ -	$ 289,659	$ 289,659

	Group 1	Group 2	Total
December 31, 2021			
Expected loss rate	0.03%~100%	0.03%	
Total book value	$ -	$ 320,378	$ 320,378

Group 1: For customers with impairment indications, individual expected credit loss is determined through considering the claim order of insurance and debts.

Group 2: Long-term customers with good credit history.

vii. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2022	2021
	Accounts receivable	Accounts receivable
At January 1	$ 100	$ 89
Provision for impairment loss	-	11
Reversal of impairment	(10)	-
At December 31	$ 90	$ 100

(c) Liquidity risk

i. Cash flow forecasting is performed by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

ii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled 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 and to the expected maturity date for derivative financial liabilities were as follows:

Non-derivative financial liabilities:

December 31, 2022	Less than 1 year	Between 2 and 3 years	Between 3 and 4 years	Over 5 years
Notes payable	502	-	-	-
Accounts payable (including related parties)	152,068	-	-	-
Other payables (including related parties)	348,983	-	-	-
Lease liability	15,049	30,608	30,071	217,483
Other current liabilities	3,735	-	-	-
Bonds payable	8,010	16,020	1,508,010	-
Long-term borrowings	208,271	628,004	497,005	995,193

Non-derivative financial liabilities:

December 31, 2021	Less than 1 year	Between 2 and 3 years	Between 3 and 4 years	Over 5 years
Financial liabilities at fair value through profit or loss	$ 8	$ -	$ -	$ -
Notes payable	1,703	-	-	-
Accounts payable (including related parties)	158,052	-	-	-
Other payables (including related parties)	379,611	-	-	-
Current tax liabilities	24,844	-	-	-
Lease liability	14,034	28,849	29,641	219,309
Other current liabilities	38,072	-	-	-
Bonds payable	8,010	16,020	1,516,020	-
Long-term borrowings	287,969	678,443	774,232	1,695,989

iii. In order to repay the borrowings, the Company plans to issue shares of stock through public offering or private placement. Refer to Note 6(18)C for details.

(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. An active market refers to a market in which transactions for an asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks 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. The fair value of the Company's investment in forward foreign exchange contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(12).

C. Financial instruments not measured at fair value

Except for those listed in the table below, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, accounts receivable (including related parties), other receivables (including related parties), other financial assets - current, notes payable, accounts payable (including related parties), other payables (including related parties) and lease liabilities) are approximate to their fair values.

	December 31, 2022			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	$ 1,500,000	$ -	$ 1,262,123	$ -
Long-term borrowings (Note)	2,150,543	-	-	1,858,726
	$ 3,650,543	$ -	$ 1,262,123	$ 1,858,726

	December 31, 2021			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	$ 1,500,000	$ -	$ 1,238,489	$ -
Long-term borrowings (Note)	3,223,297	-	-	2,719,194
	$ 4,723,297	$ -	$ 1,238,489	$ 2,719,194

Note: Including current portion.

D. Financial and non-financial instruments measured at fair value

(a) 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				
Financial assets at fair value through profit or loss				
Listed stocks	$ 123,121	$ -	$ -	$ 123,121
Unlisted stocks	-	-	81,582	81,582
Beneficiary certificates	-	-	105,171	105,171
Non-hedging derivatives	-	48	-	48
Financial assets at fair value through other comprehensive income				
Listed and emerging stocks	553,821	-	-	553,821
	$ 676,942	$ 48	$ 186,753	$ 863,743

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through profit or loss				
Listed stocks	$ 53,697	$ -	$ -	$ 53,697
Unlisted stocks	-	-	51,453	51,453
Beneficiary certificates	-	-	55,483	55,483
Non-hedging derivatives	-	363	-	363
Financial assets at fair value through other comprehensive income				
Listed and emerging stocks	778,137	-	-	778,137
	$ 831,834	$ 363	$ 106,936	$ 939,133
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Non-hedging derivatives	$ -	$ 8	$ -	$ 8

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. For the instruments the Company used market quoted prices as their fair values (that is, Level 1), the Company uses the closing price of the listed shares as fair value.

ii. 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 parent company only balance sheet date.

iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

E. On December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. On December 31, 2022 and 2021, there was no transfer into or out from Level 3.

G. Finance and accounting segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value. The Company’s finance and accounting department use the valuation methods and assumptions announced by the Financial Supervisory Commission, Securities and Futures Bureau or through outsourced appraisal performed by the external valuer.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	December 31, 2022 Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 81,582	Market comparable companies	Price book ratio multiplier, discount for lack of marketability	0.17~5.02	The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
Private equity fund investment	105,171	Net asset value	Not applicable	Not applicable	Not applicable

	December 31, 2021 Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 51,453	Market comparable companies	Price book ratio multiplier, discount for lack of marketability	0.23~2.00	The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
Private equity fund investment	55,483	Net asset value	Not applicable	Not applicable	Not applicable

(4) Other matter

The Company has complied with the relevant measures announced by the Central Epidemic Command Centre and the relevant epidemic prevention regulations of the Communicable Disease Control Act.

There was no significant impact on the Company’s operations, its ability to continue as a going concern and financing risks as a result of the COVID-19 pandemic and the various epidemic prevention measures imposed by the government. Based on the Company’s assessment, the pandemic had no significant impact on the Company’s overall operations and financial position.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Refer to table 1.

B. Provision of endorsements and guarantees to others: None.

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

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

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

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

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

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

I. Trading in derivative instruments undertaken during the reporting period: Refer to Notes 6(2).

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 3.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 4.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Refer to Table 5.

14. Segment Information

Not applicable.

HannsTouch Solution Incorporated

Loans to others

Year ended December 31, 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 1

No. （Note 1）	Creditor	Borrower	General ledger account （Note 2）	Is a related party	Maximum outstanding balance during the year ended December 31, 2022 （Note 3）	Balance at December 31, 2022 （Note 3）	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party （Note 4）	Ceiling on total loans granted （Note 5）	Note
0	HannsTouch Solution Incorporated	Glory Stone Co., Ltd.	Other receivables due from related parties	Yes	$ 200,000	$ 200,000	$ -	Undetermined	Necessary for short-term financing	$ -	Increase working capital	$ -	None	$ -	$ 1,953,371	$ 2,930,056	Note 4, 5

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: The upper limit of capital loan and balance of capital loans in the end of the year are the amount approved by the Board of Directors, not actual drawn amount.

Note 4: The limit of HannsTouch Solution Incorporated loans to individual who has the needs of short-term financing shall not exceed 20% of the net asset value of latest financial statements.

Note 5: The total loans amount of HannsTouch Solution Incorporated shall not exceed 30% of net asset value.

HannsTouch Solution Incorporated

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

December 31, 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Table 2

				Ending Balance				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares (in thousands)	Book value	Ownership (%)	Fair value (Note)	Note
HannsTouch Solution Incorporated	Stock							
	HIM International Music Inc.	None	Financial assets at fair value through profit or loss – current	191	$ 15,490	0.36%	$ 15,490	
	Union Bank of Taiwan Preferred Stock A	〃	〃	466	24,092	Not applicable	24,092	
	Banyan Tree Holding Limited	〃	〃	2,990	21,885	0.35%	21,885	
	Fullerton Technology Co., Ltd.	〃	〃	3,209	58,244	2.78%	58,244	
	ATEN INTERNATIONAL CO., LTD.	〃	〃	44	3,410	0.04%	3,410	
	YH Bio Co., Ltd.	〃	〃	6,973	7,917	3.40%	7,917	
	Touch Cloud Inc	〃	〃	250	878	1.88%	878	
					$ 131,916			
	Nfore Technology Co., Ltd.	〃	Financial assets at fair value through profit or loss – non-current	1,000	$ 47,573	2.86%	$ 47,573	
	BORETECH Resource Recovery Engineering CO.,	〃	〃	425	25,214	0.65%	25,214	
					$ 72,787			
	Hannstar Display Corp.	Other related parties	Financial assets at fair value through other comprehensive income – non-current	49,670	$ 553,821	1.74%	$ 553,821	
	Bonds							
	NISSAN MOTOR CO LTD	None	Financial assets at amortised cost – non-current	1,250 units	$ 36,934	Not applicable	$ 36,934	
	FINA FINANCE & TRADING CO., LTD.	〃	〃	50,000 units	50,000	Not applicable	50,000	
					$ 86,934			
	Benefit certificate							
	Lian Ding Capital Co., Ltd.	None	Financial assets at fair value through profit or loss – non-current	Not applicable	$ 57,095	Not applicable	$ 57,095	
	Grandfull Convergence Innovation Growth Fund, L.P..C.	〃	〃	Not applicable	29,553	Not applicable	29,553	
	Cypress Venture Capital III Ltd.	〃	〃	Not applicable	18,523	Not applicable	18,523	
					$ 105,171			
Golden Apple Investment Corporation	Stock							
	Chaiin Hotel Co., Ltd.	None	Financial assets at fair value through other comprehensive income – current	2,100	$ 9,437	19.00%	$ 9,437	
Glory Stone Inc.	Bonds							
	FINA FINANCE & TRADING CO., LTD.	None	Financial assets at amortised cost – non-current	50,000 units	$ 50,000	Not applicable	$ 50,000	

Note: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Hannstouch Solution Incorporated

Information on investees

Year ended December 31, 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Table 3

				Initial investment amount		Shares held as at December 31, 2022			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	
Investor	Investee （Notes 1 and 2）	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			Note
HannsTouch Solution Incorporated	Richest Investment Ltd.	Cayman Islands	Investment	$ 148,434	$ 148,434	4,500	100.00	$ -	$ -	$ -	Note 1
〃	Golden Apple Investment Corporation	Taiwan	Investment	150,000	150,000	15,000	100.00	121,455	(1,737)	(1,737)	〃
〃	Glory Stone Co., Ltd.	Taiwan	Hotel business	406,582	418,000	33,000	42.31	457,734	27,616	10,318	〃
〃	Yin Wang Investment Corporation	Taiwan	Investment	150,000	150,000	15,000	100.00	149,182	(919)	(820)	〃
〃	Hanns Blegrain Ltd.	Cayman Islands	Investment	30,695	-	1,000	100.00	30,714	(1)	(1)	〃
Glory Stone Co., Ltd.	Xiao Ma Yin Meng Co., Ltd.	Taiwan	Food service	10,200	10,200	1,020	51.00	7,759	(4,670)	(2,307)	Note 2
〃	Pottery Inc.	Taiwan	Food service	76,500	-	7,650	51.00	74,663	(3,602)	(1,837)	〃
Yin Wang Investment Corporation	Pottery Inc.	Taiwan	Food service	45,000	-	4,500	30.00	43,919	(3,602)	(1,081)	〃

Note 1: The Company’s subsidiary.
Note 2: The Company’s second tier subsidiary.

Hannstouch Solution Incorporated

Information on investments in Mainland China

Year ended December 31, 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Table 4

Investee in Mainland China	Main business activities	Paid-in capital （Note 1）	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		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(Note 3)	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Note
					Remitted to Mainland China	Remitted back to Taiwan							
NanJin GuanXin Co. Ltd.	Development and production of PMMA, light guide plate and related components	$ 469,950	Note 2	$ 148,434	$ -	$ -	$ 148,434	$ -	31.12	$ -	$ -	$ -	Note 4
HeXin Shang Mao Technology Service (Shenzhen) Ltd.	Provision of technical services	29,179	Note 3	-	29,179	-	29,179	-	100.00	-	29,179	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022 (Note 5)	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
HannsTouch Solution Incorporated	$ 1,819,128	$ 1,721,665	$ 6,228,731

Note 1: Translated from historical exchange rate.
Note 2: Reinvested through Richest Investment Ltd.
Note 3: Reinvested through Hanns Blegrain Ltd.
Note 4: In 2013, the Company’s investment in NanJin GuanXin Co. Ltd. has been reduced to $0.
Note 5: NTD amount was translated from historical exchange rate of actual remittance.

HannsTouch Solution Incorporated

Major shareholders information

December 31, 2022

Table 5

Name of major shareholders	Shares	
	Number of shares held (shares in thousands)	Ownership (%)
Hannstar Display Corp.	214,639	26.59%
Huali Investment Corp.	59,440	7.36%

HANNSTOUCH SOLUTION INCORPORATED
CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 1

Items	Summary	Amount
Bank deposit		
Checking account deposits	NTD	$ 717
Demand deposits	NTD	225,085
	JPY 79,482 thousand, exchange rate: $0.2325	18,480
	USD 1,556 thousand, exchange rate: $30.715	47,796
Cash equivalents		
Time deposits		1,300,000
		$ 1,592,078

HANNSTOUCH SOLUTION INCORPORATED

CHANGE IN CURRENT FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

	Balance as at January 1, 2022		Increase		Decrease		Valuation adjustment	Balance as at December 31, 2022			
Investee	No. of shares (in thousands)	Fair value	No. of shares (in thousands)	Amount	No. of shares (in thousands)	Amount	Amount	No. of shares (in thousands)	Fair value	Collateral or pledge	Description
HIM International Music Inc.	96	$ 8,650	97	$ 7,822	(2)	($ 165)	($ 817)	191	$ 15,490	None	
Union Bank of Taiwan Preferred	683	36,208	103	5,437	(320)	(16,399)	(1,154)	466	24,092	〃	
Banyan Tree Holdings Limited	1,208	7,910	1,782	11,328	-	-	2,647	2,990	21,885	〃	
FULLERTON TECHNOLOGY CO., LTD.	47	929	3,162	58,030	-	-	(715)	3,209	58,244	〃	
ATEN INTERNATIONAL CO.,	-	-	48	3,744	(4)	(309)	(25)	44	3,410	〃	
YH Bio Co., Ltd.	6,973	9,698	-	-	-	-	(1,781)	6,973	7,917	〃	
Touch Cloud Inc.	250	1,129	-	-	-	-	(251)	250	878	〃	
Non-hedging derivatives	Not applicable	363	Not applicable	-	Not applicable	-	(315)	Not applicable	48	〃	Note
		$ 64,887		$ 86,361		($ 16,873)	($ 2,411)		$ 131,964		

Note: The amount pertains to fair value of non-hedging derivatives as at December 31, 2022, Refer to Note 6(2) for details.

HANNSTOUCH SOLUTION INCORPORATED
CHANGE IN NON-CURRENT FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

Investee	Balance as at January 1, 2022		Increase		Decrease		Valuation adjustment	Balance as at December 31, 2022		Collateral or pledge	Description
	No. of shares (in thousands)	Fair value	No. of shares (in thousands)	Amount	No. of shares (in thousands)	Amount	Amount	No. of shares (in thousands)	Fair value		
NFORE TECHNOLOGY CO.,	1,000	$ 40,626	-	$ -	-	$ -	$ 6,947	1,000	$ 47,573	None	
BORETECH Resource Recovery Engineering Co., Ltd.	-	-	425	22,100	-	-	3,114	425	25,214	〃	
Lian Ding Capital Co., Ltd.	Not applicable	55,483	Not applicable	-	-	-	1,612	Not applicable	57,095	〃	
Grandfull Convergence Innovation Growth Fund, L.P..C.	-	-	Not applicable	28,995	-	-	558	Not applicable	29,553	〃	
Cypress Venture Captial III Ltd.	-	-	Not applicable	24,503	-	-	(5,980)	Not applicable	18,523	〃	
		$ 96,109		$75,598		$ -	$ 6,251		$177,958		

HANNSTOUCH SOLUTION INCORPORATED
CHANGE IN NON-CURRENT FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

	Balance as at January 1, 2022		Increase		Decrease		Valuation adjustment	Balance as at December 31, 2022			
Investee	No. of shares (in thousands)	Fair value	No. of shares (in thousands)	Amount	No. of shares (in thousands)	Amount	Amount	No. of shares (in thousands)	Fair value	Collateral or pledge	Description
Hannstar Display Corp.	42,991	$778,137	6,679	$83,921	-	$ -	($ 308,237)	49,670	$553,821	None	None

HANNSTOUCH SOLUTION INCORPORATED
CHANGE IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

	Opening balance		Addition		Cash dividends paid during the year	Investment income (loss)	Cumulative translation adjustment	Ending balance			Market price or net equity
Name	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Amount	Amount	Amount	Number of shares (in thousands)	Shareholding ratio	Amount	Total amount
Richest Investment Ltd.	4,500	$ -	-	$ -	$ -	$ -	$ -	4,500	100%	$ -	$ -
Golden Apple Investment Corporation	15,000	123,182	-	-	-	(1,737)	-	15,000	100%	121,445	121,445
Glory Stone Co., Ltd.	33,000	458,834	-	-	(11,418)	10,318	-	33,000	42.31%	457,734	457,734
Yin Wang Investment Corporation	15,000	150,002	-	-	-	(820)	-	15,000	100%	149,182	149,182
Hanns Blegrain Ltd.	-	-	1,000	30,695	-	(1)	20	1,000	100%	30,714	30,714
		$ 732,018		$ 30,695	($ 11,418)	$ 7,760	$ 20			$ 759,075	$ 759,075

HANNSTOUCH SOLUTION INCORPORATED
DETAILS OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Customer Name	Amount	Note
A customer	$ 142,208	
B customer	76,573	
C customer	36,130	
D customer	32,914	
Others	1,834	The balance of individual client account is less than 5% of the accounts receivable balance
	289,659	
Less: Allowance for doubtful accounts	(90)	
	$ 289,569	

HANNSTOUCH SOLUTION INCORPORATED
DETAILS OF INVENTORIES
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 7

Items	Amount: Cost	Amount: Net realisable value	Note
Materials and supplies	$ 87,758	$ 81,327	Inventories are stated at the lower of cost and net realisable value.
Work in progress	1,725	1,725	
Finished goods	124,601	160,822	
	214,084		
Less: Allowance for inventory valuation losses and loss on obsolete and slow-moving inventories	(42,736)		
	$ 171,348	$ 243,874	

HANNSTOUCH SOLUTION INCORPORATED
DETAILS OF ACCOUNTS PAYABLE
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Vendor name	Amount	Note
A Vendor	$ 52,487	
B Vendor	11,156	
Others	75,367	The balance of individual vendor account is less than 5% of the accounts payable balance
	$ 139,010	

HANNSTOUCH SOLUTION INCORPORATED
DETAILS OF LONG-TERM BORROWINGS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Creditor	Summary	Amount	Contract period	Interest	Pledged or guarantee
Land Bank	Secured borrowings for land and buildings located in Yixian Rd., Sec. 2, with a contract period of 15 years. Interest is payable monthly for the first 3 years, and the principal is payable quartely starting from the fourth year until May 2033.	$ 1,813,913	2018/5~2033/5	1.70%	Investment property
Bank of Taiwan	The borrowing period is 5 years, interest is payable monthly for the first 2 years, and the principal is payable quarterly starting from the third year until October 2026.	336,630	2021/10~2026/10	1.79%	Machinery and equipment
		2,150,543			
Less:	Current portion (including unamortized cost of long-term borrowings)	(172,754)			
		$ 1,977,789			

HANNSTOUCH SOLUTION INCORPORATED
DETAILS OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Items	Numbers (in thousand pcs)	Amount
Sales revenue		
Touch products	1,216	$ 2,189,233
Rental revenue from property		156,602
Total operating revenue		2,345,835
Less: Sales returns and discounts and allowances		(90,706)
Operating revenue, net		$ 2,255,129

HANNSTOUCH SOLUTION INCORPORATED
DETAILS OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

Items	Amount
Direct materials	
Add: Raw materials at beginning	$ 84,343
Material purchased during the year	736,676
Less: Raw materials at the end	(87,758)
Others	(221,645)
Cost of material	511,616
Direct labor	54,311
Overhead	1,662,179
Unallocated overhead expense	(429,857)
Manufacturing cost	1,798,249
Add: Beginning work in Progress	39,700
Less: Ending work in Progress	(1,725)
Cost of finished goods	1,836,224
Add: Beginning finished goods	88,417
Purchases during the year	6,674
Less: Ending finished goods	(124,601)
Expenses order settlement	(2,914)
Others	(93,798)
Cost of finished goods sold	1,710,002
Unallocated fixed overhead expense	429,857
Inventory valuation loss	33,524
Scrapped inventories	6,337
Total operating cost	$ 2,179,720

HANNSTOUCH SOLUTION INCORPORATED
DETAILS OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

Items	Amount	Note
Depreciation	$ 832,846	
Repairs and maintenance expense	268,720	
Utilities expense	228,160	
Salary expenses	108,110	
Amortisation charge	6,435	
Others	217,908	The balance of individual item account is less than 5% of the total manufacturing expenses.
	$ 1,662,179	

HANNSTOUCH SOLUTION INCORPORATED
DETAILS OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

	Selling expenses	General and administrative expenses	Research and development expenses	Total	Note
Employee benefit expense					
Salary expenses	$ 7,658	$ 39,074	$ 10,424	$ 57,156	
Labour and health insurance fees	777	3,523	1,081	5,381	
Pension costs	446	1,706	660	2,812	
Directors' remuneration	-	2,350	-	2,350	
Other employee benefit expenses	403	6,832	540	7,775	
Depreciation	109	989	886	1,984	
Amortisation charge	-	-	3,351	3,351	
Cost of services	154	16,233	588	16,975	
Testing fee	559	-	8,315	8,874	
Others	15,217	41,903	6,920	64,040	The balance of individual item account is less than 5% of the total operating expenses.
	$ 25,323	$ 112,610	$ 32,765	$ 170,698	