FINEMAT APPLIED MATERIALS CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022 AND 2021

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of FINEMAT APPLIED MATERIALS CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of FINEMAT APPLIED MATERIALS CO., LTD. (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Valuation of impairment provision for accounts receivable

Description

Refer to Note 4(6) for the accounting policy on accounts receivable valuation, Note 5(2) for the information on accounting estimation and assumption uncertainty in relation to accounts receivable valuation, and Note 6(2) for details of impairment provision for accounts receivable and its disclosures. As of December 31, 2022, the balances of accounts receivable and impairment provision for accounts receivable were NT$182,366 thousand and NT$1,338 thousand, respectively.

The Company's provision policy for accounts receivable is based on a comprehensive evaluation of customer characteristics, historical collection experience, economic situation, and financial condition of the region where the customer is located. The Company applies the simplified approach using a provision matrix to estimate the loss rates for each aging range and recognizes the impairment losses accordingly.

The provision for accounts receivable, which is based on the estimation of loss rate, usually involves subjective judgment and contains estimation uncertainty. Considering that the Company's accounts receivable and its impairment provision are material to the financial statements, we consider the valuation of impairment provision for accounts receivable as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in response of the abovementioned key audit matter:

A. Obtained an understanding of the reasonableness of the provision policy and procedure for accounts receivable.
B. We verified the dates used in the aging reports that the Company applied to value accounts receivable were accurate.
C. We selected samples and reviewed the reasonableness of loss rates of each aging range determined by management based on the provision policy.
D. Tested the report used in the valuation of accounts receivable to assess the adequacy of allowance for uncollectible accounts.

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

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

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

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

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

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

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

B. 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's internal control.

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

D. 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's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

F. Obtain sufficient appropriate audit evidence regarding the parent company only financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Tzu-Shu

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

March 15, 2023

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

FINEMAT APPLIED MATERIALS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 132,101	6	$ 138,438	8
1150	Notes receivable, net	6(2)	2,541	-	3,004	-
1170	Accounts receivable, net	5(2), 6(2) and 12	121,921	6	126,209	7
1180	Accounts receivable - related parties, net	5(2) and 7	59,107	3	19,666	1
1200	Other receivables		3,210	-	3,683	-
1210	Other receivables - related parties	7	56,588	3	-	-
130X	Inventories	6(3)	97,900	5	81,557	5
1410	Prepayments		14,485	1	5,749	-
1476	Other current financial assets	6(1) and 8	1,036	-	1,028	-
11XX	**Total current assets**		488,889	24	379,334	21
	Non-current assets					
1550	Investments accounted for under equity method	6(4) and 7	873,398	42	685,082	39
1600	Property, plant and equipment	6(5)(6)(9), 7 and 8	650,932	32	654,842	37
1755	Right-of-use assets	6(5)(6)	4,230	-	6,984	1
1760	Investment property, net	6(7)(9) and 8	584	-	890	-
1780	Intangible assets	6(8)	1,277	-	2,279	-
1840	Deferred income tax assets	6(23)	33,248	2	37,148	2
1920	Guarantee deposits paid	6(5)(6)	4,883	-	4,883	-
1990	Other non-current assets		869	-	1,329	-
15XX	**Total non-current assets**		1,569,421	76	1,393,437	79
1XXX	**Total assets**		$ 2,058,310	100	$ 1,772,771	100

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FINEMAT APPLIED MATERIALS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Liabilities					
	Current liabilities					
2100	Short-term borrowings	6(10) and 8	$ 377,000	18	$ 95,000	6
2130	Current contract liabilities	6(16)	878	-	64	-
2170	Accounts payable		60,513	3	66,178	4
2180	Accounts payable - related parties	7	11,104	1	5,576	-
2200	Other payables		50,398	3	48,716	3
2230	Current income tax liabilities	6(23)	9	-	-	-
2280	Current lease liabilities		2,768	-	2,738	-
2320	Long-term liabilities, current portion	6(11) and 8	86,546	4	126,715	7
21XX	**Total current liabilities**		589,216	29	344,987	20
	Non-current liabilities					
2540	Long-term borrowings	6(11) and 8	168,444	8	195,135	11
2570	Deferred income tax liabilities	6(23)	14,831	1	14,982	1
2580	Non-current lease liabilities		1,494	-	4,262	-
25XX	**Total non-current liabilities**		184,769	9	214,379	12
2XXX	**Total liabilities**		773,985	38	559,366	32
	Equity					
	Share capital					
3110	Common stock	6(13)	663,898	32	663,898	37
	Capital reserves					
3200	Capital surplus	6(14)	503,465	25	396,701	22
	Retained earnings	6(15)				
3310	Legal reserve		41,495	2	38,886	2
3320	Special reserve		16,526	1	13,982	1
3350	Unappropriated retained earnings		93,936	4	140,650	8
3400	Other equity interest		(10,808)	(1)	(16,525)	(1)
3500	Treasury stocks	6(13)	(24,187)	(1)	(24,187)	(1)
3XXX	**Total equity**		1,284,325	62	1,213,405	68
	Significant Contingent Liabilities and Unrecognized Current Commitments	7 and 9				
3X2X	**Total liabilities and equity**		$ 2,058,310	100	$ 1,772,771	100

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

FINEMAT APPLIED MATERIALS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for (loss) earnings per share amounts)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16) and 7	$ 525,671	100	$ 356,988	100
5000	Operating costs	6(3)(8)(12)(21)(22) and 7	(463,997)	(88)	(304,884)	(85)
5900	Gross pofit		61,674	12	52,104	15
	Operating expenses	6(8)(12)(21)(22) and 12				
6100	Selling expenses		(34,455)	(7)	(22,084)	(6)
6200	General and administrative expenses		(53,306)	(10)	(47,477)	(13)
6300	Research and development expenses		(37,463)	(7)	(24,049)	(7)
6450	Expected credit impairment (loss) gain		(783)	-	641	-
6000	Total operating expenses		(126,007)	(24)	(92,969)	(26)
6900	Operating loss		(64,333)	(12)	(40,865)	(11)
	Non-operating income and expenses					
7100	Interest income	6(17) and 7	1,378	-	65	-
7010	Other income	6(4)(6)(18) and 7	9,491	2	36,682	10
7020	Other gains and losses	6(7)(19) and 12	15,481	3	(1,798)	-
7050	Finance costs	6(5)(6)(20)	(6,792)	(1)	(2,351)	(1)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(4)	11,145	2	38,828	11
7000	Total non-operating income and expenses		30,703	6	71,426	20
7900	**(Loss) profit before income tax**		(33,630)	(6)	30,561	9
7950	Income tax expense	6(23)	(2,419)	(1)	(4,467)	(1)
8200	**(Loss) profit for the year**		($ 36,049)	(7)	$ 26,094	8
	Other comprehensive (loss) income(Net)					
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(4)	$ 7,146	1	($ 3,179)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(23)	(1,429)	-	636	-
8300	**Other comprehensive income (loss) for the year**		$ 5,717	1	($ 2,543)	(1)
8500	**Total comprehensive (loss) income for the year**		($ 30,332)	(6)	$ 23,551	7
	(Loss) earnings per share	6(24)				
9750	Basic		($ 0.55)		$ 0.39	
9850	Diluted		($ 0.55)		$ 0.39	

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

FINEMAT APPLIED MATERIALS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital reserve	Retained Earnings: Legal reserve	Retained Earnings: Special reserve	Retained Earnings: Unappropriated retained earnings	Other Equity Interest: Financial statements translation differences of foreign operations	Treasury stocks	Total
Year ended December 31, 2021									
Balance at January 1, 2021		$ 663,898	$ 396,582	$ 38,401	$ 17,586	$ 144,632	($ 13,982)	$ -	$1,247,117
Profit for the year		-	-	-	-	26,094	-	-	26,094
Other comprehensive loss for the year		-	-	-	-	-	(2,543)	-	(2,543)
Total comprehensive income (loss) for the year		-	-	-	-	26,094	(2,543)	-	23,551
Appropriations of 2020 earnings:									
Legal reserve		-	-	485	-	(485)	-	-	-
Special reserve		-	-	-	(3,604)	3,604	-	-	-
Cash dividends	6(15)	-	-	-	-	(33,195)	-	-	(33,195)
Adjustment for change in capital reserve of investee companies	6(4)(14)	-	119	-	-	-	-	-	119
Purchase of treasury stocks	6(13)	-	-	-	-	-	-	(24,187)	(24,187)
Balance at December 31, 2021		$ 663,898	$ 396,701	$ 38,886	$ 13,982	$ 140,650	($ 16,525)	($ 24,187)	$1,213,405
Year ended December 31, 2022									
Balance at January 1, 2022		$ 663,898	$ 396,701	$ 38,886	$ 13,982	$ 140,650	($ 16,525)	($ 24,187)	$1,213,405
Loss for the year		-	-	-	-	(36,049)	-	-	(36,049)
Other comprehensive income for the year		-	-	-	-	-	5,717	-	5,717
Total comprehensive (loss) income for the year		-	-	-	-	(36,049)	5,717	-	(30,332)
Adjustment of capital reserve due to change in interests of investee companies	6(4)(14)	-	95,778	-	-	-	-	-	95,778
Adjustment of retained earnings due to change in interests of subsidiaries	6(4) and 7	-	-	-	-	(4,449)	-	-	(4,449)
Adjustment for change in capital reserve of investee companies	6(4)(14)	-	274	-	-	-	-	-	274
Adjustment of and capital reserve and retained earnings due to change in interests of investee companies	6(4)(14)	-	(2,070)	-	-	(1,063)	-	-	(3,133)
Difference between aquisition or disposal price and carring amounts of subsidiaries	6(14) and 7	-	12,782	-	-	-	-	-	12,782
Appropriations of 2021 earnings:									
Legal reserve	6(15)	-	-	2,609	-	(2,609)	-	-	-
Special reserve	6(15)	-	-	-	2,544	(2,544)	-	-	-
Balance at December 31, 2022		$ 663,898	$ 503,465	$ 41,495	$ 16,526	$ 93,936	($ 10,808)	($ 24,187)	$1,284,325

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

FINEMAT APPLIED MATERIALS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		($ 33,630)	$ 30,561
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment (loss) gain	12	783	(641)
Loss on inventory market price decline	6(3)	3,420	2,257
Gain recognized in bargain purchase transaction	6(4)(18)	-	(6,384)
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(4)	(11,145)	(38,828)
Depreciation	6(5)(6)(7)	54,667	47,774
(Gain) loss on disposal of property, plant and equipment	6(19)	(606)	470
Revenue on rent concessions	6(6)(18)	-	(190)
Amortization	6(8)(21)	1,085	1,055
Interest income	6(17)	(1,378)	(65)
Interest expense	6(20)	6,792	2,351
Changes in assets and liabilities			
Changes in operating assets			
Notes receivable		463	2,493
Accounts receivable		3,505	(54,001)
Accounts receivable - related parties		(39,441)	(6,394)
Other receivables		473	(3,683)
Other receivables - related parties		(16,730)	-
Inventories		(19,763)	(34,622)
Prepayments		(8,736)	5,779
Changes in operating liabilities			
Current contract liabilities		814	(725)
Accounts payable		(5,665)	46,318
Accounts payable - related parties		5,528	(1,633)
Other payables		2,643	14,420
Cash (outflow) inflow generated from operations		(56,921)	6,312
Interest received		1,378	65
Dividends received	6(4)	32,717	30,251
Interest paid		(6,527)	(2,244)
Income tax paid		(90)	(3,210)
Net cash flows (used in) from operating activities		(29,443)	31,174

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FINEMAT APPLIED MATERIALS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other receivables - related parties		($ 39,858)	$ -
Increase in other current financial assets		(8)	(8)
Aquisition of investments accounted for under equity method - subsidiary	7	(121,729)	(49,504)
Proceeds from disposal of investments accounted for under equity method-subsidiaries	7	20,239	-
Cash paid for acquisition of property, plant and equipment	6(25)	(50,144)	(188,625)
Interest paid for acquisition of property, plant and equipment	6(5)(20)(25)	-	(208)
Proceeds from disposal of property, plant and equipment		1,827	2,580
Acquisition of intangible assets	6(8)	(83)	(262)
Increase in guarantee deposits paid		-	(4,433)
Decrease(increase) in other non-current assets		460	(880)
Net cash flows used in investing activities		(189,296)	(241,340)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(26)	1,253,300	95,000
Decrease in short-term borrowings	6(26)	(971,300)	-
Payments of lease liability	6(26)	(2,738)	(2,712)
Increase in long-term borrowings	6(26)	35,024	140,100
Decrease in long-term borrowings	6(26)	(101,884)	(3,900)
Payments of cash dividends	6(15)	-	(33,195)
Purchase of treasury stocks	6(13)	-	(24,187)
Net cash flows from financing activities		212,402	171,106
Net decrease in cash and cash equivalents		(6,337)	(39,060)
Cash and cash equivalents at beginning of year	6(1)	138,438	177,498
Cash and cash equivalents at end of year	6(1)	$ 132,101	$ 138,438

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

FINEMAT APPLIED MATERIALS CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) FINEMAT APPLIED MATERIALS CO., LTD. (the "Company") was incorporated on May 25, 2007 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other related regulations. The Company primarily engages in the manufacture of electronic components and computers and its peripherals, duplication of data storage media, wholesale of electronic materials, secondary processing of steel materials and other metal products.

(2) The common shares of the Company have been listed on the Taiwan Stock Exchange since November 25, 2019.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 15, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Statement of compliance

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

(2) Basis of preparation

A. The parent company only financial statements have been prepared under the historical cost convention.

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

(3) Foreign currency translation

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

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

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

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

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

(4) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within 12 months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.

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

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

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within 12 months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Accounts and notes receivable

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

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

(6) Impairment of financial assets

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

(7) Derecognition of financial assets

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

(8) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expense. When the cost of inventory is higher than net realized value, a write-down is provided and recognized in operating costs. If the circumstances that caused the write-down cease to exist, such that all or part of the write-down is no longer needed, it should be reversed to that extent and recognized as deduction of operating costs.

(9) Investments accounted for using the equity method / subsidiaries

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

C. After acquisition of subsidiaries, the Company recognizes proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.

D. According to Regulations Governing the Preparation of Financial Statements by Securities Issuers,"Profit for the year" and "Other comprehensive income for the year" reported in an entity's nonconsolidated statement of comprehensive income, shall equal to "profit for the year" and "Other comprehensive income" attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's non-consolidated financial statements, shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

(10) Property, plant and equipment

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

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

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Asset	Useful lives
Buildings and structures	3 ~ 50 years
Machinery and equipment	3 ~ 12 years
Instruments and equipment	3 ~ 5 years
Office equipment	3 ~ 5 years
Other equipment	2 ~ 10 years

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

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

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

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

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(12) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its estimated useful life of 10 ~ 50 years.

(13) Intangible assets

Intangible assets comprise computer software, which is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

(14) Impairment of non-financial assets

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

(15) Borrowings

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

(16) Notes and accounts payable

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

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

(17) Derecognition of financial liabilities

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

(18) Offsetting financial instruments

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

(19) Employee benefits

A. Short-term employee benefits

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

B. Pensions

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

C. Employees' compensation and directors' remuneration

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

(20) Income tax

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

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

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

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

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

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(21) <u>Share capital</u>

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

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

(22) <u>Dividends</u>

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

(23) Revenue recognition

A. Sales of goods

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

(b) Sale revenue is recognized based on the contract price, net of the estimated sales taxes, returns and discounts. For collection terms for sales transactions, as the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

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

(24) Government grants

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

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

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

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

None.

(2) Critical accounting estimates and assumptions

Valuation of accounts receivable

A. The Company considers customers' characteristics, incorporates the forecast ability, historical collection experience and economic situation, financial condition of the region where the customer is located, and applies under the simplified approach using a provision matrix to estimate the expected credit losses. Since the amount of impairment loss is measured and calculated based on the loss rates established for that assets, significant impairment losses may incur if the future expected credit losses are greater than expected.

B. As of December 31, 2022, the carrying amount of accounts receivable (including related parties) was $181,028.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 246	$ 209
Demand deposits	131,855	138,229
	$ 132,101	$ 138,438

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

B. Details of the Company's cash and cash equivalents pledged to others as collateral (shown as 'other current financial assets') refer to Note 8.

(2) Notes and accounts receivable, net

	December 31, 2022	December 31, 2021
Notes receivable	$ 2,541	$ 3,004
Accounts receivable	$ 123,259	$ 126,764
Less: Allowance for doubtful accounts	(1,338)	(555)
	$ 121,921	$ 126,209

A. As of December 31, 2022 and 2021, the Company's notes receivable were not past due.

B. The ageing analysis of accounts receivable (including related parties) is as follows:

	December 31, 2022	December 31, 2021
Not past due	$ 181,070	$ 138,144
Up to 30 days	82	8,228
31 to 90 days	539	58
91 to 180 days	675	-
	$ 182,366	$ 146,430

The above ageing analysis was based on past due date.

C. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to $91,532.

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

E. As of December 31, 2022 and 2021, the Company has no accounts and notes receivable pledged to others.

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

(3) Inventories

	December 31, 2022		
	Cost	Allowance for market price deline	Book value
Merchandise	$ 57	($ 57)	$ -
Raw materials	99,502	(13,653)	85,849
Supplies	2,691	(508)	2,183
Work in progress	1,278	-	1,278
Finished goods	11,522	(2,932)	8,590
	$ 115,050	($ 17,150)	$ 97,900

	December 31, 2021		
	Cost	Allowance for market price deline	Book value
Merchandise	$ 57	($ 57)	$ -
Raw materials	86,871	(12,711)	74,160
Supplies	3,034	(618)	2,416
Work in progress	983	-	983
Finished goods	4,342	(344)	3,998
	$ 95,287	($ 13,730)	$ 81,557

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2022	2021
Cost of goods sold	$ 466,385	$ 302,627
Allowance for inventory market price decline	3,420	2,257
Revenue from sales of scraps	(5,808)	-
	$ 463,997	$ 304,884

(4) Investments accounted for using the equity method

A. Movements in investments accounted for under equity method were as follows:

	For the years ended December 31,	
	2022	2021
At January 1	$ 685,082	$ 623,677
Addition of investments accounted for using equity method	117,280	55,888
Disposal of investments accounted for using equity method	(7,457)	-
Share of profit or loss of investments accounted for using equity method	11,145	38,828
Net change in equity of investments accounted for using equity method	92,919	119
Earnings distribution of investments accounted for using equity method	(32,717)	(30,251)
Other equity interest-financial statements translation differences of foreign operations	7,146	(3,179)
At December 31	$ 873,398	$ 685,082

B. Details of investments accounted for under equity method:

	December 31, 2022	December 31, 2021
ETCH HOME TECHNOLOGY CO., LTD.	$ 85,460	$ 54,697
Sense Pad TECH. CO., LTD.	52,811	50,553
Htc & Solartech Service (Samoa) Corporation	441,574	291,434
WAVE POWER TECHNOLOGY INC.	293,553	288,398
	$ 873,398	$ 685,082

C. Subsidiaries

(a) For more information regarding the subsidiaries of the Company, refer to Note 4(2) 'Basis of consolidation' in the 2022 consolidated financial statements'.

(b) In December 2021, the Company acquired an 80.36% equity interest in ETCH HOME TECHNOLOGY CO., LTD. for a cash consideration of $49,504 and obtained control over ETCH HOME TECHNOLOGY CO., LTD. and its subsidiaries. For more information regarding the transats, refer to Note 6(28), 'Business combinations' in the 2022 consolidated financial statements. The gain on bargain purchase arising from the acquisition of ETCH HOME TECHNOLOGY CO., LTD. amounted to $6,384 (shown as 'other income').

D. For the years ended December 31, 2022 and 2021, the share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method was $11,145 and $38,828, respectively, which were assessed based on the investees' financial statements of the year audited by independent auditors.

E. As of December 31, 2022 and 2021, no investments accounted for under equity method held by the Company were pledged to others.

(5) Property, plant and equipment

	Land		Buildings and structures		Machinery and equipment		Instruments and equipment		Office equipment		Other equipment		Construction in progress and equipment before acceptance inspection		Total
At January 1, 2022															
Cost	$ 227,865	$	390,209	$	174,421	$	53,348	$	1,892	$	38,130	$	30,655	$	916,520
Accumulated depreciation	-	(	126,740)	(	88,016)	(	37,708)	(	598)	(	7,434)		-	(	260,496)
Accumulated impairment	-		-	(	1,182)		-		-		-		-	(	1,182)
	$ 227,865	$	263,469	$	85,223	$	15,640	$	1,294	$	30,696	$	30,655	$	654,842
2022															
At January 1	$ 227,865	$	263,469	$	85,223	$	15,640	$	1,294	$	30,696	$	30,655	$	654,842
Additions	-		4,094		17,407		2,948		286		2,712		21,471		48,918
Transfers after acceptance inspection	-		-		14,353		4,913		-		414	(	19,680)		-
Depreciation	-	(	15,924)	(	22,454)	(	8,540)	(	498)	(	4,191)		-	(	51,607)
Disposals — Cost	-	(	751)	(	253)	(	2,000)		-	(	2,770)		-	(	5,774)
— Accumulated depreciation	-		751		199		833		-		2,770		-		4,553
At December 31	$ 227,865	$	251,639	$	94,475	$	13,794	$	1,082	$	29,631	$	32,446	$	650,932
At December 1, 2022															
Cost	$ 227,865	$	393,552	$	205,928	$	59,209	$	2,178	$	38,486	$	32,446	$	959,664
Accumulated depreciation	-	(	141,913)	(	110,271)	(	45,415)	(	1,096)	(	8,855)		-	(	307,550)
Accumulated impairment	-		-	(	1,182)		-		-		-		-	(	1,182)
	$ 227,865	$	251,639	$	94,475	$	13,794	$	1,082	$	29,631	$	32,446	$	650,932

	Land	Buildings and structures	Machinery and equipment	Instruments and equipment	Office equipment	Other equipment	Construction in progress and equipment before acceptance inspection	Total
At January 1, 2021								
Cost	$ 125,423	$ 250,219	$ 159,274	$ 55,600	$ 386	$ 6,621	$ 120,741	$ 718,264
Accumulated depreciation	-	(114,477)	(71,585)	(29,824)	(280)	(5,537)	-	(221,703)
Accumulated impairment	-	-	(1,470)	-	-	-	-	(1,470)
	$ 125,423	$ 135,742	$ 86,219	$ 25,776	$ 106	$ 1,084	$ 120,741	$ 495,091
2021								
At January 1	$ 125,423	$ 135,742	$ 86,219	$ 25,776	$ 106	$ 1,084	$ 120,741	$ 495,091
Additions	-	18,536	14,074	368	1,197	5,819	99,303	139,297
Transfers after acceptance inspection	102,442	121,854	3,390	560	309	25,690	(254,245)	-
Transfers from right-of-use assets (Note)	-	-	-	-	-	-	54,053	54,053
Transfers from prepayments for equipment	-	-	3,580	-	-	-	7,394	10,974
Transfers from guarantee deposits paid (Note)	-	-	-	-	-	-	3,409	3,409
Depreciation	-	(12,663)	(21,375)	(8,679)	(318)	(1,897)	-	(44,932)
Disposals — Cost	-	(400)	(5,897)	(3,180)	-	-	-	(9,477)
— Accumulated depreciation	-	400	4,944	795	-	-	-	6,139
— Accumulated impairment	-	-	288	-	-	-	-	288
At December 31	$ 227,865	$ 263,469	$ 85,223	$ 15,640	$ 1,294	$ 30,696	$ 30,655	$ 654,842
At December 1, 2021								
Cost	$ 227,865	$ 390,209	$ 174,421	$ 53,348	$ 1,892	$ 38,130	$ 30,655	$ 916,520
Accumulated depreciation	-	(126,740)	(88,016)	(37,708)	(598)	(7,434)	-	(260,496)
Accumulated impairment	-	-	(1,182)	-	-	-	-	(1,182)
	$ 227,865	$ 263,469	$ 85,223	$ 15,640	$ 1,294	$ 30,696	$ 30,655	$ 654,842

(Note) For more information about the Company's sub-acquisition of the original leased land, refer to Note 6(6) 'leasing arrangement-lease'.

A. Property, plant and equipment of the Company were all for its own use as of December 31, 2022 and 2021.

B. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	For the years ended December 31,	
	2022	2021
Amount capitalized	$ -	$ 208
Range of the interest rates for capitalization	-	0.4968%

C. Impairment information on the property, plant and equipment is provided in Note 6(9) 'Impairment of non-financial assets'.

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

(6) <u>Leasing arrangements－lessee</u>

A. The Company leases various assets including land and business vehicles. Rental contracts are typically made for a periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.

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

Carrying amounts:

	December 31, 2022	December 31, 2021
Land	$ -	$ -
Transportation equipment (Business vehicles)	4,230	6,984
	$ 4,230	$ 6,984

Depeciation charge:

	For the years ended December 31,	
	2022	2021
Land	$ -	$ 939
Transportation equipment (Business vehicles)	2,754	1,598
	$ 2,754	$ 2,537

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $－ and $8,309, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 62	$ 309
Expense on short-term lease contracts	1,126	838
Rent concession income	-	190

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were $3,926 and $3,859, respectively.

F. On January 29, 2021, the Company's Board of Directors resolved the purchase of leased land and obtained approval from Tainan Technology Industrial Park Service Center on February 5, 2021. The total area of the purchased land was 7,653.49 square meters and the total purchase price was $149,980. According to the regulations of lease-to-acquisition, the rents paid during the lease period of $47,507 and guarantee deposits of $3,409 can be used to offset the land price. The actual purchase price of the land was $99,064, which has been fully paid and the transfer procedure was completed on July 27, 2021.

G. The Company has applied the practical expedient to "Covid-19-related rent concessions", and recognized the gain from changes in lease payments arising from the rent concessions amounting to $— and $190 by increasing other income for the years ended December 31, 2022 and 2021, respectively.

(7) Investment property, net

Movements of investment property are as follows:

	For the years ended December 31,	
Buildings and structures	2022	2021
At January 1		
Cost	$ 30,454	$ 30,454
Accumulated depreciation	(2,126)	(1,821)
Accumulated impairment	(27,438)	(27,438)
	$ 890	$ 1,195
Net value at January 1	$ 890	$ 1,195
Depreciation	(306)	(305)
Net value at December 31	$ 584	$ 1,195
At December 31		
Cost	$ 30,454	$ 30,454
Accumulated depreciation	(2,432)	(2,126)
Accumulated impairment	(27,438)	(27,438)
	$ 584	$ 890

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

	For the years ended December 31,			
	2022		2021	
Direct operating expenses arising from the investment property that did not generate rental income during the year	$	306	$	305

B. The fair value of the investment property held by the Company as at December 31, 2022 and 2021 was $589 and $897, respectively, which was valued by referring to the actual price registration. Valuation is categorized within Level 3 in the fair value hierarchy.

C. For the years ended December 31, 2022 and 2021, no borrowing cost were capitalized as part of investment property.

D. Impairment information on the investment property is provided in Note 6(9) ‘Impairment of non-financial assets’.

E. Information about investment property that was pledged to others as collateral as of December 31, 2022 and 2021 is provided in Note 8, ‘Pledged assets’.

(8) Intangible assets

	Computer software cost			
	For the years ended December 31,			
	2022		2021	
At January 1				
Cost	$	5,361	$	5,099
Accumulated amortization	(	3,082)	(	2,027)
	$	2,279	$	3,072
Net value at January 1	$	2,279	$	3,072
Additions		83		262
Amortization	(	1,085)	(	1,055)
Net value at December 31	$	1,277	$	2,279
At December 31				
Cost	$	5,444	$	5,361
Accumulated amortization	(	4,167)	(	3,082)
	$	1,277	$	2,279

A. For the years ended December 31, 2022 and 2021, no borrowing cost were capitalized as part of intangible assets.

B. Details of amortization on intangible assets are as follows:

	For years ended December 31,	
	2022	2021
Manufacturing expenses	$ 217	$ -
Selling expenses	30	-
General and administrative expenses	675	1,055
Research and development expenses	163	-
	$ 1,085	$ 1,055

(9) Impairment of non-financial assets

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

B. As of December 31, 2022 and 2021, the accumulated impairment losses on property, plant and equipment and investment property recognized both amounted to $28,620, after the transfers from disposals and market price recovery.

(10) Short-term borrowings

Nature	December 31, 2022	Interest rate range	Collateral
Bank unsecured borrowings	$ 265,000	1.725%～2.099%	None
Bank secured borrowings	112,000	1.75%～2.229%	Note
	$ 377,000		

Nature	December 31, 2021	Interest rate range	Collateral
Bank secured borrowings	$ 50,000	1.20%	Note
Bank unsecured borrowings	45,000	1.19%～1.20%	None
	$ 95,000		

(Note) Information about the collateral for the above borrowings is provided in Note 8, ‘Pledged assets’.

For more information about interest expenses recognized by the Company for the years ended December 31, 2022 and 2021, refer to Note 6(20), ‘Finance cost’.

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(11) Long-term borrowings

Nature	Borrowing period	Interest rate range	Collateral	December 31, 2022
Bank secured borrowings	2020.7.27～2026.9.24	1.1575%～1.8%	Note	$ 204,558
Bank unsecured borrowings	2020.12.15～2025.12.15	1.095%～1.975%	None	50,432
				254,990
Less: Current portion				(86,546)
				$ 168,444

Nature	Borrowing period	Interest rate range	Collateral	December 31, 2021
Bank secured borrowings	2020.1.20～2026.9.24	0.497%～1.35%	Note	$ 199,450
Bank unsecured borrowings	2020.9.25～2025.12.15	0.47%～0.497%	None	122,400
				321,850
Less: Current portion				(126,715)
				$ 195,135

(Note) Information about the collateral for the above borrowings is provided in Note 8, 'Pledged assets'.

For more information about interest expenses recognized by the Company for the years ended December 31, 2022 and 2021, refer to Note 6(20), 'Finance cost'.

(12) Pensions

Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021 were $4,880 and $4,639, respectively.

(13) Share capital

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

	For year ended December 31, 2022	2021
Balance at beginning of year	65,788	66,390
Purchase of treasury stocks	-	(602)
Balance at end of year	65,788	65,788

B. Treasury stocks

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

	For the year ended December 31, 2022			
Reason for reacquisition	Shares at beginning of year	Increase	Decrease	Shares at end of year
To be reissued to employees	602	-	-	602

	For the year ended December 31, 2021			
Reason for reacquisition	Shares at beginning of year	Increase	Decrease	Shares at end of year
To be reissued to employees	-	602	-	602

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. As of December 31, 2022 and 2021, the balances of treasury shares purchased by the Company both amounted to $24,187.

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

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within 5 years from the reacquisition date and shares not reissued within the 5 year period are to be retired.

C. As of December 31, 2022, the Company's authorized capital was $1,000,000 (including $60,000 reserved for employee stock options), and the paid-in capital was $663,898, consisting of 66,390 thousand shares of ordinary stock, with a par value of $10 (in dollars) per share, which were issued in instalments. All proceeds from shares issued have been collected.

(14) Capital reserve

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

For the year ended December 31, 2022	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
At January 1	$ 394,674	$ -	$ 2,027	$ -	$ 396,701
Transactions with non-controlling interests shareholders of subsidiaries	-	12,782	-	-	12,782
Adjustments for changes in capital reserve of investee companies	-	-	274		274
Changes in subsidiaries, associates and joint ventures accounted for under equity method	-	-	-	95,778	95,778
Adjustments for changes in retained earnings of investee companies	-	-	(2,070)	-	(2,070)
At December 31	$ 394,674	$ 12,782	$ 231	$ 95,778	$ 503,465

For the year ended December 31, 2021	Share premium	Changes in ownership interests in subsidiaries	Total
At January 1	$ 394,674	$ 1,908	$ 396,582
Adjustments for changes in capital reserve of investee companies	-	119	119
At December 31	$ 394,674	$ 2,027	$ 396,701

(15) Retained earnings

A. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or each dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company’s paid-in capital.

B. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve, but if legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is no longer required to be set aside. In addition, after special reserve is set aside or reversed in accordance with relevant regulations, the remainder along with accumulated unappropriated earnings will be proposed by the Board of Directors and resolved at the shareholders’ meeting to be distributed as dividends. The

Company's dividend policy takes into account not only the Company's current and future investment environment, capital needs, domestic and foreign competition, and capital budget, etc. but also the shareholders' interests, balanced dividends and the Company's long-term financial plan, etc. Each year, the appropriation is proposed by the Board of Directors and then reported to the shareholders' meeting for approval. The Company is in the growth stage and has a plan to expand its production lines and capital needs in the coming years, and thus the balanced dividend policy is adopted to have a sound financial structure and maintain a good capital adequacy ratio. In addition to appropriating the earnings in accordance with the aforementioned regulations, the dividend and bonus may be distributed in the form of cash or shares, and if there are any earnings in the current year, 10% ~ 80% of distributable earnings of the current year shall be appropriated as dividends and bonuses to shareholders, of which cash dividends shall account for at least 10% of the total dividends distributed. The Board of Directors of the Company may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends and bonus, legal reserve or capital surplus, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting. The above distribution is not subject to approval by the shareholders.

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

The special reserve previously set aside by the Company on initial application of IFRSs in accordance with the Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, amounted to $369.

D. The Company recognized cash dividends distributed to owners amounting to $33,195 ($0.5 (in dollars) per share) for the years ended December 31, 2021. On March 15, 2023, the Board of Directors resolved no distribution due to no profit for the year.

(16) Operating revenue

A. The Company's revenue is mainly from sales contracts with customers, and such revenue is derived from the transfer of goods at a point in time in the following major product lines:

	For the years ended December 31,	
	2022	2021
Metal masks	$ 446,996	$ 334,599
Thermal module	39,537	-
Optical bonding materials	10,475	19,404
Others	28,663	2,985
	$ 525,671	$ 356,988

B. The Company has recognized the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Current contract liabilities:			
Advance receipts	$ 878	$ 64	$ 789

	For the years ended December 31,	
	2022	2021
Revenue recognized that was included in the contract liability balance at the beginning of the year:		
Advance receipts	$ -	$ 364

(17) Interest income

	For the years ended December 31,	
	2022	2021
Interest income from bank deposits	$ 577	$ 49
Other interest income	801	16
	$ 1,378	$ 65

(18) Other income

	For the year ended December 31,	
	2022	2021
Director's remuneration income	$ 3,196	$ -
Waste liquid recycling income	2,502	-
Administrative service income	1,392	2,021
Government grant income (Note)	-	27,077
Gain recognized in bargain purchase transaction	-	6,384
Rent concession income	-	190
Other income	2,401	1,010
	$ 9,491	$ 36,682

(Note) The Company recognized government grant income of $— and $27,077 for the years ended December 31, 2022 and 2021 for salary and working capital subsidies from the Ministry of Economic Affairs under the 'Relief and Revitalisation Measures for Industries and Enterprises Experiencing Operational Difficulties Due To the Impact of Severe Pneumonia with Novel Pathogens (COVID-19)'. However, the aforementioned regulation specifies that the Company must not be a landowner on the list of industrial idle land announced in accordance with the Article 46-1 of Statute for Industrial Innovation and shall comply with other rules set in the regulation. Provided that the Company did not comply with the rules, the Industrial Development Bureau of the Ministry of Economic Affairs may revoke or abolish the subsidies and retrieve all the funds appropriated.

(19) Other gains and losses

	For the years ended December 31,	
	2022	2021
Currency exchange gain (loss)	$ 15,181	($ 972)
Gain (loss) on disposal of property, plant and equipment	606	(470)
Depreciation charges on investment property	(306)	(305)
Other losses	-	(51)
	$ 15,481	($ 1,798)

(20) Finance costs

	For the years ended December 31,	
	2022	2021
Interest expense:		
Interest expense bank borrowings	$ 6,730	$ 2,250
Interest expense on lease liabilities	62	309
	6,792	2,559
Less: Capitalization of qualifying assets	-	(208)
	$ 6,792	$ 2,351

(21) Expenses by nature

	For the year ended December 31, 2022,		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 80,923	$ 68,334	$ 149,257
Depreciation expense	45,994	8,367	54,361
Amortization expense	217	868	1,085
	$ 127,134	$ 77,569	$ 204,703

	For the year ended December 31, 2021,					
	Operating costs		Operating expenses		Total	
Employee benefit expense	$	70,572	$	51,126	$	121,698
Depreciation expense		41,207		6,262		47,469
Amortization expense		-		1,055		1,055
	$	111,779	$	58,443	$	170,222

(22) Employee benefit expense

	For the year ended December 31, 2022,					
	Operating costs		Operating expenses		Total	
Wages and salaries	$	67,593	$	53,458	$	121,051
Labor and health insurance expense		6,423		4,295		10,718
Pension costs		2,629		2,251		4,880
Directors' remuneration		-		4,792		4,792
Other personnel expenses		4,278		3,538		7,816
	$	80,923	$	68,334	$	149,257

	For the year ended December 31, 2021,					
	Operating costs		Operating expenses		Total	
Wages and salaries	$	59,002	$	39,734	$	98,736
Labor and health insurance expense		5,776		4,134		9,910
Pension costs		2,395		2,244		4,639
Directors' remuneration		-		1,449		1,449
Other personnel expenses		3,399		3,565		6,964
	$	70,572	$	51,126	$	121,698

A. As of December 31, 2022 and 2021, the Company had 187 and 180 workers, among these, 7 and 6 directors were non-employee directors, respectively.

B. The average employee benefit expense and average wages and salaries for the years ended December 31, 2022 and 2021, were $803 and $691, $673 and $567, respectively. The average wages and salaries in 2022 increased by approximately 19% compared with 2021.

C. In accordance with the Company's compensation policy, directors' remuneration is determined by considering the extent of their contribution in the Company's operations and the general pay levels in the same industry; managers' remuneration is assessed based on their positions, responsibilities of the job, contribution to the Company and performance evaluations during the year, and by reference to the general pay levels in the same industry. The aforementioned directors' and managers' remunerations shall be reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution. Employees' compensation is determined by reference to the pay levels in the industry and their job titles, levels, types, responsibilities, etc., and the professional capacities, education and work experience and education levels are also the main factors considered in the salary evaluation.

D. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 8%～15% for employees' compensation and shall not be higher than 5% for directors' remuneration. Provided that the Company has accumulated deficit, earnings shall be first used to cover accumulated deficit. Directors' remuneration is distributed in the form of cash while employees' compensation may be distributed in the form of cash or shares. The employees, including the employees of the Company's subsidiaries, who meet certain specific requirements are entitled to receive the above cash or shares. The profit of the current year is the profit before deducting tax, employees' compensation and directors' remuneration. The distribution of employees' compensation and directors' remuneration is subject to the approval of more than half of directors present at a meeting where more than two-thirds of the directors are in attendance and shall also be reported at the shareholders' meeting.

E. For the years ended December 31, 2022 and 2021, employees' compensation were $－ and $2,670, respectively; while directors' remuneration were both $－. The aforementioned amounts were recognized in salary expenses and were estimated and accrued based on the earnings of current year and the percentage specified in the Articles of Incorporation of the Company. The employees' compensation and directors' remuneration for 2021 as resolved by the Board of Directors was $2,670, it is consistent with the amount recognized in the financial statements for 2021. The Company had no profit in 2022, there is no need to estimate and pay remuneration to employees and directors.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	For the years ended December 31,			
	2022		2021	
Current income tax:				
Tax on undistributed earnings	$	99		-
Under provision of prior year's income tax payable		-		53
Total current income tax		99		53
Deferred income tax:				
Origination and reversal of temporary differences		2,320		4,414
Income tax expense	$	2,419	$	4,467

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

	For the years ended December 31,			
	2022		2021	
Financial statements translation differences of foreign operations	$	1,429	($	636)

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,			
	2022		2021	
Tax calculated based on profit before tax and statutory tax rate	$	-	$	6,112
Effects from items disallowed by tax regulation	(	2,572)	(	2,825)
Tax on undistributed earnings		99		-
Under provision of prior year's income tax payable		-		53
Change in assessment of realisation of deferred tax assets		4,892		1,127
Income tax expenses	$	2,419	$	4,467

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

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Financial statements translation differences	$ 4,132	$ -	($ 1,429)	$ 2,703
Allowance for doubtful accounts	71	-	-	71
Loss on inventory market value decline	2,746	684	-	3,430
Impairment loss	3,069	(131)	-	2,938
Unrealized loss on foreign currency exchange	85	(85)	-	-
Book-tax difference on land cost	9,501	-	-	9,501
Tax losses	17,544	(2,939)	-	14,605
	$ 37,148	($ 2,471)	($ 1,429)	$ 33,248
Deferred tax liabilities:				
Temporary differences:				
Investment income	($ 13,705)	$ 343	$ -	($ 13,362)
Unrealized gain on foreign currency exchange	-	(192)	-	(192)
Gain recognized in bargain purchase transaction	(1,277)	-	-	(1,277)
	($ 14,982)	$ 151	$ -	($ 14,831)
	$ 22,166	($ 2,320)	($ 1,429)	$ 18,417

	2021			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Financial statements translation differences of foreign operations	$ 3,496	$ -	$ 636	$ 4,132
Allowance for doubtful accounts	354	(283)	-	71
Loss on inventory market value decline	2,295	451	-	2,746
Impairment loss	3,201	(132)	-	3,069
Unrealized loss on foreign currency exchange	8	77	-	85
Book-tax difference on land cost	-	9,501	-	9,501
Tax losses	30,779	(13,235)	-	17,544
	$ 40,133	($ 3,621)	$ 636	$ 37,148
Deferred tax liabilities:				
Temporary differences:				
Investment income	($ 14,189)	$ 484	$ -	($ 13,705)
Gain recognized in bargain purchase transaction	-	(1,277)	-	(1,277)
	($ 14,189)	($ 793)	$ -	($ 14,982)
	$ 25,944	($ 4,414)	$ 636	$ 22,166

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

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2012	$ 50,807	$ 50,807	$ 50,807	2022
2013	12,636	12,636	-	2023
2014	16,383	16,383	-	2024
2020	1,642	1,642	-	2030
2022	42,364	42,364	-	2032

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2012	$ 50,807	$ 50,807	$ -	2022
2013	12,636	12,636	-	2023
2014	16,383	16,383	-	2024
2020	7,896	7,896	-	2030

E. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority. There were no disputes existing between the Company and the Tax Authority as of March 15, 2023.

(24) (Loss) earnings per share

	For the year ended December 31, 2022,		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss for the year	($ 36,049)	65,788	($ 0.55)

	For the year ended December 31, 2021,		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the year	$ 26,094	66,314	$ 0.39
Diluted earnings per share			
Profit for the year	$ 26,094	66,314	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	52	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutivepotential ordinary shares	$ 26,094	66,366	$ 0.39

For the year ended December 31, 2022, potential ordinary shares were excluded from the calculation of diluted loss per share due to the anti-dilutive effect.

(25) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2022	2021
Purchase of property, plant and equipment	$ 48,918	$ 139,297
Add: Opening balance of other payables	6,721	1,563
Lease liabilities transferred to payments	-	54,694
Less: Ending balance of other payables	(5,495)	(6,721)
Capitalization for interest	-	(208)
Cash paid during the year	$ 50,144	$ 188,625

B. Investing activities with no cash flow effects:

	For the years ended December 31,	
	2022	2021
(a) Right-of-use assets transferred to property, plant and equipment	$ -	$ 54,053
(b) Prepayments for equipment transferred to property, plant and equipment	$ -	$ 10,974
(c) Guarantee deposits paid transferred to property, plant and equipment	$ -	$ 3,409

C. The fair value of assets and liabilities of ETCH HOME TECHNOLOGY CO., LTD. on acquisition dates are as follows:

	For the years ended December 31,	
	2022	2021
Cash	$ -	$ 25,661
Total consideration paid for the acquisition of ETCH HOME TECHNOLOGY CO., LTD. (calculated in proportion to its ownership of 80.36% based on the fair value)	$ -	$ 49,504
Acquisition of cash on ETCH HOME TECHNOLOGY CO., LTD. (calculated in proportion to its ownership of 80.36% based on the fair value)	-	(25,661)
Cash paid from the acquisition of ETCH HOME TECHNOLOGY CO., LTD. (calculated in proportion to its ownership of 80.36% based on the fair value)	$ -	$ 23,843

(26) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Long-term borrowings (including current portion)	Liabilities from financing activities - gross
At January 1, 2022	$ 95,000	$ 7,000	$ 321,850	$ 423,850
Changes in cash flow from financing activities	282,000	(2,738)	(66,860)	212,402
At December 31, 2022	$ 377,000	$ 4,262	$ 254,990	$ 636,252

	Short-term borrowings	Lease liabilities	Long-term borrowings (including current portion)	Liabilities from financing activities - gross
At January 1, 2021	$ -	$ 56,287	$ 185,650	$ 241,937
Changes in cash flow from financing activities	95,000	(2,712)	136,200	228,488
Changes in cash flow from other non-cash financing activities	-	(46,575)	-	(46,575)
At December 31, 2021	$ 95,000	$ 7,000	$ 321,850	$ 423,850

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Htc & Solartech Service (Samoa) Corporation	Subsidiary
Solar Applied Materials Technology (Shanghai) Co., Ltd.	Subsidiary
FineMat (HuangShi) Applied Materials Co., Ltd.	Subsidiary
WAVE POWER TECHNOLOGY INC.	Subsidiary
ETCH HOME TECHNOLOGY CO., LTD.	Subsidiary
VN ETCH HOME TECHNOLOGY CO., LTD.	Subsidiary
Galloptech International Company Limited	Associate
Huangshi Quanyang Photoelectric Technology Co., Ltd.	Associate
HTC & SOLAR TECH SERVICE LIMITED	Other related party

(2) Significant related party transactions

A. Operating revenue

	For the years ended December 31,	
	2022	2021
Sales of goods:		
ETCH HOME TECHNOLOGY CO., LTD.	$ 58,686	$ 4
Huangshi Quanyang Photoelectric Technology Co., Ltd.	57,324	2,058
Subsidiaries	3,521	33,573
Associates	-	143
Other related parties	3,252	2,516
	$ 122,783	$ 38,294

The sales prices and credit terms from related parties were the same with third parties. Collection terms are 60 ~ 90 days after monthly statements for related parties and 90 days after monthly statements for third parties.

B. Purchases

	For the years ended December 31,	
	2022	2021
Purchases of goods:		
HTC & SOLAR TECH SERVICE LIMITED	$ 17,557	$ 12,391
ETCH HOME TECHNOLOGY CO., LTD.	8,691	21
Associates	900	-
Subsidiaries	-	1,903
	$ 27,148	$ 14,315

The purchase prices and payment terms from related parties were the same with third parties. Payment terms are 90 days after monthly statements for related parties and 30 ~ 90 days after monthly statements for third parties.

C. Processing expenses and other expenses (listed as ‘operating cost’)

	For the years ended December 31,	
	2022	2021
Huangshi Quanyang Photoelectric Technology Co., Ltd.	$ 4,557	$ 1,270
FineMat (HuangShi) Applied Materials Co., Ltd.	-	5,937
Other related parties	207	341
Subsidiaries	2	-
	$ 4,766	$ 7,548

D. Administrative service revenue

	For the years ended December 31,	
	2022	2021
HTC & SOLAR TECH SERVICE LIMITED	$ 936	$ 1,590
Galloptech International Company Limited	456	431
	$ 1,392	$ 2,021

E. Directors' remuneration income

	For the years ended December 31,	
	2022	2021
WAVE POWER TECHNOLOGY INC.	$ 3,196	$ -

F. Property transactions

	For the years ended December 31,	
	2022	2021
Acquisition of property, plant and equipment		
Other related parties	$ -	$ 145

G. Investment transactions

(1) In January 2022, the Company participated in the capital increase of ETCH HOME TECHNOLOGY CO., LTD. in the total investments amount to $70,000 in cash. Because the Company did not subscribes for new shares according to the shareholding ratio, the difference generated reduced the retained earnings by $4,449.

(2) In August 2011, the subsidiary, WAVE POWER TECHNOLOGY INC., filed for an initial public offering with Taipei Exchange. As part of the public process, the Company partially disposed its shares through public market for a total cash consideration of $20,239. After deducting the book value of $7,457 on the disposal date, the capital reserve was increase by $12,782.

(3) In December 2022, the Company participated in the capital increase of Htc & Solartech Service (Samoa) Corporation. in the total investments amount to $51,729 in cash.

H. Receivables from related parties

	December 31, 2022	December 31, 2021
Accounts receivable:		
ETCH HOME TECHNOLOGY CO., LTD.	$ 40,717	$ 4
Huangshi Quanyang Photoelectric Technology Co., Ltd.	15,130	2,058
VN ETCH HOME TECHNOLOGY CO., LTD.	2,943	-
Solar Applied Materials Technology (Shanghai) Co., Ltd.	176	2,011
FineMat (HuangShi) Applied Materials Co., Ltd.	141	15,593
	$ 59,107	$ 19,666

	December 31, 2022	December 31, 2021
Other receivables (excluded loans to related partie) :		
VN ETCH HOME TECHNOLOGY CO., LTD.	$ 16,567	$ -
ETCH HOME TECHNOLOGY CO., LTD.	163	-
	$ 16,730	$ -

The receivables from related parties arise mainly from sale transactions and purchase of packaging materials and machinery. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

I. Payables to related parties

	December 31, 2022	December 31, 2021
Purchase of goods and services:		
HTC & SOLAR TECH SERVICE LIMITED	$ 9,769	$ 3,099
Subsidiaries	916	32
Huangshi Quanyang Photoelectric Technology Co., Ltd.	419	1,270
FineMat (HuangShi) Applied Materials Co., Ltd.	-	1,175
	$ 11,104	$ 5,576

The payables to related parties arise mainly from purchase transactions and are unsecured in nature and bear no interest.

J. Loans to related parties

Receivable from related parties:

	December 31, 2022	December 31, 2021
ETCH HOME TECHNOLOGY CO., LTD.	$ 33,726	$ -
VN ETCH HOME TECHNOLOGY CO., LTD.	6,132	-
	$ 39,858	$ -

The loan to related parties are repayable over 1year and the interest income was $763 and $— for the years ended December 31, 2022 and 2021, respectively.

K. Endorsements and guarantees

Endorsements and guarantees provided by the Company to subsidiaries are as follows:

	Nature	December 31, 2022	December 31, 2021
Htc & Solartech Service (Samoa) Corporation	Financial guarantee	$ 140,140	$ 143,050
FineMat (HuangShi) Applied Materials Co., Ltd.	〃	112,789	112,789
ETCH HOME TECHNOLOGY CO., LTD.	〃	50,000	-
VN ETCH HOME TECHNOLOGY CO., LTD.	〃	153,135	-
		$ 456,064	$ 255,839

As of December 31, 2022 and 2021, the actual amount guaranteed by the Company to the subsidiaries was $196,893 and $144,163, respectively.

(3) Key management compensation

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	$ 10,804	$ 10,311

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2022	December 31, 2021	Purpose
Restricted time deposits (Note 1)	$ 1,036	$ 1,028	Customs deposits
Land (Note 2)	227,865	227,865	Financial guarantees
Buildings and structures, net (Note 2)	252,223	264,359	〃
	$ 481,124	$ 493,252	

(Note 1) Listed as 'other current financial assets'.

(Note 2) Listed as 'property, plant and equipment' and 'investment property, net'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGIZED CONTRACT COMMITMENTS

(1) As of December 31, 2022 and 2021, the Company's remaining balance due for construction in progress and prepayments for equipment were $22,635 and $12,405, respectively.

(2) Information about endorsements and guarantees to subsidiaries is provided in Note 7(2)K.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Company also ensures it has sufficient financial resources and operating plans to support the working capital needs, capital expenditures, dividend payments, etc. in the future.

(2) Financial instruments

A. Information on the Company's financial instruments by category is provided in Note 6.

B. Financial risk management policies

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

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

I.The Company operates internationally and is exposed to exchange rate risk arising from various currencies, primarily with respect to the USD, RMB and JPY. Foreign exchange rate risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

II. Management has set up a policy to require companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Foreign exchange risk arises when future commercial transactions, recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

III. The Company treasury's risk management policy is to hedge anticipated cash flows (mainly sales exports and inventory purchases) in the major foreign currency in the future so as to decrease the risk exposure in the major foreign currency.

IV. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. However, as the objective of the net investments in foreign operations is for strategic purposes, the Company does not hedge the investments.

V. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 7,220	30.66	$ 221,362
RMB:NTD	9,919	4.383	43,472
JPY:NTD	9,323	0.2304	2,148
Non-monetary items			
USD:NTD	16,099	30.71	494,385
Financial liabilities			
Monetary items			
USD:NTD	358	30.76	11,017
RMB:NTD	6,801	4.433	30,147
JPY:NTD	19,782	0.2344	4,637

	December 31, 2021			
	Foreign currency amount (In thousands)	Exchange rate		Book value
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	$ 6,064	27.63	$	167,560
RMB:NTD	5,010	4.319		21,639
Non-monetary items				
USD:NTD	12,355	27.68		341,987
Financial liabilities				
Monetary items				
USD:NTD	2,026	27.73		56,174
RMB:NTD	271	4.369		1,183
JPY:NTD	22,668	0.2425		5,497
EUR:NTD	53	31.52		1,665

VI. Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. If the exchange rate of NTD to other currencies had appreciated/depreciated by 1% with all other variables held constant, the Company's net profit after tax for the years ended December 31, 2022 and 2021 would increase/decrease by $1,769 and $997, respectively.

VII. Total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021 amounted to $15,181 and ($972), respectively.

Price risk

The Company did not engage in any financial instrument transactions with price variations, thus, the Company does not expect market risk arising from variations in the market prices.

Cash flow and fair value interest rate risk

Regarding the sensitivity analysis of interest rate risk, if the borrowing interest rate had increased/decreased by 10% with all other variables held constant, profit (loss), net of tax for the years ended December 31, 2022 and 2021 would have decreased/increased by $538 and $180, respectively. The main factor is that increases/decreases in interest expense result from floating rate borrowings.

(b) Credit risk

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

II. The Company manages their credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

III. In line with the credit risk management procedure, payment reminders are sent when the contract payments are past due, and the default occurs when the contract payments are past due over a certain period of time.

IV. The Company classifies customer's accounts receivable in accordance with credit risk on trade. The Company applied the simplified approach using the provision matrix, loss rate methodology to estimate expected credit loss. The Company uses the forecastability of conditions to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the provision matrix is as follows:

December 31, 2022	Expected loss rate	Total book value	Loss allowance
Not past due	0.34%	$ 181,070	$ 621
Up to 30 days	2.44%	82	2
31 to 90 days	7.42%	539	40
Over 181 days	100%	675	675
		$ 182,366	$ 1,338
December 31, 2021			
Not past due	0.29%	$ 138,144	$ 397
Up to 30 days	1.86%	8,228	153
31 to 90 days	8.62%	58	5
		$ 146,430	$ 555

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

	For the years ended December 31,	
	2022	2021
At January 1	$ 555	$ 1,196
Expected credit loss (gain)	783	(641)
At December 31	$ 1,338	$ 555

(c) Liquidity risk

I. Cash flow forecasting is performed in finance division of the Company. Finance division monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

II. Company treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. The Company is expected to readily generate cash inflows for managing liquidity risk.

III. The Company has the following undrawn borrowing facilities:

	December 31, 2022	December 31, 2021
Floating rate:		
Expiring within one year	$ 221,550	$ 245,000
Expiring beyond one year	76,476	171,900
	$ 298,026	$ 416,900

IV. The table below analyses the Company's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2022	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 378,553	$ -	$ -	$ -
Accounts payable (including related parties)	71,617	-	-	-
Other payables	50,398	-	-	-
Lease liabilities	2,800	1,500	-	-
Long-term borrowings (including current portion)	89,154	157,160	13,555	-

December 31, 2021	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 95,335	$ -	$ -	$ -
Accounts payable (including related parties)	71,754	-	-	-
Other payables	48,716	-	-	-
Lease liabilities	2,738	4,262	-	-
Long-term borrowings (including current portion)	128,187	128,779	68,873	-

V. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in forward foreign exchange contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(7) 'Investment property, net'.

C. The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), other current financial assets, guarantee deposits paid, short-term borrowings, accounts payable (including related parties), other payables, and long-term borrowings (including current portion)) are approximate to their fair values.

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

(4) Other matter

In response to the impact of the COVID-19 pandemic and the government's various pandemic prevention programs, the Company has implemented measures related to work place sanitation management, continued to manage related matters and implemented a staggered work schedule to operate all its plants and management units in cooperation with the "Guidelines for Enterprise Planning of Business Continuity in Response to the Coronavirus Disease 2019(COVID-19)". There were no significant adverse effects on the Company's operations.

13. SUPPLEMENTARY DISCLOSURES

(According to the regulatory requirements, only information related to the year ended December 31, 2022 is disclosed)

(1) Significant transactions information

A. Loans to others: Refer to table 1.

B. Provision of endorsements and guarantees to others: Refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

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

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

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

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

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

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

J. Significant inter-company transactions during the reporting periods: Refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Except for endorsements and guarantees as described in table 2 there is no such situation.

(4) Major shareholders information

Refer to table 6.

14. SEGMENT INFORMATION

Not applicable.

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Cash:		
Cash on hand		$ 246
Demand deposits － New Taiwan dollar		71,555
－ Foreign Currencies	Including USD 1,064 thousand @ 30.66, RMB 6,309 thousand @4.383 and JPY 98 thousand @0.2304	60,300
		$ 132,101

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	Footnote
Company A	Accounts receivable	$ 60,558	_
Company B	〃	33,453	_
Others (individually less than 5%)	〃	29,248	_
		123,259	
Less: Allowance for doubtful accounts		(1,338)	_
		$ 121,921	

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE — RELATED PARTIES, NET
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Client Name	Description	Amount	Footnote
ETCH HOME TECHNOLOGY CO., LTD.	Accounts receivable	$ 40,717	—
Huangshi Quanyang Photoelectric Technology Co., Ltd.	〃	15,130	—
VN ETCH HOME TECHNOLOGY COMPANY LTD.	〃	2,943	—
Solar Applied Materials Technology (Shanghai) Co., Ltd.		176	—
FineMat (HuangShi) Applied Materials Co., Ltd.	〃	141	—
		$ 59,107	

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF OTHER ACCOUNTS RECEIVABLE － RELATED PARTIES
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Amount	Footnote
Receivable of loans to related parties	ETCH HOME TECHNOLOGY CO., LTD.	$ 33,822	—
〃	VN ETCH HOME TECHNOLOGY COMPANY LTD.	6,285	—
Other receivables	VN ETCH HOME TECHNOLOGY COMPANY LTD.	16,414	—
〃	ETCH HOME TECHNOLOGY CO., LTD.	67	—
		$ 56,588	

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Amount		Footnote
	Cost	Net Realizable Value	
Merchandise	$ 57	$ -	(Note)
Raw materials	99,502	80,972	〃
Supplies	2,691	2,201	〃
Work in progress	1,278	1,278	〃
Finished goods	11,522	9,586	〃
	115,050	$ 94,037	
Less: Allowance for inventory valuation losses	(17,150)		
	$ 97,900		

(Note) Refer to Note 4(8) ‘Inventories’ of parent company only financial statements for the way the Company determines net realizable value of inventories.

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

	Beginning Balance		Increase		Decrease		Ending Balance			Market value or net assets value	
Investees	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Percentage of ownership	Amount	Unit price (in dollars)	Total amount
Sense Pad TECH. CO., LTD.	7,580	$ 50,553	-	$ 2,258	-	$ -	7,580	100.00%	$ 52,811	$ 6.97	$ 52,811
ETCH HOME TECHNOLOGY CO., LTD.	1,768	54,697	2,500	70,540	-	(39,777)	4,268	90.81%	85,460	20.02	85,460
Htc & Solartech Service (Samoa) Corporation	7,286	291,434	1,290	152,339	-	(2,199)	8,576	73.73%	441,574	51.49	441,574
WAVE POWER TECHNOLOGY INC.	13,087	288,398	-	45,329	(350)	(40,174)	12,737	41.09%	293,553	82.83	1,055,005
	29,721	$ 685,082	3,790	$ 270,466	(350)	($ 82,150)	33,161		$ 873,398		$ 1,634,850

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT－COST
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(5) ‘Property, plant and equipment’of parent company only financial statements.

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT－ACCUMULATED DEPRECIATION FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(5) ‘Property, plant and equipment’ of parent company only financial statements.
Refer to Note 4(10) ‘Property, plant and equipment’ of parent company only financial statements for the depreciation method and useful lives of the assets.

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF CHANGES IN DEFERRED TAX ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(23) ‘Income tax’ of parent company only financial statements.

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Nature	Description	Ending balance	Contract period	Interest rate	Loan commitment	Collateral	Footnote
Unsecured borrowings	Bank SinoPac	$ 60,000	2022.04.27~2023.04.30	1.725%	$ 70,000	None	—
〃	Taishin International Bank	50,000	2022.12.31~2023.12.31	2.08%	50,000	〃	—
〃	Cathay United Bank	45,000	2022.12.25~2023.12.25	1.77%	100,000	〃	—
〃	Taiwan Shin Kong Commercial Bank	40,000	2022.6.15~2023.05.30	1.99%	60,000	〃	—
〃	Chang Hwa Commercial Bank	30,000	2022.07.12~2023.05.31	1.650%	30,000	〃	—
〃	Mega International Commercial Bank	20,000	2022.03.02~2023.03.01	1.925%	60,000	〃	—
〃	Taipei Fubon Bank	20,000	2022.09.01~2023.09.01	2.099%	48,550	〃	—
Secured borrowings	E.SUN Commercial Bank	82,000	2022.05.23~2023.05.23	1.750%	100,000	Land, buildings and structures	—
〃	O-Bank	30,000	2022.01.04~2023.01.03	1.963% ～ 2.229%	70,000	〃	—
		$ 377,000					

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Vendor Name	Description	Amount	Footnote
Company C	Accounts payable	$ 32,468	–
Company D	〃	11,365	–
Company E	〃	4,498	–
Others (individually less than 5%)	〃	12,182	–
		$ 60,513	

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Wages and salaries and bonuses payable	—	$ 22,976
Payable on import/export (customs) expenses	—	5,512
Equipment payable	—	5,495
Others (individually less than 5%)	—	16,415
		$ 50,398

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF LONG-TERM LIABILITIES, CURRENT PORTION
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Creditor	Nature	Contract period	Interest rate	Amount	Collateral	Footnote
O-Bank	Secured bank borrowings	2020.07.07~2025.07.06	1.1575%	$ 68,490	Land, buildings and structures	Note 1
CTBC Bank	〃	2021.09.24~2026.09.24	1.8%	2,079	〃	Note 2
Cathay United Bank	Unsecured bank borrowings	2020.12.15~2025.12.15	1.095%	15,144	None	Note 3
The Shanghai Commercial & Savings Bank	〃	2022.07.11~2025.07.11	1.975%	833	〃	Note 4
				$ 86,546		

(Note 1) The Company applied for a change of repayment method in March 2022. Principal is repayable in 31 equal monthly installments from January 15, 2023.

(Note 2) Principal is repayable in 43 monthly installments of $189 from February 24, 2023 and the remaining amount is repayable at maturity.

(Note 3) Principal is repayable in 43 equal monthly installments from January 1, 2022.

(Note 4) Principal is repayable in 36 equal monthly installments from September 11, 2023.

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Creditor	Nature	Contract period	Interest rate	Amount	Collateral	Footnote
O-Bank	Secured bank borrowings	2020.07.07~2025.07.06	1.1575%	$ 184,558	Land, buildings and structures	Note 1
CTBC Bank	〃	2021.09.24~2026.09.24	1.8%	20,000	〃	Note 2
Cathay United Bank	Unsecured bank borrowings	2020.12.15~2025.12.15	1.095%	45,432	None	Note 3
The Shanghai Commercial & Savings Bank	〃	2022.07.11~2025.07.11	1.975%	5,000	〃	Note 4
				254,990		
	Less: Current portion			(86,546)		
				$ 168,444		

(Note 1) The Company applied for a change of repayment method in March 2022. Principal is repayable in 31 equal monthly installments from January 15, 2023.

(Note 2) Principal is repayable in 43 monthly installments of $189 from February 24, 2023 and the remaining amount is repayable at maturity.

(Note 3) Principal is repayable in 43 equal monthly installments from January 1, 2022.

(Note 4) Principal is repayable in 36 equal monthly installments from September 11, 2023.

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Quantity	Amount		Footnote
		Subtotal	Total	
Metal masks	96 thousand pieces	$ 447,464		—
Thermal Module	3,580 thousand pieces	39,537		—
Optical bonding materials	496 thousand pieces	10,475		—
Others		28,663		—
			$ 526,139	
Less: Sales returns and discounts			(468)	—
Operating revenue			$ 525,671	

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Merchandise at January 1, 2022	$ 57
Add: Merchandise purchase	103
Merchandise at December 31, 2022	(57)
Cost of purchasing and selling	103
Raw materials at January 1, 2022	86,871
Add: Raw materials purchased	262,798
Less: Sale of raw materials	(38,840)
Raw materials at December 31, 2022	(99,502)
Raw materials used during the year	211,327
Supplies at January 1, 2022	3,034
Add: Supplies purchased	29,285
Less: Sale of supplies	(5,085)
Supplies at December 31, 2022	(2,691)
Supplies used during the year	24,543
Direct labor	48,235
Manufacturing overhead	124,964
Manufacturing cost	409,069
Work in progress at January 1, 2022	983
Add: Transfers from finished goods	11,061
Process and transfer in	19,028
Work in progress at December 31, 2022	(1,278)
Cost of finished goods	438,863
Finished goods at January 1, 2022	4,342
Add: Finished goods purchased	1,735
Less: Transfers to work in progress	(11,061)
Finished goods at December 31, 2022	(11,522)
Cost of goods production and markerting	422,357
Sale of raw materials	38,840
Sale of supplies	5,085
Cost of goods sold	466,385
Allowance for inventory market price decline	3,420
Revenue from sale of scrap	(5,808)
Operating costs	$ 463,997

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF MANUFACTURING OVERHEAD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Footnote
Wages and salaries	—	$ 21,987	—
Utilities expense	—	18,627	—
Insurance expense	—	6,620	—
Depreciation	—	45,994	—
Other expenses (individually less than 5%)	—	31,736	—
		$ 124,964	

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Footnote
Wages and salaries	—	$ 4,437	—
Freight	—	24,777	—
Import/export (customs) expense	—	2,401	—
Other expenses (individually less than 5%)	—	2,840	—
		$ 34,455	

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Footnote
Wages and salaries	—	$ 30,944	—
Insurance expense	—	2,969	—
Depreciation	—	4,021	—
Professional service fees	—	3,716	—
Other expenses (individually less than 5%)	—	11,656	—
		$ 53,306	

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Footnote
Wages and salaries	—	$ 25,120	—
Utilities expense	—	2,591	—
Depreciation	—	4,073	—
Other expenses (individually less than 5%)	—	5,679	—
		$ 37,463	

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF OTHER INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(18) ‘Other income’ of parent company only financial statements.

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF OTHER GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(19) ‘Other gains and losses’ of parent company only financial statements.

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF FINANCE COST
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(20) ‘Finance costs’ of parent company only financial statements.

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF SUMMARY EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTISZATION EXPENSES IN THE CURRENT PERIOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(21) ‘Expenses by nature’ and Note 6(22) ‘Employee benefit expense’ of parent company only financial statements.