SPIROX CORPORATION and Subsidiaries
Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditor's Report

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For the convenience of readers, in independent auditors' report and the accompanying consolidated statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or and difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Declaration of Consolidated Financial Statements of Affiliated

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

Very truly yours,

Spirox Corporation

Chairman: Peter Chin

March 23, 2023

Independent Auditors' Report

The Board of Directors and Shareholders
of Spirox Corporation

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated financial statement section of our report. We are independent of Spirox Corporation and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other independent accountants, 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 materials that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for Spirox Corporation and its subsidiaries's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Appropriateness of sales revenue recognition

Spirox Corporation and its subsidiaries' sales revenue mainly comes from the agency of sales of semiconductor equipment. We consider that whether the recognition time of sales revenue was fairly, is an area of high concern in the audit.

Please refer to Note 4(20) for accounting policy on revenue recognition.

We performed the following audit procedures:

1. Understand the related internal control system and procedures for sales transactions, and further evaluate the effectiveness of the design and implementation of internal control system regarding the sales transactions.
2. Ascertain whether the content and classification of the main operating revenue are appropriate, and confirm whether the operating revenue is recognized in accordance with regulations.
3. Test the consistency of operating revenue, accounts receivable and credit terms from major customers:
   (1) Obtain or compile a comparative analysis table of major customers' operating revenue, accounts receivable and credit terms.
   (2) Obtain and review credit information of the inspected company to its major customers.
   (3) Whether the maturity for the collection of accounts receivable complies with the credit terms of the inspected company.
4. Test authenticity of major customers:
   (1) Inspect the relevant industry background and other information of manufacturers and customers for the main agency brand to confirm the authenticity of customers.
   (2) Sample and check the original orders, shipping lists or export declarations of relevant external customers to confirm the consistency of sales revenue recognition amount and time.
5. Test the consistency of transactions content with major customers:
   (1) Whether the collection period of accounts receivable is abnormal.
   (2) Find out whether the object of significant accounts receivable is consistent with the sales object.
   (3) Inspect the top ten purchase objects, and check whether there are situations where the purchase and sale objects are the same.

Other Matters

Using the reports of other independent accountants

Among the subsidiary included in the consolidated financial statements of Spirox Corporation's subsidiaries, Jetek Technology Corp., was prepared according to a different framework for financial reporting that was not been audited by us but by other accountants. We conducted our audits of the above-mentioned financial statements that have been converted into adjustments made in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), Interpretations of IFRS ("IFRIC"), and Interpretations of IAS ("SIC") endorsed by the Financial Supervisory Commission ("FSC") of the Republic of China ("ROC"). Therefore, our opinion on the consolidated financial statements referred to above, which relates to the amount and other financial disclosures of the aforementioned financial statements, were based on the audited reports of other auditors. As of December 31, 2022 and 2021, the total assets of the above subsidiary were NT$75,651 thousand and NT$90,289 thousand, accounting for 1.87% and 1.41% of the total consolidated assets, respectively. For the years ended December 31, 2022 and 2021, the net operating revenue were NT$77,039 thousand and NT$92,582 thousand, accounting for 4.02% and 3.50% of the consolidated net operating revenue, respectively.

Others

Spirox Corporation has prepared the parent company only financial statements for the 2022 and 2021, and the audit report with unqualified opinions and other matters issued by the accountant is on file for reference.

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

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

In preparing the consolidated financial statements, management is responsible for assessing Spirox Corporation and its subsidiaries'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 Spirox Corporation and its subsidiaries or to cease operations, or has no realistic alternative but to do so.
Those charged with governance (including members of the audit committee) are overseeing Spirox Corporation and its subsidiaries's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Spirox Corporation and its subsidiaries's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on Spirox Corporation and its subsidiaries's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of

our auditors' report. However, future events or conditions may cause Spirox Corporation and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Spirox Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partners on the audit resulting in this independent auditors' report are Kuan Chao Lin and Ming Yu Wen.

PKF Taiwan
Republic of China
March 23, 2023

The accompanying consolidated financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China. For the convenience of readers, in independent auditors' report and the accompanying consolidated statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or and difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail. As the consolidated financial statements are the responsibility of the management, PKF Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive form the translation.

SPIROX CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
CURRENT ASSETS	4				
Cash and cash equivalents	6	$ 1,102,803	27	$ 952,936	15
Financial assets at fair value through profit or loss, current	7, 28	646,696	16	82,005	1
Financial assets measured at amortized cost, current	9,28,30	123,684	3	294,096	5
Notes receivable, net	10, 28	132	-	1,674	-
Accounts receivable, net	10, 28	506,066	13	871,143	14
Other receivables	11	666,665	16	8,468	-
Current tax assets	22	768	-	8,041	-
Inventories, net	12	171,545	4	172,473	3
Prepayments		101,494	3	152,189	2
Disposal groups held for sale	13, 35	-	-	1,910,158	30
Other current assets		11,774	-	19,825	-
Total current assets		3,331,627	82	4,473,008	70
NON-CURRENT ASSETS	4				
Financial assets at fair value through profit or loss, non-current	7, 28	688	-	379,882	6
Financial assets at fair value through other comprehensive income, non-current	8, 28	50,825	1	39,633	1
Property, plant and equipment	14, 30	607,667	15	1,372,814	21
Right-of-use assets	15	15,087	-	52,203	1
Intangible assets	16	22,001	1	36,819	1
Deferred tax assets	22	11,996	-	24,086	-
Other non-current assets	30	8,247	1	28,225	-
Total non-current assets		716,511	18	1,933,662	30
Total assets		$ 4,048,138	100	$ 6,406,670	100
LIABILITIES AND EQUITY					
CURRENT LIABILITIES	4				
Short-term borrowings	17, 28, 29, 30	$ 117,152	3	$ 489,136	8
Financial liabilities at fair value through profit or loss, current	7, 28	-	-	353	-
Contract liabilities	20	94,669	2	83,259	1
Accounts payable		393,425	10	542,943	8
Other payables	28	92,164	2	187,154	3
Current tax liabilities	22	3,137	-	1,549	-
Liabilities directly associated with disposal groups held for sale	13, 35	-	-	1,640,752	26
Lease liabilities, current	15	9,315	-	24,820	-
Current portion of long-term borrowings	17, 28, 29, 30	112,847	3	129,925	2
Other current liabilities		4,172	-	61,760	1
Total current liabilities		826,881	20	3,161,651	49
NON-CURRENT LIABILITIES	4				
Long-term borrowings	17, 28, 29, 30	228,781	6	463,043	7
Deferred tax liabilities	22	142,655	4	99,497	2
Lease liabilities-non-current	15	6,487	-	27,503	-
Net defined benefit liabilities, non-current	18	4,304	-	12,202	-
Guarantee deposits	28	1,806	-	1,896	-
Total non-current liabilities		384,033	10	604,141	9
Total liabilities		1,210,914	30	3,765,792	58
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	4, 19, 24				
Share capital					
Ordinary shares		1,187,419	29	1,187,419	19
Capital surplus		618,213	15	466,828	7
Retained earnings					
Legal reserve		683,421	17	683,421	11
Special reserve		235,388	6	370,564	6
Unappropriated earnings		416,282	11	45,384	1
Other equity		(211,866)	(5)	(245,864)	(4)
Equity directly associated with disposal groups held for sale		-	-	7,291	-
Treasury shares		(148,537)	(4)	(196,919)	(3)
Equity attributable to owners of the parent		2,780,320	69	2,318,124	37
Non-controlling interests		56,904	1	322,754	5
Total equity		2,837,224	70	2,640,878	42
Total liabilities and equity		$ 4,048,138	100	$ 6,406,670	100

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

(With PKF Taiwan auditors' report dated March 23, 2023)

Chairman: Peter Chin President: Paul Yang Chief Accounting Officer: Jasmine Ku

SPIROX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Item	Note	2022 Amount	2022 %	2021 Amount	2021 %
Operating revenue, net	4, 20	$ 1,914,645	100	$ 2,646,239	100
Operating costs	12	1,742,915	91	2,341,765	88
Gross profit		171,730	9	304,474	12
Operating expenses	21				
Selling expenses		341,413	18	358,410	14
Administrative expenses		192,447	10	176,189	7
Research expenses		58,715	3	126,652	4
Expected credit impairment gains	10	(2,822)	-	(137)	-
Total operating expenses		589,753	31	661,114	25
Other operating income and expenses, net	21	1,777	-	2,900	-
Operating loss		(416,246)	(22)	(353,740)	(13)
Non-operating income and expenses					
Interest income	21, 28	18,460	1	5,737	-
Other income	21, 28	45,165	2	36,807	1
Other gains or losses	21	700,090	37	(7,738)	-
Financial costs	21, 28	(25,796)	(1)	(30,602)	(1)
Expected credit impairment losses	11	(4,574)	-	-	-
Total non-operating income and expenses		733,345	39	4,204	-
Profit (loss) before income tax		317,099	17	(349,536)	(13)
Income tax expense	4, 22	(53,555)	(3)	(9,443)	-
Profit (loss) from continuing operations		263,544	14	(358,979)	(13)
Loss from discontinued operations	4, 13	(6,829)	(1)	(5,684)	-
Net profit (loss) for the year		256,715	13	(364,663)	(13)
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit plan		4,756	-	4,561	-
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income		(6,299)	-	25,686	1
Income tax related to items that will not be reclassified	22	(952)	-	(912)	-
Total items that will not be reclassified to profit or loss		(2,495)	-	29,335	1
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating the financial statements of foreign operations	4, 19	45,640	2	(17,385)	(1)
Income tax related to items that may be reclassified	22	(5,873)	-	3,128	-
Total items that may be reclassified subsequently to profit or loss		39,767	2	(14,257)	(1)
Total other comprehensive income		37,272	2	15,078	-
Total comprehensive income for the year		$ 293,987	15	$ (349,585)	(13)
Net profit (loss) attributable to:					
Owners of the Parent		$ 240,156		$ (357,474)	
Non-controlling interests		16,559		(7,189)	
		$ 256,715		$ (364,663)	
Total comprehensive income attributable to:					
Owners of the Parent		$ 268,647		$ (340,655)	
Non-controlling interests		25,340		(8,930)	
		$ 293,987		$ (349,585)	
Earnings (loss) per share	4, 23				
From continuing and discontinued operations					
Basic		$ 2.14		$ (3.70)	
Diluted		$ 2.13		$ (3.70)	
From continuing operations					
Basic		$ 2.17		$ (3.71)	
Diluted		$ 2.16		$ (3.71)	

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

(With PKF Taiwan auditors' report dated March 23, 2023)

Chairman: Peter Chin   Prresident: Paul Yang   Chief Accounting Officer: Jasmine Ku

SPIROX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of the parent												
			Retained earnings				Other equity						
Item	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Equity directly associated with disposal groups held for sale	Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Others	Treasury shares	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance, January 1, 2021	$ 1,024,419	$ 238,477	$ 683,421	$ 378,009	$ 514,639	$ -	$ (56,189)	$ (308,915)	$ (9,514)	$ (203,341)	$ 2,261,006	$ 99,561	$ 2,360,567
Appropriation of earnings:													
Reversal of special reserve	-	-	-	(7,445)	7,445	-	-	-	-	-	-	-	-
Cash dividends from capital surplus-NT$0.2 per share	-	(19,123)	-	-	-	-	-	-	-	-	(19,123)	-	(19,123)
Net loss for the year ended December 31, 2021	-	-	-	-	(357,474)	-	-	-	-	-	(357,474)	(7,189)	(364,663)
Other comprehensive income (loss) for year ended December 31, 2021, net of income tax	-	-	-	-	3,649	-	(12,516)	25,686	-	-	16,819	(1,741)	15,078
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(353,825)	-	(12,516)	25,686	-	-	(340,655)	(8,930)	(349,585)
Issue of shares	163,000	228,200	-	-	-	-	-	-	-	-	391,200	-	391,200
Share-based payment transactions	-	11,401	-	-	-	-	-	-	-	-	11,401	-	11,401
Treasury shares transferred to employees	-	57	-	-	-	-	-	-	-	6,422	6,479	-	6,479
Adjustments due to dividends that subsidiaries received from parent company	-	71	-	-	-	-	-	-	-	-	71	-	71
Changes in ownership interests in subsidiaries	-	7,745	-	-	-	-	-	-	-	-	7,745	(7,745)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	239,868	239,868
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(122,875)	-	-	122,875	-	-	-	-	-
Equity directly associated with disposal groups held for sale	-	-	-	-	-	7,291	(7,291)	-	-	-	-	-	-
Balance, December 31, 2021	1,187,419	466,828	683,421	370,564	45,384	7,291	(75,996)	(160,354)	(9,514)	(196,919)	2,318,124	322,754	2,640,878
Appropriation of earnings:													
Reversal of special reserve	-	-	-	(135,176)	135,176	-	-	-	-	-	-	-	-
Cash dividends from capital surplus-NT$0.19992 per share	-	(22,413)	-	-	-	-	-	-	-	-	(22,413)	-	(22,413)
Net profit for the year ended December 31, 2022	-	-	-	-	240,156	-	-	-	-	-	240,156	16,559	256,715
Other comprehensive income (loss) for year ended December 31, 2022, net of income tax	-	-	-	-	3,814	334	30,642	(6,299)	-	-	28,491	8,781	37,272
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	243,970	334	30,642	(6,299)	-	-	268,647	25,340	293,987
Share-based payment transactions	-	6,933	-	-	-	-	-	-	-	-	6,933	251	7,184
Treasury shares transferred to employees	-	(1,979)	-	-	(8,248)	-	-	-	-	48,382	38,155	-	38,155
Adjustments due to dividends that subsidiaries received from parent company	-	71	-	-	-	-	-	-	-	-	71	-	71
Derecognition of subsidiaries (Note 25)	-	(239,539)	-	-	-	(7,625)	141	-	9,514	-	(237,509)	(173,796)	(411,305)
Derecognition of disposal groups held for sale-Associates (Note 13)	-	(7,736)	-	-	-	-	-	-	-	-	(7,736)	-	(7,736)
Changes in ownership interests in subsidiaries	-	416,048	-	-	-	-	-	-	-	-	416,048	(416,048)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	298,403	298,403
Balance, December 31, 2022	$ 1,187,419	$ 618,213	$ 683,421	$ 235,388	$ 416,282	$ -	$ (45,213)	$ (166,653)	$ -	$ (148,537)	$ 2,780,320	$ 56,904	$ 2,837,224

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

(With PKF Taiwan auditors' report dated March 23, 2023)

Chairman: Peter Chin President: Paul Yang Chief Accounting Officer: Jasmine Ku

SPIROX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Net profit (loss) before income tax		
Profit (loss) from continuing operations before tax	$ 317,099	$ (349,536)
Profit (loss) from discontinued operations before tax	(6,829)	(4,153)
Net profit (loss) before income tax	310,270	(353,689)
Adjustments for：		
Depreciation	205,304	193,031
Amortization	7,938	6,223
Expected credit impairment losses (gains)	1,752	(137)
Gains on financial financial assets at fair value through profit or loss, net	(234,266)	(800)
Financial costs	29,027	90,642
Interest income	(18,460)	(6,248)
Dividend income	(1,103)	(1,137)
Provision for inventory market price decline and lobsolete and slow-moving inventories	49,691	11,341
Share-based payment	7,184	11,401
Gains on derecognition of subsidiaries and disposal groups held for sale, net	(472,109)	-
Gains on disposal of property, plant and equipment, net	(2,046)	(2,891)
Property, plant and equipment transferred to expenses	99	-
Gains on disposals of investments	-	(8,402)
Impairment loss	10,858	-
Losses (gains) on foreign exchange, net	62,674	(20,364)
Losses (gains) on lease modification	269	(9)
Changes in operating assets and liabilities		
Decrease in notes receivable	1,343	5,459
Decrease in accounts receivable	58,478	133,205
(Increase) decrease other receivables	468	(148,794)
Increase in inventories	(69,478)	(78,003)
(Increase) decrease in prepayments	89,507	(8,287)
(Increase) decrease in other current assets	7,968	(19,805)
Decrease in other operating assets	687	148
Increase in contract liabilities	10,546	95,081
Increase in notes and accounts payable	88,349	52,249
Increase (decrease) in other payables	153,401	(37,473)
Increase (decrease) in other current liabilities	(9,604)	33,241
Decrease in net defined benefit liabilities	(450)	(5,232)
Cash generated from (used in) operations	288,297	(59,250)
Interest received	14,094	17,565
Dividends received	1,103	1,137
Interest paid	(54,021)	(67,808)
Income tax refund (paid)	3,701	(9,004)
Net cash generated from (used in) operating activities	253,174	(117,360)
Cash flows from investing activities:		
Acquisitions of financial assets at fair value through other comprehensive income	(14,957)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	104,789
(Increase) decrease in financial assets at amortized cost	169,705	(88,357)
Acquisitions of financial assets at fair value through profit or loss	-	(540)
Proceeds from disposal of financial assets at fair value through profit or loss	63,502	47,070
Net cash outflow from derecognition of subsidiaries	(178,926)	-
Acquisitions of property, plant and equipment	(144,428)	(223,936)
Proceeds from disposal of property, plant and equipment	12,873	44,920
Increase in refundable deposits	-	(1,706)
Increase in other receivables	(146,065)	-
Acquisitions of intangible assets	(6,918)	(9,204)
Proceeds from disposal of investments contingent consideration	-	8,402
Net cash used in investing activities	(245,214)	(118,562)

（To be continued)

	2022	2021
(Continued)		
Cash flow from financing activities:		
Decrease in short-term borrowing	(168,864)	(572,780)
Proceeds from long-term borrowings	106,120	365,239
Repayment of long-term borrowings	(165,366)	(121,501)
Increase in borrowings from related parties	-	140,145
Decrease in borrowings from related parties	-	(43,402)
Increase (decrease) in guarantee deposits	(90)	55
Cash payment for the principal portion of the lease liabilities	(23,689)	(28,582)
Cash dividends	(22,342)	(19,052)
Proceeds from issuing shares	-	391,200
Proceeds from treasury shares transferred to employees	38,155	6,479
Changes in non-controlling interests	298,403	239,868
Increase in long-term notes payable	1,239	-
Net cash generated from financing activities	63,566	357,669
Effect of foreign exchange rate changes	(11,214)	4,886
Net increase in cash and cash equivalents	60,312	126,633
Cash and cash equivalents at the beginning of the year	1,042,491	915,858
Cash and cash equivalents at the end of the year	$ 1,102,803	$ 1,042,491

	2021
Cash and cash equivalents reported in the statement of financial position	$ 952,936
Cash and cash equivalents included in disposal groups held for sale	89,555
Cash and cash equivalents at the end of the year	$ 1,042,491

The accompanying notes are an integral part of the consolidated financial statements.
(With PKF Taiwan auditors' report dated March 23, 2023)

Chairman: Peter Chin President: Paul Yang Chief Accounting officer: Jasmine Ku

SPIROX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2022 and 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. General Information

Spirox Corporation (the “Company”) was established in December 11, 1987. The Company’s main business includes the design and sales of computer parts, computer inspection machines, electronic components, computer disk drivers and power supplies, sales and repair of microcomputers and their peripheral devices, computer software designs, and the importing and exporting trade business for the aforesaid products, as well as agency, quotation, bidding and distribution business of the related products of domestic and foreign manufactures.

On December 12, 2002, the Company’s shares were listed and traded on the Taiwan Stock Exchange.

On April 29, 2003, the Company was resolved by the Board of Directors to merge with Spirox Systems Corporation by an absorption merger. On September 29, 2003 as the base date for the merger and capital increase was approved by the resolution of the Board of Directors on April 29, 2003. Spirox Corporation would be the surviving company while Spirox Systems Corporation would be dissolved in the merger. The name of the surviving company after the merger is still Spirox Corporation.

The Company was approved by the resolution of the Board of Directors on May 10, 2017 to divide and transfer the relevant business of design and integration service department to VESP Technology Corporation, which was newly established and 100% owned by the Company. VESP Technology Corporation issued new shares to the Company as consideration, and September 1, 2017 was the base date for the division. In addition, due to the reorganization and signing of an equity transfer agreement in 2022, the Group’s shareholding of VESP Technology Corporation had been transferred. Please refer to Note 4 for details.

This consolidated financial statements are denominated in New Tainwan dollar, the functional currency of the Company.

Spirox Corporation and its subsidiaries are hereinafter collectively referred to as the Company.

2. The Authorization of Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 23, 2023.

3. Application of New and Revised International Financial Reporting Standards

a. Initial application of amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and

SIC Interpretations (SIC), (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

New standards, interpretations and amendments endorsed by FSC effective since 2022 are as follows :

New, Revised or Amended Standards and Interpretations	Effective Date Issued by 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 Cycle	January 1, 2022

b. Amendments to the IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2023

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

New, Revised or Amended Standards and Interpretations	Effective Date Issued 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

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

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
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" and Amendments to IFRS 17 "Insurance Contracts" replace IFRS 4 "Insurance Contracts"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2024
Amendments to IAS 1 "Noncurrent Liabilities with Covenants"	January 1, 2024

As of the date the accompanying consolidated financial statements were authorized for issue, the consolidated company contines in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be used disclosed when the consolidated company completes the evaluation.

4. Summary of Significant Accounting Policies

The summary of the significant accounting policies adopted by the consolidated financial statements is described as follows:

a. Statement of compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of Chnia.

b. Basis for preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, contingent consideration of business combination and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets. For assets, the historical cost usually refers to the fair value of the consideration paid to acquire the asset; for liabilities, it usually refers to the amount received to undertake the obligation or the amount expected to be paid to settle the debt.

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3) Level 3 inputs are unobservable inputs for assets or liabilities.

c. Basis of consolidation

1) Principle for preparation of consolidated financial statements

Control is achieved when the Company is exposed to variable remuneration from the participation of the invests or has rights to such variable remuneration, and has ability to influence such remuneration through its power over the investee. In particular, the Company only controls the investor only when the Company has the following 3 control elements:

(i) The power over the investee (that is, the existing right that gives him the current ability to lead relevant activities)
(ii) Risks or rights, from variable remuneration for the participation of the investee, and
(iii) The ability to use its power over the invested to affect the amount of investee remuneration

When the Company directly or indirectly holds less than a majority of the voting rights or similar rights of the investor, the Company considers all relevant facts and circumstances to assess whether it has power over the investee, including:

(i) Contract agreement with other voting rights holders of the investee
(ii) Rights arising from other contractual agreements
(iii) Voting rights and potential voting rights

When the facts and circumstances show that one or more of the 3 control elements has changed, the Company will reassess whether it still controls the investee.

The consolidated financial statements includes the financial statements of the Company and the entities (subsidiaries) controlled by the Company. The financial statements of the subsidiaries shall be included in the consolidated financial report from the date when they obtain control, and until the date when they no longer have control.

The financial statements of the subsidiaries have been appropriately adjusted in material respects to make their accounting policies consistent with the accounting policies used by the Company.

The major transactions, balances, income, and expenses and losses between the various entities of the consolidated company have been completely eliminated at the time of consolidated.

If the consolidated company loses control of a subsidiary, then

(i) Derecognise the assets (including goodwill) and liabilities of subsidiaries
(ii) Derecognise the book amount of any non-controlling interests
(iii) Recognise the fair value of the consideration reveived, if any
(iv) Recognise any investment retained in the former subsidiary at its fair value
(v) Recognise any profit or loss as current profit and loss
(vi) Reclassification of the parent company previously recognized in other comprehensive profit and loss items as current profit and loss.

2) The subsidiaries included in the consolidated financial statements

The consolidated entities are listed as follows:

			Percentage of ownership		
Name of investor	Name of subsidiary	Main business and products	December 31, 2022	December 31, 2021	Remark
Spirox Corporation	HIBON INVESTMENT CORPORATION	General investment	100%	100%	
	VESP Technology Corporation	IC verification service	-	100%	Note 4
	Spirox Cayman Corporation	General investment	60%	62.94%	Note 1
HIBON INVESTMENT CORPORATION	BEYOND ENGINEERING CORP.	Electronic material retailing	100%	100%	
	Spirox Cayman Corporation	General investment	40%	37.06%	Note 1
	Jetek Technology Corp.	Semiconductor test equipment sales and solution provision	100%	100%	
Spirox Cayman Corporation	Spirox Corporation USA	Warehousing logistics service	100%	100%	
	Spirox International Limited	International trade	100%	100%	
	Spirox Technology (Shanghai) Co., Ltd.	Development, design, production and sales of IC software	100%	100%	
	Maximo (Shanghai) Trading Co.	Fast moving consumer goods agency and distribution	-	44.79%	Note 2
	Bright Future Cayman Limited	General investment	87.08%	100%	Note 3
	Shanghai Infinet Technology Co., Ltd.	Computer inspection machine, electronic components	100%	100%	
Shanghai Infinet Technology Co., Ltd.	Hefei Spirox Technology Co., Ltd.	Development, design and sales of IC software	91.73%	98%	Note 5
Hefei Spirox Technology Co., Ltd.	Excellent Future Limited	General investment	100%	-	Note 6
Bright Future Cayman Limited	VESP Technology Co., Ltd.	IC verification service	-	100%	Note 7
VESP Technology Co., Ltd.	Global Future Investment Limited	General investment	-	100%	Note 7
Global Future Investment Limited	VESP Technology Corporation	IC verification service	-	-	Note 4.7

Note 1: Spirox Cayman Corporation conducted a non-proportional cash capital reduction on March 15, 2021, resulting in an increase in the Company's shareholding ratio to 62.94%. In addition, a non-proportional cash capital reduction was carried out on March 1, 2022, which reduced the Company's shareholding ratio to 60%. Since the Company and its subsidiary, HIBON INVESTMENT CORPORATION, merged to hold 100% of the shares of Spirox Cayman Corporation, the Company managed according to organizational restructuring.

Note 2: Spirox Cayman Corporation participated in the cash capital increase of Maximo (Shanghai) Trading Co. on April 1, 2019 as the base date. In addition, on behalf of Spirox Cayman Corporation on June 28, 2021, the Board of Directors of the Company decided to propose to dispose of the entire shareholding of Maximo (Shanghai) Trading Co., a subsidiary holding 51.02% of the shares. Maximo (Shanghai) Trading Co. handled a cash capital increase on December 7, 2021 as the base date, and Spirox Cayman Corporation did not participate, resulting in a decrease of its shareholding ratio from 51.02% to 44.79%. On December 10, 2021, an equity transfer agreement was signed, and the sale was carried out in batches. The shareholding ratio dropped from 44.79% to 26.46%, and the amendment registration was completed on January 19, 2022. This sale of shares resulted in the loss of control over the subsidiary, so since the date of loss of control, the financial statements of the subsidiary was not included in the consolidated financial report. The financial statements on January 19, 2022 has not been reviewed by an accountant. In addition, the remaining 26.46% of the shares held by Spirox Cayman Corporation were sold to Bold Lion Limited on December 1, 2022, and the amendment registration was completed on December 6, 2022. Since December 6, 2022, it was not an affiliate of the Company.

Note 3: Bright Future Cayman Limited completed the amendment registration of employee stock subscriptions on June 1, 2022, causing the shareholding ratio of Spirox Cayman Corporation to drop from 100% to 80.77%. In addition, Bright Future Cayman Limited handled a non-proportional capital increase in cash on June 14, 2022, as Spirox Cayman Corporation did not participate the increase in proportion, resulting in an increase of its shareholding ratio from 80.77% to 86.82%. ，On October 1, 2022, it bought back shares held by employees, resulting in an increase of its shareholding ratio from 86.82% to 87.08%.

Note 4: On May 12, 2020, the Board of Directors of the Company resolved to transfer the shares of VESP Technology Corporation held by the Company to Global Future Investment Limited at $10.98 per share in order to expand verification analysis business model and specialization of work. The total transaction amount was about $220 million. On March 17, 2022, Global Future Investment Limited acquired 100% of VESP Technology Corporation at a transfer price of approximate USD 7,738 thousand, and the amendment registration was completed on March 31, 2022.

Note 5: Considering the development prospects of the semiconductor industry and the growth of future demand, the Company newly established Hefei Spirox Technology Co., Ltd. ("Hefei Spirox") on December 7, 2020. Shanghai Infinet Technology Co., Ltd. transferred part of Hefei Spirox's shares on December 16, 2021, and its shareholding ratio dropped from 100% to 98%. In addition, Shanghai Infinet Technology Co., Ltd. and KAiA Capital Fund IL.P. ("KAiA") signed a shareholder agreement and a capital increase agreement on Hefei Spirox in September 2021. According to the agreement, KAiA completed the subscription of RMB 32,000 thousand on January 25, 2022 for the newly added registered capital of RMB 68,376 in Hefei Spirox, and obtained 6.4% of the equity of Hefei Spirox after the capital increase. Shanghai Infinet Technology Co., Ltd.'s shareholding ratio dropped from 98% to 91.73%.

Note 6: Considering the development prospects of the semiconductor industry and the growth of future demand, the Company newly established Excellent Future Limited on March 11, 2022.

Note 7: VESP Technology Co., Ltd. processed a cash capital increase on April 12, 2022 as the base date, and Bright Future Cayman Limited did not participate the increase in proportion, causing its shareholding ratio to drop from 100% to 75.59%. In addition, the Board of Directors resolved on November 8, 2022 and approved that the subsidiary, Bright Future Cayman Limited, disposed all shareholding of VESP Technology Co., Ltd. and signed an equity transfer agreement on November 16, 2022 with Centre Testing International Group Co. Ltd., and the amendment registration was completed on December 29, 2022. The sales of shares resulted in the loss of control over the subsidiary; since the date of loss of control, the subsidiary is not included in the consolidated financial reports.

d. Classification of assets and liabilities as current and non-current

Current asset are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within 12 months from the end of the reporting period. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within 12 months from the end of the reporting period. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

e. Foreign currencies

Item include in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company, HIBON INVESTMENT CORPORATION, BEYOND ENGINEERING CORP., Jetek Technology Corp. and VESP Technology Corporation is New Taiwan Dollar. The functional currency of Spirox Cayman Corporation, Spirox Corporation USA, Spirox International Limited, Bright Future Cayman Limited, Global Future Investment Limited and Excellent Future Limited is US Dollar. The functional currency of Shanghai Infinet Technology Co., Ltd., Hefei Spirox Technology Co., Ltd., Maximo (Shanghai) Trading Co., Spirox Technology (Shanghai)

Co., Ltd. and VESP Technology Co., Ltd. is RMB. When preparing consolidated financial statements, the financial performance and financial status of each consolidated entity are converted into New Taiwan Dollar.

In preparing the consolidated financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in currencies are retranslated at the rates prevailing at the date when the fair value was determined Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for the exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income, Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into New Taiwan Dollar using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income and accumulated in equity.

f. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, time deposits with original maturities of less than 3 months, and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of chnages in value.

g. Inventories

Inventories are recorded at cost and calculated using the weighted-average method. The purchase cost of inventories includes the purchase price, import taxes and other taxes (except for the part that can be recovered by the enterprise from the taxation authority), as well as transportation, handling and other costs directly attributable to the acquisition of the goods. Trade discounts, concessions and other similar items are deducted from determining the cost of purchase.

Inventories are measured at the lower of cost or net realizable value. Net realizable value refers to estimated selling price, minus the estimated cost to be completed and the estimated cost required to complete the sale. When the comparative cost and the net realizable value are lower, the comparison is made item by item. The amount of inventories written down from cost to net realizable value is recognized as cost of goods sold and will be re-evaluated the net realizable value of inventories in each subsequent period. If the factors that previously caused the net realizable value of the inventory to be lower than the cost have vanished, or there is evidence that the net realizable value has increased due to changes in economic conditions, within the scope of the original offset amount, the increase in the net realizable value of the inventory shall be reversed and recognized as the reduction of the cost of goods sold in the current period.

h. Investments accounted for using equity method

The consolidated company uses the equity method to account for its investments in associates. Financial statements of associates are prepared for the same reporting as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company. In addition, when an investment recognized using equity method is classified as held for sale or to be distributed to owners, the investments accounted for using equity method will cease to be used.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land is not depreciated, depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Leases

If a contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is a lease or includes a lease.

Lessor

The lessor classifies each lease as an operating lease or a finance lease. A lease that transfers almost all the risks and rewards attached to the ownership of the underlying asset is financial lease; if a lease does not transfer almost all the risks and rewards attached to the ownership of underlying asset, it is an operating lease.

If it is an operating lease, the lessor recognizes the lease payments as income on a straightline basis, but if other systematic basis is more representative of the form of the reduced use efficiency of the underlying asset, this basis applies. If it is a financial lease, the lessor shall recognize the finance lease receivables and the unearned finance income of the finance lease on the lease start date, and adopts a systematic and reasonable basis to allocate the finance income to the lease period, so that each period of the lease period has a fixed rate of return.

Lessee

The Company recognizes right-of-use assets and lease liabilities for all the commencement date of the lease. The right-of-use asset is measured at cost, and the lease liability is based on the present value of the lease payment not yet paid on that date.

The right-of-use assets shall be depreciated, and its depreciation period shall be the earlier of the period from the beginning of the end of useful life of the right-of-use asset or the expiration of the lease terms；However, if the lessee will acquire the ownership of leased asset at the end of the lease term, or if the cost of the right-of-use asset reflects the exercise of the purchase option, the depreciation period is from the lease start date to the useful life of the underlying asset.

Lease liabilities use the effective interest rate method to calculate interest expense, so that the interest rate of each period calculated based on the lease liability balance is fixed. Lease payments are used to pay interest and reduce lease liabilities. The interest on the lease liabilities is recognized in profit or loss.

k. Intangible assets

Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual year, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Company disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Other intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual values, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

2) Internally generated – Research and development expenditures

   Research expenditures are recognized as expenses when incurred.

3) Acquired through business combination

   Intangible assets acquired through business combination are recognized at fair value on the date of acquisition and recognized separately from goodwill, and the subsequent measurement method is the same as that of intangible assets acquired separately.

4) Derecognition of intangible assets

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

l. Impairment

At the end of each reporting period, the consolidated company reviews the carrying amounts of its assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is evaluated based on the present value of estimated future cash flows, discounted at the current market-determined rate, and certain risk assumptions which impact future cash flows.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Goodwill shall be tested for impairment regularly every year, and the impairment loss shall be recognized in the profit and loss of the current year and shall not be reversed in subsequent periods.

m. Disposal groups held for sale

When the carrying amount of the disposal group is expected to be recovered mainly through a sale transaction rather than continued use, it is classified as held for sale. To meet this classification, a disposal group must be available for immediate sale in its current state, and the sale must be highly probable. It meets a high probability when the appropriate level of management is committed to a plan to sell the asset and the sale is expected to be made within one year from the classification date. If control of the subsidiary will be lost at the time of sale, all assets and liabilities of the subsidiary are classified as helf for sale regardless of whether the non-controlling interest in the former subsidiary is retained after the sale. The disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and depreciation of such assets is discontinued.

Certain events or circumstances may extend the period of completion of the sale to more than one year, if the delay is caused by events or circumstances beyond the control of the enterprise, and there is sufficient evidence that the enterprise still maintains its commitment for the plan of selling the disposal groups, the extension of the period required to complete the sale does not prevent the disposal groups from being classified as held for sale.

n. Discontinued operations

A discontinued operation is a business component that has been disposed of or classified as held for sale and represents a separate line of business or area of operation. In the previous period before the consolidated statements of comprehensive income, the profit and loss related to the discontinued operation shall be expressed so that the disclosure is related to the discontinued operation in the current period.

o. Financial instruments

Financial assets and financial liabilities are recognized only when the Company becomes a party to the contractual terms of the financial instruments. At the time of initial recognition, it should be measured at fair value. If it is not a financial asset or financial liability that is measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition or the issuance of the financial asset or financial liability should be added or subtracted. However, accounts receivable that do not contain a significant financial component should be measured at the transaction price when initially recognized.

Financial assets are only delisted when one of the following conditions is met:

a) Invalidation of contractual rights from cash flow of financial assets;
b) Almost all risks and rewards of transferring ownership of financial assets, or almost all risks and rewards of ownership of the financial assets are neither transferred not retained, and control of the financial assets is not retained.

For financial products with an active market, the fair value is based on the public quoted prices in the active market; for financial products without an active market, the fair value is estimated by evaluation method.

The recognition and delisting of conventional transaction financial assets are based on the transaction day accounting treatment.

1) Financial assets

Financial assets are based on the business model for managing financial assets and the contractual cash flow characteristics of financial assets. Financial assets held by the Company are classified into measured at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income:

Measured at amortized cost

If a financial asset meets the following two conditions at the same time, it will be measured at the amortized cost:

a) Financial assets are held under a certain business model. The purpose of this model is to hold financial assets to collect contractual cash flows.
b) The contractual terms of the financial asset generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

For financial assets measured at amortized cost, their benefits or losses are recognized in profit and loss, but if they are part of a hedging relationship, they are treated as hedging accounting. Interest income is calculated using the effective interest method.

Interest income is calculated using the effective interest method.

At fair value through other comprehensive income

If a financial asset meets the following two conditions at the same time, it will be measured at fair value through other comprehensive income：

a) Financial assets are held under a certain business model whose purpose is achieved by collecting contractual cash flows and selling financial assets；and
b) The contractual terms of the financial asset generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

Gains or losses are recognized in other comprehensive profit and loss, except for derogation benefits or losses and foreign currency exchange gains and losses. When assets are delisted, the accumulated benefits or losses listed in other comprehensive profit and loss are reclassified from equity to profit and loss.

If the investment in a specific equity instrument that should be measured at fair value through profit and loss is not held for trading, nor is it a contingent consideration recognized in a business combination, an irrevocable choice can be made at the time of initial recognition and its subsequent fairness Changes in value are reported in other comprehensive income. In this case, the profit or loss is recognized in other comprehensive profits and losses, but dividends that are not investment cost recovery are included in the profits and losses. When assets are delisted, the accumulated benefits or losses listed in the other comprehensive profit and loss shall not be reclassified to profit and loss.

<u>Measured at fair value through profit or loss</u>

Financial assets are all measured at fair value through profit and loss, except when measured at amortized cost or at fair value through other comprehensive profits and losses.

At the time of initial recognition, financial assets can be irrevocably designated as measured at fair value through profit and loss to eliminate or significantly reduce. If not designated, it will be measured by using different basis to measure assets or liabilities or recognizing its benefits and losses. Or the recognition is inconsistent.

The benefit or loss is recognized in the profit and loss, but if it is part of the hedging relationship, it shall be treated as hedging accounting.

2) <u>Financial liabilities</u>

Financial liabilities shall be classified as measured at amortized cost, except for derivatives that do not comply with hedging accounting, designated as measured at fair value through profit and loss, and contingent consideration in a business combination that shall be classified as measured at fair value through profit or loss. Measured, except for financial liabilities that are not in compliance with delisted transfers or continuous participation in transferring assets, financial guarantee contracts, and commitments to provide loans at lower than market interest rates.

3) <u>Impairment</u>

Financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive gains and losses, contract assets and loan commitments under applicable impairment regulations, and financial guarantee contracts to measure impairment based on the expected credit loss model. If the credit risk of a financial instrument has increased significantly since its initial recognition, the allowable loss is measured in the amount of expected credit loss during the duration of each reporting day；If the credit risk of a financial instrument has not increased significantly since the initial recognition, the 12-month expected credit loss amount will be used to measure the allowable loss on the reporting date.

p. <u>Reserve for liabilities</u>

The reserve for liabilities shall be recognized when the consolidated company has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions. For defined retirement benefits plan, the pension shall be recognized according to the actuarial results. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

r. Share-based payment arrangement

Employee share option

Employee share option is recognized as expenses on a straight-line basis during the vesting period based on the fair value of the equity instrument on the grant date and the best estimated quantity expected to be acquired, and the capital reserve-employee share option is adjusted at the same time. If it is immediately vested on the grant date, it shall be fully recognized as an expense on the grant date. The signing date that the Company transfers treasury stocks to employees is the date of grant.

The Company revises the estimated number of employee share option expected to be vested on each balance sheet date. If there is a revision to the original estimated quantity, the affected number is recognized as profit or loss, so that the accumulated expenses reflect the revised estimate, and the capital reserve-employee share option is adjusted accordingly.

s. Government grants

Government grants are recognized only when it is reasonably certain that the consolidated company will comply with the conditions attached to the government subsidies and will receive such subsidies.

Government grants are recognized in the profit and loss on a systematic basis during the period when the related costs that they intend to compensate are recognized as expenses by the consolidated company. Government grants that are conditional on the acquisition, construction or other means of acquisition of non-current assets of the consolidated company are recognized as deferred income and transferred to profit and loss during the useful life of the relevant assets at a reasonable and systematic basis.

If the government grants are used to compensate for expenses or losses that have occurred, or is for the purpose of providing immediate financial support to the consolidated company and there is no future related costs, it is recognized in the profit and loss during the period when it can be received.

t. Revenue recognition

The Company allocates the transaction price to each contractual performance obligation after the contractual performance obligation is identified in the customer contract and recognized revenue when each performance obligation is satisfied.

Sales revenue comes from the agency sales of related products of integrated circuit (IC) design and verification equipment and the agency of fast-moving consumer goods. The Company recognizes revenue and accounts receivable at the time when the customer has the right to set the price and use the products and has the primary responsibility for re-selling the products and bears the risk of obsolescence of the products when the goods are shipped or delivered to the location designated by the customers.

Service revenue comes from IC verification services. With the provision of services by the Company, the customer obtains and consumes the performance benefits at the same time, and the relevant income is recognized when the services are provided.

u. Non-operating income

Dividend income from investments is recognized when the right to receive the dividend is confirmed, it is probable that the economic benefits associated with the dividend will flow in, and the amount of the dividend can be measured reliably. Interest income is recognized on an accrual basis based on the principal outstanding and the applicable effective interest rate over time.

v. Income tax

The income tax consists of current income tax and deferred income tax. The current income tax and deferred income tax shall be recognized in profit or loss, other than the income tax related to combined entities, and items stated into other comprehensive income or stated into equity directly.

The current income tax includes the projected income tax payable or tax refund receivable based on the current taxable income (loss), and the adjustment of income tax payable or tax refund receivable in the previous years. The amount refers to the best estimates of the expected payables or receivables measured on the basis of the statutory tax rate or tax rate substantially enacted on the reporting date. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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.

w. Earnings (Loss) per share

The basic earnings (loss) per share is calculated by the current net profit (loss) divided by the weighted average number of shares outstanding. However, upon capitalization of retained earnings or capitalization of capital reserves, or if the decrease is due to capital reduction to write off losses, it will be adjusted retrospectively according to the ratio of capital increase and capital reduction. Diluted earnings (loss) per share is calculated using the same manner as basic earnings (loss) per share, but only after the effect of all dilutive potential ordinary shares are adjusted.

x. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as current expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. If there is any change in the amount after the shareholders' meeting in the following year, the change in accounting estimate will be adjusted and recorded to profit or loss of the following year.

y. Operating segments information

An operating segment is a component of an entity, that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The consolidated financial reports of the Company are affected by accounting policies, accounting assumptions and estimates, and the management must make appropriate professional judgments when preparing the consolidated financial reports.

The assumptions and estimates of the Company are the best estimates made in accordance with the relevant International Financial Reporting Standards. Estimates and assumptions are based on historical experience and other relevant factors, but actual results may differ from these estimates and assumptions.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The Company considers the economic implications of the COVID-19 in domestic when making its critical accounting estimates, including cash flow estimates, growth rate, discount rate and profitability, etc. The management will continue to review the estimates and underlying assumptions.

a. Fair value measurement and valuation process of financial assets

When there is no market quotation for financial assets measured at fair value in an active market, the Company will decide whether to outsource the valuation and determine the appropriate fair value valuation technique in accordance with relevant laws or judgments.

If input values at Level 1 cannot be obtained when estimating the fair value, the Company or the appraiser appointed shall refer to information of the analysis of the investee's financial status and operating results, recent transaction prices, quotations of the same equity instruments in inactive markets, quotations of similar instruments in active markets and valuation multiples of comparable companies, etc. to determine the input values. If the actual changes in future input values differ from expectations, changes in fair value may occur.

Please refer to Note 28 for descriptions of fair value valuation techniques and input values.

b. Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the Company's assumptions about the default rate and expected loss rate. The Company considers historical experience as well as forward-looking information to make assumptions and select inputs for impairment assessments.

6. Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 108	$ 243
Demand deposits	644,281	952,584
Cash equivalents (investments with original maturities less than 3 months)-Time deposits	458,414	-
Checking accounts	-	109
	$1,102,803	$ 952,936

The market rate intervals of time deposits at the end of the reporting period were as follows:

	December 31, 2022	December 31, 2021
Time deposits with original maturities of less than 3 months	0.32%-3.95%	-

7. Financial instruments at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial assets - current		
Mandatory measured at fair value through profit or loss		
Non-derivative financial assets		
Foreign investments		
Listed shares (b)	$ 646,696	$ -
Hybrid financial assets	-	82,005
Convertible bonds (a)	$ 646,696	$ 82,005
Financial liabilities - current		
Contingent consideration (c)	$ -	$ 353
Non-current financial assets		
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
Foreign investments		
Listed shares	$ 688	$ 1,041
Unlisted shares (b)	-	378,841
	$ 688	$ 379,882

a. The Company signed a 2-year convertible bonds subscription agreement of USD 3,000 thousand with Golden Faith Limited in November 2018. The principal was collected once on the due date in December 2020, and the loan interest was charged at an annual interest rate of 5%. The Company signed a supplementary agreement with Golden Faith Limited in November 2020 to extend the maturity date to December 2022, except that the convertible bond has been redeemed in advance, repurchased and canceled or the bondholder exercises the conversion right, on the maturity date of the convertible bond, the issuer will repay the convertible bond in full at 120% of the par value in US dollars. The aforementioned contracts contain embedded derivatives with share conversion options, which are not pure debt instruments as defined by IFRS 9, so they are mandatory classified as financial assets at fair value through profit or loss. The Company redeemed USD 1,000 thousand in advance on December 28, 2021, and redeemed USD 2,000 thousand in advance on September 30, 2022.

b. Due to the spread of the epidemic in London, it was impossible to obtain the local Chinese embassy certification documents for the share transfer operation in a short period of time. Considering the timeliness of the capital amendment registration process of Union Semiconductor (Hefei) Co., Ltd. (Union Semiconductor), the Board of Directors of the Company resolved on November 11, 2020 that the above-mentioned capital loan of RMB 85,000 thousand from Spirox Cayman Corporation to Union Semiconductor was converted into an investment project. It became to invest in Union Semiconductor at RMB 5 per share by Spirox Technology (Shanghai) Co., Ltd., a subsidiary 100% owned by Spirox Cayman Corporation. The investment amount was RMB 85,000 thousand. The number of shares acquired was 17,000 thousand shares, accounting for about 3.07% of the total issued shares of Union Semiconductor. In addition, Union Semiconductor repaid the loan principal and interest arising from debt equity swap of Spirox Cayman Corporation in cash. Union Semiconductor was listed on the Sci-Tech innovation board on August 18, 2022. As of December 31, 2022, the Company's shareholding ratio in Union Semiconductor was 2.04%.

c. The Company acquired Jetek Technology Corp. (Jetek) in May 2019 and July 2020. According to the share sales contract, under certain conditions, the Company shall pay a contingent payment which must be paid within one month after the expiration of 3 years from the merger date.

8. Financial assets at fair value through other comprehensive income ("FVTOCI")

	December 31, 2022	December 31, 2021
Non-current		
Investments in equity instruments	$ 50,825	$ 39,633

Investments in equity instruments

	December 31, 2022	December 31, 2021
Non-current		
Domestic investments		
Listed shares and emerging market shares	$ 15,090	$ -
Unlisted shares	18,289	13,527
Foreign investments	17,446	26,106
	$ 50,825	$ 39,633

The Company invests in equity instruments for medium- and long-term strategic purposes, and expects to make profits through long-term investments. Accordingly, the management chose to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

In 2021, in order to realize some long-term investments profits and adjust investments positions to diversify risks, the Company sold some listed shares and foreign stocks at a fair value of $104,789 thousand, and related other equity - unrealized gains from financial assets measured at FVTOCI of $16,175 thousand were transferred to retained earnings. The investment was derecognized due to the liquidation, and related other equity - unrealized losses from financial assets measured at FVTOCI of $139,050 thousand were transferred to retained earnings.

9. Financial assets at amortized cost

	December 31, 2022	December 31, 2021
Domestic investment		
Time deposits with original maturities of more over 3 months	$123,684	$294,096

a. As of December 31, 2022 and 2021, the interest rate ranges for time deposits with original maturities of more than 3 months were 0.02% to 3.50% and 0.03% to 1.30% per annum, respectively.

b. Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

10. Notes and accounts receivable, net

	December 31, 2022	December 31, 2021
Notes receivable		
At amortized cost		
Carrying amount	$ 132	$ 1,674
Less: Allowance for impairment loss	-	-
	$ 132	$ 1,674
Accounts receivable		
At amortized cost		
Carrying amount	$ 521,929	$ 888,983
Less: Allowance for impairment loss	(15,863)	(17,840)
	$ 506,066	$ 871,143

The credit period of the Company to customers is different according to the evaluation of each transaction. In principle, the credit period is 90 days after the invoice is issued.

The Company measures the loss allowance of notes and accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on receivables are estimated using a provision matrix by reference to the past default experience with the respective debtors and an analysis of the debtors' current financial positions, GDP growth rate, unemployment rate and industrial indicators. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the expected credit loss rate based on the account opening days of receivables is not further distinguished according to different segments of the Company's customer base.

If there is any evidence shows that the counter-party is in serious financial difficulty and the Company cannot reasonably expect to recover the amount, the Company directly writes off the related accounts receivable. The Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, they are recognized in profit or loss.

The loss allowance of notes and accounts receivable measured using the provision matrix are as follows:

December 31, 2022

	Not past due	Overdue less than 90 days	Overdue 91 to 180 days	Overdue 181 to 365 days	Overdue more than 365 days	Total
Expected credit loss rate	0%~0.5%	4%	6%	8%	100%	
Carrying amount	$ 180,260	$ 161,488	$ 112,308	$ 27,081	$ 40,924	$ 522,061
Loss allowance(lifetime ECLs)	(548)	(6,461)	(4,964)	(2,068)	(1,822)	(15,863)
Amortized cost	$ 179,712	$ 155,027	$ 107,344	$ 25,013	$ 39,102	$ 506,198

December 31, 2021

	Not past due	Overdue less than 90 days	Overdue 91 to 180 days	Overdue 181 to 365 days	Overdue more than 365 days	Total
Expected credit loss rate	0%~0.4%	3%	5%	10%	0%~20%	
Carrying amount	$ 674,131	$ 100,780	$ 49,679	$ 27,894	$ 38,173	$ 890,657
Loss allowance(lifetime ECLs)	(2,649)	(2,716)	(2,512)	(2,888)	(7,075)	(17,840)
Amortized cost	$ 671,482	$ 98,064	$ 47,167	$ 25,006	$ 31,098	$ 872,817

On December 31, 2022 and 2021, the actual overdue credit period of one year has been fully recovered after the reporting period.

The movements of the loss allowance of accounts receivable are as follows:

	For the year ended December 31 2022	For the year ended December 31 2021
Balance at January 1	$ 17,840	$ 18,159
Less:Reversal impairment loss	(2,822)	(137)
Derecognition of subsidiaries	(5)	-
Effect of foreign exchange rate change	850	(182)
Balance at December 31	$ 15,863	$ 17,840

For the year ended December 31, 2022, the total carrying amount of accounts receivable and loss allowance decreased $367,054 thousand and $1,977 thousand, respectively; For the year ended December 31, 2021,, the total carrying amount of accounts receivable and the loss allowance decreased $1,024,578 thousand and $319 thousand, respectively, due to the combined effect of changes and total carrying amount increased in notes receivable and accounts receivable of different aging risk groups. Among them, the loss allowance for the year ended December 31, 2021 decreased $137 thousand, and it was evaluated with reference of the overdue accounts receivable recovered in subsequent period.

11. Other receivables, net

	December 31, 2022	December 31, 2021
Other receivables		
Measured at amortized cost		
Carrying amount	$671,239	$ 8,468
Less: Loss allowance	(4,574)	(-)
	$666,665	$ 8,468

The movements of loss allowance of other receivables were as follows:

	For the year ended December 31 2022	For the year ended December 31 2021
Balance at January 1	$ -	$ -
Add: Provision impairment loss	4,574	(-)
Balance at December 31	$ 4,574	$ -

12. Inventories

	December 31, 2022	December 31, 2021
Merchandise	$ 171,545	$ 172,473

Cost of sales is as follows:

	For the year ended December 31	
	2022	2021
Cost of good sold	$ 1,693,224	$ 2,330,424
Provision for inventory market price decline and slow-moving inventories	49,691	11,341
	$ 1,742,915	$ 2,341,765

13. Non-current assets held for sale and disposal groups held for sale

a. Discontinued operations

In order to focus on the operation of the semiconductor business and improve the financial structure of the Company, the Board of Directors approved on June 28, 2021 resolution that the subsidiary Spirox Cayman Corporation, a total of 100% directly and indirectly owned by the Company, disposed all shares of 51.02% in its subsidiary, Maximo (Shanghai) Trading Co., which was responsible of all business regarding fast moving consumer goods for the Company. Since the transaction process was expected to be completed in the next twelve months, the operation was classified as held for sale from the second quarter of 2021, and the expected sale price would exceed the carrying amount of the relevant net assets, so there was no impairment loss to be recognized when the classification was made. In addition, the related assets and liabilities in the second quarter of 2021 had been transferred to the disposal groups held for sale. The Company regards Maximo (Shanghai) Trading Co. as a separate main operating cash-generating unit, so the cash-generating unit was reclassified as a discontinued operation. Maximo (Shanghai) Trading Co. handled a cash capital increase on December 7, 2021 as the base date, and the Company did not participate, resulting in a decrease of its shareholding ratio from 51.02% to 44.79%. On December 10, 2021, an equity transfer agreement was signed, and the sale was carried out in batches. The shareholding ratio dropped from 44.79% to 26.46%, and the amendment registration was completed on January 19, 2022. This sale of shares resulted in the loss of control over the subsidiary. On May 24, 2022, the Company signed a supplementary agreement on the letter of intent for equity investment, and the sale plan was postponed to be completed by December 31, 2022. The Group was approved by the resolution made by the Board of Directors on November 8, 2022 and sold the remaining 6,017,083 shares to Bold Lion Limited at about RMB3.6 per share, and sold all the remaining shares on December 1, 2022. The amendment registration was completed on December 6, 2022.

The discontinued operation's profit and loss details and cash flow information are as follows:

	January 1 to 19, 2022	For the year ended December 31, 2021
Operating revenue	$ 143,535	$ 2,351,716
Operating costs	(119,410)	(2,011,448)
Gross profit	24,125	340,268
Selling expenses	(17,979)	(172,989)
Administrative expenses	(9,578)	(108,877)
Operating profit	3,432	58,402
Interest income	-	511

(To be continued)

	January 1 to 19, 2022	For the year ended December 31, 2021
(Continued)		
Other income	-	39
Other gains or losses	(166)	(3,065)
Financial costs	(3,231)	(60,040)
Profit (loss) before income tax	(6,829)	(4,153)
Income tax expense	-	(1,531)
Profit (Loss) from discontinued operations	($ 6,829)	($ 5,684)
Profit (Loss) from discontinued operations attributable to:		
Owners of the Company	($ 3,007)	$ 1,497
Non-controlling interests	(3,822)	(7,181)
	($ 6,829)	($ 5,684)
Cash flows		
Operating activities	$ 59,813	$ 161,953
Financing activities	927	(105,509)
Effect of foreign exchange rate changes	(279)	(318)
Net cash inflow	$ 60,461	$ 56,126

There was no income tax loss or profit arising from the profit (loss) of the discontinued operations.

b. Disposal group held for sale

1) December 31, 2021

	December 31, 2021
Cash and cash equivalents	$ 89,555
Financial assets measured at amortized cost, current	8,688
Accounts receivable	875,599
Other accounts receivable	475,573
Inventories	229,564
Prepayments	188,486
Property, plant and equipment	125
Right-of-use assets	5,384
Intangible assets	35,822
Other non-current assets	1,362
Total assets directly related to disposal groups held for sale	$ 1,910,158
Short-term borrowings	$ 812,610
Contract liabilities	39,499
Accounts payable	307,565
Other payables	186,904
Current tax liabilities	737
Lease liabilities	5,473
Long-term borrowings	287,964
Total liabilities directly related to disposal groups held for sale	$ 1,640,752
Exchange differences on translating the financial statements of foreign operations	
Equity directly with disposal groups held for sale	$ 7,291

2) It had not been included in the consolidated financial statements from the date when the Company lost control on January 19, 2022, but transferred to an affiliated company. The Company sold the remaining 6,017,083 shares at RMB 21,662 thousand (equivalent to NT$93,280 thousand, classified as other receivables) on December 1, 2022, and recognized the gains on disposal of subsidiaries amounted to 39,492 thousand. As of the date of auditors' report, the above other receivables have recovered $69,960 thousand.

	December 6, 2022
Consideration received	$ 93,280
Derecognition of non-current assets held for sale-investments in affiliates	(61,524)
Capital surplus	7,736
Gains on disposals	$ 39,492

14. Property, plant and equipment

	December 31, 2022	December 31, 2021
Assets used by the Company	$ 579,267	$ 1,343,556
Assets subject to operating leases	28,400	29,258
	$ 607,667	$ 1,372,814

a. Assets used by the Company

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Equipment awaiting examination	Total
Cost									
Balance at January 1, 2022	$ 388,175	$ 278,010	$ 851,427	$ 590	$ 26,834	$ 155,974	$ 61,995	$ 41,483	$1,804,488
Additions	-	3,686	37,156	-	1,724	3,516	6,664	45,172	97,918
Disposals	-	(3,210)	(1,570)	-	(3,953)	(3,141)	(24,176)	-	(36,050)
Reclassification	-	-	77,722	-	-	(2,055)	-	(51,036)	24,631
Transfer to expenses	-	-	-	-	(703)	-	-	-	(703)
Effect of reductions due to business combination	-	(87,785)	(782,209)	-	(11,339)	(115,603)	(16,943)	(17,603)	(1,031,482)
Effect of exchange rate changes	-	-	28,369	-	(97)	4,713	916	(11,397)	22,504
Balance at December 31, 2022	$ 388,175	$ 190,701	$ 210,895	$ 590	$ 12,466	$ 43,404	$ 28,456	$ 6,619	$ 881,306
Accumulated depreciation									
Balance at January 1, 2022	$ -	$ 102,215	$ 271,613	$ 590	$ 12,809	$ 53,149	$ 20,556	$ -	$ 460,932
Depreciation	-	7,907	129,815	-	4,531	27,888	10,575	-	180,716
Disposals	-	(3,210)	(1,478)	-	(3,758)	(3,137)	(13,640)	-	(25,223)
Reclassification	-	-	(185)	-	-	(1,986)	-	-	(2,171)
Transfer to expenses	-	-	-	-	(604)	-	-	-	(604)
Effect of reductions due to business combination	-	(34,346)	(234,860)	-	(5,243)	(43,273)	(6,065)	-	(323,787)
Effect of exchange rate changes	-	-	9,011	-	(15)	3,076	104	-	12,176
Balance at December 31, 2022	$ -	$ 72,566	$ 173,916	$ 590	$ 7,720	$ 35,717	$ 11,530	$ -	$ 302,039
Carrying amount at January 1, 2022	$ 388,175	$ 175,795	$ 579,814	$ -	$ 14,025	$ 102,825	$ 41,439	$ 41,483	$1,343,556
Carrying amount at December 31, 2022	$ 388,175	$ 118,135	$ 36,979	$ -	$ 4,746	$ 7,687	$ 16,926	$ 6,619	$ 579,267
Cost									
Balance at January 1, 2021	$ 388,175	$ 277,813	$ 253,154	$ 1,686	$ 22,427	$ 118,631	$ 393,919	$ 106,487	$1,562,292
Additions	-	197	130,630	-	6,364	10,403	12,099	111,466	271,159
Disposals	-	-	(25,625)	(1,086)	(1,413)	(44)	(25,027)	-	(53,195)
Reclassification	-	-	519,056	-	(246)	28,121	(315,953)	(199,283)	31,695
Transfer to disposal groups held for sale	-	-	-	-	(187)	-	-	-	(187)
Effect of exchange rate changes	-	-	(25,788)	(10)	(111)	(1,137)	(3,043)	22,813	(7,276)
Balance at December 31, 2021	$ 388,175	$ 278,010	$ 851,427	$ 590	$ 26,834	$ 155,974	$ 61,995	$ 41,483	$1,804,488
Accumulated depreciation									
Balance at January 1, 2021	$ -	$ 93,979	$ 44,705	$ 1,495	$ 9,121	$ 30,956	$ 131,903	$ -	$ 312,159
Depreciation	-	8,236	85,241	81	5,041	22,694	42,645	-	163,938
Depreciation expenses of discontinued operations	-	-	-	-	54	-	-	-	54
Disposals	-	-	(4,629)	(978)	(1,096)	-	(4,463)	-	(11,166)
Reclassification	-	-	148,543	-	-	-	(148,543)	-	-
Transfer to disposal groups held for sale	-	-	-	-	62	-	-	-	62
Effect of exchange rate changes	-	-	(2,247)	(8)	(373)	(501)	(986)	-	(4,115)
Balance at December 31, 2021	$ -	$ 102,215	$ 271,613	$ 590	$ 12,809	$ 53,149	$ 20,556	$ -	$ 460,932
Carrying amount at January 1, 2021	$ 388,175	$ 183,834	$ 208,449	$ 191	$ 13,306	$ 87,675	$ 262,016	$ 106,487	$1,250,133
Carrying amount at December 31, 2021	$ 388,175	$ 175,795	$ 579,814	$ -	$ 14,025	$ 102,825	$ 41,439	$ 41,483	$1,343,556

As of December 31, 2022 and 2021, the Company did not have any impairment on property, plant and equipment.

Depreciation expenses were accrued on a straight-line basis over the following estimated useful lives:

Buildings	2 to 51 years
Machinery and equipment	3 to 6 years
Transportation equipment	6 years
Office equipment	3 to 6 years
Leasehold improvements	6 years
Other equipment	3 years

Please refer to Note 26 for the reclassification of property, plant and equipment.

Please refer to Note 30 for the amount of property, plant and equipment used by the Company pledged as security for loans.

b. Operating lease

	Buildings
Cost	
Balance at January 1, 2022	$ 43,781
Balance at December 31, 2022	$ 43,781
Accumulated depreciation	
Balance at January 1, 2022	$ 14,523
Depreciation	858
Balance at December 31, 2022	$ 15,381
Carrying amount at January 1, 2022	$ 29,258
Carrying amount at December 31, 2022	$ 28,400
Cost	
Balance at January 1, 2021	$ 43,781
Balance at December 31, 2021	$ 43,781
Accumulated depreciation	
Balance at January 1, 2021	$ 13,664
Depreciation	859
Balance at December 31, 2021	$ 14,523
Carrying amount at January 1, 2021	$ 30,117
Carrying amount at December 31, 2021	$ 29,258

The Company rents out buildings and structures under operating lease with the lease period of 2020 to 2024, and has no right to renew the contract. At the end of the lease period, the lessee does not have right of preferential refusal of the asset.

The total amount of lease payments to be received in the future for renting out the buildings used by the Company under operating lease was as follows:

	December 31, 2022	December 31, 2021
First year	$ 9,307	$ 9,483
1～5 years	2,220	6,035
	$ 11,527	$ 15,518

Depreciation were accrued on a straight-line basis over the following estimated useful lives:

Buildings	51 years

Please refer to Note 30 for the operating lease amount of property, plant and equipment pledged as security for loans.

15. Lease agreement

a. Right-of-use assets

	December 31, 2022	December 31, 2021
Right-of-use assets carrying amount		
Land	$ -	$ 8,483
Buildings	15,087	43,720
	$ 15,087	$ 52,203

	For the year ended December 31	
	2022	2021
Additions to Right-of-use assets	$ 6,386	$ 51,169
Disposal of right-of-use assets	$ 5,932	$ -
Effect of reductions on right-of-use assets due to business combination	$ 14,308	$ -
Depreciation charge for Right-of-use assets		
Land	$ 276	$ 274
Buildings	23,199	24,134
Depreciation of discontinued operations	252	3,772
	$ 23,727	$ 28,180

b. Lease liabilities

	December 31, 2022	December 31, 2021
Lease liabilities carrying amount		
Current	$ 9,315	$ 24,820
Non-current	$ 6,487	$ 27,503

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2022	December 31, 2021
Land	-	1.90%
Buildings	5.00%	1.90%~5.00%

c. Material lease in activities and terms

The Company leases land and buildings for uses as factories, offices and employee dormitories in 2021, the lease period is from 2019 to 2052. The lease payments agreed under the land lease agreement in Taiwan will be adjusted accordingly by the announced land values, the rental rate of national land approved by the Executive Yuan or other reasons. The Company does not have the right of preferential refusal to acquire the leased assets including the land and buildings at the end of the lease term, and sublease and transfer are not available.

The Company had decreases in right-of-use land and buildings due to derecognition of subsidiaries in 2022.

d. Other lease information

	For the year ended December 31	
	2022	2021
Expenses relating to short-term lease (Note)	$ 4,938	$ 6,979
Total cash outflow for leases (Note)	$ 28,627	$ 38,368

Note: Including the listed amount of the discontinued operation.

The Company's leases of parking space and dormitory qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. Intangible assets

	Computer software	Patents	Expertise	Goodwill	Total
Cost					
Balance at January 1, 2022	$ 14,071	$ 128	$ 21,870	$ 24,183	$ 60,252
Additions	6,918	-	-	-	6,918
Disposals	(687)	(128)	-	-	(815)
Effect of reductions due to business combination	(8,410)	-	-	-	(8,410)
Effect of foreign exchange rate changes	21	-	-	-	21
Balance at December 31, 2022	$ 11,913	$ -	$ 21,870	$ 24,183	$ 57,966
Accumulated amortization and impairment loss					
Balance at January 1, 2022	$ 5,716	$ 128	$ 4,509	$ 13,080	$ 23,433
Disposals	(687)	(128)	-	-	(815)
Amortization	5,508	-	2,430	-	7,938
Impairment loss	-	-	-	10,858	10,858
Effect of reductions due to business combination	(5,445)	-	-	-	(5,445)
Effect of foreign exchange rate changes	(4)	-	-	-	(4)
Balance at December 31, 2022	$ 5,088	$ -	$ 6,939	$ 23,938	$ 35,965
Carrying amount at January 1, 2022	$ 8,355	$ -	$ 17,361	$ 11,103	$ 36,819
Carrying amount at December 31, 2022	$ 6,825	$ -	$ 14,931	$ 245	$ 22,001
Cost					
Balance at January 1, 2021	$ 7,471	$ 128	$ 21,870	$ 59,756	$ 89,225
Additions	9,204	-	-	-	9,204
Disposals	(1,940)	-	-	-	(1,940)
Transfer to disposal groups held for sale	(660)	-	-	(35,304)	(35,964)
Effect of foreign exchange rate changes	(4)	-	-	(269)	(273)
Balance at December 31, 2021	$ 14,071	$ 128	$ 21,870	$ 24,183	$ 60,252

(To be continued)

	Computer software	Patents	Expertise	Goodwill	Total
(Continued)					
Accumulated amortization and impairment					
Balance at January 1, 2021	$ 4,006	$ 128	$ 2,079	$ 13,080	$ 19,293
Disposals	(1,940)	-	-	-	(1,940)
Amortization	3,676	-	2,430	-	6,106
Amortization of discontinued operations	117	-	-	-	117
Transfer to disposal groups held for sale	(142)	-	-	-	(142)
Effect of foreign exchange rate changes	(1)	-	-	-	(1)
Balance at December 31, 2021	$ 5,716	$ 128	$ 4,509	$ 13,080	$ 23,433
Carrying amount at January 1, 2021	$ 3,465	$ -	$ 19,791	$ 46,676	$ 69,932
Carrying amount at December 31, 2021	$ 8,355	$ -	$ 17,361	$ 11,103	$ 36,819

Amortizations were accrued on a straight-line basis over the following estimated useful lives:

Computer software	1 to10 years
Patents	3 years
Expertise	9 years

The intangible assets are not pledged as security for loans.

The provision of impairment loss was $10,858 thousand after the Company assessed the recoverable amount of goodwill, based on the annual discount rate of 12.59% for the year 2022 that was accrued based on the calculation of cash flows verified by the management's financial budget for the next five years. The above discount rate was based on the weighted average cost of capital (WACC) rate. Other key assumptions included estimated operating revenue and gross profit. These assumptions referred to past operating conditions of the CGUs and management's expectations of the market.

17. Borrowings

a. Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings		
Bank loans	$ 111,070	$ 489,136
Secured borrowings		
Bank loans (Note 30)	6,082	-
	$ 117,152	$ 489,136

The interest rates of bank revolving loans were 2.25%~6.8% and 0.82%~2.5% as of December 31, 2022 and 2021, respectively.

b. Long-term borrowings

Creditors	December 31, 2022	December 31, 2021	Interest rate(%)	Repayment period and method
Secured borrowings(Note30)				
Bank loans				
Yushan Bank Dongguan Office	$ 10,590	$ 11,014	3.84	From May 15, 2019, repayment amortized in 10 installments, per every 6 months. Principal repay 5% of the original loan amount in each of the first 9 installments, and repay the balance in the last installment. Interest is monthly basis.
Yushan Bank Dongguan Office	22,038	22,702	3.23	From August 15, 2019, repayment amortized in 10 installments, per every 6 months. Principal repay 5% of the original loan amount in each of the first 9 installments, and repay the balance in the last installment. Interest is monthly basis.
Yushan Bank Dongguan Office	-	3,122	3.21	From September 16, 2019, repayment amortized in 10 installments, per every 6 months. Principal repay 5% of the original loan amount in each of the first 9 installments, and repay the balance in the last installment. Interest is monthly basis.
First Bank Hsinchu Branch	120,000	120,000	2.23	Repayment grace period is 24 months. From January 10, 2023, principal and interest are amortized in 24 installments according to annuity method.
First Bank Hsinchu Branch	50,000	50,000	2.23	Repayment grace period is 24 months. From January 28, 2023, principal and interest are amortized in 24 installments according to annuity method.
First Bank Hsinchu Branch	47,000	47,000	2.13	Repayment grace period is 24 months. From May 13, 2023, principal and interest are amortized in 24 installments according to annuity method.
First Bank Hsinchu Branch	70,000	70,000	2.13	Repayment grace period is 24 months. From October 2, 2023, principal and interest are amortized in 24 installments according to annuity method.
First Bank Hsinchu Branch	22,000	22,000	2.13	Repayment grace period is 24 months. From January 7, 2024, principal and interest are amortized in 24 installments according to annuity method.
Other loans				
SinoPac International Leasing Corp.-Leaseback financing of machinery and equipment sale	-	14,335	3.71	From August 22, 2019, repayment amortized in 36 installments, per every 1 month. Principal repayment and interest are monthly basis.
SinoPac International Leasing Corp.-Leaseback financing of machinery and equipment sale	-	39,856	3.48	From December 16, 2020, repayment amortized in 36 installments, per every 1 month. Principal repayment and interest are monthly basis.
SinoPac International Leasing Corp.-Leaseback financing of machinery and equipment sale	-	19,645	2.25	From January 25, 2021, repayment amortized in 18 installments, per every 1 month. Principal repayment and interest are monthly basis.
Co-operative Assets Management Co., Ltd.-Leaseback financing of machinery and equipment sale	-	24,000	2.5	From July 15, 2021, repayment amortized in 24 installments, per every 1 month. Principal repayment and interest are monthly basis.
Unsecured borrowings				
Bank loans				
Shanghai Bank	-	85,500	1.845	From October 28, 2021, repayment amortized in 60 installments, per every 1 month. Principal repayment and interest are monthly basis.
Shanghai Bank	-	49,735	2.1315	Repayment grace period is 6 months. From December 29, 2021, principal repayment amortized in 10 installments, per quarterly basis.

(To be continued)

Creditors	December 31, 2022	December 31, 2021	Interest rate(%)	Repayment period and method
(Continued)				
Other loans				
SinoPac International Leasing Corp.-Credit loan	-	14,059	2.25	From December 27, 2020, repayment amortized in 18 installments, per every 1 month. Principal repayment and interest are monthly basis.
	341,628	592,968		
Less: Current portion	(112,847)	(129,925)		
Long-term borrowings	$ 228,781	$ 463,043		

18. Post-employment benefit plans

a. Defined contribution plans

The Company and domestic subsidiaries adopted a pension plan under the Labor Pension Act (LPA), which is a government managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company and domestic subsidiaries in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 23,306	$ 42,388
Fair value of plan assets	(19,002)	(30,186)
Net defined benefit liabilities	$ 4,304	$ 12,202

Movements in net defined benefit liabilities (assets) were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Balance at January 1, 2021	$ 51,698	($ 29,703)	$ 21,995
Service cost			

(To be continued)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
(Continued)			
Interest expenses (income)	176	(101)	75
Settlement benefit	(4,422)	-	(4,422)
Recognized in profit or loss	(4,246)	(101)	(4,347)
Benefits paid	(956)	956	-
Remeasurements			
Actuarial loss (benefit)			
-Changes in demographic hypothesis	286	-	286
-Changes in financial assumptions	(1,501)	-	(1,501)
-Experience adjustments	(2,893)	(453)	(3,346)
Recognized in other comprehensive loss (income)	(4,108)	(453)	(4,561)
Contributions from the employer	-	(885)	(885)
Balance at December 31, 2021	42,388	(30,186)	12,202
Service cost			
Interest expenses (income)	255	(178)	77
Recognized in profit or loss	255	(178)	77
Benefit paid	(14,185)	14,185	-
Remeasurements			
Actuarial loss (benefit)			
-Changes in demographic hypothesis	815	-	815
-Changes in financial assumptions	(3,469)	-	(3,469)
-Experience adjustments	194	(2,296)	(2,102)
Recognized in other comprehensive loss (income)	(2,460)	(2,296)	(4,756)
Contributions from the employer	-	(527)	(527)
Disposal of subsidiaries	(2,692)	-	(2,692)
Balance at December 31, 2022	$ 23,306	($ 19,002)	$ 4,304

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest rate risk: The decrease in interest rates on government bonds will increase the current value of the defined benefit obligation, but the return on investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.
3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.61%	0.59%~0.77%
Expected rate of salary increase	3.00%	3.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2022	December 31, 2021
Discount rate		
0.5% increase	($ 1,398)	($ 2,726)
0.5% decrease	$ 1,508	$ 2,961
Expected rate of salary increase		
0.5% increase	$ 3,058	$ 5,667
0.5% decrease	($ 2,677)	($ 4,956)

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

	December 31, 2022	December 31, 2021
Expected contributions to the plan for the next year	$ 20,460	$ 32,290
Average duration of the defined benefit obligation	12 years	13~20 years

19. Equity

a. Share capital

Ordinary shares

	December 31, 2022	December 31, 2021
Authorized shares (in thousands)	300,000	300,000
Authorized capital	$ 3,000,000	$ 3,000,000
Issued and fully paid shares (in thousands)	118,742	118,742
Issued capital	$ 1,187,419	$ 1,187,419

As of December 31, 2022 and 2021, the number of shares authorized were 300,000 thousand shares with a par value of $10 per share, carry one vote per share and the right to receive dividends. Among the shares authorized, there were 30,000 thousand shares reserved for the issuance of employee share option certificates.

The Board of Directors resolved on March 25, 2021 to make capital increase by issuing new shares for cash of 12,000 thousand ordinary shares with a par value of $10 per share to repay the loans and improve the Company's financial structure. The above cash capital increase proposal was canceled by the Board of Directors on May 11, 2022 resolution.

The Company was approved by the resolution of the extraordinary shareholders' meeting on November 2, 2021 for private placement of ordinary shares. The private placement price shall not be lower than 1, 3 or 5 business days before the pricing date, and a certain percentage of the closing price of ordinary shares shall be calculated. The number of shares shall not exceed 20,000 thousand shares. On November 25, 2021, the Board of Directors resolved to issue 16,300 thousand shares at $24 per share. The total amount of private placement was $391,200 thousand. The base date of capital increase was November 30, 2021, and the amendment registration was completed on December 17, 2021. The difference of $228,200 thousand between the par value and the issuance price was listed as additional paid-in capital arising from the shares issued.

Within 3 years from the delivery date, the aforesaid private placement securities shall not be resold to other parties except for the parties specified in the Securities and Exchange Act.

Besides the above-mentioned private placement of ordinary shares which are subject to restrictions on circulation and transfer in accordance with the Securities and Exchange Act, and can only be listed and traded after 3 years from the delivery date and retroactive handling for publicly issuance, the rights and obligations of private placement are the same as those of public companies which issue ordinary shares.

b. Capital surplus

	December 31, 2022	December 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Additional paid-in capital	$216,811	$239,224
From merger	78,174	78,174
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	40,907	40,907
Treasury share transactions	-	1,908

(To be continued)

	December 31, 2022	December 31, 2021
(Continued)		
May be used to offset a deficit only		
Changes in ownership interests in subsidiaries	168,773	-
Employee share option	95,908	95,908
May not be used for any purpose		
Employee share option	17,640	10,707
	$618,213	$466,828

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

Under the Company's dividend policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 21(9).

Dividends to shareholders can be distributed in cash or shares, of which the cash portion of dividends shall not less than 10% of the distribution. The dividend policy is proposed by the Board of Directors every year according to law, and submitted to the shareholders' meeting for resolution, subject to factors such as Company's current and future investment environment, capital demand, domestic and foreign competition conditions and capital demand budgets, as well as shareholders' interests, balancing dividends and the Company's long-term financial planning.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The amendments of the Company's Articles were resolved by the Board of Directors on May 13, 2021 and approved by the Shareholders' Meeting on August 13, 2021, which clearly stipulated that special reserve shall be allocated from the cumulative net amount of other deductions from equity in the preceding period and the cumulative net amount of increase in investment property fair value in the preceding period. If there remains any insufficiency, allocate it from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that are included in the undistributed earnings of the period. Before the amendments, the Company allocated it from the unappropriated retained earnings in the preceding period according to the law.

The Company resolved to distribute earnings and capital surplus for the years 2021 and 2020 at the Shareholders' Meetings held on June 22, 2022 and August 13, 2021 (originally scheduled for June 24, 2021, postponed due to epidemic prevention measures), the distributions were as follows:

	For the year ended December 31	
	2021	2020
Legal reserve	$ -	$ -
Reversal of special reserve	($135,176)	($ 7,445)
Cash dividends distributed from earnings	$ -	$ -
Cash distributed from capital surplus	$ 22,413	$ 19,123
Cash dividends per share (NT$)	$0.19992	$ 0.2

Note: The total numbers of ordinary shares outstanding were affected due to the transfer of treasury shares to employees. The cash distribution from capital surplus in 2021 was adjusted from $0.2 per share to $0.19992.

The appropriations of earnings and capital surplus in cash for 2022 were proposed by the Board of Directors on March 23, 2023:

	For the year ended December 31, 2022
Legal reserve	$ 24,397
Reversal of special reserve	($ 15,364)
Cash dividends distributed from earnings	$ 68,586
Cash distributed from capital surplus	$ 45,724
Cash dividends per share (NT$)	$ 1

The appropriations of earnings and capital surplus in cash for 2022 are subject to the resolution of the shareholders' meeting to be held on June 21, 2023.

d. Special reserve

	For the year ended December 31	
	2022	2021
Balance at January 1	$370,564	$378,009
Reversal of special reserve		
Reversal of in respect of debits to other equity items	(135,176)	(7,445)
Balance at December 31	$235,388	$370,564

As of December 31, 2022 and 2021, the special reserves both were $10,948 thousand and $10,948 thousand for the first time using IFRSs.

The reversal amount of special reserve in 2022 refers to the part of the special reserve accrued for the difference between the market price of the parent Company's shares held by the subsidiaries and the carrying amount based on the shareholding ratio, and the net amount which the rise of market price in the current period and the reduction in the unrealized loss of financial assets deduct the increase amount of exchange losses from exchange differences on translation of foreign financial statements.

e. Other equity

1) Exchange differences on translating the financial statements of foreign operations

	For the year ended December 31	
	2022	2021
Balance at January 1	($ 75,996)	($ 56,189)
Exchange differences on translating the financial statements of foreign operations	30,642	(12,516)
Transfer to disposal groups held for sale	-	(7,291)
Derecognition of subsidiaries	141	-
Balance at December 31	($ 45,213)	($ 75,996)

2) Unrealized gains or losses of financial assets measured at FVTOCI

	For the year ended December 31	
	2022	2021
Balance at January 1	($160,354)	($308,915)
Recognized for the year		
Unrealized (losses) gains from Equity instruments	(6,299)	25,686
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	122,875
Balance at December 31	($166,653)	($160,354)

3) Others

	For the year ended December 31	
	2022	2021
Balance at January 1	($ 9,514)	($ 9,514)
Derecognition of subsidiaries	9,514	-
Balance at December 31	$ -	($ 9,514)

f. Non-controlling interests

	For the year ended December 31	
	2022	2021
Balance at January 1	$322,754	$ 99,561
Net profit (Loss) for the year	16,559	(7,189)
Other comprehensive income (loss) of the year		
Remeasurements of defined benefit plan	(10)	-

(To be continued)

	For the year ended December 31	
	2022	2021
(Continued)		
Exchange differences on translating the financial statements of foreign operations	8,791	(1,741)
Share-based payment transaction	251	-
Derecognition of subsidiaries (Note 25)	(173,796)	-
Changes in ownership interests in subsidiaries	(416,048)	(7,745)
Non-controlling interests increase	298,403	239,868
Balance at December 31	$ 56,904	$322,754

Changes in ownership interests in subsidiaries for the year ended December 31, 2022

In January 2022, Shanghai Infinet Technology Co., Ltd. did not proportionally participate in the cash capital increase of Hefei Spirox Technology Co., Ltd., resulting in a decrease in the shareholding ratio from 98% to 91.73%. Since it did not affect the Company's control over the subsidiary, it was handled as an equity transaction. The changes were as follows:

	Amount
Cash capital increase from non-controlling interests	$142,047
The carrying amount of subsidiaries' net assets to be calculated the amount to be transferred out of non-controlling interest based on changes in relative equity	(11,956)
Equity transactions differences	$130,091

In April 2022, Bright Future Cayman Limited did not proportionally participate in the cash capital increase of VESP Technology Co., Ltd., resulting in a decrease in the shareholding ratio from 100% to 75.59%. Since it did not affect the Company's control over the subsidiary, it was handled as an equity transaction. The changes were as follows:

	Amount
Cash capital increase from non-controlling interests	$142,006
Advance receipts for ordinary share recognized on December 31, 2021	170,049
The carrying amount of subsidiaries' net assets to be calculated the amount to be transferred out of non-controlling interest based on changes in relative equity	(72,516)
Equity transactions differences	$239,539

In June 2022, Bright Future Cayman Limited completed the amendment registration of employee share purchase, which caused the shareholding ratio of Spirox Cayman Corporation to drop from 100% to 80.77%. In addition, Bright Future Cayman Limited handled the non-proportional cash capital increase on June 14, 2022, and Spirox Cayman Corporation did not proportionally participate in it, resulting in an increase in the shareholding ratio from 80.77% to 86.82%. Since it did not affect the Company's control over the subsidiary, it was handled as an equity transaction. The changes were as follows:

	Amount
Cash capital increase from non-controlling interests	$ 15,165
Advance receipts for ordinary share recognized on December 31, 2021	26,292
The carrying amount of subsidiaries' net assets to be calculated the amount to be transferred out of non-controlling interest based on changes in relative equity	(25,878)
Equity transactions differences	$ 15,579

In October 2022, Spirox Cayman Corporation bought back the shares of Bright Future Cayman Limited held by resigned employees, resulting in an increase in the shareholding ratio from 86.82% to 87.08%. Since it did not affect the Company's control over the subsidiary, it was handled as an equity transaction. The changes were as follows:

	Amount
Cash consideration received from non-controlling interests	($ 815)
The carrying amount of subsidiaries' net assets to be calculated the amount to be transferred out of non-controlling interest based on changes in relative equity	456
Equity transaction difference	($ 359)

Due to the above-mentioned changes in shareholding ratio, Spirox Cayman Corporation adjusted the recognition of effects of investment accounted for using equity method that was not held at proportionate shareholding ratio. The recognition of an increase in changes in ownership equity of subsidiaries was $31,198 thousand.

The equity transaction for the year ended December 31, 2022 increased $416,048 thousand for capital surplus-changes in ownership interests in subsidiaries.

Changes in ownership interests in subsidiaries for the year ended December 31, 2021

In 2021, Bright Future Cayman Limited ("BF Limited") signed a share option contract with employees, and received a capital increase of US$950 thousand (equivalent to NT$26,292 thousand) from the investor. As of December 31, 2021, the amendment registration has not been completed.

VESP Technology Co., Ltd. ("VESP Ltd.") and investor A signed a shareholders agreement of VESP Ltd. and a capital increase agreement on August 31, 2021, and received RMB39,500 thousand (NT$170,049 thousand) in September 2021 from investors including investor A. As of December 31, 2021, the agreement terms of capital increase have not yet completed, the amendment registration has not yet made.

In December 2021, Spirox Cayman Corporation did not participate in the cash capital increase of Maximo (Shanghai) Trading Co. according to the shareholding ratio, resulting in a decrease in the shareholding ratio. Since it does not affect the Company's control over the subsidiary, it was classified as equity transactions, resulting in Spirox Cayman Corporation's shareholding of Maximo (Shanghai) Trading Co. decreased from 51.02% to 44.79%, the changes were as follows:

	Amount
Cash capital increase of non-controlling interests	$ 43,440
The carrying amount of subsidiaries' net assets to be calculated the amount to be transferred out of non-controlling interest based on changes in relative equity	(35,705)
Equity transaction difference	($ 7,735)

In December 2021, Shanghai Infinet Technology Co., Ltd. transferred part of Hefei Spirox Technology Co., Ltd.'s shares. Since it did not affect the Company's control over the subsidiary, it was classified as equity transactions, resulting in Shanghai Infinet Technology Co., Ltd.'s shareholding of Hefei Spirox Technology Co., Ltd. decreased from 100% to 98%, the changes were as follows:

	Amount
Consideration received in cash	$ 87
The carrying amount of subsidiaries' net assets to be calculated the amount to be transferred out of non-controlling interest based on changes in relative equity	(77)
Equity transaction difference	$ 10

The equity transactions for the year ended December 31, 2021 increased $7,745 thousand for capital surplus-changes in ownership interests in subsidiaries.

g. Treasury shares

1) Reasons and quantities of shares reacquired:

		December 31, 2022	
Reacquired from	Purpose of reacquired	Shares (in thousands)	Amount
The Company	For transferring shares to employees	4,917	$ 131,593
HIBON INVESTMENT CORPORATION	Subsidiary held shares of the Company	355	16,944
		5,272	$ 148,537

		December 31, 2021	
Reacquired from	Purpose of reacquired	Shares (in thousands)	Amount
The Company	For transferring shares to employees	6,725	$ 179,975
HIBON INVESTMENT CORPORATION	Subsidiary held shares of the Company	355	16,944
		7,080	$ 196,919

2) According to the Securities and Exchange Act, the number of shares bought back may not exceed 10% of the total number of issued and outstanding shares of the Company. The total amount of the shares bought back may not exceed the amount of retained earnings plus premium on capital shares plus realized capital surplus.

3) The treasury shares held by the Company shall not be pledges in accordance with the Securities and Exchange Act, nor shall they be entitled to dividend distributions and voting rights. Shares of the Company held by the subsidiaries are treated as treasury shares, except that they cannot participate in the Company's cash capital increase and have no voting rights; they enjoy the same rights as ordinary shareholders.

4) According to the Securities and Exchange Act, the shares bought back by the Company for transferring shares to employees shall be transferred within 3 years from the date of buyback. The shares not transferred within the said time limit shall be deemed as not issued by the Company, and amendment registration for the shares cancelling shall be processed. Where the buyback was required to maintain the Company's credit and shareholders' rights and interests, the shares so purchased shall be cancelled and the amendment registration shall be affected within 6 months from the date of buyback. The Board of Directors resolved on May 12, 2020 to amend the time limit set out in Article 3 of the "procedures of transferring shares to employees for the first time buyback in 2018" from 3 years to 5 years in accordance with Article 28-2 of the Securities and Exchange Act amended on June 21, 2019.

5) The 8,000 thousand treasury shares of the Company's sixth buyback were transferred in installments as follows:
For the first transfer to employees, the total of 1,035 thousand shares were transferred with an amount of $27,697 thousand, and the subscription base date was set as July 28, 2020. (The treasury shares transferred as employees share option was completed on July 28, 2020.)
For the second transfer to employees, the total of 140 thousand shares were transferred with an amount of $3,746 thousand, and the subscription base date was set as February 1, 2021.
For the third transfer to employees, the total of 45 thousand shares were transferred with an amount of $1,204 thousand, and the subscription base date was set as March 26, 2021.
For the fourth transfer to employees, the total of 55 thousand shares were transferred with an amount of $1,472 thousand, and the subscription base date was set as August 13, 2021.
For the fifth transfer to employees, the total of 46 shares were transferred with an amount of $1,231 thousand, and the subscription base date was set as January 21, 2022.
For the sixth transfer to employees, the total of 47 thousand shares were transferred with an amount of $1,258 thousand, and the subscription base date was set as March 24, 2022.
For the seventh transfer to employees, the total of 695 thousand shares were transferred with an amount of $18,598 thousand, and the subscription base date was set as August 11, 2022.
For the eighth transfer to employees, the total of 1,020 thousand shares were transferred with an amount of $27,295 thousand, and the subscription base date was set as November 9, 2022.

6) The subsidiary, HIBON INVESTMENT CORPORATION held 355 thousand shares of the Company's share on December 31, 2022 and 2021, and the average book value per share were $47.73, respectively. The shares were registered as treasury shares, and the fair value of each share was $24.75 and $29.90, respectively.

20. Operating revenue

	For the year ended December 31	
	2022	2021
Revenue from contracts with customers		
Sales revenue	$ 1,644,002	$ 2,439,828
Service revenue	250,192	178,332
Repair and maintenance revenue	19,159	27,180
Other operating revenue	1,292	899
	$ 1,914,645	$ 2,646,239

The revenue of the Company comes from sales revenue transferred at a certain point in time and service and repair and maintenance revenue gradually transferred over time.

a. Contract balances

	December 31, 2022	December 31, 2021
Contract liability-current	$ 94,669	$ 83,259

Changes in contract liabilities are primarily attributable to differences in the timing of satisfaction of performance obligations and the timing of payment by customers.

b. Disaggregation of revenue

	For the year ended December 31	
By region	2022	2021
Taiwan	$ 314,693	$ 375,430
China	1,572,432	2,257,804
Others	27,520	13,005
	$ 1,914,645	$ 2,646,239

c. Revenue of products

	For the year ended December 31	
	2022	2021
Semiconductor equipment	$ 1,644,002	$ 2,439,828
Service revenue	250,192	178,332
Repair and maintenance revenue	19,159	27,180
Other operating revenue	1,292	899
	$ 1,914,645	$ 2,646,239

21. Net profit for the continuing operations

a. Other operating income and expenses, net

	For the year ended December 31	
	2022	2021
Gains on disposal of property, plant and equipment	$ 2,046	$ 2,891
Losses (gains) on lease modification	(269)	9
	$ 1,777	$ 2,900

b. Interest income

	For the year ended December 31	
	2022	2021
Bank deposits	$ 7,192	$ 5,737
Other interest income	11,268	-
	$ 18,460	$ 5,737

c. Other income

	For the year ended December 31	
	2022	2021
Rent income	$ 10,597	$ 10,081
Dividend revenue	1,103	1,137
Government grants	17,682	16,946
Other income	15,783	8,643
	$ 45,165	$ 36,807

d. Other gains or losses

	For the year ended December 31	
	2022	2021
Gains on financial assets at FVTPL, net	$ 234,266	$ 800
Net foreign exchange gain (loss)	5,918	(5,932)
Miscellaneous expenses	(1,345)	(11,008)
Net profit of derecognition of subsidiaries and disposal group held for sale (Note 13 and 25)	472,109	8,402
Impairment loss	(10,858)	-
	$ 700,090	($ 7,738)

e. Financial costs

	For the year ended December 31	
	2022	2021
Interest expenses		
Bank loans	$ 24,092	$ 28,058
Lease liabilities	1,704	2,544
	$ 25,796	$ 30,602

f. Depreciation and amortization

	For the year ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	$ 151,649	$ 131,196
Operating expenses	53,400	58,009
	$ 205,049	$ 189,205
An analysis of amortization by function		
Operating costs	$ 1,455	$ 1,787
Operating expenses	6,476	4,319
	$ 7,931	$ 6,106

g. Research and development expenditures recognized as expenses as incurred

	For the year ended December 31	
	2022	2021
Research and development expenses	$ 58,715	$ 126,652

h. Employee benefit expenses

	For the year ended December 31	
	2022	2021
Post-employment benefits		
Defined contribution plans	$ 11,305	$ 13,204
Defined benefit plans (Note 18)	77	(4,347)
Other employee benefits	509,121	543,558
	$ 520,503	$ 552,415
Summary by function		
Operating costs	$ 115,010	$ 88,743
Operating expenses	405,493	463,672
	$ 520,503	$ 552,415

i. Compensation of employees and remuneration of director

In accordance with the Company's Articles of Incorporation, the Company allocates no less than 2% and no higher than 5% for the distributions of compensation to employees and remuneration to directors, respectively, from the balance after deducting the cumulative losses depends on the condition of current year benefit. The recipients of cash or share distributions for employees' compensation include employees of affiliated companies who meet certain criteria. 2022 and 2021 employees' compensation and directors' remunerations were resolved by the Board of Directors on March 23, 2023 and March 23, 2022, respectively. The resolutions were as follows:

	For the year ended December 31	
	2022	2021
Compensation of employees	$ 11,982	$ -
Remuneration of directors	-	-

If there is any change in the amount after the adoption of the annual consolidated financial statements, the change in accounting estimate will be adjusted and recorded in the following year.

The Company held board meetings on March 23, 2022 and March 25, 2021, respectively to decide not to allocate remunerations to employees and directors, and the annual financial report did not recognize the relevant amount.

	For the year ended December 31			
	2021		2020	
	Compensation of employees	Remuneration of directors	Compensation of employees	Remuneration of directors
Amount to be distributed resolved by the board of directors	$ -	$ -	$ -	$ -
Amount recognized in annual financial statements	$ -	$ -	$ -	$ -

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. Income tax for the continuing operations

a. Income tax recognized in profit or loss

Major components of tax expense recognized are as follows:

	For the year ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 3,352	$ 2,291
Adjustments for prior year	780	3,238
	4,132	5,529
Deferred tax		
In respect of the current year	49,423	3,914
Income tax expense recognized in profit or loss	$ 53,555	$ 9,443

A reconciliation of accounting profit and income tax expense and the applicable tax rate is as follows:

	For the year ended December 31	
	2022	2021
Profit (loss) before tax for continuing operations	$ 317,099	($ 349,536)
Tax expense (income) calculated at statutory rate (Note)	$ 48,731	($ 130,216)
Nondeductible expenses in determining taxable income	(33,558)	49,202
Tax-exempt income	-	(1,688)
Unrecognized loss carryforwards and deductible temporary differences	34,256	88,683
Adjustments for prior years	780	3,238
Tax effects of payment of foreign tax credit	3,346	224
Income tax expense recognized in profit or loss	$ 53,555	$ 9,443

Note: The applicable tax rate is based on calculation of the applicable income tax rate of the relevant National income.

b. Income tax expense (income) recognized in other comprehensive income

	For the year ended December 31	
	2022	2021
Deferred tax		
In respect of the current year		
- Remeasurement of defined benefit plan	($ 952)	($ 912)
- Translation of foreign operations	(5,873)	3,128
	($ 6,825)	$ 2,216

c. Current tax assets and liabilities

	December 31, 2022	December 31, 2021
Current tax assets		
Tax refund receivable	$ 768	$ 8,041
Current tax liabilities	$ 3,137	$ 1,549

d. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Disposal of subsidiaries	Ending balance
Deferred tax assets						
Temporary differences						
Unrealized exchange loss	$ 6,573	($ 5,853)	$ -	$ 324	$ -	$ 1,044
Leave payable	110	47	-	-	(157)	-
Severance pay payable	-	490	-	-	(490)	-
Unrealized gross profit	385	(241)	-	-	-	144
Defined retirement benefit plans	337	-	7	-	(344)	-
Exchange differences on translation of foreign operations	16,681	-	(5,873)	-	-	10,808
	$ 24,086	($ 5,557)	($ 5,866)	$ 324	($ 991)	$ 11,996
Deferred tax liabilities						
Temporary differences						

(To be continued)

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Disposal of subsidiaries	Ending balance
(Continued)						
Gains on foreign investments accounted for using equity method	$ 88,921	$ 37,503	$ -	$ -	$ -	$ 126,424
Acquisition from business combination	3,472	(486)	-	-	-	2,986
Defined retirement benefit plans	7,104	94	959	-	(166)	7,991
Unrealized exchange income	-	6,755	-	-	(1,501)	5,254
	$ 99,497	$ 43,866	$ 959	$ -	($ 1,667)	$ 142,655

For the year ended December 31, 2021

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Deferred tax assets					
Temporary differences					
Unrealized exchange losses	$ 8,312	($ 1,975)	$ -	$ 236	$ 6,573
Leave payable	120	(10)	-	-	110
Unrealized gross profit of sales	626	(241)	-	-	385
Defined retirement benefit plans	1,398	(1,303)	242	-	337
Exchange differences of foreign operating institutions	13,553	-	3,128	-	16,681
	$ 24,009	($ 3,529)	$ 3,370	$ 236	$ 24,086
Deferred tax liabilities					
Temporary differences					
Gains on foreign investments accounted for using equity method	$ 88,921	$ -	$ -	$ -	$ 88,921
Acquired in business combinations	3,958	(486)	-	-	3,472
Defined retirement benefit plans	5,079	871	1,154	-	7,104
	$ 97,958	$ 385	$ 1,154	$ -	$ 99,497

e. Unrecognized deductible temporary differences of deferred tax assets in the consolidated balance sheets

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 73,536	$ 37,094

f. Income tax assessments

The income tax returns of the Company through 2020 and its subsidiaries in Taiwan through 2020 have been assessed by the tax authorities.

23. Earnings per share

Unit: NT$ per share

	For the year ended December 31	
	2022	2021
Basic earnings (loss) per share		
From continuing operations	$ 2.17	($ 3.71)
From discontinued operations	($ 0.03)	$ 0.01
Total basic earnings (loss) per share	$ 2.14	($ 3.70)
Diluted earnings (loss) per share		
From continuing operations	$ 2.16	($ 3.71)
From discontinued operations	($ 0.03)	$ 0.01
Total diluted earnings (loss) per share	$ 2.13	($ 3.70)

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share for the continuing operations were as follows:

Net profit (loss) for the year

	For the year ended December 31	
	2022	2021
Net profit (loss) attributable to the Company's owners	$ 240,156	($ 357,474)
Less: Gains of discontinued operations used in the computation of basic earnings per share	(3,007)	1,497
Net profit (loss) of continuing operations used in the computation of basic earnings per share	243,163	(358,971)
Effect of dilutive potential ordinary shares	-	-
Net profit (loss) of continuing operations used in the computation of diluted earnings per share	$ 243,163	($ 358,971)

The weighted average number of ordinary shares outstanding (in thousand shares)was as follow:

	For the year ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	112,086	96,721
Effect of potentially dilutive ordinary shares:		
Compensation to employees	484	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	112,570	96,721

If the Company has the option to pay employees in shares or cash, the calculation of diluted earnings per share assumes that employee compensation will be paid in shares and is included in the weighted-average number of ordinary shares outstanding for the purpose of calculating diluted earnings per share when the potential ordinary shares have a dilutive effect. The dilutive effect of these potential ordinary shares will continue to be considered in the calculation of diluted earnings per share prior to the issuance of employee compensation shares in the following year.

24. Share-based payment arrangements

a. Share option plan of the Company

In order to attract and retain professional talents demanded, and to bring employees together and feel a sense of belonging to the Company, the Company and its subsidiary, VESP Technology Corporation (“VESP Corp.”) offered a total of 2,960 thousand units and 6,387 thousand units of employee share option on January 12, 2022 and April 1, 2020, respectively, to jointly create corporate interests. In addition, to jointly create the interests of the Company and shareholders with the strategic partners and professionals needed for the business operation of VESP Corp. and its affiliated enterprises, there were 450 thousand units and 811 thousand units of share option provided for specific individuals as an incentive mechanism.

Each unit of share option can subscribe for one ordinary share of the subsidiary, Bright Future Cayman Limited ("BF Limited"), and the subscription price is RMB 1 per share. The lifetime of the share option is 0.112 year and 0.072 year, respectively.

According to the employee share subscription method and related contracts, employees shall maintain their employment status of the Company and its subsidiaries within 3 years from the signing date and gradually vest during the employment. If an employee loses his/her status as an employee, the employee shall compensate 1.5 times the total subscription price, and the amount of compensation shall be the shares of BF Limited held by him/her to be purchased by Spirox Cayman Corporation, the shareholder of BF Limited, at the original contract price as subscription price. From the capital increase base date, any share subscribed by the employees shall not be transferred within 2 years. In addition, under certain conditions, employees may request Spirox Cayman Corporation to purchase the shares of BF Limited held by them.

According to the employee share subscription method and related contracts signed with the specific person, this person must aggressively contribute to knowledge or technique required for the business operation of VESP Corp. and its affiliated enterprises within 3 years from the signing date, and this person agrees to this statement that will be fully determined by VESP Corp. If this person violates the contracts, he/she shall compensate 1.5 times the total subscription price, and the amount of compensation shall be the shares of BF Limited held by him/her to be purchased by Spirox Cayman Corporation, the shareholder of BF Limited, at the original contract price as subscription price. From the capital increase base date, any share subscribed by the person shall not be transferred within 2 years. In addition, under certain conditions, the specific person may request Spirox Cayman Corporation to purchase the shares of BF Limited held by him/her.

The relevant information of share option are as follows:

Share option	For the year ended December 31, 2022 Number of options (in thousands)	Weighted-average exercise price (RMB)	For the year ended December 31, 2021 Number of options (in thousands)	Weighted-average exercise price (RMB)
Beginning balance	7,198	$ 1	7,198	$ 1
Granted	3,410	1	-	-
Vested	-	-	-	-
Expired	(615)	-	-	-
Ending balance	9,993		7,198	
Weighted-average fair value of share option granted (RMB)	$ 0.075~0.079		$ 0.075	

The Company uses the Binomial Option Pricing Model ("CRR model") for the subscription of shares granted on January 12, 2022 and April 1, 2020, respectively. The input values used in the CRR model are as follows:

	January 12, 2022	April 1, 2020
Lifetime (Year)	0.112	0.072
Risk-free interest rate	2.00%	1.41%
Expected volatility	25.77%	39.58%
Expected dividend yield	-	-
Strike price (RMB)	1.000	1.000
Current price (RMB)	1.065	1.052
Fair value of share option (RMB)	0.079	0.075

The weighted-average values of the share option are RMB 0.079 and RMB 0.075 per unit, respectively. The compensation costs recognized in 2022 were $3,581 thousand.

b. Share option plan of the employee

The Company signed a treasury share transfer contract (seniority plan) with the employees of the Company and its subsidiary, Jetek Technology Corp., and signed a treasury share transfer contract (performance achievement plan) with the employees of the Company in October 2020. According to the treasury share transfer method and related contracts, the main terms are as follows:

1) Seniority plan

The contract stipulates that the total number of shares to be subscribed is 4,410 thousand shares, and the number of shares to be subscribed shall be submitted within the aforesaid total number of shares on seven specific dates agreed in the contract. The subscription price is based on NT$27 per share or the employee’s subscription price of treasury shares approved by the board of directors and the shareholders’ meeting, whichever is lower. The employee must maintain the current employment status of the Company and its subsidiaries by December 31, 2022; if the employment identity is lost, the employee shall compensate the Company for the number of shares subscribed multiplied by $10.

As of the audit report date, the employee share option plan has offered 7 times subscription of treasury shares, and the information is as follows:

Approved by Board of Directors	Base date of subscription	Shares subscribed
2021.01.29	2021.02.01	140
2021.03.25	2021.03.26	65
2021.08.11	2021.08.13	55
2022.01.20	2022.01.21	46
2022.03.23	2022.03.24	34
2022.08.10	2022.08.11	660
2022.11.08	2022.11.09	1,020

2) Performance achievement plan

The contract stipulates that the total number of shares to be subscribed is 1,065 thousand shares, and the number of shares to be subscribed shall be submitted within the maximum number of shares on five specific dates agreed in the contract. The subscription price is based on NT$27 per share or the employee's subscription price of treasury shares approved by the board of directors and the shareholders' meeting, whichever is lower. Employees shall be current employees of the Company or its subsidiaries when receiving the share subscription.

As of the audit report date, the employee share option plan has offered two times subscription of treasury shares, and the information is as follows:

Approved by Board of Directors	Base date of subscription	Shares subscribed
2022.03.23	2022.03.24	13
2022.08.10	2022.08.11	35

The relevant information of the treasury share transfer contract is summarized as follows:

	Performance achievement plan		Seniority plan	
For the year ended December 31, 2022	Number of options (in thousands)	Weighted-average exercise price (NTD)	Number of options (in thousands)	Weighted-average exercise price (NTD)
Beginning balance	471	$ 27.00	3,385	$ 27.00
Granted	-	-	-	-
Vested	(48)	21.54	(1,760)	21.09
Expired	(349)	21.00	(705)	21.00
Ending balance	74	21.00	920	21.00

For the year ended December 31, 2021	Performance achievement plan: Number of options (in thousands)	Performance achievement plan: Weighted-average exercise price (NTD)	Seniority plan: Number of options (in thousands)	Seniority plan: Weighted-average exercise price (NTD)
Beginning balance	905	$ 27	4,225	$ 27
Granted	-	-	-	-
Vested	-	-	(240)	27
Expired	(434)	27	(600)	27
Ending balance	471	27	3,385	27

The extraordinary shareholders' meeting of the Company resolved for private placement of ordinary shares on November 2, 2021. Due to changes of the Company's ordinary shares, the transfer price shall be adjusted from $27 to $23 per share according to the formula stipulated in the share buyback for employee transfer method. And the shareholders' meeting on June 22, 2022 resolved that the transfer price of treasury shares to employees at a price lower than the average price of the actual buyback shares was adjusted from $23 to $21 per share.

Unit: In thousands of shares

Approved by Board of Directors	Grant date	Shares issued	Fair value on grant date
2021.01.29	2021.01.29	140	$ 2.32
2021.03.25	2021.03.25	45	$ 8.65
2021.08.11	2021.08.13	55	$ 3.09
2022.01.20	2022.01.20	46	$ 8.65
2022.03.23	2022.03.23	47	$ 5.00
2022.08.10	2022.08.11	695	$ 5.15
2022.11.08	2022.11.09	1,020	$ 6.01

The Company uses the Binomial Option Pricing Model and Black-Scholes Model for the share-based payment transaction granted, respectively. The input values used in the models are as follows:

	January 2021	March 2021	August 2021	January 2022
Share price on grant date	$ 29.15	$ 35.65	$ 30.00	$ 31.65
Exercise price	$ 27.0	$ 27.0	$ 27.0	$ 23.0
Expected volatility	44.880%	41.78%	43.56%	33.28%
Lifetime	0.02 year	0.02 year	0.032 year	0.036 year
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	0.1053%	0.1099%	0.1199%	0.3907%

	March 2022	August 2022	November 2022
Share price on grant date	$ 28.00	$ 26.15	$ 27.00
Exercise price	$ 23.0	$ 21.0	$ 21.0
Expected volatility	32.47 %	28.82 %	28.17 %
Lifetime	0.036 year	0.028 year	0.028 year
Expected dividend yield	0.00 %	0.00 %	0.00 %
Risk-free interest rate	0.5614 %	0.7756 %	0.9900 %

The compensation costs recognized in 2022 and 2021 were $3,603 thousand and $11,401 thousand, respectively.

25. Derecognition of subsidiaries

The Company lost control of Maximo (Shanghai) Trading Co. on January 19, 2022, and it was derecognized from a subsidiary of the Company and transferred to an affiliated enterprise. Then it disposed of all shares on December 6, 2022, please refer to Note 13 for details.

a. Consideration received

	January 19, 2022
Proceeds from disposal of investments	$ 65,004

b. Analysis of assets and liabilities on the date control was lost

	January 19, 2022
Current assets	
Cash and cash equivalents	$ 150,016
Financial assets measured at amortized cost-current	8,696
Accounts receivable	991,434
Other receivable	413,460
Inventories	192,944
Prepayments	134,487
Non-current assets	
Property, plant and equipment	122
Right-of-use assets	5,511
Intangible assets	512
Other non-current assets	925
Current liabilities	
Short-term borrowings	(788,200)
Contract liabilities	(40,496)
Accounts payable	(379,471)
Other payables	(172,015)
Lease liabilities	(4,335)
Non-current liabilities	

(To be continued)

(Continued)	January 19, 2022
Long-term borrowings	(288,229)
Lease liabilities	(1,268)
Disposals of assets, net	$ 224,093

c. Loss on disposal of subsidiaries

	January 1 to January 19, 2022
Fair value of residual investments	$ 61,524
Consideration received	65,004
Net assets disposed of	(224,093)
Non-controlling interests	123,721
Cumulative exchange differences from former subsidiaries reclassified to profit or loss	7,625
Other equity(Put right)	(9,514)
	24,267
Goodwill to former subsidiaries	(35,336)
Net loss recognized	($ 11,069)

d. Net cash outflow from disposal of subsidiaries

	January 1 to March 31, 2022
Consideration received in cash	$ 65,004
Less: Other current liabilities(Advance receipts for ordinary share recognized on December 31, 2021)	(48,748)
Less: Balance of cash and cash equivalents disposed	(150,016)
	($ 133,760)

The Board of Directors of the Company resolved on November 8, 2022 to dispose all shares of VESP Technology Co., Ltd., including its subsidiaries, Global Future Investment Limited and VESP Technology Corporation, and transferred to the investor, Centre Testing International Group Co. Ltd. The shares had been settled and the amendment registration was completed on December 29, 2022. VESP Technology Co., Ltd., VESP Technology Corporation and Global Future Investment Limited are no longer subsidiaries of the Company.

a. Consideration received

	December 29, 2022
Proceeds from disposal of investments (classified as other receivables)	$ 359,353

As of auditors' report date, the above proceeds from disposal of investments were recovered $287,482 thousand.

b. Analysis of assets and liabilities on the date control was lost

	December 29, 2022
Current assets	
Cash and cash equivalents	$ 45,166
Financial assets at amortized cost-current	650
Notes receivable	193
Accounts receivable	195,397
Inventories	29,317
Prepayments	14,087
Other current assets	3
Non-current assets	
Property, plant and equipment	707,695
Right-of-use assets	14,308
Intangible assets	2,965
Deferred tax assets	992
Other non-current assets	19,634
Current liabilities	
Short-term borrowings	(228,005)
Contract liabilities	(179)
Accounts payable	(169,175)
Other payables	(188,894)
Lease liabilities	(5,857)
Current portion of long-term borrowings and notes payable	(115,046)
Other current liabilities	(1,312)
Non-current liabilities	
Long-term borrowings	(102,290)
Deferred tax liabilities	(1,667)
Lease liabilities	(8,911)
Other non-current liabilities	(2,692)
Long-term notes payable	(1,239)
Disposal of net assets	$ 205,140

c. Profit on disposal of subsidiaries

	January 1 to December 29, 2022
Consideration received	$ 359,353
Net assets disposed of	(205,140)
Non-controlling interests	50,075
Cumulative exchange differences from former subsidiaries reclassified to profit or loss	(141)
Capital surplus	239,539
Net Profit	$ 443,686

d. Net cash flows generated from disposal of subsidiaries

	January 1 to December 29, 2022
Consideration received in cash	$ 359,353
Less: Other receivables	(359,353)
Less: Balance of cash and cash equivalents	(45,166)
	($ 45,166)

26. Cash flows information

a. Non-cash transaction

The Company had the following non-cash transaction investments in 2022 and 2021:

	For the year ended December 31	
	2022	2021
Affects cash and non-cash investments		
Additions of property, plant and equipment	$ 122,549	$ 302,854
Inventories transferred into property, plant and equipment	(24,631)	(31,695)
Increase in other payable	46,510	(47,223)
Cash paid for property, plant and equipment	$ 144,428	$ 223,936

b. Changes in liabilities from financing activities

For the year ended December 31, 2022

	January 1, 2022	Cash flows	Non-cash changes: Increase of leasing	Non-cash changes: Effect of exchange rate changes	Other (Note)	December 31, 2022
Short-term borrowings	$ 489,136	($ 168,864)	$ -	$ 475	($ 203,595)	$ 117,152
Long-term borrowings	592,968	(59,246)	-	25,507	(217,601)	341,628
Long-term notes payable	-	1,239	-	-	(1,239)	-
Guarantee deposits	1,896	(90)	-	-	-	1,806
Lease liabilities	52,323	(21,985)	6,386	(361)	(20,561)	15,802
	$1,136,323	($ 248,946)	$ 6,386	$ 25,621	($ 442,996)	$ 476,388

Note: Others mainly refers to the reductions of disposals of subsidiaries' liabilities and lease modifications.

For the year ended December 31, 2021

	January 1, 2021	Cash flows	Non-cash changes: Increase of leasing	Non-cash changes: Effect of exchange rate changes	Other (Note)	December 31,2021
Short-term borrowings	$1,924,757	($ 611,842)	$ -	($ 11,169)	($ 812,610)	$ 489,136
Long-term borrowings	513,321	379,543	-	(11,932)	(287,964)	592,968
Guarantee deposits	1,841	55	-	-	-	1,896
Lease liabilities	35,380	(28,582)	51,169	(152)	(5,492)	52,323
	$2,475,299	($ 260,826)	$ 51,169	($ 23,253)	($1,106,066)	$1,136,323

Note: Others mainly refers to liabilities directly related to the reclassification and disposal groups held for sale.

27. Capital management

The Company conducts capital management to ensure that the Company can be under the premise of continuous operation and maximize shareholder compensation by optimizing the balance of debt and equity. The capital management of the Company is to ensure that the sufficient financial resources are in place to meet needs of working capital, capital expenditure, research and development expenses, dividend payment, debt repayment and other operation demand within the next twelve months.

28. Financial instruments

a. Fair value of financial instruments that are not measured at fair value

The carrying amount of financial instruments not measured at fair value reasonably approaches their fair value, including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivable, other non-current assets, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings and guarantee deposits (accounted as other non-current liabilities).

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

1) Fair value hierarchy

December 31, 2022

Financial assets	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
-Listed shares and emerging market shares	$ 688	$646,696	$ -	$647,384
-Unlisted shares	-	-	-	-
Financial assets at FVTOCI				
-Listed shares and emerging market shares	15,090	-	-	15,090
-Unlisted shares	-	-	35,735	35,735
Total	$ 15,778	$646,696	$ 35,735	$698,209

December 31, 2021

Financial assets	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
-Convertible bonds	$ -	$ -	$ 82,005	$ 82,005
-Listed shares and emerging market shares	1,041	-	-	1,041
-Unlisted shares	-	-	378,841	378,841
Financial assets at FVTOCI				
-Unlisted shares	-	-	39,633	39,633
Total	$ 1,041	$ -	$500,479	$501,520
Financial liabilities				
Financial liabilities at FVTPL				
Contingent consideration of company combinations	$ -	$ -	$ 353	$ 353

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

Financial assets	Financial assets FVTPL			Financial assets at FVTOCI	Financial liabilities at FVTPL	
	Convertible bonds	Beneficial certificates of funds	Unlisted shares	Unlisted shares	Contingent consideration	Total
Beginning balance	$ 82,005	$ -	$378,841	$ 39,633	($ 353)	$500,126
Recognized in profit or loss (Other gains or losses)	(28,235)	-	(10,537)	-	353	(38,419)
Recognized in other comprehensive income(unrealized gains or losses of financial assets measured at FVTOCI)	-	-	-	(6,432)	-	(6,432)
Disposals	(63,500)	-	-	-	-	(63,500)
Transfer to Level 3 (Note)		-	(376,560)	-	-	(376,560)
Effect of exchange rate changes	9,730	-	8,256	2,534	-	20,520
Ending balance	$ -	$ -	$ -	$ 35,735	$ -	$ 35,735

Note: Since observable market information of the equity instrument investment became available, it was transferred from Level 3 to Level 2.

For the year ended December 31, 2021

Financial assets	Financial assets at FVTPL			Financial assets at FVTOCI	Financial liabilities at FVTPL	
	Convertible bonds	Beneficial certificates of funds	Unlisted shares	Unlisted shares	Contingent consideration	Total
Beginning balance	$121,747	$ 12,833	$382,465	$ 58,591	($ 3,662)	$ 571,974
Recognized in profit or loss(Other gains or losses)	(8,741)	5,911	(738)	-	3,309	(259)
Recognized in other comprehensive income(unrealized gains or losses of financial assets measured at FVTOCI)	-	-	-	10,032	-	10,032
Acquire	-	540	-	-	-	540
Disposal	(27,998)	(19,067)	-	(28,269)	-	(75,334)
Effect of exchange rate changes	(3,003)	(217)	(2,886)	(721)	-	(6,827)
Ending balance	$ 82,005	$ -	$378,841	$ 39,633	($ 353)	$ 500,126

3) Level 2 fair value valuation techniques and inputs

The fair value of the stocks of foreign listed company, Sci-Tech Innovation Board, is quoted from a third-party institution and measured according to market approach and the consideration of risk of liquidity discount during the restricted transfer period.

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

a) Convertible bond is individually evaluated for the fair value of bond portion and conversion right portion, and the significant unobservable input used is discount rate. When the discount rate increases and decreases by 1%, the fair value of these derivatives would decrease and increase $22 thousand in 2021. The discount rates adopted on December 31, 2021 were 2.00% to 4.00%.

b) The net asset value method is adopted for beneficial certificates of funds, and fair value is evaluated by referring to the net asset value measured by an independent institution based on the fair value.

c) The fair value evaluation techniques for non-listed equity investments are as follows:

Financial assets at FVTPL can be compared to the listed companies

The unobservable input value used by the Company on December 31, 2021 was a liquidity discount of 15.8%. If the following input values are changed to reflect reasonably possible alternative assumptions, when other input values remain unchanged, an increase (decrease) of 1% in the liquidity discount will make the fair value of the non-listed equity investment decrease (increase) $4,499 thousand on December 31, 2021, respectively.

The Company's evaluation process for the fair value of "Financial assets at FVTPL" classified as Level 3 refers to the analysis of comparable to the Company using the market approach adopted by an independent institution, and methods such as the price-to-book ratio and price-to-earnings ratio, etc. are used to assess fair value.

Financial assets at FVTOCI can be compared to the listed companies

It refers to the price-to-book ratio of comparable listed companies. The unobservable input value used by the Company on December 31, 2022 and 2021 was a liquidity discount of 30%, respectively. If the following input values are changed to reflect reasonably possible alternative assumptions, when other input values remain unchanged, an increase (decrease) of 1% in the liquidity discount will make the fair value of the non-listed equity investment decrease (increase) $511 thousand and $566 thousand on December 31, 2022 and 2021, respectively.

The Company's evaluation process for the fair value of "Financial assets measured at FVTOCI" classified as Level 3 is carried out by the accounting department to verify independent fair value of financial instruments. The responsible department uses independent source data to make the evaluation results close to the market state, confirm that the data source is independent, reliable, consistent with other resources, and represents to be executable prices. The evaluation model is regularly calibrated, conducted back testing, updated the input values and data required and any other necessary fair value adjustments to ensure that the valuation results are reasonable.

d) The financial liabilities of the Company that adopt the Level 3 fair value for subsequent measurement are the contingent consideration related to the acquisition of Jetek Technology Corp. In 2021, the evaluation benefit of $3,309 thousand related to contingent consideration was recognized in the consolidated statements of comprehensive income.

c. Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at FVTOCI		
Assign specific equity instrument investment	$ 50,825	$ 39,633
Financial assets at FVTPL		
Specific financial assets FVTPL	$ 647,384	$ 461,887
At amortized cost(Note 1)		
Financial assets at amortized cost	$ 123,684	$ 294,096
Cash and cash equivalents	1,102,803	952,936
Accounts receivable, net	506,066	871,143
Notes receivable	132	1,674
Refundable deposits	8,247	28,225
Other receivables	666,665	8,468
Other financial assets	11,000	19,825
Disposal groups held for sale	-	1,910,158
	$ 2,418,597	$ 4,086,525
Financial liabilities		
At amortized cost(Note 2)		
Accounts payable	$ 393,425	$ 542,943
Short-term borrowings	117,152	489,136
Other payables	92,164	187,154
Long-term borrowings	341,628	592,968
Guarantee deposits	1,806	1,896
Disposal groups held for sale	-	1,640,752
	$ 946,175	$ 3,454,849
Contingent consideration of company combinations	$ -	$ 353

Note 1: The balance includes the balance of related assets transferred to the disposal groups held for sale.

Note 2: The balance includes the balance of related liabilities transferred to the disposal groups held for sale.

d. Objective and policies of financial risk management

The Company financial risk management objective is to manage all risks that are relevant to operating activities, like market risk, credit risk and liquidity risk. In order to reduce related financial risks, the finance department of the Company is committed to identifying, assessing and avoiding market uncertainties to reduce the potential adverse effects of market changes on the financial performance of the group.

The important financial planning of the Company is reviewed by the Audit Committee and the Board of Directors in accordance with relevant regulations and internal control systems. When the financial department executes the financial plan, it strictly abides by the relevant financial operation procedures on the overall financial risk management and division of authority and responsibility.

1) Market risk

a) Foreign currency risk

The Company operates transnationally, so it is subject to currency risks arising from transactions that are relatively different from the functional currency of the Company and its subsidiaries, mainly the US dollar. The related currency risk arises from future commercial transactions and assets and liabilities recognized. The following table is the sensitivity analysis when the exchange rate of NT dollar to US dollar increases and decreases by 10%. The sensitivity analysis only includes monetary items in foreign currencies, and the conversion at the end of the period is adjusted with 10% of the exchange rate change.

Currency risk arises when future commercial transactions and assets or liabilities recognized are denominated in a foreign currency that is not the entity's functional currency. The management of the Company has established a policy, stipulating that each company in the group shall hedge its overall currency risk through the group finance department.

The Company holds investments in several foreign operations whose net assets are subject to foreign currency translation risk. Currency risk arising from the net assets of the Company's foreign operations is primarily managed through transactions denominated in the relevant foreign currency.

	Impact of US Dollar	
	2022	2021
Income	$ 60,840	$ 63,902

b) Interest rate risk

Due to the entities in the Company borrow funds at fixed and floating interest rates at the same time, interest rate risk is incurred. The Company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates. The Company regularly evaluates hedging activities that are consistent with interest rate views and established risks to ensure the most cost-effective hedging strategies are adopted. Therefore, the impact of changes in interest rates at current stage is not significant, and there is not any hedging action undertook.

The carrying amount of the Company's financial assets and financial liabilities subject to interest rate risk on the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
-Financial assets	$ 582,098	$ 294,096
-Financial liabilities	15,802	52,323
Cash flow interest rate risk		
-Financial assets	644,281	952,693
-Financial liabilities	458,780	1,082,104

2) Credit risk

Credit risk refers to the risk that the counterparty of the transaction defaults on contractual obligations and causes financial losses to the Company. The credit risk of the Company mainly comes from the receivables from operating activities and cash in banks from investment activities. Operational credit risk and financial credit risk are managed separately. As of the balance sheet date, the Company’s maximum exposure to credit risk due to non-performance of counter-parties’ obligations mainly arises from the carrying amount of financial assets recognized in the Company’s balance sheet.

Business related credit risk

The Company’s outstanding accounts receivable are mainly from global customers, and most of the accounts receivable have not provided collateral or credit guarantee. Although the Company has established relevant procedures to supervise and manage and reduce the credit risk of accounts receivable, there is no guarantee that the procedures can completely and effectively eliminate credit risk and avoid losses.

As of December 31, 2022 and 2021, the accounts receivable balance of the top ten customers accounted for 34% and 42% of the Company’s accounts receivable balance, respectively, and the concentration of credit risk of the remaining accounts receivable was relatively insignificant.

Financial related credit risk

The Company regularly adjusts the transaction limit according to market conditions and the financial and credit status of counterparties for the performance transactions. In addition, the Company also reduces credit risk by selecting financial institutions with good credit as transaction partners.

3) Liquidity risk

Cash flow forecast is performed by each operating entity within the group and summarized by the Group finance department. The Group finance department monitors the forecast of the Group's liquidity demand to ensure that it has sufficient funds to meet operating needs and maintain sufficient unused borrowing commitments at any time. The Group’s debt financing plan is considered in these forecasts and meets the financial ratio target of the internal balance sheet.

When the remaining cash held by each operating entity exceeds the management needs of working capital, the Group finance department will invest the remaining funds in interest-bearing demand deposits, time deposits and securities. The instruments selected will be with adequate due date or sufficient liquidity to respond to the above forecast and provide sufficient movement level.

a) Liquidity and interest rate risk table of non-derivative financial liabilities

The remaining contract maturity analysis of non-derivative financial liabilities is based on the earliest date that The Company may be required to repay, and is compiled based on the undiscounted cash flows of the financial liabilities (including principal and estimated interest). Therefore, the bank loans that the Company can be required to repay immediately are within the earliest period in the table below, regardless of the probability of the bank immediately executing the right; the maturity analysis of other non-derivative financial liabilities is compiled in accordance with the agreed repayment date.

For interest cash flows paid at floating interest rates, the undiscounted interest amount is derived from the yield curve on the balance sheet date.

	December 31, 2022			
	Less than 1 year	1 to 3 years	More than 3 years	Total
Non-derivative financial liabilities (Note)				
Short-term borrowings	$ 117,839	$ -	$ -	$ 117,839
Accounts payable	393,425	-	-	393,425
Other payables	92,164	-	-	92,164
Long-term borrowings	135,179	232,628		367,807
Guarantee deposits	1,355	451	-	1,806
	$ 739,962	$ 233,079	$ -	$ 973,041

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

	Less than 1 year	1 to 5 years	More than 5 years
Lease liabilities	$ 16,054	$ 8,620	$ 9,437

	December 31, 2021			
	Less than 1 year	1~3 years	More than 3 years	Total
Non-derivative financial liabilities (Note)				
Short-term borrowings	$1,315,088	$ -	$ -	$1,315,088
Accounts payable	850,508	-	-	850,508
Other payables	374,058	-	-	374,058
Long-term borrowings	476,265	397,575	77,882	951,722
Guarantee deposits	1,509	387	-	1,896
	$ 3,017,428	$ 397,962	$ 77,882	$3,493,272

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

	Less than 1 year	1~5 years	More than 5 years
Lease liabilities (Note)	$ 30,933	$ 22,586	$ 9,653

Note: The balance includes the balance of related liabilities transferred to the disposal groups held for sale.

b) Financing facilities

	December 31, 2022	December 31, 2021
Unsecured bank loan facilities		
-Amount Used	$ 116,070	$ 599,929
-Amount Unused	1,058,270	1,188,636
	$ 1,174,340	$ 1,788,565
Stand-by loan facilities		
-Used amount	$ 347,711	$ 493,409
-Unused amount	86,048	592,562
	$ 433,759	$ 1,085,971

29. Transactions with related parties

Intercompany balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation, therefore those are not disclosed in this note. In addition to those disclosed in other notes, the transactions between the Company and other related parties were as follows:

a. Related party name and categories

Related party name	Related Party Categories
Integral Wealth Management Limited	Substantial related party(Note)
Bold Lion Limited	Substantial related party(Note)
Chia-Chi, Chin	Substantial related party
Maximo (Shanghai) Trading Co.	Associate company (Note)

Note: The Company lost control over Maximo (Shanghai) Trading Co. due to the disposal of partial equity on January 19, 2022, and transferred from the consolidated subsidiary to an investment using the equity method. Since then, it is no longer a substantial related party of the Company, and Maximo (Shanghai) Trading Co. has been changed to an affiliated company of the Company. In addition, the remaining 26.46% of the shares held by Spirox Cayman Corporation were sold out on December 1, 2022, and the amendment registration was completed on December 6, 2022. Since December 6, 2022, it was not an affiliate of the Company.

b. Loans from related parties

Related party Caregories / Name	December 31, 2022	December 31, 2021
Substantial related party		
Peter, Chin	$ -	$ 15,204
Integral Wealth Management Limited	-	287,964
	$ -	$ 303,168

Interest payable

Related party Caregories / Name	For the year ended December 31 2022	For the year ended December 31 2021
Substantial related party		
Integral Wealth Management Limited	$ -	$ 23,475

Interest expenses

Related party Caregories / Name	January 1 to 19, 2022	For the year ended December 31, 2021
Substantial related party		
Chia-Chi, Chin	$ -	$ 878
Bold Lion Limited	-	1,422
Integral Wealth Management Limited	1,358	22,882
	$ 1,358	$ 25,182

The loan interest rate of the Company's loans from related parties was 8~8.8%, which was equivalent to the market interest rate. Loans from related parties were all Unsecured loans.

c. Interest income

Related party Caregories / Name	For the year ended December 31 2022	For the year ended December 31 2021
Affiliated company		
Maximo (Shanghai) Trading Co.	$ 25,182	$ -

d. Other income

Related party Caregories / Name	For the year ended December 31 2022	For the year ended December 31 2021
Affiliated company		
Maximo (Shanghai) Trading Co.	$ 97	$ -

e. Remuneration to key management personnel

	For the year ended December 31 2022	For the year ended December 31 2021
Short-term employee benefits	$ 48,119	$ 48,598
Share-based payment	2,146	1,692
	$ 50,265	$ 50,290

The compensation of directors and other key management personnel were determined by the Remuneration Committee based on personal performance and the market trend.

30. Assets Pledged as Collateral or for security

The following assets have been provided as collateral for financing loans and customs deposits for imported raw materials:

	December 31, 2022	December 31, 2021
Pledged time deposits(Accounted as financial assets at amortized cost)	$117,619	$294,096
Refundable deposits(Accounted as other non-current assets)	8,246	28,225
Property, plant and equipment	483,176	667,971
	$609,041	$990,292

31. Significant Contingent Liabilities and Unrecognized Commitments

a. As of December 31, 2022, the Company had tariff guarantee facilities of $5,000 thousand provided by financial institutions.

b. On November 16, 2022, the Company signed an equity transfer agreement with Centre Testing International Group Co. Ltd., and the amendment registration was completed on December 29, 2022. According to the agreement, the equity transfer price was the basis price of underlying equity, and the possible impairment amount and known losses before settlement shall be deducted. After the evaluation of the Company, there was no significant impairment or loss, and there had no significant impact on the Company's finance and business.

32. Significant Subsequent Events

a. The Board of Directors of the Company approved by the resolution on December 5, 2022 that the direct and indirect 100% shareholding subsidiary, Shanghai Infinet Technology Co., bought back 68,376 shares of Hefei Spirox Technology Co., Ltd. held by KAiA Capital Fund IL.P. ("KAiA") at RMB34,707 thousand. The two parties signed an equity buyback contract on January 11, 2023, and the amendment registration was completed on January 17, 2023.

b. The Group invested $10,000 thousand and jointly invested in SCube Technologies Co., Ltd. with Southport Corporation in January 2023 to develop business opportunities of compound semiconductor testing. The Group holds 33.26% of the shareholding.

33. Significant assets and liabilities denominated in foreign currencies

The following information is presented in the aggregate in foreign currencies other than the functional currency of each entity of the Company. The disclosed exchange rates refer to the exchange rates converted from these foreign currencies to the functional currencies. Assets and liabilities denominated in foreign currencies that have a significant effect are as follows:

(In thousands of foreign currencies)

	Foreign currency	Exchange rate	Carrying amount
December 31, 2022			
Monetary items of financial assets			
USD	$ 22,128	30.71	$ 679,551
EUR	1,790	32.72	58,569
JPY	201,814	0.2324	46,902

(To be continued)

	Foreign currency	Exchange rate	Carrying amount
(Continued)			
Monetary items of financial liabilities			
USD	2,317	30.71	71,155
JPY	234,253	0.2324	54,440
USD(Note 2)	19,967	6.9669	139,108
JPY(Note 3)	176,860	0.0527	9,321
December 31, 2021			
Monetary items of financial assets			
USD	$ 30,126	27.68	$ 833,888
EUR	4,257	31.32	133,330
JPY	106,042	0.2405	25,503
RMB	12,192	4.344	52,962
USD(Note 2)	4,110	6.3720	26,189
Monetary items of financial liabilities			
USD	7,040	27.68	194,867
EUR	2,523	31.32	79,020
USD(Note 2)	38,535	6.3720	245,545
JPY(Note 3)	182,921	0.0554	10,134

Note 1: Unless specified otherwise, the rest of the exchange rates are the amount converted from one unit of foreign currency to New Taiwan dollars.

Note 2: Indicates the amount converted from US dollar to RMB per unit.

Note 3: Indicates the amount converted from JPY to RMB per unit.

For the year ended December 31, 2022 and 2021, net foreign currency exchange gains (losses) were $5,918 thousand and ($5,932) thousand, respectively. Due to the various types of functional currencies, it is not able to disclose the exchange profits and losses according to the foreign currencies of each significant impact.

34. Separately disclosure items

a. Information on significant transactions and b. information on investees;
   1) Financing provided to others: Table 1.
   2) Endorsements/ guarantees provided: Table 2.
   3) Marketable securities held: Table 3.
   4) Marketable securities acquired and disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital: None.
   5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.
   6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.
   7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.
   8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.
   9) Trading in derivative instruments: None.

10) Others: Intercompany relationships and significant intercompany transactions: Table 6.
11) Information on investees (excluding any investee company in Mainland China): Table 7.

c. Information on investments in Mainland China
   1) Information on any investee company in Mainland China, showing the name, principal business activities, paid-in capital, method of investees, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in Mainland China area: Table 8.
   2) Any of the following significant transactions with companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 6.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of share owned, and percentage of ownership of each shareholder: Table 9.

35. Segment Information

Based on the chief operating decision maker's regular reviews of operating results for resource allocation and performance measurement, the Company's reportable segments are semiconductor and fast moving consumer goods (“FMCG”). The basis of measurement of operating profit and loss and assets and liabilities is the same as that of preparing financial reports.

a. Segment revenue and operating results

The income and operating results of the continuing operation unit of the Company were analyzed below by reportable segment:

For the year ended December 31, 2022

	Semiconductor Department
Revenue from external customers	$ 1,914,645
Revenue from inter-segments	636,199
Segment income	$ 2,550,844
Internal write-off	(636,199)
Consolidated income	$ 1,914,645
Segment income (loss)	($ 416,246)
Other gains or losses	700,090
Other income	45,165
Interest income	18,460
Financial costs	(25,796)
Expected credit impairment gains	(4,574)
Net loss before tax for continuing operations	$ 371,099

For the year ended December 31, 2021

	Semiconductor Department
Revenue from external customers	$ 2,646,239
Revenue from inter-segments	667,795
Segment income	$ 3,314,034
Internal write-off	(667,795)
Consolidated income	$ 2,646,239
Segment income (loss)	($ 353,740)
Other gains or losses	(7,738)
Other income	36,807
Interest revenue	5,737
Financial costs	(30,602)
Net loss before tax for continuing operations	($ 349,536)

Segment profit represents the profit earned by each segment, excluding other revenue to be amortized, other gains or losses and financial costs. This measure is provided to the chief operating decision maker for the purpose of allocating resources to the segments and evaluating their performance.

b. Segment's total assets and liabilities

As of December 31, 2022

	Semiconductor Department	FMCG Department	Total
Segment assets			
Segment of continuing operation	$ 4,048,138	$ -	$ 4,048,138
Assets related to discontinued operation	-	-	-
Total consolidated assets	$ 4,048,138	$ -	$ 4,048,138
Segment liabilities			
Segment of continuing operation	$ 1,210,914	$ -	$ 1,210,914
Liabilities related to discontinued operation	-	-	-
Total consolidated assets	$ 1,210,914	$ -	$ 1,210,914

As of December 31, 2021

	Semiconductor Department	FMCG Department	Total
Segment assets			
Segment of continuing operation	$ 4,496,509	$ -	$ 4,496,509
Assets related to discontinued operation	-	1,910,158	1,910,158
Total consolidated assets	$ 4,496,509	$ 1,910,158	$ 6,406,667

	Semiconductor Department	FMCG Department	Total
Segment liabilities			
Segment of continuing operation	$ 2,125,040	$ -	$ 2,125,040
Liabilities related to discontinued operation	-	1,640,752	1,640,752
Total consolidated assets	$ 2,125,040	$ 1,640,752	$ 3,765,792

c. Revenue from main products and services

Please refer to Note 20.

d. Location information

The information on continuing operation unit income from external customers of the Company by location of operation and non-current assets by area are as below:

	Revenue from external customers For the year ended December 31		Non-current assets	
	2022	2021	December 31, 2022	December 31, 2021
Taiwan	$ 314,693	$ 375,430	$ 606,567	$ 875,760
China	1,572,432	2,257,804	46,434	614,301
Others	27,520	13,005	-	-
	$ 1,914,645	$ 2,646,239	$ 653,000	$ 1,490,061

e. Major customer information

Sales income from a single customer which accounts for more than 10% of the Company's operating revenue for the year is as below:

	For the year ended December 31	
	2022	2021
Customer A	$ 328,924	(Note)

Note: The single customer accounted for no more than 10% of the Company's operating revenue.

SPIROX CORPORATION AND SUBSIDIARIES
Financing Provided to Others
For the Year Ended December 31, 2022

Table 1

Unit: In thousands of NT dollars, unless specified otherwise

No. (Note 1)	Financing company	Counterparty	Financial statement account (Note 2)	Related party (Note 9)	Maximum balance for the period (Note 3)	Balance at December 31, 2022 (Note 8)	Actual drawdown amounts	Interest rate	Nature of financing (Note 4)	Transaction amounts (Note 5)	Reasons for short-term financing (Note 6)	Allowance for impairment loss	Collateral		Financing limits for each borrowing company (Note 7)	Financing company's total financing amount limits (Note 7)
													Item	Value		
0	Spirox Corporation	Spirox Technology (Shanghai) Co., Ltd.	Other receivables	Y	$ 117,560	$ -	$ -	4.70%	Short-term financing	$ -	Operating capital	$ -	—	$ -	$ 417,048	$ 834,096
		Spirox International Limited	Other receivables	Y	93,884	-	-	4.70%	Short-term financing	-	Operating capital	-	—	-	417,048	834,096
		Global Future Investment Limited	Other receivables	N	48,323	46,065	46,065	4.70%	Short-term financing	-	Operating capital	-	—	-	417,048	834,096
		VESP Technology Corporation	Other receivables	N	100,000	100,000	100,000	2.10%	Short-term financing	-	Operating capital	-	—	-	417,048	834,096
1	Spirox Cayman Corporation	Spirox Technology (Shanghai) Co., Ltd.	Other receivables	Y	144,968	138,195	138,195	4.70%	Short-term financing	-	Operating capital	-	—	-	556,883	779,636
2	Shanghai Infinet Technology Co., Ltd.	Spirox Technology (Shanghai) Co., Ltd.	Other receivables	Y	27,036	-	-	4.70%	Short-term financing	-	Operating capital	-	—	-	76,610	76,610
3	HIBON INVESTMENT CORPORATION	VESP Technology Corporation	Other receivables	N	140,000	-	-	4.70%	Short-term financing	-	Operating capital	-	—	-	351,401	351,401
		Spirox International Limited	Other receivables	Y	61,420	61,420	61,420	4.70%~7.3%	Short-term financing	-	Operating capital	-	—	-	351,401	351,401
		VESP Technology Co., Ltd.	Other receivables	N	156,030	-	-	4.70%	Short-term financing	-	Operating capital	-	—	-	351,401	351,401
		Spirox Cayman Corporation	Other receivables	Y	96,645	15,355	15,355	4.70%	Short-term financing	-	Operating capital	-	—	-	351,401	351,401
		Spirox Technology (Shanghai) Co., Ltd.	Other receivables	Y	198,360	198,360	-	4.00%	Short-term financing	-	Operating capital	-	—	-	351,401	351,401
4	VESP Technology Corporation	VESP Technology Co., Ltd.	Other receivables	Y	47,099	-	-	4.70%	Short-term financing	-	Operating capital	-	—	-	-	-
		Global Future Investment Limited	Other receivables	Y	47,904	-	-	3.00%	Short-term financing	-	Operating capital	-	—	-	-	-

Note 1: The numbers filled in are as follows:
(1) The Company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.
Note 2: Fill in the name of account in which the loans are recognised, such as receivables-related parties, current account with shareholders, prepayments, temporary payments, etc.
Note 3: The maximum balance of funds loaned to others in the current year.
Note 4: The nature of loans shall be filled in as a business transaction or a need for short-term financing.
Note 5: If the nature of loans is a business transaction, the transaction amount shall be filled in. The business transaction amount refers to the transaction amount between the creditor and the borrower in the most recent year.
Note 6: If the nature of loans is a need for short-term financing, the reason and purpose of the loan shall be specified, such as repayment of loans, purchase of equipment, business turnover, etc.

(To be continued on the next page)

(Continued from the previous page)

Note 7:(1) The total amount of loans shall not exceed 40% of the Company's net worth; the total amount of loans to companies or entities that have short-term financing needs shall not exceed 30% of the Company's net worth; individual loans amount shall not exceed 15% of the Company's net worth.

(2) The Company's subsidiary Spirox Cayman Corp. ("SCC") is limited to a total loan amount of no more than 40% of the SCC's net worth to companies or entities that need short-term financing, and the amount of individual loans is no more than 40% of the SCC's net worth. Loans lending to subsidiaries that directly and indirectly hold 100% of the voting shares, or to the parent company or subsidiaries of the parent company that directly and indirectly hold 100% of the voting shares, are not limited to the amount restrictions in the preceding paragraphs. However, the amount of individual loans is limited to no more than 50% of the SCC's net worth, and the total amount of loans is limited to no more than 70% of the Company's net worth.

(3) The Company's subsidiary Shanghai Infinet Technology Co., Ltd. ("Infinet") is limited to a total loan amount of no more than 40% of the Infinet's net worth to companies or entities that need short-term financing, and the amount of individual loans is no more than 40% of the Infinet's net worth. If a 100% owned subsidiary of Infinet's parent company needs short-term financing due to material procurements or operational turnover needs, the total amount of loans shall not exceed 50% of the Infinet's net worth, and the amount of individual loans shall not exceed 50% of the Infinet's net worth.

(4) The Company's subsidiary Spirox Technology (Shanghai) Co., Ltd. ("Spirox Shanghai") is limited to a total loan amount of no more than 40% of the Spirox Shanghai's net worth to companies or entities that need short-term financing, and the amount of individual loans is no more than 40% of the Spirox Shanghai's net worth. Loans lending to subsidiaries that directly and indirectly 100% of the voting shares owned by the parent company, the individual loan amount is limited to no more than 50% of the Spirox Shanghai's net worth.

(5) The Company's subsidiary HIBON INVESTMENT CORPORATION ('HIBON') is limited to a total loan amount of no more than 40% of the HIBON's net worth to companies or entities that need short-term financing, and the amount of individual loans is no more than 40% of the HIBON's net worth.

Note 8: The amounts of funds to be loaned to others which have been approved by the Board of Directors of a public company in accordance with Article 14, Item 1 of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the Board of Directors of a public company has authorized the Chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the Board of Directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration that they could be loaned again thereafter.

Note 9: Bright Future Cayman Limited, a subsidiary of the Company, disposed all 75.59% shares of its subsidiary, VESP Technology Co., Ltd. on November 16, 2022, and completed the amendment registration on December 29, 2022. The above disposal of shares caused the Company loss of control over VESP Technology Co., Ltd., Global Future Investment Limited and VESP Technology Corporation, and since December 29, 2022 they are no longer subsidiaries of the Company. The Company's funds lent to Global Future Investment Limited and VESP Technology Corporation were recovered in February and March, 2022, respectively.

SPIROX CORPORATION AND SUBSIDIARIES
Endorsements/Guarantees Provided
For the Year Ended December 31, 2022

Table 2

Unit: In thousands of NT dollars, unless specified otherwise

No. (Note 1)	Name of endorser/ guarantor	Endorsee/Guarantee		Limit on endorsements/guarantees amount provided to each entity (Note 3)	Maximum amount endorsed/guaranteed during the period (Note 4)	Ending Balance of endorsements/ guarantees (Note 5)	Amount actually drawn (Note 6)	Amount of endorsements/ guarantees collateralized by Property	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statements	Maximum endorsements/ Guarantees amount allowable (Note 3)	Guarantee provided by parent company (Note 7)	Guarantee provided by a subsidiary (Note 7)	Guarantee provided to subsidiaries in Mainland China (Note 7)
		Company name	Relationship (Note 2.8.9)										
0	Spirox Corporation	Spirox International Limited	2	$ 1,390,160	$ 257,720	$ 245,680	$ 93,933	$ -	8.84%	$ 1,390,160	Y	N	N
		Spirox Technology (Shanghai) Co., Ltd.	2	1,390,160	250,588	199,656	38,711	117,619	7.18%	1,390,160	Y	N	Y
		VESP Technology Corporation	2	-	354,430	337,420	143,509	-	12.14%	-	N	N	N
		Maximo (Shanghai) Trading Co.	2	-	540,720	132,240	-	-	4.76%	-	N	N	Y
		VESP Technology Co., Ltd.	2	-	132,020	127,540	71,227	-	4.59%	-	N	N	Y
		Jetek Technology Corp.	2	1,390,160	45,000	45,000	13,432	-	1.62%	1,390,160	Y	N	N
		Global Future Investment Limited	2	-	55,410	-	-	-	-	-	N	N	N
1	Spirox Technology (Shanghai) Co., Ltd.	VESP Technology Co., Ltd.	4	-	67,590	66,120	18,073	-	2.38%	-	N	N	Y

Note 1: The numbers filled in for the endorsements/guarantees provided by the company or subsidiaries are as follows:
(1) The Company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each belongs to:
(1) Having business relationship.
(2) The endorser/guarantor parent company directly or indirectly owns more than 50% voting shares of the endorsed/guaranteed company.
(3) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
(4) The parent company directly or indirectly owns more than 90% voting shares of the companies that make endorsements/guarantees for each other.
(5) Due to joint venture, all capital contributing shareholders make endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
(6) The parent company fulfills its constractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purpose of undertaking a construction project.
(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Spirox Corporation’s endorsement/guarantee limit for a single enterprise shall not exceed 50% of the net worth of Spirox Corporation’s latest balance sheets. For subsidiaries that directly or indirectly hold 100% of the voting shares, the endorsement/guarantee amount shall not exceed 50% of the net worth of Spirox Corporation’s latest balance sheets. Spirox Shanghai’s endorsement/guarantee limit for subsidiaries that directly or indirectly hold non-100% of the voting shares shall not exceed 50% of the net worth of Spirox Shanghai’s latest balance sheets, and that for a single enterprise shall not exceed 20% of the net worth of Spirox Shanghai’s latest balance sheets.

Note 4: The maximum balance of endorsements/guarantees for others in the current year.

Note 5: As of the end of the year, any of endorsement/guarantee contract signed by the Company with the bank or the amount of the bill was approved, the Company began to bear the endorsement or guarantee responsibility; other related endorsements/guarantees shall be included in the balance of endorsements and guarantees.

Note 6: The actual usage amount of the endorsed/guaranteed company within the scope of the endorsement/guarantee balance shall be filled in.

Note 7: Y’ shall be filled in only for the endorsements/guarantees of the listed (OTC-listed) parent company to its subsidiaries, the subsidiaries to the listed (OTC-listed) parent company and the locations in the Mainland China.

Note 8: The Company had loss of control over Maximo (Shanghai) Trading Co. on January 19, 2022, therefore it was derecognized from the subsidiaries of the Company and transferred to an affiliated enterprise. As an affiliate, it is not qualified for endorsement/guarantee, the Company has implemented the improvement plan of endorsement/guarantees on December 30, 2022, and reported it to the Board of Directors on January 11, 2023.

Note 9: Bright Future Cayman Limited, a subsidiary of the Company, disposed of all 75.59% shares of its subsidiary, VESP Technology Co., Ltd. on November 16, 2022, and completed the amendment registration on December 29, 2022. The above disposal of shares caused the Company loss of control over VESP Technology Co., Ltd., Global Future Investment Limited and VESP Technology Corporation, since December 29, 2022 they are no longer subsidiaries of the Company and not qualified for endorsement/guarantee. The Company’s improvement plan for VESP Technology Co., Ltd. and VESP Technology Corporation and subsidiary Spirox Technology (Shanghai) Co., Ltd.’s improvement plan for VESP Technology Co., Ltd. were continuously reported to the Board of Directors on January 11 and March 23, 2023. Of which, the Company’s endorsement/guarantee amount for VESP Technology Corporation had been submitted to the Board of Directors on March 23, 2023 for the full recovery. In addition, the Company’s endorsement/guarantee amount for VESP Technology Co., Ltd. had been submitted to the Board of Directors on March 23, 2023 to recover USD 2 million (NT$61,420 thousand), and the balance amount of RMB 15 million (NT$66,120 thousand) is subject to the alteration of improvement plan schedule. Spirox Technology (Shanghai) Co., Ltd.’s endorsement/guarantee amount for VESP Technology Co., Ltd. had been reported to the Board of Directors on March 23, 2023 to change the improvement plan schedule.

SPIROX CORPORATION AND SUBSIDIARIES
Marketable Securities Held
December 31, 2022

Table 3

Unit: In thousands of NT dollars, unless specified otherwise

Holding company name	Type and name of marketable securities	Relationship with the holding company	Financial statement account	December 31, 2022						Note
				Number of shares	Carrying amount (Foreign currencies in Thousands)		Percentage of Ownership	Fair value (Foreign currencies in Thousands)		
Spirox Corporation	SILICON-BASED MOLECULAR SENSORING TECHNOLOGY CO., LTD., stock	—	Non-current financial assets measured at fair value through other comprehensive income	4,000,000	$	3,560	10.69%	$	3,560	—
	National Petroleum Co., Ltd., stock	—	Non-current financial assets measured at fair value through other comprehensive income	293,000		15,090	0.09%		15,090	—
HIBON INVESTMENT CORPORATION	Spirox Corporation, stock	Parent company of HIBON INVESTMENT CORPORATION	Non-current financial assets measured at fair value through other comprehensive income	355,030		8,787	0.30%		8,787	—
	DIGITIMES INC., stock	—	Non-current financial assets measured at fair value through other comprehensive income	315,000		14,729	1.60%		14,729	—
Spirox Cayman Corporation	Xjet Ltd., stock	—	Non-current financial assets measured at fair value through other comprehensive income	40,970	USD	4.10	0.24% of common stock	USD	4.10	—
	Movella, Inc., stock	—	Non-current financial assets measured at fair value through other comprehensive income	704,994	USD	451.20	8.06% of Series B preferred stock	USD	451.20	—
	Movella, Inc., stock	—	Non-current financial assets measured at fair value through other comprehensive income	176,248	USD	112.80	1.34% of Series C preferred stock	USD	112.80	—
	PATH, stock	—	Non-current financial assets measured at fair value through profit or loss	870	USD	11.06	-	USD	11.06	—
	PTON, stock	—	Non-current financial assets measured at fair value through profit or loss	1,430	USD	11.35	-	USD	11.35	—
Spirox Technology (Shanghai) Co., Ltd.	Union Semiconductor (Hefei) Co., Ltd., stock	—	Non-current financial assets measured at fair value through profit or loss	17,000,000	RMB	146,710	2.04%	RMB	146,710	—

Note: Renamed from Mcube Inc. to Movella Inc., and effective from September 20, 2021.

SPIROX CORPORATION AND SUBSIDIARIES
Total Purchase From or Sales to Related Parties Amounting to At Least NT$100 Mmillion or 20% of the Paid-in Capital
For the Year Ended December 31, 2022

Table 4

Unit: In thousands of NT dollars, unless specified otherwise

Company name	Related party	Relationship	Transaction details				Transactions with terms different from others (Note 1)		Notes/accounts payable or receivable		Note (Note 2)
			Purchase/ sale	Amount	% to total	Payment terms	Unit price	Payment terms	Ending balance	% to total	
Spirox International Limited	Spirox Technology (Shanghai) Co., Ltd.	Same ultimate parent company	Sales	$ 150,906	7.30%	Net 60 days from the end of the month	$ -	—	$ 241,718	47.75%	
VESP Technology Co., Ltd.	Spirox Technology (Shanghai) Co., Ltd.	Same ultimate parent company	Sales	$ 283,489	13.71%	Net 60 days from the end of the month	$ -	—	$ 128,750	25.43%	Note 4

Note 1: If terms of related party transactions conditions are different from third-party transactions, the differences and reasons shall be stated in the columns of unit price and payment terms.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the note the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's share has no par value or the par value per share is not NT$10, the transaction amount requirement of 20% of the paid-in capital shall be calculated on the basis of 10% of the equity attributable to the owner of the parent company on the balance sheet.

Note 4: Bright Future Cayman Limited, a subsidiary of the Company, disposed all 75.59% shares of its subsidiary, VESP Technology Co., Ltd. on November 16, 2022, and completed the amendment registration on December 29, 2022. The above disposal of shares caused the Company loss of control over VESP Technology Co., Ltd., Global Future Investment Limited and VESP Technology Corporation, and since December 29, 2022 they are no longer subsidiaries of the Company.

SPIROX CORPORATION AND SUBSIDIARIES
Receivables from Related Parties Amounting to At Least NT$100 Million or 20% of the Paid-in Capital
December 31, 2022

Table 5

Unit: In thousands of NT dollars, unless specified otherwise

Company name	Related Party	Relationship	Ending balance	Turnover rate (Note 1)	Overdue		Amount received in subsequent period (Note 2)	Allowance for impairment loss
					Amount	Actions taken		
Spirox Corporation	Spirox Technology (Shanghai) Co., Ltd.	Subsidiary	$ 237,908	21.48%	$ 235,549	—	$ 7,674	$ -
Spirox International Limited	Spirox Technology (Shanghai) Co., Ltd.	Same ultimate parent company	241,718	75.14%	207,860	—	17,305	-

Note 1: Other accounts receivable-related parties are not included in the calculation of turnover rate.
Note 2: The amount received in subsequent period as of March 23, 2023.

SPIROX CORPORATION AND SUBSIDIARIES
Business Relationships and Significant Intercompany Transactions
For the Year Ended December 31, 2022

Table 6

Unit: In thousands of NT dollars

No. (Note 1)	Company name	Counter-party (Note 5)	Relationship(Note 2)	Transaction			
				Account title	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	Spirox International Limited	1	Accounts receivable	78,495	Monthly settlement	1.94%
			1	Sales revenue	18,450	Monthly settlement	0.96%
			1	Sales returns	18,425	Monthly settlement	0.96%
		Spirox Technology (Shanghai) Co., Ltd.	1	Accounts receivable	237,908	Monthly settlement	5.88%
			1	Other receivables	5,628	According to agreed time	0.14%
			1	Sales revenue	46,117	Monthly settlement	2.41%
			1	Interest income	1,011	According to agreed time	0.05%
		VESP Technology Corporation	1	Interest income	1,622	According to agreed time	0.08%
		Jetek Technology Corp.	1	Accounts payable	1,672	Monthly settlement	0.04%
			1	Purchases	6,202	Monthly settlement	0.32%
		Hefei Spirox Technology Co., Ltd.	1	Accounts receivable	1,122	Monthly settlement	0.03%
			1	Sales revenue	1,620	Monthly settlement	0.08%
			1	Other income	3,850	According to agreed time	0.20%
		Global Future Investment Limited	1	Interest income	1,864	According to agreed time	0.10%
1	VESP Technology Corporation	VESP Technology Co., Ltd.	2	Sales revenue	29,193	Monthly settlement	1.52%
			2	Purchases	3,196	Monthly settlement	0.17%
			2	Sale of tangible assets	11,868	According to agreed time	0.29%
		Global Future Investment Limited	2	Interest income	1,017	According to agreed time	0.05%
2	Spirox Cayman Corporation	Spirox Technology (Shanghai) Co., Ltd.	1	Other receivables	151,294	According to agreed time	3.74%
			1	Interest income	6,401	According to agreed time	0.33%
		HIBON INVESTMENT CORPORATION	3	Other payables	17,494	According to agreed time	0.43%
			3	Interest expenses	2,079	According to agreed time	0.11%
	Spirox International Limited	Spirox Technology (Shanghai) Co., Ltd.	3	Accounts receivable	241,718	Monthly settlement	5.97%
			3	Sales revenue	150,906	Monthly settlement	7.88%
			3	Services expense	60,116	According to agreed time	3.14%
		VESP Technology Co., Ltd.	3	Sales revenue	28,697	Monthly settlement	1.50%
		HIBON INVESTMENT CORPORATION	2	Other payables	61,775	According to agreed time	1.53%
3	Spirox Technology (Shanghai) Co., Ltd.	VESP Technology Co., Ltd.	3	Service revenue	4,109	According to agreed time	0.21%
			3	Purchases	283,489	Monthly settlement	14.81%
4	HIBON INVESTMENT CORPORATION	VESP Technology Co., Ltd.	3	Interest income	4,162	According to agreed time	0.22%
5	BEYOND ENGINEERING CORP.	Hefei Spirox Technology Co., Ltd.	3	Service revenue	22,954	According to agreed time	1.20%
		The Company	2	Right-of-use assets	5,411	According to agreed time	0.13%
		The Company	2	Lease liabilities	4,745	According to agreed time	0.12%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

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

Note 2: The relationship with the trader can be marked in one of the following three categories: (If it is the same transaction between the parent company and the subsidiaries or among the subsidiaries, there is no need to disclose it repeatedly. For example, if the parent company has disclosed a transaction with a subsidiary company, the subsidiary part does not need to be disclosed repeatedly; for a transaction between subsidiaries, if one of them has disclosed it, the other subsidiary does not need to disclose it repeatedly.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to parent company only total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The important transactions in this form can be determined by the Company based on the principle of materiality.

Note 5: Bright Future Cayman Limited, a subsidiary of the Company, disposed all 75.59% shares of its subsidiary, VESP Technology Co., Ltd. on November 16, 2022, and completed the amendment registration on December 29, 2022. The above disposal of shares caused the Company loss of control over VESP Technology Co., Ltd., Global Future Investment Limited and VESP Technology Corporation, and since December 29, 2022 they are no longer subsidiaries of the Company.

SPIROX CORPORATION AND SUBSIDIARIES
Name, Location and Related Information of the Investees (excluding investees in Mainland China)
For the Year Ended December 31, 2022

Table 7

Unit: In thousands of NT dollars, unless specified otherwise

Investor	Investee	Location	Major businesses and products	Investment amount		Balance at the end of the period			Net income (loss) of the investee	Recognized investment income (loss) (Note 1)	Note
				December 31, 2022	December 31, 2021	Shares (in thousands)	Percentage of ownership (%)	Carrying amount			
Spirox Corporation	HIBON INVESTMENT CORPORATION	Taiwan	General investment	$ 393,272	$ 393,272	53,000,000	100	$ 869,116	$ 153,537	$ 156,194	
	VESP Technology Corporation	Taiwan	IC verification service	-	200,000	-	-	-	(79,835)	(18,085)	(Note 3 and 4)
	Spirox Cayman Corporation	Cayman Islands	General investment	222,847	308,641	9,000,000	60	665,015	333,436	333,436	
HIBON INVESTMENT CORPORATION	BEYOND ENGINEERING CORP.	Taiwan	Electronic material retailing	1,472	57,499	397,296	100	(1,402)	(6,597)	(Note 2)	
	Spirox Cayman Corporation	Cayman Islands	General investment	197,406	228,272	6,000,000	40	445,506	333,436	(Note 2)	
	Jetek Technology Corp.	Taiwan	Semiconductor test equipment sales and solution provision	64,357	64,357	3,000,000	100	43,407	4,563	(Note 2)	
Spirox Cayman Corporation	Spirox International Limited	Hong Kong	International trade	USD 7,751	USD 7,751	60,147,500	100	88,383	(5,409)	(Note 2)	
	Spirox Corporation U.S.A.	America	Agency of semiconductor equipment and warehousing logistics	USD 1,674	USD 1,674	8,000	100	5,049	(666)	(Note 2)	
	Bright Future Cayman Limited	Cayman Islands	General investment	USD 9,549	USD 5,970	66,039,392	87.08	318,718	316,741	(Note 2)	
VESP Technology Co., Ltd.	Global Future Cayman Limited	Cayman Islands	General investment	-	-	-	-	-	(63,853)	(Note 2)	(Note 4)
Global Future Cayman Limited	VESP Technology Corporation	Taiwan	IC verification service	-	-	-	-	-	(79,835)	(Note 2)	(Note 3 and 4)
Hefei Spirox Technology Co., Ltd.	Excellent Future Limited	Cayman Islands	General investment	-	-	-	100	-	-	-	

Note 1: The investment income (losses) recognized in the current period have been considered the impact of unrealized gains and losses from inter-company transactions.
Note 2: The income of the investee company has been included in its investment company, and will not be expressed separately here to avoid confusion.
Note 3: It was an adjustment of the Group's organizational structure. Since March 31, 2022, 100% of the equity has been transferred from Spirox Corporation to Global Future Cayman Limited.
Note 4: Bright Future Cayman Limited, a subsidiary of the Company, disposed all 75.59% shares of its subsidiary, VESP Technology Co., Ltd. on November 16, 2022, and completed the amendment registration on December 29, 2022. The above disposal of shares caused the Company loss of control over VESP Technology Co., Ltd., Global Future Investment Limited and VESP Technology Corporation, and since December 29, 2022 they are no longer subsidiaries of the Company.

SPIROX CORPORATION AND SUBSIDIARIES
Information on Investment in Mainland China
For the Year Ended December 31, 2022

Table 8

Unit: In thousands of NT dollars, unless specified otherwise

Investee company	Main businesse and products	Total amount of paid-in capital (Foreign currencies in Thousands)	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022 (Foreign currencies in Thousands)	Investment flows during the period		Accumulated outflow of investment from Taiwan to Mainland China as of December 31, 2022 (Foreign currencies in Thousands)	Net income (loss) of investee as of December 31, 2022	Ownership through direct or indirect investment	Investment income (loss) for the year ended December 31, 2022(Note 2)	Carrying value as of December 31, 2022	Accumulated inward remittance of earnings as of December 31, 2022
					Outflow	Inflow						
Spirox Technology (Shanghai) Co., Ltd.	Development, design, production and sales of IC software	$ 205,065	2 (Spirox Cayman Corporation)	$ 205,065	$ -	$ -	$ 205,065	$ 87,168	100%	$ 92,908 (Note2(2)之 B)	$ 285,746	$ -
Shanghai Infinet Technology Co., Ltd.	Computer parts, computer testing, electronic components	51,952	1	51,952	-	-	51,952	(25,837)	100%	(25,837) (Note2(2)之 B)	153,220	-
Maximo (Shanghai) Trading Co.	Fast moving consumer goods agency and distribution	134,937	2 (Spirox Cayman Corporation)	137,520	-	-	137,520	(123,770)	-	(3,007) (Note2(2)之 C)	-	-
VESP Technology Co., Ltd.	IC verification service	429,380	2 (Bright Future Cayman Limited)	180,000	-	-	180,000	(155,770)	-	(127,824) (Note2(2)之 B)	-	-
Hefei Spirox Technology Co., Ltd.	Development, design, production and sales of IC software	4,648	3 (Shanghai Infinet Technology Co., Ltd.)	-	-	-	-	(28,377)	91.73%	(26,041) (Note2(2)之 B)	106,654	-

Accumulated investment in Mainland China as of December 31, 2022 (Foreign currencies in Thousands)	Investment amounts authorized by Investment Commission, MOEA (Foreign currencies in Thousands)	Upper limit on investment authorized by the Investment Commission, MOEA
$ 574,537	$ 951,654	$ 1,668,192

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1) Direct investment in the Mainland China.
(2) Indirect investment in Mainland China through companies registered in a third region (the investment companies in the third region shall be specified).
(3) Others.

Note 2: In the column of investment income or loss for the year ended December 31, 2022:
(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit or loss during this period.
(2) Indicated the basis for investment profit or loss recognition in the number of one of the following four categories:
A. Financial statements are audited and attested by an international accounting firm which has cooperative relationship with accounting firm in R.O.C.
B. Financial statements are audited and attested by R.O.C. parent company’s CPA.
C. Financial statements are prepared by the internal and not audited by an accountant.
D. Financial statements are audited by an accountant

Note 3: New Taiwan Dollar is presented in this table.

SPIROX CORPORATION
Information of Major Shareholders
December 31, 2022

Table 9

Name of major shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Qin, Jia-qi	12,479,000	10.50%
Ji-pin Investment Co., Ltd.	9,766,000	8.22%
Jun-yue Investment Co., Ltd.	8,835,000	7.44%
Xi-wei Investment Co., Ltd.	8,330,000	7.01%
MPI CORPORATION	7,000,000	5.89%

Note 1: The major shareholders' information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialized form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".