Stock code: 1569

Bin Chuan Enterprise Co., Ltd.
and its subsidiaries

Consolidated Statements and
Independent Auditors' Report
2022 & 2021

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REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of Bin Chuan Enterprise Co., Ltd. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Bin Chuan Enterprise Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours,

Bin Chuan Enterprise Co., Ltd.

Person in charge: Hsiao, Chin-Ming

March 27, 2023

Independent Auditors' Report

Bin Chuan Enterprise Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Bin Chuan Enterprise Co., Ltd. (the Company) and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries 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 the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2022 is stated as follows:

Revenue recognition

The Company and its subsidiaries' recognition of operating revenue from selling to some specific customers is significant. Based on the Bulletin of Standards on Auditing, the sales recognition is the risk and a matter of concern to users of financial statements. Therefore, the revenues of some specific customers is listed as the key audit matters this year. Refer to Note 4 for the explanation of accounting policies related to sales recognition.

We performed the following main audit procedures for the above sales recognition:

I. Understand and test the effectiveness of internal controls related to sales recognition, and obtain basic customer information to evaluate the reasonability of sales targets.

II. Test the content of sales revenue to confirm its authenticity.

Other Matter

We have also audited the individual financial statements of the Company and its subsidiaries as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company and its subsidiaries’ financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 in the consolidated financial statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the

Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

IV. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

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

VI. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express and opinion on the consolidated 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 consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Toche

Accountant Hsu, Jui-Hsuan	Accountant Liu, Yu-Hsiang
Approval No. of Financial Supervision Commission No. Financial-Supervisory-Securities-Auditing-1020025513	Approval No. of Financial Supervision Commission No. Financial-Supervisory-Securities-Auditing-1050024633

March 27, 2023

Bin Chuan Enterprise Co., Ltd. and its subsidiaries

Consolidated Balance Sheets

December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

Codes	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 1,322,472	18	$ 630,042	9
1110	Financial assets at fair value through profit or loss - current (Notes 4, 7 and 17)	-	-	20	-
1150	Notes receivables (Notes 4 and 21)	10	-	20	-
1170	Trade receivables (Notes 4, 5, 8, 21 and 28)	1,430,450	20	1,918,800	26
1200	Other receivables (Note 8)	45,747	1	62,056	1
1220	Current tax assets (Notes 4 and 23)	21,533	-	13,140	-
130X	Inventories (Notes 4 and 9)	1,174,475	16	1,403,440	19
1410	Prepayments	19,480	-	23,059	-
1476	Other financial assets - current (Note 10)	8,299	-	1,563	-
1479	Other current assets (Notes 12 and 15)	37,212	1	29,723	1
11XX	Total current assets	4,059,678	56	4,081,863	56
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Notes 4 and7)	20,165	1	21,418	-
1600	Property, plant and equipment (Notes 4, 12 and 28)	2,690,423	37	2,744,122	38
1755	Right-to-use assets (Notes 4, 13 and 28)	111,317	2	120,787	2
1760	Investment properties (Notes 4, 14 and 28)	14,036	-	16,270	-
1780	Intangible assets (Note 4)	2,147	-	3,555	-
1840	Deferred tax assets (Notes 4 and 23)	77,133	1	92,389	1
1915	Prepayment for equipment (Note 12)	12,781	-	21,776	-
1980	Other financial assets - non-current (Note 10)	220,612	3	199,796	3
1990	Other non-current assets (Notes 12 and 15)	11,485	-	11,323	-
15XX	Total non-current assets	3,160,099	44	3,231,436	44
1XXX	Total assets	$ 7,219,777	100	$ 7,313,299	100
Codes	**Liabilities and equity**				
	Current liabilities				
2100	Short-term loans (Notes 16 and 28)	$ 1,517,393	21	$ 1,274,649	17
2110	Short-term notes payable (Note 16)	109,953	2	117,938	2
2150	Notes payable (Note 18)	1,785	-	2,321	-
2170	Accounts payable (Note 18)	675,064	9	1,133,948	16
2219	Other Payables (Note 19)	354,702	5	514,308	7
2230	Current tax liabilities (Notes 4 and 23)	72,255	1	44,319	1
2280	Lease liabilities - current (Notes 4 and 13)	24,668	-	25,767	-
2322	Current portion of long-term loans payable (Notes 16 and 28)	154,583	2	315,905	4
2365	Refund liabilities (Notes 4 and 21)	33,842	1	35,492	-
2399	Other current liabilities	18,870	-	10,705	-
21XX	Total current liabilities	2,963,115	41	3,475,352	47
	Non-current liabilities				
2530	Bonds payable (Notes 4 and 17)	-	-	16,115	-
2540	Long-term loans (Notes 16 and 28)	525,000	7	379,584	5
2570	Deferred tax liabilities (Notes 4 and 23)	29,662	1	58,416	1
2580	Lease liabilities - non-current (Notes 4 and 13)	23,105	-	30,610	1
2645	Guarantee deposit received	225	-	222	-
25XX	Total non-current liabilities	577,992	8	484,947	7
2XXX	Total liabilities	3,541,107	49	3,960,299	54
	Equity attributable to owners of the Company (Note 20)				
3110	Common stock	1,214,474	17	1,206,871	16
3200	Capital reserve	1,154,878	16	1,146,324	16
	Retained earnings				
3310	Legal reserve	275,515	4	243,972	3
3320	Special reserve	254,589	3	219,988	3
3350	Unappropriated earnings	818,021	11	687,093	10
3300	Total retained earnings	1,348,125	18	1,151,053	16
3410	Exchange differences resulting from translating the financial statements of foreign operations	(163,641)	(2)	(254,589)	(3)
31XX	Total equity attributable to owners of the Company	3,553,836	49	3,249,659	45
36XX	Non-controlling interests (Note 20)	124,834	2	103,341	1
3XXX	Total equity	3,678,670	51	3,353,000	46
	Total liabilities and equity	$ 7,219,777	100	$ 7,313,299	100

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

Chairman: Hsiao, Chin-Ming   Manager: Hsiao, Chin-Chun   Accounting supervisor: Lee, Fan

Bin Chuan Enterprise Co., Ltd. and its subsidiaries

Consolidated Statements of Comprehensive Income

From January 1 to December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars,, except earnings per share)

		2022		2021	
Codes		Amount	%	Amount	%
4100	Net sales revenue (Notes 4 and 21)	$ 5,004,172	100	$ 4,770,880	100
5110	Cost of sales (Notes 9 and 22)	4,031,493	81	3,753,635	78
5900	Operating margin	972,679	19	1,017,245	22
	Operating expenses (Note 22)				
6100	Sales and marketing expenses	86,035	2	85,098	2
6200	General and administrative expenses	283,440	5	311,237	7
6300	R&D expenses	233,576	5	212,561	4
6450	Expected credit loss (gain from price)	632	-	(158)	-
6000	Total operating expenses	603,683	12	608,738	13
6900	Net operating profit	368,996	7	408,507	9
	Non-operating income and expenses (Note 22)				
7100	Interest income from bank deposits	17,419	1	3,062	-
7020	Other gains and losses	161,472	3	18,965	-
7050	Finance costs	(53,574)	(1)	(48,507)	(1)
7000	Total non-operating income and expenses	125,317	3	(26,480)	(1)
7900	Income from continuing operations before income tax	494,313	10	382,027	8
7950	Total income tax expense (Notes 4 and 23)	86,919	2	54,219	1
8200	Profit	407,394	8	327,808	7

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Codes		2022 Amount	2022 %	2021 Amount	2021 %
	Other comprehensive income (Notes 20 and 23)				
8360	To be reclassified to profit or loss in subsequent period				
8361	Exchange differences resulting from translating the financial statements of foreign operations	$ 98,552	2	($ 43,396)	(1)
8399	Income tax related to items that may be reclassified subsequently to P/L	(2,117)	-	3,315	-
8300	Other comprehensive income (net of income tax)	96,435	2	(40,081)	(1)
8500	Total comprehensive income	$ 503,829	10	$ 287,727	6
	Net income attributable to:				
8610	Owner of the Company	$ 391,388	8	$ 315,430	7
8620	Non-controlling interests	16,006	-	12,378	-
8600		$ 407,394	8	$ 327,808	7
	Total comprehensive income attributable to:				
8710	Owner of the Company	$ 482,336	10	$ 280,829	6
8720	Non-controlling interests	21,493	-	6,898	-
8700		$ 503,829	10	$ 287,727	6
	Earnings per share (Note 24)				
9750	Basic	$ 3.23		$ 2.62	
9850	Diluted	$ 3.21		$ 2.59	

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

Chairman: Hsiao, Chin-Ming Manager: Hsiao, Chin-Chun Accounting supervisor: Lee, Fan

Bin Chuan Enterprise Co., Ltd. and its subsidiaries

Consolidated Statements of Changes in Equity

From January 1 to December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

		Equity attributable to owners of the Company											
		Capital Stock				Retained earnings							
Codes		Common stock	Capital collected in advance	Total	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Total	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
A1	Balance, January 1, 2021	$ 1,194,828	$ 7,435	$ 1,202,263	$ 1,140,835	$ 204,516	$ 219,821	$ 592,134	$ 1,016,471	($ 219,988)	$ 3,139,581	$ 103,161	$ 3,242,742
	Appropriations of 2020 earnings (Note 20)												
B1	Legal reserve	-	-	-	-	39,456	-	(39,456)	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	167	(167)	-	-	-	-	-
B5	Common stock cash dividend	-	-	-	-	-	-	(180,848)	(180,848)	-	(180,848)	-	(180,848)
		-	-	-	-	39,456	167	(220,471)	(180,848)	-	(180,848)	-	(180,848)
D1	Profit of 2021	-	-	-	-	-	-	315,430	315,430	-	315,430	12,378	327,808
D3	Other comprehensive income of 2021, net of income tax	-	-	-	-	-	-	-	-	(34,601)	(34,601)	(5,480)	(40,081)
D5	Total comprehensive income of 2021	-	-	-	-	-	-	315,430	315,430	(34,601)	280,829	6,898	287,727
I1	Convertible corporate bond (Notes 17 and 20)	12,043	(7,435)	4,608	5,489	-	-	-	-	-	10,097	-	10,097
O1	Cash dividends for shareholders of subsidiaries (Note 20)	-	-	-	-	-	-	-	-	-	-	(6,718)	(6,718)
Z1	Balance, December 31, 2021	1,206,871	-	1,206,871	1,146,324	243,972	219,988	687,093	1,151,053	(254,589)	3,249,659	103,341	3,353,000
	Appropriations of 2021 earnings (Note 20)												
B1	Legal reserve	-	-	-	-	31,543	-	(31,543)	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	34,601	(34,601)	-	-	-	-	-
B5	Common stock cash dividend	-	-	-	-	-	-	(194,316)	(194,316)	-	(194,316)	-	(194,316)
		-	-	-	-	31,543	34,601	(260,460)	(194,316)	-	(194,316)	-	(194,316)
D1	Profit of 2022	-	-	-	-	-	-	391,388	391,388	-	391,388	16,006	407,394
D3	Other comprehensive income of 2022, net of income tax	-	-	-	-	-	-	-	-	90,948	90,948	5,487	96,435
D5	Total comprehensive income of 2022	-	-	-	-	-	-	391,388	391,388	90,948	482,336	21,493	503,829
I1	Convertible corporate bond (Notes 17 and 20)	7,603	-	7,603	8,554	-	-	-	-	-	16,157	-	16,157
Z1	Balance, December 31, 2022	$ 1,214,474	$ -	$ 1,214,474	$ 1,154,878	$ 275,515	$ 254,589	$ 818,021	$ 1,348,125	($ 163,641)	$ 3,553,836	$ 124,834	$ 3,678,670

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

Chairman: Hsiao, Chin-Ming　　Manager: Hsiao, Chin-Chun　　Accounting supervisor: Lee, Fan

Bin Chuan Enterprise Co., Ltd. and its subsidiaries

Consolidated Statements of Cash Flows

From January 1 to December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

Codes		2022	2021
	Cash flows from operating activities		
A10000	Income before income tax	$ 494,313	$ 382,027
A20010	Provided by (used in) operating activities		
A20100	Depreciation	513,114	506,938
A20200	Amortization	72,449	106,853
A20300	Expected credit loss (gain from price)	632	(158)
A20400	Net profit or loss on fair value change of financial assets at FVTPL	3,448	236
A20900	Finance costs	53,574	48,507
A21200	Interest income from bank deposits	(17,419)	(3,062)
A22500	Loss on disposal or retirement of property, plant and equipment	14,273	5,116
A23700	Impairment loss	55,917	-
A22900	Inventory loss on retirement	16,963	52,916
A23700	Impairment loss and slow-moving loss on inventories	9,026	14,708
A29900	Benefits from disposal of right-of-use assets	(123)	(10,670)
A29900	Others	(2,182)	-
A30000	Changes in operating assets and liabilities		
A31130	Notes receivables	10	(13)
A31150	Trade receivables	487,355	12,870
A31180	Other receivables	18,968	8,207
A31200	Inventories	225,226	(291,803)
A31230	Prepayments	(449)	(2,646)
A31990	Other operating assets	(77,612)	(83,904)
A32130	Notes payable	(536)	359
A32150	Accounts payable	(458,884)	335,754
A32180	Other Payables	(167,239)	57,235
A32230	Other current liabilities	8,165	2,579
A32990	Refund liability	(1,650)	12,910
A33000	Cash generated from operations	1,247,339	1,154,959
A33100	Interest received	13,117	3,069
A33300	Interest paid	(47,742)	(46,230)
A33500	Income tax paid	(82,313)	(70,480)
AAAA	Net cash flows from operating activities	1,130,401	1,041,318

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Codes		2022	2021
	Cash flows from investing activities		
B00100	Purchase of financial assets at fair value through profit or loss	$ -	($ 22,059)
B02600	Proceeds from disposal of right-of-use lands	-	16,045
B02700	Purchase of property, plant and equipment	(476,857)	(345,716)
B02800	Proceeds from disposal of property, plant and equipment	38,525	11,477
B04500	Acquisition of intangible assets	-	(191)
B06500	Increase in other financial assets	(27,552)	(108,668)
BBBB	Net cash outflows from investing activities	(465,884)	(449,112)
	Cash flows from financing activities		
C00100	Increase in short-term loans	2,892,503	1,917,679
C00200	Decrease in short-term loans	(2,678,709)	(1,703,850)
C00500	Increase in short-term notes payable	300,000	117,852
C00600	Decrease in short-term notes payable	(308,000)	(88,000)
C01300	Repayment of corporate bond	-	(130,100)
C01600	Proceeds from long-term loans	300,000	395,000
C01700	Repayments of long-term loans	(320,374)	(726,005)
C04020	Repayment of principal portion of lease liabilities	(26,578)	(26,108)
C04500	Cash dividends paid to the owners	(194,316)	(180,848)
C05800	Cash dividends paid to non-controlling interests	-	(6,718)
CCCC	Net cash inflows from financing activities	(35,474)	(431,098)
DDDD	Effect of exchange rate changes on cash and cash equivalents	63,387	(57,306)
EEEE	Net increase in cash and cash equivalents	692,430	103,802
E00100	Cash and cash equivalents at beginning of year	630,042	526,240
E00200	Cash and cash equivalents at end of year	$ 1,322,472	$ 630,042

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

Chairman: Hsiao, Chin-Ming Manager: Hsiao, Chin-Chun Accounting supervisor: Lee, Fan

Bin Chuan Enterprise Co., Ltd. and its subsidiaries

Notes to the Consolidated financial statements

From January 1 to December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. GENERAL

The Company was established in Dafa Industrial Zone, Kaohsiung City in 1983 and is mainly engaged in manufacturing, processing and sales of semi-automatic punching net machinery, audio decoration nets, and molds, and purchasing and sales of stamped parts for computer peripherals.

The Company's stocks have been traded on the Taiwan Stock Exchange's Over-The-Counter market since July 2005.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollars.

II. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board of Directors on March 27, 2023.

III. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC) and did not have a significant effect on the Company and subsidiaries' accounting policies.

(2) Amendments to the IFRSs endorsed by the FSC with effective date starting 2023

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: This amendment applies to annual reporting period starting after January 1, 2023.

Note 2: This amendment applies to changes of accounting estimates and policies in annual reporting period starting after January 1, 2023.

Note 3: This amendment applies to all the transactions occurring after January 1, 2022, except for the deferred tax due to temporary differences for lease and decommissioning obligations as of January 1, 2022.

As of the date the consolidated financial statements were authorized for issue by the Board of Directors, the financial position and financial performance will not be affected by the aforementioned standards or interpretations.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

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

Note 1: Unless otherwise specified, the above new, revised or amended standards or interpretations start to apply in the annual reporting period after each effective date.

Note 2: The seller and lessee shall retrospectively apply the amendments to IFRS 16 for sale and leaseback transactions entered into after the initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Company and its subsidiaries continue in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes its evaluation.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

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

(2) Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs:

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

(3) Classification of Current and Non-current Assets and Liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets realized within 12 months after the balance sheet date; and
3. Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the balance sheet date (liabilities with long-term refinancing or rearrangement of payment terms completed after the balance sheet date and before the release of the financial statements); and
3. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date. However, the terms of a liability that could, at the option of the counterparty, result in its settlement by issue of equity instruments do not affect its classification.

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

(4) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the Company.

Refer to Note 11 and Tables 7 and 8 for details of subsidiaries, shareholding percentage and main business.

(5) Foreign Currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated at the rates prevailing at the date of the transactions and are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company and subsidiaries' foreign operations (including the subsidiaries located in or in a currency different from the Company) are translated into NT$ using exchange rates prevailing at the end of the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income (and attributable to owners of the Company and non-controlling interests).

(6) Sales of Trade Receivables

Trade receivables are considered sold when all of the following conditions are met:

1. The receivables have been isolated from the control of the Company and subsidiaries, meaning they are deemed to have been removed from the control of the Company and its subsidiaries.

2. Each assignee of the trade receivables has the right to pledge or exchange the trade receivables, and there are no restrictions on the assignee's exercise of the right to pledge or exchange, which results in the Company and its subsidiaries obtaining more than a trivial benefit.
3. The Company and its subsidiaries did not maintain effective control over the trade receivables by either of the following ways:
   (1) Agreement to repurchase or redeem the trade receivables before the due date with rights and obligations.
   (2) The unilateral ability to cause the holder to return specific assets.

When trade receivables are sold, the difference between the selling price and the carrying amount is recorded as a financial expense and reported as non-operating expenses in the current year.

(7) Inventories

Inventories consist of finished goods, work in process, raw materials, and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost.

(8) Property, Plant and Equipment

Property, plant and equipment are recognized at cost and than measured at the cost less accumulated depreciation and accumulated impairment loss.

Property, plant, and equipment under construction are recognized at cost. Such assets are depreciated and classified into the appropriate property, plant, and equipment categories when completed and ready for their intended use.

Except for the self-owned land, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effects of any change in the estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(9) Investment properties

Investment properties are real estate held for the purpose of earning rental income, capital appreciation, or both.

Investment properties owned by the Company are initially measured at cost (including transaction costs) and are measured at cost less accumulated depreciation, subsequently. Investment properties are depreciated on a straight-line method.

When derecognizing Investment properties, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in loss or profit.

(10) Intangible Assets

Separately acquired intangible assets with finite useful lives are first carried at cost, and at cost less accumulated amortization. Amortization is recognized using the straight-line method over the estimated useful lives of intangible assets. The estimated useful life, salvage value and amortization method are reviewed at the end of each year by the Company and subsidiaries, with the effect of changes in accounting estimate being accounted for on a prospective basis. For finite useful lives intangible assets, other than those expected to be disposed of before the end of their economic useful lives by the company and its subsidiaries, the residual value is estimated to be zero.

(11) Impairment of Property, Plant and Equipment, Right-of-use Assets, Investment Properties and Intangible Assets

At the end of each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Company and subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. The corporate assets are allocated to individual cash-generating units on a reasonable and consistent allocation basis.

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

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

(12) Financial Instruments

Financial assets and financial liabilities shall be recognized in the consolidated balance sheet when the Company and subsidiaries become a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

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

   (1) Measurement categories

   Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, and investments in debt instruments and equity instruments at FVTOCI.

   A. Financial assets at FVTPL

   Financial assets measured at fair value through profit or loss refer to financial assets that are required to be measured at fair value through profit or loss, including financial assets that are not classified as amortized cost due to not meeting the requirements, such as accounts receivable to be sold to a bank without recourse.

   Financial assets at FVTPL are measured at fair value. Any remeasurement gains or losses on such financial assets are recognized in other gains or losses.

   B. Financial assets at amortized cost

   Financial assets held by the Company and subsidiaries and met the following two conditions simultaneously are classified as financial assets at amortized cost:

   a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

   b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

   Subsequent to initial recognition, financial assets measured at amortized cost (including cash and cash equivalents, notes receivables, trade receivables, other receivables, and other financial assets (current and noncurrent)) are measured at amortized cost, which equals to carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss. Interest income is calculated by multiplying the effective interest rate by the gross carrying amount of a financial asset, except:

a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
b. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets.

Credit impairment of financial assets refers to situations where the issuer or debtor has encountered significant financial difficulties, defaults, or is highly likely to file for bankruptcy or undergo other financial reorganization, or where the financial difficulties have led to the disappearance of an active market for the financial assets.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Investments in debt instruments at FVTOCI

Debt instruments held by the Company and subsidiaries and met the following two conditions simultaneously are classified as financial assets at FVTOCI:

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and sale financial assets; and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment gains or losses on investments in debt instruments at FVTOCI are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when these debt instruments are disposed.

(2) Impairment of financial assets

At the balance sheet date, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable) and for investments in debt instruments that are measured at FVTOCI.

The loss allowance for accounts receivable is measured at an amount equal to lifetime expected credit losses. For other financial assets, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss (ECLs) over the expected life of a financial instruments.

The ECLs refer to the weighted average credit loss with the risk of default as the weight. The 12-month ECLs represent the ECLs from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime ECLs represent the ECLs from all possible defaults in a financial instrument over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Company and subsidiaries determine that the following situations represent default of financial assets without considering the collateral held:

A. Internal or external information indicates that the debtor is unlikely to settle the debt.

B. The overdue period exceeds 360 days, unless there is reasonable and demonstrable information that the deferred default criteria is more appropriate.

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

(3) Derecognition of financial assets

The Company and subsidiaries derecognize a financial asset when the contractual rights to the cash inflow from the financial asset expire or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2. Equity instruments

Equity instruments issued by the Company are recognized at the proceeds received, net of the cost of direct issue.

3. Financial Liabilities

(1) Subsequent measurement

Financial liabilities are subsequently measured either at amortized cost using effective interest method.

(2) Derecognition of financial liabilities

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

4. Convertible corporate bond

The compound financial instrument (convertible corporate bond) issued by the Company is classified as financial liabilities and equity instruments at initial recognition in accordance with the substance and definition of financial liabilities and equity instruments in the contractual agreement.

At the initial recognition, the fair value of the liability component is estimated based on similar non-convertible instruments' market interest rates, and subsequently measured at amortized cost using the effective interest method until conversion or maturity date. The liability component of the embedded non-equity derivative instruments is measured at fair value.

The conversion right classified as equity is equal to the residual amount of the fair value of the entire compound instrument minus the fair value of the separately determined liability component, and is not subsequently remeasured. When the conversion right is exercised, the related liability component and the amount attributed to equity will be reclassified to capital and capital reserve - additional paid-in capital. If the conversion right of convertible corporate bond is not exercised by the maturity date, the amount attributed to equity will be reclassified to capital reserve - other.

The transaction costs related to the issuance of convertible corporate bond are allocated based on the proportion of the total consideration to the liability component (included in the carrying amount of liabilities) and equity component (included in equity).

(13) Revenue recognition

The Company and subsidiaries recognize revenue when identifies a contract with a customer, and allocates the transaction price to the performance obligations after performance obligations are satisfied.

When control of goods is transferred to customers (for exports, when the sales conditions specified in the contract are fulfilled; for domestic sales, upon delivery to customers), the customers have the right to determine the price and the way the products are used while bearing the main responsibility for resale and the risk of obsolescence; thus, revenue and account receivable are recognized concurrently.

The revenue from sales of goods is measured at fair value based on the agreed transaction price between the Company and subsidiaries and the customers (after considering commercial and quantity discounts). If refunds are made to customers due to discounts, they are recognized as refund liabilities.

(14) Leasing

At the inception of a contract, the Company and subsidiaries assess whether the contract is (or contains) a lease.

For a contract that contains a lease component and non-lease component, the Company and subsidiaries use relative standalone selling prices to allocate the consideration in the basic contribution contract and accounts for them separately.

1. The Company and subsidiaries as lessor

   Where almost all the risks and rewards attached to the ownership of an asset are transferred to the lessee in lease terms, such leases are classified as finance leases. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the lease terms.

2. The Company and subsidiaries as lessee

   The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of each lease, except for low-value asset leases and short-term leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

   Right-of-use assets are measured at cost (including the initial measurement of lease liabilities and lease payments made before the lease commencement date). Subsequent measurement is calculated as cost less accumulated depreciation, and the lease liabilities are adjusted for re-measurement.

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

   Lease liabilities are initially measured at the present value of lease payments. If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at such an interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate applies.

   Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, when the carrying amount of right-of-use assets has become zero, the remaining remeasured amount shall be recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

   Non-index or rate-variable lease payments under lease agreements are recognized as expenses of current period.

(15) Government grants

Government grants are not recognized until there is reasonable assurance that the Company and subsidiaries will comply with the conditions attached to them and that the grants will be received.

Government grants are systematically recognized in profit or loss within the periods in which the related costs intended to be compensated for are recognized as expenses by the Company and subsidiaries.

Government grants that are receivables as compensation for expenses or loss already incurred, or given to the Company or subsidiaries for the purpose of immediate financial support without relevant future costs, are recognized in profit or loss in the period in which they become receivables.

(16) Employee benefits

1. Short-term employee benefits

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

2. Post-employment benefits

   For defined contribution post-employment benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution.

3. Termination benefits

   The Company and subsidiaries recognize termination benefits liabilities when it can no longer cancel the termination benefits agreement or when it recognizes restructuring costs (which is earlier).

(17) Income tax

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

1. Current income tax expense

   Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

   Income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

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

2. Deferred income tax

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

   Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized when there are likely to be taxable income to deduct temporary differences, and loss carry-forwards.

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company and subsidiaries expect, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax for the period

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are recognized in other comprehensive income or directly in equity, respectively.

V. <u>CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY</u>

In the application of the Company and subsidiaries' accounting policies, the management is required to make judgments, estimates and assumptions about the information that is not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

<u>Estimated impairment of financial assets</u>

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company and subsidiaries use judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on historical experience and existing market conditions. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

VI. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash on hand	$ 1,521	$ 2,071
Bank check and demand deposits	440,553	609,247
Cash equivalents		
Time deposits with an original maturity less than 3 months	880,398	18,724
	$ 1,322,472	$ 630,042

VII. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2022	December 31, 2021
Financial assets - current at FVTPL		
Derivative		
Net amount of callable and puttable convertible corporate bond (Note 17)	$ -	$ 20
Financial assets - non-current		
Mandatorily measured at FVTPL		
Non-derivative financial assets		
Beneficiary certificate	$ 20,165	$ 21,418

VIII. TRADE AND OTHER RECEIVABLES

	December 31, 2022	December 31, 2021
Trade receivables		
Carried at amortized cost		
Total carrying amount	$ 1,236,390	$ 1,859,395
Less: Allowance for impairment loss	15,297	15,844
	1,221,093	1,843,551
at FVTPL	13,261	19,889
at FVTOCI	196,096	55,360
	$ 1,430,450	$ 1,918,800
Other receivables		
Value-added tax refunds receivable	$ 26,665	$ 37,050
Waste materials receivable	13,504	16,777
Others	5,578	8,229
	$ 45,747	$ 62,056

(1) Trade receivables

1. Trade receivables carried at amortized cost

   The Company and subsidiaries conduct a careful assessment of all customers, and they are all with good credit. Therefore, the Company and subsidiaries do not expect a significant credit risk. The Company and subsidiaries continuously control the debtor's financial position and overall credit risk and considers the past default records and current financial position of the debtor, the general economic conditions of the industry and the forecast direction of economic conditions to assess the risk and probability of credit losses.

   The Company and subsidiaries continue to monitor the collection status of accounts receivable to ensure appropriate actions have been taken to collect overdue amounts. In addition, the Company and subsidiaries will review the recoverable amount of each accounts receivable on the balance sheet date to ensure that appropriate provisions for irrecoverable accounts receivable have been made.

   If there is evidence showing that the counterparty is facing serious financial difficulties and the Company and subsidiaries cannot reasonably foresee the recoverable amount, the Company and subsidiaries directly write off the trade receivables and will continue the collection while the collected amount will be recognized in profit or loss.

2. Trade receivables at FVTOCI

   Regarding some of the major customer's trade receivables, the Company and its subsidiaries decide whether to sell them to a bank without recourse or not based on the working capital situation. The management approach adopted by the Company and subsidiaries for such accounts receivable is to achieve the purpose through collecting cash flows from contracts and selling financial assets. Therefore, these accounts receivable are measured at fair value through other comprehensive income. Furthermore, the evaluation method for impairment loss is the same as the accounts receivable carried at amortized cost.

   The following table details the loss allowance of trades receivables based on the Company and subsidiaries' provision matrix.

   December 31, 2022

	No evidence of default from the counterparty							
	Not past due	Past due for 1~60 days	Past due for 61~90 days	Past due for 91~120 days	Past due for 121~360 days	Past due over 360 days	There are signs of default from the counterparty	Total
Total carrying amount	$ 1,399,129	$ 14,874	$ 3,204	$ 3,026	$ -	$ 12,253	$ -	$ 1,432,486
Loss allowance (Lifetime ECL)	-	-	(18)	(3,026)	-	(12,253)	-	(15,297)
Net	$ 1,399,129	$ 14,874	$ 3,186	$ -	$ -	$ -	$ -	$ 1,417,189

December 31, 2021

	No evidence of default from the counterparty							
	Not past due	Past due for 1~60 days	Past due for 61~90 days	Past due for 91~120 days	Past due for 121~360 days	Past due over 360 days	There are signs of default from the counterparty	Total
Total carrying amount	$ 1,891,466	$ 5,771	$ 13	$ -	$ 1,899	$ 11,406	$ 4,200	$ 1,914,755
Loss allowance (Lifetime ECL)	(953)	-	-	-	(31)	(10,660)	(4,200)	(15,844)
Net	$ 1,890,513	$ 5,771	$ 13	$ -	$ 1,868	$ 746	$ -	$ 1,898,911

The following table details the loss allowance of trade receivables.

	2022	2021
Balance at January 1	$ 15,844	$ 16,364
Provision (reversal)	632	(158)
Actual written off of the period	(1,543)	-
Exchange differences	364	(362)
Balance at December 31	$ 15,297	$ 15,844

The allowance for doubtful accounts is used to record expected credit losses on trade receivable. If the Company and its subsidiaries have reasonable grounds to believe that a receivable may not be collectible and consider it as uncollectible, they will offset the accumulated impairment against the trade receivable.

3. Financial assets at FVTPL
Regarding some of the customer's trade receivables, the Company and its subsidiaries sell them to a bank without recourse. Upon selling, almost all risks and rewards associated with the trade receivables have been transferred, therefore they are derecognized from the balance sheet. The Company and its subsidiary manage such trade receivables under a business model that is not primarily focused on collecting cash flows. These trade receivables are measured at fair value through profit or loss.

(2) The relevant information regarding the sale of trade receivables is as follows:

2022

Related Party	Selling price of 2022	Cash received of 2022	Prepaid balance at December 31	Annual interest rate on prepaid balance (%)	Prepaid amount limit
CTBC	$ 1,677,694	$ 1,259,589	$ 376,038	Taibor+0.5%	$ 552,780
CTBC	52,353	47,872	4,033	5.2%	38,433
Taishin Bank (Note)	15,607	15,607	-	-	-
	$ 1,745,654	$ 1,323,068	$ 380,071		$ 591,213

Note: The prepaid amount limit will expire in 2022.

2021

Related Party	Selling price in 2021	Cash received in 2021	Prepaid balance at December 31	Annual interest rate on prepaid balance (%)	Prepaid amount limit
CTBC (Note)	$ 106,545	$ 106,545	$ -	-	$ -
CTBC	127,923	122,049	5,287	Individual negotiation	37,316
CTBC	1,183,086	611,824	498,022	Taifx+0.9%／Taibor+0.7%	498,240
Taishin Bank	5,342	5,342	-	-	49,824
	$ 1,422,896	$ 845,760	$ 503,309		$ 585,380

Note: The prepaid amount limit was expire in 2021.

The above limits are revolving and the bank's purchase of the unexpired trade receivables sold by the Company and its subsidiaries is under a non-recourse basis.

As of December 31, 2022 and 2021, the reserve for sales of trade receivables amounted to NT$42,515 thousand and NT$73,827 thousand, respectively, which have not been collected yet, and are recorded under trade receivables.

IX. Inventories

	December 31, 2022	December 31, 2021
Finished goods	$ 641,126	$ 643,477
Work-in-process	415,646	603,821
Raw materials	117,698	155,967
Goods	5	175
	$ 1,174,475	$ 1,403,440

The cost of revenue related to Inventories includes:

	2022	2021
Impairment loss and slow-moving loss on inventories	$ 9,026	$ 14,708
Inventory loss on retirement	16,963	52,916

X. Other financial assets

	December 31, 2022	December 31, 2021
Other financial assets - current		
Time deposits with an original maturity more than 3 months	$ 6,725	$ -
Refundable deposits	1,574	1,563
	$ 8,299	$ 1,563
Other financial assets - non-current		
Restricted project deposits	$ 214,992	$ 194,032
Refundable deposits	5,620	5,764
	$ 220,612	$ 199,796

Restricted project deposits are funds received by the Company from its overseas subsidiaries and categorized with liquidity based on their expected use time, in accordance with The Management, Utilization, and Taxation of Repatriated Offshore Funds Act.

XI. Subsidiary

The detail information of the subsidiaries at the end of reporting period was as follows:

Name of Investor	Name of Investee	The detail information of the subsidiaries at the end of reporting period was as follows: December 31, 2022	December 31, 2021	Note
The Company	Hamagawa Corp.	100	100	Note 1
	Hamagawa Holdings Limited (Hamagawa Holdings)	100	100	Note 2
	Feng Rong Medical Co., Ltd.	51	51	
Feng Rong Medical Co., Ltd.	Zoning Precise Technology (Zoning)	99.97	99.97	
Zoning	Hamagawa Industrial (M) Sdn. Bhd.	100	100	
Hamagawa Holdings	Ego Tech Holding Limited (Ego Tech)	100	100	
	Suzhou Binchuan Precise Industrial Co., Ltd..	100	100	
	Suzhou Fengchuan Technology Co., Ltd..	89.58	89.58	
Ego Tech	Key Mold Precision Industry (Suzhou) Co., Ltd.	30.85	33.72	Notes 3, 4
	Suzhou Fengchuan Technology Co., Ltd..	10.42	10.42	
	Chongqing Fengchuan Electronic Technology Co., Ltd.	100	100	
Suzhou Binchuan Precise Industrial Co., Ltd..	Key Mold Precision Industry (Suzhou) Co., Ltd.	69.15	66.28	Notes 3, 4
	Binchuan (Hong Kong) Limited	100	100	Note 5
	Suzhou Juqi Mechanical Equipment Co., Ltd.	100	100	

Note 1: In 2022 and 2021, the investee, Hamagawa Corp., returned capital of NT$248,652 thousand (US$8,215 thousand) and NT$55,620 thousand (US$2,000 thousand), respectively.

Note 2: The Company increased its investment in Hamagawa Holdings in 2022 and 2021 for the amounts of NT$172,950 thousand (US$5,700 thousand) and NT$69,525 thousand (US$2,500 thousand).

Note 3: Suzhou Bin Chuan increased its investment in Key Mold in 2022 for the amount of RMB$13,520 thousand and the shareholding percentage increased from 66.28% to 69.15%. However, Ego Tech did not involve in the investment and the shareholding percentage decreased from 33.72% to 30.85%.

Note 4: Suzhou Bin Chuan used the debt-to-equity swap of RMB$80,240 thousand and invested RMB$16,240 thousand in cash in Key Mold in 2021 and the shareholding percentage increased to 66.28%.

However, Ego Tech did not involve in the investment and the shareholding percentage decreased from 100% to 33.72%.

Note 5: As of December 31, 2022, the Company did not invest the subsidiary.

Refer to Tables 7 and 8 for the nature of activities of the above subsidiaries.

There is no subsidiary with significant non-controlling interests for the Company and subsidiaries.

XII. Property, Plant and Equipment

2022

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Equipment under testing and work in progress	Total
Cost								
Balance, January 1, 2022	$ 7,058	$ 1,218,024	$ 2,908,253	$ 37,671	$ 54,732	$ 1,379,700	$ 76,394	$ 5,681,832
Additions	-	6,195	198,821	5,529	3,741	267,543	(813)	481,016
Disposals	-	-	(105,596)	(5,402)	(4,026)	(61,858)	-	(176,882)
Net exchange difference	103	19,884	50,883	584	1,136	20,879	1,037	94,506
Balance, December 31, 2022	$ 7,161	$ 1,244,103	$ 3,052,361	$ 38,382	$ 55,583	$ 1,606,264	$ 76,618	$ 6,080,472
Accumulated depreciation and impairment								
Balance, January 1, 2022	$ -	$ 362,041	$ 1,528,156	$ 23,211	$ 39,005	$ 985,297	$ -	$ 2,937,710
Depreciation	-	58,617	214,061	4,367	4,210	200,730	-	481,985
Impairment	-	-	8,389	161	541	35,401	-	44,492
Disposals	-	-	(89,444)	(4,575)	(3,723)	(26,342)	-	(124,084)
Net exchange difference	-	5,859	28,468	454	816	14,349	-	49,946
Balance, December 31, 2022	$ -	$ 426,517	$ 1,689,630	$ 23,618	$ 40,849	$ 1,209,435	$ -	$ 3,390,049
Net, December 31, 2022	$ 7,161	$ 817,586	$ 1,362,731	$ 14,764	$ 14,734	$ 396,829	$ 76,618	$ 2,690,423

2021

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Equipment classified as equipment under installation and construction in progress (EUI/CIP)	Total
Cost								
Balance, January 1, 2021	$ 7,188	$ 899,135	$ 2,807,577	$ 37,336	$ 54,696	$ 1,276,436	$ 408,458	$ 5,490,826
Additions	-	328,271	176,430	6,990	2,826	142,786	(332,445)	324,858
Disposals	-	-	(42,414)	(6,291)	(2,097)	(26,123)	-	(76,925)
Net exchange difference	(130)	(9,382)	(33,340)	(364)	(693)	(13,399)	381	(56,927)
Balance, December 31, 2021	$ 7,058	$ 1,218,024	$ 2,908,253	$ 37,671	$ 54,732	$ 1,379,700	$ 76,394	$ 5,681,832
Accumulated depreciation								
Balance, January 1, 2021	$ -	$ 308,652	$ 1,369,744	$ 24,303	$ 37,628	$ 817,916	$ -	$ 2,558,243
Depreciation	-	56,098	220,271	4,429	3,940	194,279	-	479,017
Disposals	-	-	(36,627)	(5,205)	(2,026)	(16,474)	-	(60,332)
Net exchange difference	-	(2,709)	(25,232)	(316)	(537)	(10,424)	-	(39,218)
Balance, December 31, 2021	$ -	$ 362,041	$ 1,528,156	$ 23,211	$ 39,005	$ 985,297	$ -	$ 2,937,710
Net, December 31, 2022	$ 7,058	$ 855,983	$ 1,380,097	$ 14,460	$ 15,727	$ 394,403	$ 76,394	$ 2,744,122

Due to changes in the production and sales model of the Plastics Business Department, the main production equipment was suspended in 2022. Both the Company and its subsidiary anticipate a decrease in future cash inflows related to these equipment, resulting in the recoverable amount being less than the carrying amount. Therefore, the impairment loss of RMB$44,492 thousand was recognized in 2022 for property, plant, and equipment, and an impairment loss of RMB$11,425 thousand was recognized for the corresponding amortization expenses.

The Company and subsidiaries' property, plant and equipment are depreciated on a straight-line basis over the following estimated useful life:

Buildings	
Main plants	20, 50 and 55 years
Main building repairs	35 and 45 years
Building updates	20 and 25 years
Others	5-20 years
Machinery and equipment	2-10 years
Transportation equipment	5 years
Office equipment	2-10 years
Other equipment	3-5 years

Refer to Note 28 for the amounts of property, plant and equipment pledged as collateral for loans by the Company and its subsidiary.

The investment activities of the Company and subsidiaries by non-cash transactions in 2022 and 2021 are as follows:

	2022	2021
Investment activities effecting cash and non-cash items		
Increase in property, plant and equipment	$ 481,016	$ 324,858
Increase (decrease) in prepayment for equipment	(2,062)	9,814
Increase (decrease) in payables on equipment	(2,097)	11,044
	$ 476,857	$ 345,716

13. Lease arrangements

(1) Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amounts		
Land	$ 63,227	$ 63,937
Buildings	48,090	56,850
	$ 111,317	$ 120,787

	2022	2021
Additions to right-of-use assets	$ 20,903	$ 27,557

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	2022	2021
Depreciation of right-of-use assets		
Land	$ 1,773	$ 1,770
Buildings	26,854	23,699
	$ 28,627	$ 25,469

Except the above additions and depreciation, there were no significant subleases or impairments of the leased right-of-use assets by the Company and its subsidiary during 2022 and 2021. Refer to Note 28 for the amount of right-of-use assets pledged as collateral for loans by the Company and its subsidiary.

(2) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amounts		
Current portion	$ 24,668	$ 25,767
Non-current portion	$ 23,105	$ 30,610

Ranges of discount rates (%) for lease liabilities are as follows:

	December 31, 2022	December 31, 2021
Buildings	4 ~ 5	3 ~ 5

(3) Important leasing activities and terms

The Company and subsidiaries lease buildings for the use of plants with lease terms of 3 to 5 years. The Company and subsidiaries do not have priority purchase options to acquire the leasehold buildings at the end of the lease terms.

(4) Subleases

Key Mold as a subsidiary has subleased the right-of-use leased plants by operating leases, with the lease term expiring in 2023.

(5) Other lease information

	2022	2021
Short-term and low-value lease expenses	$ 1,154	$ 5,529
Variable lease payments excluded from the measurement of lease liabilities	$ 5,559	$ 3,042
Total outflow	($ 35,647)	($ 36,870)

The Company and subsidiaries decided to exempt the short-term leases and leases with low value. Therefore, the related right-of-use assets and lease liabilities for such leases are not recognized.

XIV. Investment properties

Investment properties are depreciated on a straight-line method over their useful lives of 20 years. There were no other changes except for depreciation in 2022 and 2021.

The investment property located in Suzhou, China, had a fair value of NT$283,005 thousand as of December 31, 2022. The fair value was determined based on an independent appraisal conducted by a non-related appraiser in 2017, using market evidence of similar real estate transactions as a reference.

Refer to Note 28 for the amount of investment properties pledged as collateral for loans by the Company and its subsidiary.

XV. OTHER ASSETS

	December 31, 2022	December 31, 2021
Unamortized expenses	$ 33,497	$ 28,053
Others	15,200	12,993
	$ 48,697	$ 41,046
Current portion	$ 37,212	$ 29,723
Non-current portion	11,485	11,323
	$ 48,697	$ 41,046

The above unamortized expenses primarily relate to mold development costs, which are amortized over an estimated useful life of 1 year.

XVI. Loans

(1) Short-term loans

	December 31, 2022	December 31, 2021
Secured loans		
Bank loans	$ -	$ 249,313
Unsecured loans		
Credit loans	1,517,393	1,025,336
	$ 1,517,393	$ 1,274,649
Annual interest rate		
Secured loans (%)	-	0.758～1.100
Unsecured loans (%)	1.550～3.150	0.761～1.981

(2) Short-term notes payable

	December 31, 2022	December 31, 2021
Commercial paper payable	$ 110,000	$ 118,000
Less: unamortized discount	47	62
	$ 109,953	$ 117,938

On December 31, 2022 and 2021, the acceptance institutions for the commercial notes payable were China Bills Finance Corporation, Mega Bills Finance Corporation, International Bills Finance Corporation, and Bank of Shanghai, while the assurance agencies were China Bills Finance Corporation, Mega Bills Finance Corporation, Far Eastern International Bank, and Bank of Shanghai. The annual interest rates were 1.400% ~ 1.462% and 0.272% ~ 0.558% as of December 31, 2022 and 2021, respectively.

(3) Long-term loans

	Repayment Method	Significant Covenant	December 31, 2022	December 31, 2021
Floating rate borrowings				
Back loans - Unsecured USD denominated bank loans	paid off, and annual interest rate in December 2021 was 1.981%	-	$ -	$ 276,800
Back loans - Unsecured NTD denominated bank loans	began in July, 2020 and has a repayment period of 24 months, with the first period being a full 12 months and subsequent periods being one month each. The annual interest rates as of the end of 2022 and 2021 were 1.839% and 1.374%, respectively.	-	14,583	39,584
	began in December 2021 and has 4 repayment periods, with the first period being a full 19 months and subsequent periods being 6 months each with the final period being 5 months. The annual interest rates as of the end of 2022 and 2021 were 2.258% and 1.480%, respectively.	Note 1	200,000	200,000
	began in October 2021 and has a repayment period of 24 months, with the first period being a full 13 months and subsequent periods being one month each. The annual interest rates as of the end of 2022 and 2021 were 1.845% and 1.316%, respectively.	-	165,000	180,000
Back loans - Secured NTD denominated bank loans	began in June 2022 and has 3 repayment periods, with the first period being a full 24 months and subsequent periods being 6 months each. The annual interest rate as of the end of 2022 was 2.200%.	Note 2	300,000	-
			679,583	696,384
Less: syndicated loan arrangement fees			-	895
Total long-term loans			679,583	695,489
Less: Current portion			154,583	315,905
Long-term loans			$ 525,000	$ 379,584

Note 1:On December 2021, the Company entered into a loan agreement with China Trust Commercial Bank for a non-revolving unsecured loan of NT$200,000 thousand

with a term of 3 years. The Company's consolidated semi-annual and annual financial statements shall meet certain financial ratios and standards.

Note 2: On June 2022, the Company entered into a loan agreement with Entie Commercial Bank, Ltd. for a revolving secured loan of NT$300,000 thousand with a term of 3 years. The Company's consolidated semi-annual and annual financial statements shall meet certain financial ratios and standards.

The Company's consolidated financial statements comply with the above financial ratios and standards agreed.

17. Bonds payable

The Company has issued the sixth domestic unsecured convertible corporate bond in February 2019 and the status as of December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
(1) Components of liabilities		
1. Corporate bond		
The sixth domestic unsecured convertible	$ -	$ 16,500
Less: Discounts on bonds	-	385
	$ -	$ 16,115

The effective interest rate for the 6th domestic unsecured convertible corporate bond is 2.06%. As of the end of 2022, all the convertible corporate bonds have been converted to the common shares of the Company, except for cases where debt holders have requested to sell back the bonds based on the redemption conditions and the buyback price was NT$100 thousand.

	December 31, 2022	December 31, 2021
2. Financial assets at FVTPL		
Net amount of 6th domestic callable and puttable convertible corporate bond	$ -	$ 20
(2) Components of equities - stock option		
The sixth domestic unsecured convertible	$ -	$ 1,123

18. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31, 2022	December 31, 2021
Notes payable		
From operating activities	$ 691	$ 933
From non-operating activities	1,094	1,388
	$ 1,785	$ 2,321
Accounts payable	$ 675,064	$ 1,133,948

The Company and subsidiaries has financial risk management policies to ensure that all accounts payable are repaid within the pre-agreed credit period.

19. Other Payables

	December 31, 2022	December 31, 2021
Processing and hardware payables	$ 150,998	$ 233,391
Salaries and incentive bonus	111,307	144,445
Payables on equipment	14,791	12,694
Payables on outsourcing	12,662	47,008
Bonus to employees	8,939	6,881
Payables for interest	7,174	1,638
Payables for directors' remuneration	1,800	1,500
Payables for labor costs	1,745	1,528
Others	45,286	65,223
	$ 354,702	$ 514,308

20. Equity

(1) Common stock

	December 31, 2022	December 31, 2021
Authorized shares (in thousands)	150,000	150,000
Authorized capital	$ 1,500,000	$ 1,500,000
Issued and paid shares (in thousands)	121,447	120,687
Issued capital	$ 1,214,474	$ 1,206,871

A holder of issued common shares with par value of NT$10 per share is entitled to vote and to receive dividends.

(2) Capital reserve

	December 31, 2022	December 31, 2021
May be used to offset a deficit, distributed as cash dividends or transferred to share capital (Note)		
Additional paid-in capital	$ 673,349	$ 673,349
From convertible bonds	440,556	430,879
Donations	40,973	40,973
May not be used for any purpose		
Stock options (Note 17)	-	1,123
	$ 1,154,878	$ 1,146,324

Note: The capital reserve may be used to offset a deficit and, when there is no deficit, used to distributed as cash dividends or transferred to share capital. If such capital reserve is distributed as transferred to share capital, it is limited to a certain percentage of the Company's paid-in capital each year.

(3) Retained earnings and dividend policy

The Company's Articles of Incorporation provide that, if there is a surplus in the annual financial statements, the surplus is allocated as follows:

1. Paying taxes.
2. Offset losses.
3. Set aside a legal reserve at 10% of the remaining earnings (until the accumulated legal capital reserve equals the Company's total capital).
4. Set aside or reverse a special reserve in accordance with relevant laws or regulations.
5. Allocate by the Board of Directors after adding the beginning retained earnings, and the amount of dividend distribution shall not be less than 25% of the remaining amount after deducting the profit for the year according to 1-4. However, if the remaining amount after deducting the amount calculated according to 1-4 from the current year's profit is less than 2% of the paid-in capital, dividends may not be distributed.

The company is currently in a growth phase, and considering the financial structure and future expected capital expenditures, its dividend policy involves distributing a portion of dividends in stock and a portion in cash. Cash dividends range from 20% to 100%, while stock dividends range from 0% to 80%. To maintain the company's earnings per share level and consider the impact of stock dividends on the company's business performance, if the earnings per share in the year of dividend distribution decline by more than 20% compared to the previous year, or depending on the company's financial situation, the proportion of cash dividends are adjusted to 50% to 100%, and the proportion of stock dividends are adjusted to 0% to 50%. The most appropriate dividend policy and distribution method shall be determined according to the above principles, and the Board of Directors shall prepare a proposal for approval by the shareholders' meeting.

The legal reserve may be used to offset losses. When the company has no losses, the portion of legal reserve that exceeds 25% of the total paid-in capital may be distributed to shareholders in cash, in addition to being used to increase capital.

The appropriations of 2021 and 2020 earnings have been approved by the shareholder's meeting in June 2022 and August 2021, respectively, as follows:

	Earnings distribution		Cash dividends per share (NT$)	
	2021	2020	2021	2020
Legal reserve	$ 31,543	$ 39,456		
Special reserve	34,601	167		
Cash dividends	194,316	180,848	$ 1.6	$ 1.5

The reversal of special reserve of NT$90,948 and the appropriations of 2022 earnings have been approved by the shareholder's meeting in March 2023 as follows:

	Amount	Cash dividends per share (NT$)
Legal reserve	$ 39,139	
Cash dividends	242,895	$ 2

The earnings distribution for 2022 is to be presented for approval in the Company’s shareholders’ meeting to be held in June 2023.

(4) Others

Exchange differences resulting from translating the financial statements of foreign operations:

	2022	2021
Balance at January 1	($ 254,589)	($ 219,988)
Exchange differences arising on translation of net assets of foreign operations	93,065	(37,916)
Relevant income tax effect	(2,117)	3,315
Balance at December 31	($ 163,641)	($ 254,589)

(5) Non-controlling interests

	2022	2021
Balance at January 1	$ 103,341	$ 103,161
Profit	16,006	12,378
Other comprehensive income of this year		
Exchange differences resulting from translating the financial statements of foreign operations	5,487	(5,480)
Cash dividends	-	(6,718)
	$ 124,834	$ 103,341

21. Revenue

(1) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and trade receivables	$ 1,430,460	$ 1,918,820	$ 1,931,157
Refund liability	$ 33,842	$ 35,492	$ 22,582

Refund liability is the discount estimated based on the customer contract and is recognized as a deduction from revenue in the year of sale of the related goods.

(2) Disaggregation of revenue from contracts with customers

Refer to Note 32 for detail information.

22. Income from continuing operations before income tax

(1) Interest income from bank deposits

	2022	2021
Bank deposits	$ 17,108	$ 1,612
Others	311	1,450
	$ 17,419	$ 3,062

(2) Other gains and losses

	2022	2021
Net foreign exchange gains (losses)	$ 194,875	($ 23,769)
Net loss on fair value change of financial assets at FVTPL	(3,448)	(236)
Loss from disposal of property, plant and equipment	(14,273)	(5,116)
Grants	17,078	31,071

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	2022	2021
Benefits from disposal of right-of-use assets	$ 123	$ 10,670
Impairment loss (Note 12)	(55,917)	-
Rental revenue	16,391	-
Others	6,643	6,345
	$ 161,472	$ 18,965

Profit or loss for above table is as follows:

	2022	2021
Foreign exchange gains	$ 457,562	$ 79,876
Foreign exchange losses	(262,687)	(103,645)
	$ 194,875	($ 23,769)

(3) Finance costs

	2022	2021
Financial institution borrowings and interest on private placement bonds	$ 44,509	$ 41,019
Commission	6,660	4,933
Amortization of interest on convertible corporate bonds at a discount	49	364
Lease liabilities interest	2,356	2,191
	$ 53,574	$ 48,507

(4) Depreciation and amortization

	2022	2021
Property, Plant and Equipment	$ 481,985	$ 479,017
Right-of-use assets	28,627	25,469
Investment properties	2,502	2,452
Other current and non-current assets	70,977	105,378
Intangible assets	1,472	1,475
	$ 585,563	$ 613,791
Depreciation summarized by function		
Operating costs	$ 489,805	$ 482,856
Operating expenses	23,309	24,082
	$ 513,114	$ 506,938

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	2022	2021
Amortization summarized by function		
Operating costs	$ 64,114	$ 91,421
Operating expenses	8,335	15,432
	$ 72,449	$ 106,853

(5) Employee benefits expense

	2022	2021
Short-term employee benefits		
Salaries	$ 1,021,327	$ 1,010,483
Insurance	66,819	49,344
Others	12,369	13,109
	1,100,515	1,072,936
Post-employment benefits		
Defined contribution plans	76,229	63,699
Termination benefits	15,331	35,337
	$ 1,192,075	$ 1,171,972
Summarized by function		
Operating costs	$ 849,431	$ 842,731
Operating expenses	342,644	329,241
	$ 1,192,075	$ 1,171,972

(6) Employees' compensation and directors' remuneration

Articles of Incorporation stipulate that 1% to 10% and not to exceed 3% of the income before tax (after deducting employee and director compensation) shall be allocated for employees' compensation and directors' remuneration. The employees' compensation and directors' remuneration for 2022 and 2021 were resolved by the Board of Directors in March 2023 and March 2022, respectively, as follows:

	2022	2021
Employees' compensation	$ 8,939	$ 6,881
Directors' remuneration	1,800	1,500

If there is a change in the proposed amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

The actual allocated amount of employees' compensation and directors' remuneration in 2020 and 2021 are the same as the recognized amount in 2020 and 2021 individual financial statements.

Information on the employees' compensation and directors' remuneration resolved by the Company's board of directors is available at the "Market Observation Post System website of the Taiwan Stock Exchange".

23. INCOME TAX

(1) Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	2022	2021
Current income tax expense		
Recognized in the current year	$ 91,037	$ 77,640
Surtax for undistributed earnings	3,885	8,704
Adjustments on prior years	6,787	2,865
	101,709	89,209
Deferred income tax	(14,790)	(34,990)
	$ 86,919	$ 54,219

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	2022	2021
Income from continuing operations before income tax	$ 494,313	$ 382,027
Income tax expense at the statutory rate	$ 81,912	$ 78,605
Permanent differences	559	(15,140)
Recognized loss carryforwards adjustment	21,139	(4,763)
Unrecognized loss carryforwards	26,623	37,519
Other temporary differences	(16,896)	(33,521)
Surtax for undistributed earnings	3,885	8,704
Deferred income tax effect from subsidiaries earnings	(37,090)	(20,050)
Adjustments on prior years	6,787	2,865
	$ 86,919	$ 54,219

(2) Income tax earnings (expenses) relating to components of other comprehensive income

	2022	2021
Deferred income tax		
Exchange differences resulting from translating the financial statements of foreign operations	($ 2,117)	$ 3,315

(3) Current income tax assets and liabilities

	December 31, 2022	December 31, 2021
Current income tax assets		
Tax refund receivables	$ 21,533	$ 13,140
Current income tax liabilities		
Income tax payable	$ 72,255	$ 44,319

(4) Deferred income tax assets and liabilities

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

2022

	Balance at January 1	Profit or loss	Other comprehensive income	Exchange difference	Balance at December 31
Deferred income tax assets					
Temporary differences					
Provision for impairment loss on inventories	$ 11,276	($ 1,936)	$ -	$ 164	$ 9,504
Loss carryforwards	40,983	(5,067)	-	592	36,508
Depreciation tax shield	6,815	-	-	107	6,922
Exchange differences resulting from translating the financial statements of foreign operations	11,439	-	(2,117)	-	9,322
Others	21,876	(7,321)	-	322	14,877
	$ 92,389	($ 14,324)	($ 2,117)	$ 1,185	$ 77,133
Deferred income tax liabilities					
Temporary differences					
Share of profits of subsidiaries	($ 37,090)	$ 37,090	$ -	$ -	$ -
Deferred mold expenses	(4,823)	1,703	-	(81)	(3,201)
Others	(16,503)	(9,679)	-	(279)	(26,461)
	($ 58,416)	$ 29,114	$ -	($ 360)	($ 29,662)

2021

	Balance at January 1	Profit or loss	Other comprehensive income	Exchange difference	Balance at December 31
Deferred income tax assets					
Temporary differences					
Provision for impairment loss on inventories	$ 9,120	$ 2,232	$ -	($ 76)	$ 11,276
Loss carryforwards	38,663	2,538	-	(218)	40,983
Depreciation tax shield	6,852	-	-	(37)	6,815
Exchange differences resulting from translating the financial statements of foreign operations	8,124	-	3,315	-	11,439
Others	23,498	(1,499)	-	(123)	21,876
	$ 86,257	$ 3,271	$ 3,315	($ 454)	$ 92,389

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Deferred income tax liabilities	Balance at January 1	Profit or loss	Other comprehensive income	Exchange difference	Balance at December 31
Temporary differences					
Share of profits of subsidiaries	($ 72,582)	$ 35,492	$ -	$ -	($ 37,090)
Deferred mold expenses	(6,691)	1,824	-	44	(4,823)
Others	(11,135)	(5,597)	-	229	(16,503)
	($ 90,408)	$ 31,719	$ -	$ 273	($ 58,416)

(5) Amount of unrecognized deferred income tax

	December 31, 2022	December 31, 2021
Loss carryforwards		
Expired in 2027	$ 105,934	$ -
Expired in 2026	146,614	144,354
Expired in 2025	97,805	97,710
Expired in 2024	118,361	116,537
Expired in 2023	91,926	90,509
	$ 560,640	$ 449,110

(6) Unused loss carryforwards

As of December 31, 2022, the loss carryforwards are as follows:

Balance yet to be offset	Final offset year
$ 20,369	2032
11,263	2029
67,528	2026
162,709	2027
157,080	2026
123,783	2025
118,361	2024
91,926	2023
$ 753,019	

(7) Unrecognized deferred income tax liabilities associated with investments

As of December 31, 2022 and 2021, the aggregate taxable temporary differences associated with investments in subsidiaries not recognized as deferred income tax liabilities amounted to NT$1,912,916 thousand and NT$1,700,250 thousand, respectively.

(8) Income tax examination

The tax authorities have examined income tax returns of the Company through 2020.

(9) The subsidiaries established in Malaysia and China recognized tax expenses in accordance with local tax laws, while the subsidiaries established in Samoa and the Cayman Islands are exempt from tax.

24. Earnings per share

The earning per share and the weighted average number of ordinary shares are as follows:

Net profits attributable to owners of the Company

	2022	2021
Net profits used to calculate basic earnings per share	$ 391,388	$ 315,430
Effects of all dilutive potential common shares		
Convertible corporate bond	61	503
	$ 391,449	$ 315,933

Shares

In thousand

	2022	2021
Weighted average number of ordinary shares used to calculate for basic earnings per share	121,338	120,604
Effects of all dilutive potential common shares		
Convertible corporate bond	109	845
Employees' compensation	471	331
Weighted average number of common shares used in the computation of diluted EPS	121,918	121,780

The Company may settle the employees bonuses in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the shareholders' meeting of the following year.

25. Capital risk management

There have been no significant changes in the capital risk management policies, except for the financial ratio restrictions under the bank loan agreements in Note 16. There are no external capital requirements beyond these restrictions.

26. Financial Instruments

(1) Fair value of financial instruments not measured at fair value

The management of the Company considers that the carrying amount of financial assets and financial liabilities that are not measured at fair value approximate their fair values.

(2) Fair value of financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

	Level 1	Level 3	Total
December 31, 2022			
Financial assets at FVTPL			
Trade receivables	$ -	$ 13,261	$ 13,261
Beneficiary certificate	20,165	-	20,165
Trade receivables at FVTOCI	-	196,096	196,096
	$ 20,165	$ 209,357	$ 229,522
December 31, 2021			
Financial assets at FVTPL			
Trade receivables	$ -	$ 19,889	$ 19,889
Net amount of callable and puttable convertible corporate bond	-	20	20
Beneficiary certificate	21,418	-	21,418
Trade receivables at FVTOCI	-	55,360	55,360
	$ 21,418	$ 75,269	$ 96,687

2. Valuation techniques and inputs applied for Level 3 fair value measurement

The net amount of callable and puttable convertible corporate bond - derivative instruments is estimated using an option pricing model for fair value, with the significant unobservable input being the stock price volatility. If the stock price volatility decreases, the fair value of these derivative instruments will decrease.

The accounts receivable measured at fair value through profit or loss and at fair value through other comprehensive income are not significantly affected by discounting, and therefore are measured at fair value based on the original invoice amount.

(3) Categories of financial instruments

Financial assets	December 31, 2022	December 31, 2021
Amortized cost (Note 1)	$ 2,818,233	$ 2,737,028
Financial assets at FVTPL		
Trade receivables	13,261	19,889
Net amount of callable and puttable convertible corporate bond	-	20
Beneficiary certificate	20,165	21,418
Trade receivables at FVTPL	196,096	55,360
Financial Liabilities		
Amortized cost (Note 2)	3,372,547	3,790,482

Note 1: Including cash and cash equivalents, and financial assets carried at amortized cost, which include notes and accounts receivable, other receivables, and other financial assets (current and non-current).

Note 2: Including financial liabilities carried at amortized cost, which include short-term loans, short-term notes payable, notes and accounts payables, other payables, refund liabilities, bonds payable, and long-term loans (current portion included).

(4) Financial risk management objectives and policies

The Company and its subsidiaries' primary financial instruments include trade receivable, accounts payable, short-term notes payable, corporate bonds payable, short- and long-term bank loans, and lease liabilities. The finance department provides services to each business unit, manages the Company's funds, and oversees the Company's foreign exchange. Based on the analysis of risk level and scope, the finance department supervises and manages the financial risks related to the operation of the Company and its subsidiaries through internal risk reports. These risks include market risk (including foreign currency risk and interest rate risk), other price risks, credit risk, and liquidity risk.

The finance department submits reports to the management of the Company and subsidiaries quarterly.

1. Market risk

The Company and subsidiaries are exposed to the financial market risks due to the operating activities, primarily changes in foreign currency exchange rates (refer to (1)), interest rates (refer to (2)) and other prices (refer to (3)).

The Company and subsidiaries regularly monitor foreign exchange net positions and timely exchange them into functional currency. There have been no changes in the management and measurement methods of the market risks associated with these financial instruments.

(1) Foreign currency risk

Refer to Note 30 for the carrying amounts of the Company and subsidiaries' monetary assets and monetary liabilities denominated in non-functional currencies at the balance sheet date (including monetary items denominated in non-functional currencies that have been offset in the consolidated financial statements).

Sensitivity analysis

The Company and subsidiaries were mainly affected by the fluctuations in the exchange rates of USD. 1% is the sensitivity ratio used in reporting foreign currency risk internally to management and represents management's assessment of the reasonably possible range of changes in foreign currency rates. The Company and subsidiaries mainly hold net assets in US dollars. When the exchange rate between the functional currency and the USD increases/decreases by 1%, the income before income tax for 2022 and 2021 will decrease/increase by NT$30,091 thousand and NT$15,333 thousand, respectively.

(2) Interest rate risk

The Company and subsidiaries was exposed to interest rate risk because the Company and subsidiaries borrowed funds at floating interest rates. The risk is managed by the Company and subsidiaries by maintaining an appropriate mix of fixed and floating interest rates. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The management of the Company and subsidiaries for liquidity funds primarily involve placing them in fixed-income financial instruments, such as time deposits.

The carrying amounts of the Company and subsidiaries' financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
Financial assets	$ 1,082,766	$ 194,032
Financial Liabilities	157,726	190,430
Cash flow interest rate risk		
Financial assets	452,465	618,246
Financial Liabilities	2,196,976	1,970,138

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to interest rates on the balance sheet date of the financial instrument mentioned above. The analysis assumes that the amounts of the outstanding assets and liabilities on the balance sheet date remain outstanding throughout the reporting period. Basis points of 1% increase or decrease were used when reporting interest rate risk internally to management and represent management's assessment of the reasonably possible change in interest rates.

If interest rates had been increased/decreased by 1% for financial liabilities with floating rate, and all other variables held constant, the Company and subsidiaries' net profit before tax for 2022 and 2021 would increase/decrease by NT$21,970 thousand and NT$19,701 thousand, respectively mainly due to the exposure to cash flow interest rate risk on the Company and subsidiaries' variable-rate loans.

(3) Other price risk

The Company and subsidiaries are exposed to equity price volatility due to the investment in beneficial certificates of funds. Assuming a hypothetical increase/decrease of 1% in prices of the equity for the years ended December 31, 2022 and 2021, the net income before tax would have increased/decreased by NT$202 thousand and NT$214 thousand, respectively due to the changes in fair value of financial at FVTPL.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Company and subsidiaries. As of the consolidated balance sheet date, the Company and subsidiaries' maximum credit risk exposure come from the carrying amounts of the financial assets recognized in the consolidated balance sheet.

The Company and subsidiaries follows a policy of conducting transactions only with reputable counterparties and obtaining sufficient collateral, when necessary, to mitigate the risk of financial loss arising from defaults. The Company and subsidiaries utilizes publicly available financial information and transaction records to assess the creditworthiness of major customers. The Company and subsidiaries continuously monitors credit exposure and the credit ratings of the counterparties, ensures that the total transaction amount is diversified among customers with qualified credit ratings, and regularly reviews and approves credit limits to control credit exposure.

The Company and subsidiaries' trade receivables are primarily concentrated on the following major customers:

	December 31, 2022	December 31, 2021
Group A	$ 574,398	$ 808,692
Group B	176,784	211,122
Group C	152,673	41,964
Group D	148,601	369,881
	$ 1,052,456	$ 1,431,659

3. Liquidity risk

The Company and subsidiaries manage liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company and subsidiaries' operations and mitigate the effects of fluctuations in cash flows. The Company and subsidiaries rely on bank borrowings as a significant source of liquidity. Management of the Company and subsidiaries monitor the utilization of bank borrowings and ensures compliance with loan covenants.

(1) Liquidity and interest rate risk tables for non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which the Company might be required to repay and was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the bank borrowings with a repayment on demand clause were included in the earliest time period, regardless of the probability of exercise of the right by banks. The maturity analysis of non-derivative financial liabilities is prepared based on the contractual repayment date.

The undiscounted interest amount of interest cash flows paid at floating interest rates is derived from the yield rate at the consolidated balance sheet date.

	Within 1 year	More than 1 year	Total
December 31, 2022			
Non-derivative financial liabilities			
Variable interest rate instrument	$ 1,690,249	$ 535,509	$ 2,225,758
Fixed interest rate instrument	110,000	-	110,000
Non-interest bearing	1,065,393	225	1,065,618
Lease liabilities	26,264	24,197	50,461
	$ 2,891,906	$ 559,931	$ 3,451,837
December 31, 2021			
Non-derivative financial liabilities			
Variable interest rate instrument	$ 1,604,883	$ 389,884	$ 1,994,767
Fixed interest rate instrument	118,000	16,500	134,500
Non-interest bearing	1,686,069	222	1,686,291
Lease liabilities	26,264	34,726	60,990
	$ 3,435,216	$ 441,332	$ 3,876,548

(2) Financing facilities

	December 31, 2022	December 31, 2021
Unsecured bank loans limits		
Amount used	$ 2,010,768	$ 1,839,720
Amount unused	1,344,724	2,166,237
	$ 3,355,492	$ 4,005,957
Secured bank loans limits		
Amount used	$ 300,000	$ 255,261
Amount unused	86,326	551,260
	$ 386,326	$ 806,521

27. RELATED PARTY TRANSACTIONS

The transactions between the Company and its related parties are summarized as follows:

(1) Related party name and categories

Related Party Name	Related Party Categories
Hsiao, Chin-Ming	Chairman
Hsiao, Chin-Chun	General Manager

(2) Compensation of key management personnel

	2022	2021
Short-term employee benefits	$ 27,873	$ 25,629
Post-employment benefits	467	505
	$ 28,340	$ 26,134

(3) Other related party transactions

The Company and subsidiaries' certain long-term and short-term borrowings and short-term notes payable are guaranteed and secured by the Chairman and General Manager as joint guarantors and collateral providers.

28. PLEDGED OR MORTGAGED ASSETS

The following assets are provided to financial institutions as collateral for long-term and short-term borrowings, and customs guarantee letter:

	December 31, 2022	December 31, 2021
Trade receivables	$ 6,055	$ -
Property, Plant and Equipment		
Land	7,161	7,058
Buildings	11,936	153,412
Right-of-use assets	42,042	41,914
Investment properties	-	16,270
	$ 67,194	$ 218,654

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2022, subsidiaries, Suzhou Fengchuan and Suzhou Bin Chuan, have commissioned banks to issue customs guarantee letters to the Customs of mainland China for imported goods totaling approximately NT$3,792 thousand dollars.

30. INFORMATION OF SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was summarized according to the foreign currencies other than the functional currency of the Company and subsidiaries. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2022	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
Monetary assets denominated in foreign currencies				
USD	$ 75,844	30.710	(USD:NTD)	$ 2,329,177
USD	6,213	4.584	(USD:MYR)	190,790
USD	53,131	6.965	(USD: RMB)	1,631,649

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	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
Non-monetary assets denominated in foreign currencies				
Investments accounted for using equity method				
USD	$ 115,314	30.710	(USD:NTD)	$ 3,541,292
Monetary liabilities denominated in foreign currencies				
USD	30,907	30.710	(USD:NTD)	949,146
USD	84	4.584	(USD:MYR)	2,574
USD	6,212	6.965	(USD: RMB)	190,778
December 31, 2021				
Monetary assets denominated in foreign currencies				
USD	73,476	27.680	(USD:NTD)	2,033,819
USD	5,085	4.356	(USD:MYR)	140,746
USD	61,754	6.376	(USD: RMB)	1,709,343
Non-monetary assets denominated in foreign currencies				
Investments accounted for using equity method				
USD	126,533	27.680	(USD:NTD)	3,502,427
Monetary liabilities denominated in foreign currencies				
USD	41,870	27.680	(USD:NTD)	1,158,949
USD	15	4.356	(USD:MYR)	416
USD	43,037	6.376	(USD: RMB)	1,191,252

The foreign exchange gain for the year ended December 31, 2022 was NT$194,875 thousand and the loss for the year ended December 31, 2021 was NT$23,769 thousand. Since there were varieties of foreign currency transactions and functional currencies within the group, the Company and subsidiaries were unable to disclose foreign exchange gain (loss) towards each foreign currency with significant impact.

31. ADDITIONAL DISCLOSURES

(1) Information of Significant Transactions (2) Information on investees

1. Financings provided: Table 1.
2. Endorsements/guarantees provided: Table 2.
3. Marketable securities held (excluding investments in subsidiaries): Table 3.
4. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

5. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Table 4.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.
9. Information about the derivative financial instruments transaction: None.
10. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Table 6.
11. Information on investees: Table 7.

(3) INFORMATION ON INVESTMENT IN MAINLAND CHINA

1. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Table 8.
2. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports are as follows:

(1) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: None.

(2) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year are as follows:

	Amount	%
A. Purchases	$ 3,833,753	100
B. Accounts payable	915,304	100

(3) The amount of property transactions and the amount of the resultant gains or losses: None.

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: Table 2.

(5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.

(6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services: None.

(4) Information of major shareholder: refer to Table 9 for all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder.

32. Segment Information

The chief operating decision makers review operating results, focusing on the types of products or services delivered or provided. Operating results are used for resource allocation and/or performance assessment. As a result, the Company and subsidiaries have the departments that should be reported as follows:

. Metal Business Department - produces and sells computer, audio, and other hardware products and components.

. Plastics Business Department - Processes and produces in plastic injection molding, and sales of precision plastic components for electronics and electrical products.

As per the analysis by reportable departments, the revenue and operating results of the Company and its subsidiaries are as follows:

(1) Department revenue and operating results

	Metal Business Department	Plastics Business Department	Total
2022			
External customers	$ 4,945,279	$ 58,893	$ 5,004,172
Inter-segment	4,163,234	5	4,163,239
Department	$ 9,108,513	$ 58,898	9,167,411
Internal offsetting			(4,163,239)
Operating revenue			$ 5,004,172
Departmental profit (loss)	$ 439,443	($ 70,447)	$ 368,996
Finance costs			(53,574)
Non-operating income and expenses			178,891
Income before income tax			$ 494,313
2021			
External customers	$ 4,673,677	$ 97,203	$ 4,770,880
Inter-segment	3,681,294	1,219	3,682,513
Department	$ 8,354,971	$ 98,422	8,453,393
Internal offsetting			(3,682,513)
Operating revenue			$ 4,770,880

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2021	Metal Business Department	Plastics Business Department	Total
Departmental profit (loss)	$ 550,652	($ 142,145)	$ 408,507
Finance costs			(48,507)
Non-operating income and expenses			22,027
Income from continuing operations before income tax			$ 382,027

Departmental profit refers to the profit earned by each department, and this measurement is provided to the chief operating decision makers to allocate resources to departments and evaluate their performance.

(2) Geographic information

The Company and subsidiaries operate in two principal geographical areas - the Mainland China and Taiwan.

The revenue from external customers of the Company and its subsidiaries is presented based on the countries where the customers are located, rather than on the location of the assets by region. The information is presented as follows:

	External customers		Non-current assets	
	2022	2021	December 31, 2022	December 31, 2021
Taiwan	$ 131,643	$ 53,569	$ 22,498	$ 25,554
Asia	4,807,017	4,653,300	2,819,691	2,892,279
Others	65,512	64,011	-	-
	$ 5,004,172	$ 4,770,880	$ 2,842,189	$ 2,917,833

Non-current assets do not include financial assets at FVTPL, deferred tax assets, and other financial assets.

(3) Major customers information

Major external customers contributing 10% or more to the Company and subsidiaries' revenue of 2022 and 2021 were as follows:

	2022		2021	
Customer	Amount	%	Amount	%
Group A	$ 2,939,962	59	$ 2,522,321	53
Group B	461,671	9	710,687	15
Group C	358,442	7	517,025	11
	$ 3,760,075	75	$ 3,750,033	79

Bin Chuan Enterprise Co., Ltd. and its subsidiaries
FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 1

In Thousands of New Taiwan Dollars
(Unless Specified Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 5)	Balance at December 31 (Note 5)	Amount Actually Drawn (Notes 5 and 6)	Interest Rate (%)	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Loss	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 4)	Note
													Item	Value			
0	The Company	Suzhou Fengchuan Technology Co., Ltd..	Other receivables	Yes	$ 317,025	$ 245,680	$ -	2	Note 1	$ 2,852,470	Business transactions	$ -	-	$ -	$ 710,768	$ 1,421,534	
0	The Company	Chongqing Fengchuan Electronic Technology Co., Ltd.	Other receivables	Yes	265,654	264,106	162,763	1.6~2	Note 2	-	Operating capital	-	-	-	710,768	1,421,534	
1	Suzhou Binchuan Precise Industrial Co., Ltd..	Chongqing Fengchuan Electronic Technology Co., Ltd.	Other receivables	Yes	185,195	185,195	185,195	2	Note 2	-	Operating capital	-	-	-	846,527	846,527	
2	Hamagawa Corp.	Hamagawa Holdings	Other receivables	Yes	92,846	-	-	-	Note 2	-	Operating capital	-	-	-	296,980	296,980	
2	Hamagawa Corp.	Suzhou Fengchuan Technology Co., Ltd..	Other receivables	Yes	375,064	264,564	264,564	2.5	Note 2	-	Operating capital	-	-	-	296,980	296,980	
2	Hamagawa Corp.	Chongqing Fengchuan Electronic Technology Co., Ltd.	Other receivables	Yes	83,759	-	-	0.8	Note 2	-	Operating capital	-	-	-	296,980	296,980	
3	Zoning	Feng Rong Medical Co., Ltd.	Other receivables	Yes	13,000	13,000	13,000	-	Note 2	-	Operating capital	-	-	-	53,633	107,266	

Note 1: The Company has business relations with the company.
Note 2: In need of short-term financing.
Note 3: According to the Company and subsidiary's "Operating Procedure for Financing Providing," the loan to a single company shall not exceed 20% of its net worth. However, the loan for a foreign subsidiary that is directly or indirectly held by the Company with 100% of voting shares are limited to the net equity of the financing company.
Note 4: According to the Company and subsidiary's "Operating Procedure for Financing Providing," the total amount of loan shall not exceed 40% of its net worth. However, the loan for a foreign subsidiary that is directly or indirectly held by the Company with 100% of voting shares are limited to the net equity of the financing company.
Note 5: The amount is converted based on the exchange rate of USD to TWD and the exchange rate of RMB to TWD at the end of 2022, which is 30.710 and 4.409, respectively.
Note 6: It has been offset when preparing the consolidated financial statements.

Bin Chuan Enterprise Co., Ltd. and its subsidiaries
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 2

In Thousands of New Taiwan Dollars
(Unless Specified Otherwise)

No.	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Notes 2 and 3)	Maximum Balance for the Year (Note 4)	Ending Balance (Note 4)	Amount Actually Drawn (Note 4)	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/Guarantee Amount Allowable (Notes 2 and 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 1)											
0	The Company	Hamagawa Holdings	2	$ 5,330,757	$ 182,610	$ 92,130	$ -	-	2.59	$ 7,107,676	Y	N	N	
0	The Company	Suzhou Fengchuan Technology Co., Ltd..	2	5,330,757	557,502	-	-	-	-	7,107,676	Y	N	Y	
0	The Company	Chongqing Fengchuan Electronic Technology Co., Ltd.	2	5,330,757	342,007	61,420	-	-	1.73	7,107,676	Y	N	Y	
1	Suzhou Binchuan Precise Industrial Co., Ltd..	Suzhou Fengchuan Technology Co., Ltd..	4	2,116,316	1,800,970	1,433,055	840,482	-	40.32	2,962,843	N	N	Y	
1	Suzhou Binchuan Precise Industrial Co., Ltd..	Key Mold Precision Industry (Suzhou) Co., Ltd.	4	2,116,316	45,101	42,994	4,033	-	1.21	2,962,843	N	N	Y	
1	Suzhou Binchuan Precise Industrial Co., Ltd..	Chongqing Fengchuan Electronic Technology Co., Ltd.	4	2,116,316	89,776	88,188	2,796	-	2.48	2,962,843	N	N	Y	
2	Suzhou Fengchuan Technology Co., Ltd..	Suzhou Binchuan Precise Industrial Co., Ltd..	4	2,875,933	135,276	22,047	-	-	0.62	3,834,578	N	N	Y	
2	Suzhou Fengchuan Technology Co., Ltd..	The Company	3	2,875,933	490,438	-	-	-	-	3,834,578	N	Y	N	
2	Suzhou Fengchuan Technology Co., Ltd..	Chongqing Fengchuan Electronic Technology Co., Ltd.	4	2,875,933	140,125	-	-	-	-	3,834,578	N	N	Y	

Note 1: The relationships between the endorser/guarantor and the endorsee/guarantee are as follows:

1. Entities have business relations with the Company.
2. The Company directly or indirectly holds more than 50% of voting shares of the entity.
3. Entity directly or indirectly owns more than 50% of voting shares of the Company.
4. The Company directly or indirectly holds 90% of voting shares of the entity.

Note 2: According to the Company and subsidiary's “Operational Procedures for Loaning of Company Funds,” the endorsement/guarantee for a single company is limited to no more than 20% of the net equity. However, the endorsement/guarantee for a single company and associate that are directly or indirectly held by the Company with 100% of voting shares are limited to no more than 150% of the net equity of the endorsement/guarantee provider. The total amount of endorsement/guarantee does not exceed 200% of the net equity of the most recent financial statements.

Note 3: According to Suzhou Bin Chuan's “Operational Procedures for Loaning of Company Funds,” the endorsement/guarantee for a single company is limited to no more than 20% of the net equity. However, the endorsement/guarantee for a single company and associate that are directly or indirectly held by the Company with 100% of voting shares are limited to no more than 250% of the net equity. The total amount of endorsement/guarantee does not exceed 350% of the net equity of the most recent financial statements.

Note 4: The amount is converted based on the exchange rate of USD to TWD and the exchange rate of RMB to TWD at the end of 2022, which is 30.710 and 4.409, respectively.

Bin Chuan Enterprise Co., Ltd. and its subsidiaries
MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 3

In Thousands of New Taiwan Dollars
(Unless Specified Otherwise)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair value	
The Company	Beneficiary certificate							
	PineBridge ESG Quantitative Bond Fund N9	-	Financial assets at FVTPL - non-current	-	$ 20,165	-	$ 20,165	-

Bin Chuan Enterprise Co., Ltd. and its subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 4

In Thousands of New Taiwan Dollars
(Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Suzhou Fengchuan Technology Co., Ltd..	The Company	Parent company	Sales	($ 3,192,517)	(91)	Note 1	Note 1	Note 1	$ 758,314	78	Note 2
Suzhou Binchuan Precise Industrial Co., Ltd..	The Company	Parent company	Sales	(365,369)	(78)	Note 1	Note 1	Note 1	154,281	66	Note 2
Chongqing Fengchuan Electronic Technology Co., Ltd.	The Company	Parent company	Sales	(275,867)	(52)	Note 1	Note 1	Note 1	2,709	2	Note 2
Suzhou Juqi Mechanical Equipment Co., Ltd.	Suzhou Fengchuan Technology Co., Ltd..	Sister company	Sales	(236,601)	(72)	Note 1	Note 1	Note 1	34,107	46	Note 2

Note 1: The selling prices and transaction terms of the Company to the subsidiary are agreed upon by both parties, and there are no similar transactions with unrelated parties for comparison.

Note 2: It has been offset when preparing the consolidated financial statements.

Bin Chuan Enterprise Co., Ltd. and its subsidiaries

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 5

In Thousands of New Taiwan Dollars
(Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationships	Ending Balance (Note 3)	Turnover Rate (%)	Overdue		Amounts Received in Subsequent Period	Allowance for loss
					Amount	Action Taken		
The Company	Chongqing Fengchuan Electronic Technology Co., Ltd.	Parent company to subsidiary	$ 166,013 (Note 1)	-	$ -	-	$ -	$ -
Hamagawa Corp.	Suzhou Fengchuan Technology Co., Ltd..	Subsidiary to subsidiary	271,181 (Note 1)	-	-	-	-	-
Suzhou Fengchuan Technology Co., Ltd..	The Company	Subsidiary to parent company	758,314 (Note 2)	389	-	-	443,180	-
Suzhou Binchuan Precise Industrial Co., Ltd..	The Company	Subsidiary to parent company	154,281 (Note 2)	203	-	-	69,405	-
Suzhou Binchuan Precise Industrial Co., Ltd..	Chongqing Fengchuan Electronic Technology Co., Ltd.	Subsidiary to subsidiary	202,832 (Note 1)	-	-	-	-	-

Note 1: Amounts are all financing funds and interests, and are recorded under the account of other receivables.
Note 2: Amounts are the trade receivables.
Note 3: It has been offset when preparing the consolidated financial statements.

Bin Chuan Enterprise Co., Ltd. and its subsidiaries
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

In Thousands of New Taiwan Dollars
(Unless Specified Otherwise)

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	The Company	Chongqing Fengchuan Electronic Technology Co., Ltd.	1	Other receivables	$ 166,013	Based on the contract	2
1	Hamagawa Corp.	Suzhou Fengchuan Technology Co., Ltd..	3	Other receivables	271,181	Based on the contract	4
2	Suzhou Fengchuan Technology Co., Ltd..	The Company	2	Sales	3,192,517	No transactions with unrelated parties for comparison	64
2	Suzhou Fengchuan Technology Co., Ltd..	The Company	2	Trade receivables	758,314	No transactions with unrelated parties for comparison	11
3	Suzhou Binchuan Precise Industrial Co., Ltd..	The Company	2	Sales	365,369	No transactions with unrelated parties for comparison	7
3	Suzhou Binchuan Precise Industrial Co., Ltd..	The Company	2	Trade receivables	154,281	No transactions with unrelated parties for comparison	2
3	Suzhou Binchuan Precise Industrial Co., Ltd..	Chongqing Fengchuan Electronic Technology Co., Ltd.	3	Other receivables	202,832	Based on the contract	3
4	Suzhou Juqi Mechanical Equipment Co., Ltd.	Suzhou Fengchuan Technology Co., Ltd..	3	Sales	236,601	No transactions with unrelated parties for comparison	5
4	Suzhou Juqi Mechanical Equipment Co., Ltd.	Suzhou Binchuan Precise Industrial Co., Ltd..	3	Sales	58,078	No transactions with unrelated parties for comparison	1
5	Chongqing Fengchuan Electronic Technology Co., Ltd.	The Company	2	Sales	275,867	No transactions with unrelated parties for comparison	6

Note 1: Intercompany relationships shall be noted in column of No. as follows:
(1)The parent company is coded "0".
(2) The subsidiaries are coded consecutively beginning from “1”.
Note 2: There are 3 types of relationships with counterparties, the types can be indicated:
(1) Parent company to subsidiary: 1.
(2) Subsidiary to parent company: 2.
(3) Subsidiary to subsidiary: 3.
Note 3: It has been offset when preparing the consolidated financial statements.

Bin Chuan Enterprise Co., Ltd. and its subsidiaries
INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 7

In Thousands of New Taiwan Dollars
(Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of	Share of Profits/ Losses	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership (%)	Carrying amount (Notes 2 and 5)	the Investee (Note 2)	of Investee (Note 2)	
The Company	Hamagawa Corp.	Cayman	Trading of semi-automatic punching net machinery, audio decoration nets, various diamond nets, molds, and peripherals, as well as related business investments	$ 35,928	$ 284,580	10,000	100.00	$ 296,980	($ 50,506)	($ 50,506)	Subsidiary
The Company	Hamagawa Holdings	Samoa	Investment and financing	1,609,288	1,436,338	52,200,000	100.00	3,244,312	77,721	77,721	Subsidiary
The Company	Feng Rong Medical Co., Ltd.	Taiwan	International trading, management consulting, other business, and intermediary services	104,000	104,000	2,000,000	51.00	130,032	32,662	16,667	Subsidiary
Feng Rong Medical Co., Ltd.	Zoning Precise Technology	Samoa	Investment and trading	203,823	203,823	3,919,674	99.97	268,076	33,880	33,869	Sub-subsidiary
Hamagawa Holdings	Ego Tech	Hong Kong	Investment	786,077	786,077	202,284,878	100.00	673,739	(43,463)	(43,463)	Sub-subsidiary
Suzhou Binchuan Precise Industrial Co., Ltd..	Binchuan (Hong Kong) Limited (Note 1)	Hong Kong	Trading	-	-	-	100.00	-	-	-	Sub-subsidiary
Zoning Precise Technology	Hamagawa Industrial (M) Sdn. Bhd.	Malaysia	Manufacturing, processing, and trading of parts of medical tools, instruments and equipment, computer, electrical appliance for home use, and audio	69,422	69,422	6,000,000	100.00	236,786	34,827	34,827	Sub-subsidiary

Note 1: No investment in the subsidiary.

Note 2: Except for the amounts of Hamagawa Industrial (M) Sdn. Bhd. converted based on the average exchange rate between MYR and NTD as of the end of and for 2022, which are 6.699 and 6.499, respectively, the other amounts are converted based on the average exchange rate between USD and NTD as of the end of and for 2022, which are 30.710 and 29.805, respectively.

Note 3: Refer to Table 8 for the information of investee companies in Mainland China.

Note 4: It has been offset when preparing the consolidated financial statements.

Note 5: Refer to Note 11 for changes in investments.

Bin Chuan Enterprise Co., Ltd. and its subsidiaries
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 8

Amounts in Thousands of New Taiwan Dollars

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Notes 5 and 6)	Investment Flows (Note 6)		Accumulated Outflow of Investment from Taiwan as of December 31, 2022 (Notes 5 and 6)	Net Income (Losses) of the Investee Company (Note 1)	The Company of Ownership	Share of Profits/Losses (Notes 1, 3 and 9)	Carrying Amount as of Balance as of December 31, 2022 (Notes 1 and 9)	Accumulated Inward Remittance of Earnings as of December 31, 2022	Note
					Outflow	Inflow							
Suzhou Binchuan Precise Industrial Co., Ltd..	Manufacture and sell precision and plastic injection-molded components and accessories such as metal mesh panels for computers and audio-visual communication equipment, power supplies, computer keyboards, and precision cavity-molds	$ 133,589	Hamagawa Holdings (Note 2)	$ 46,624	$ -	$ -	$ 46,624	($ 104,563)	100.00	($ 104,563)	$ 846,527	$ -	None
Suzhou Fengchuan Technology Co., Ltd..	development and production of digital cameras and components; new flat panel display components for computer and communication hardware	985,791	Hamagawa Holdings (Note 2) Ego Tech (Note 2)	836,976	-	-	836,976	253,531	100.00	253,531	1,917,289	-	None
Key Mold Precision Industry (Suzhou) Co., Ltd.	Production in plastic injection molding processing and sales of fine blanking die, precise cavity-mold, mold standards, non-metal mold, and precise plastic parts for electronics and electrical appliance	732,872	Ego Tech (Note 2) Suzhou Binchuan Precise Industrial Co., Ltd.. (Note 9)	76,747	-	-	76,747	(153,572)	100.00	(153,572)	73,856	-	None
Chongqing Fengchuan Electronic Technology Co., Ltd.	Development of LCD flat panel display, development and manufacturing of display materials, manufacturing of notebook casings, metal parts, plastic parts, and display materials, development and manufacturing of electronic materials, and manufacturing of electronic equipment, tester, and mold	522,070	Ego Tech (Note 2)	511,197	-	-	511,197	(20,936)	100.00	(20,936)	451,169	-	None
Suzhou Juqi Mechanical Equipment Co., Ltd.	Development, design and manufacturing of metal molds, processing of metal parts, and manufacturing and sales of automatic equipment	44,094	Suzhou Binchuan Precise Industrial Co., Ltd..	-	-	-	-	3,554	100.00	3,554	77,957	-	None

Investor Company	Accumulated Investment in Mainland China as of S December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA (Notes 1 and 7)	Upper Limit on Investment (Note 4)
Bin Chuan Enterprise Co., Ltd.	$ 1,471,544	$ 1,892,719	$ 2,132,302

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Note 1: The amounts are converted based on the exchange rates of the USD-NTD exchange rates of 30.710 and 29.805 and the RMB-NTD exchange rates of 4.409 and 4.435 as of the end and average of 2022.
Note 2: Indirect investment in a company located in mainland China through investment in a company located in a third country.
Note 3: Amount was recognized based on the audited financial statements.
Note 4: The upper limit on investment in mainland China is determined by sixty percent (60%) of the Company’s net worth according to "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" of MOEA on August 29, 2008.
Note 5: Including the cash outflowed from Taiwan and the holding company's own funds, and the investment in machinery and equipment.
Note 6: The amount is calculated and accumulated according to the historical exchange rate of U.S. dollars to New Taiwan dollars.
Note 7: The investment amounts authorized by MOEA include US$12,794 thousand converted from Mainland China operation's retained earnings and US$6,539 thousand from the third-party holding company's debt-to-equity swap.
Note 8: The debt-to-equity swap of US$6,539 thousand in Note 7 includes the capital increase of US$3,000 thousand and US$3,539 thousand made by the Company to Hamagawa Holdings in 2018 and 2019, respectively.
Note 9: It has been offset when preparing the consolidated financial statements.
Note 10: Refer to Note 11 for changes in investments.

Bin Chuan Enterprise Co., Ltd.
INFORMATION ON MAJOR SHAREHOLDER
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 9

Shareholders	Shares	
	Total Shares Owned	Total Shares Owned
Hsiao, Chin-Ming	9,870,909	8.12
Hsiao, Chin-Chun	7,770,423	6.39

Note 1: The information on major shareholders in this table is based on the last business day at the end of the quarter, including the data of the shareholders holding more than 5% of the company's ordinary shares and special shares that have completed unregistered delivery. The share capital recorded in the consolidated financial report and the actual number of shares delivered without physical registration may be different due to the difference of calculation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.