Dynapack International Technology Corporation

Parent Company Only Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditor s ' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Dynapack International Technology Corporation

Opinion

We have audited the accompanying parent company only financial statements of Dynapack International Technology Corporation (the "Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies (collectively referred to as the "parent company only financial statements").

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent company only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's parent company only financial statements for the year ended December 31, 2022 is as follows:

Authenticity of Revenue from Specific Customers

The Company's products include battery packs for notebooks and tablet PCs. Since there is a significant change in the amount of revenue from specific customers compared with the previous year, we identified the authenticity of revenue from specific customers as a key audit matter.

The main audit procedures we performed were as follows:

1. We obtained an understanding of the design and implementation of internal controls and tested the operating effectiveness of revenue derived from specific customers.

2. We selected samples and tested such transaction documents related to revenue derived from specific customers, including sales orders and shipping documents.

3. We selected samples and tested such payment receipts related to revenue derived from specific customers and verified the authenticity of revenue.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Ming-Yen Chien and Shih-Tsung Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2023

<u>*Notice to Readers*</u>

The accompanying parent company only financial statements are intended only to present the parent company only 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 parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial 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 any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,584,672	10	$ 2,276,405	9
Financial assets carried at amortized cost - current (Notes 4 and 8)	937,204	4	1,600,000	6
Trade receivables from unrelated parties (Notes 4 and 9)	4,927,424	20	4,956,346	20
Trade receivables from related parties (Notes 4, 9 and 30)	621,762	2	1,265,512	5
Other receivables (Note 4)	14,737	-	4,283	-
Other receivables from related parties (Notes 4 and 30)	3,367	-	10,224	-
Inventories (Notes 4 and 10)	2,152,813	9	2,519,505	10
Other current assets (Notes 16)	74,678	-	73,958	-
Total current assets	11,316,657	45	12,706,233	50
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 11)	9,939,623	40	9,348,185	37
Property, plant, and equipment (Notes 4 and 12)	104,507	1	62,733	-
Right-of-use assets (Notes 4 and 13)	140,346	1	161,238	1
Investment properties (Notes 4 and 14)	3,062,533	12	2,752,677	11
Intangible Assets (Notes 4 and 15)	3,919	-	-	-
Deferred tax assets (Notes 4 and 25)	156,953	1	220,203	1
Net defined benefit assets (Notes 4 and 21)	3,542	-	-	-
Refundable deposits (Notes 16)	95,396	-	122,516	-
Other non-current assets (Notes 16)	101,629	-	153,474	-
Total non-current assets	13,608,448	55	12,821,026	50
TOTAL	$ 24,925,105	100	$ 25,527,259	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	$ 750,000	3	$ 1,110,000	4
Trade payables from unrelated parties (Note 18)	1,940,040	8	2,131,366	8
Trade payables from related parties (Notes 18 and 30)	9,099,675	37	8,336,088	33
Other payables (Notes 20 and 30)	327,660	1	447,057	2
Current tax liabilities (Notes 4 and 25)	125,712	1	305,539	1
Provisions - current (Notes 4 and 19)	64,896	-	72,123	-
Lease liabilities - current (Notes 4 and 13)	43,370	-	41,383	-
Current portion of long-term borrowings (Note 17)	588,528	2	100,000	1
Other current liabilities (Notes 20)	180,081	1	186,525	1
Total current liabilities	13,119,962	53	12,730,081	50
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 17)	1,075,789	4	1,261,397	5
Deferred tax liabilities (Notes 4 and 25)	1,173,502	5	1,066,415	4
Lease liabilities - non-current (Notes 4 and 13)	199,928	1	239,506	1
Net defined benefit liabilities - non-current (Notes 4 and 21)	-	-	1,650	-
Guarantee deposits received (Note 14)	789,160	3	526,110	2
Other non-current liabilities (Note 20)	2,653	-	2,997	-
Total non-current liabilities	3,241,032	13	3,098,075	12
Total liabilities	16,360,994	66	15,828,156	62
EQUITY (Notes 4,11,21,22, 25 and 27)				
Capital				
Share capital	1,501,555	6	1,492,185	6
Capital collected in advance	-	-	160	-
Total capital	1,501,555	6	1,492,345	6
Capital surplus	2,155,992	8	2,105,416	8
Retained earnings				
Legal reserve	1,825,009	7	1,493,942	6
Special reserve	545,350	2	454,161	2
Unappropriated earnings	2,829,947	12	4,698,589	18
Total retained earnings	5,200,306	21	6,646,692	26
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(293,742)	(1)	(545,350)	(2)
Total equity	8,564,111	34	9,699,103	38
TOTAL	$ 24,925,105	100	$ 25,527,259	100

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

DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23, and 30)				
Net sales revenue	$ 18,645,007	100.0	$ 19,870,213	100.0
OPERATING COSTS (Notes 4, 10, 12, 13, 24, 27 and 30)				
Cost of goods sold	17,691,178	94.9	18,957,514	95.4
GROSS PROFIT	953,829	5.1	912,699	4.6
OPERATING EXPENSES (Notes 4, 12, 13, 21, 24, 27 and 30)				
Selling and marketing expenses	38,828	0.2	38,469	0.2
General and administrative expenses	178,788	1.0	192,301	0.9
Research and development expenses	317,200	1.7	294,289	1.5
Total operating expenses	534,816	2.9	525,059	2.6
PROFIT FROM OPERATIONS	419,013	2.2	387,640	2.0
NON-OPERATING INCOME AND EXPENSES (Notes 4, 7, 11,12, 13,14,24, 30 and 31)				
Interest income	42,664	0.2	2,615	-
Other income	58,982	0.3	126,939	0.6
Net Gain on disposal of property, plant, and equipment	-	-	721,679	3.6
Net gain on disposal of investment property	-	-	1,949,996	9.8
Net gain on disposal of investments	74,257	0.4	-	-
Net gain on financial assets (liabilities) at fair value through profit or loss	234	-	9,642	0.1
Miscellaneous disbursements	(996)	-	(58,535)	(0.3)
Net foreign exchange (loss) gain	(229,704)	(1.2)	93,855	0.5
Finance costs	(23,691)	(0.1)	(26,295)	(0.1)
Share of gain of subsidiaries and associated accounted using the equity method	651,433	3.5	446,367	2.2
Total non-operating income	573,179	3.1	3,266,263	16.4
ROFIT BEFORE INCOME TAX	992,192	5.3	3,653,903	18.4

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DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
INCOME TAX EXPENSE (Notes 4 and 25)	(194,776)	(1.0)	(344,884)	(1.8)
NET PROFIT FOR THE YEAR	797,416	4.3	3,309,019	16.6
OTHER COMPREHENSIVE INCOME/(LOSS) (Notes 4, 11, 21, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	4,540	-	1,650	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	314,510	1.7	(113,986)	(0.5)
Income tax relating to items that may be reclassified subsequently to profit or loss	(62,902)	(0.4)	22,797	0.1
	251,608	1.3	(91,189)	(0.4)
Other comprehensive income (loss) for the year, net of income tax	256,148	1.3	(89,539)	(0.4)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,053,564	5.6	$ 3,219,480	16.2
EARNINGS PER SHARE (Note 26)				
Basic	$ 5.33		$ 22.42	
Diluted	$ 5.26		$ 22.12	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Capital (Note 22)					Retained Earnings (Note 22)				Other Equity (Notes 4, 22 and 25)	
	Shares (In Thousands)	Share Capital	Capital Collected in Advance	Total	Capital Surplus (Notes 4, 22 and 27)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating of the Financial Statements of Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2021	147,481	$ 1,474,805	$ -	$ 1,474,805	$ 2,007,457	$ 1,390,703	$ 481,562	$ 2,422,381	$ 4,294,646	$ (454,161)	$ 7,322,747
Appropriation of 2020 earnings											
Legal reserve	-	-	-	-	-	103,239	-	(103,239)	-	-	-
Special reserve	-	-	-	-	-	-	(27,401)	27,401	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(958,623)	(958,623)	-	(958,623)
Other changes in capital surplus:											
Changes in equity of subsidiaries for using the equity method	-	-	-	-	4,650	-	-	-	-	-	4,650
Compensation cost of employee share options	-	-	-	-	12,976	-	-	-	-	-	12,976
Share-based payment transaction	1,738	17,380	160	17,540	80,333	-	-	-	-	-	97,873
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	3,309,019	3,309,019	-	3,309,019
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	1,650	1,650	(91,189)	(89,539)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	3,310,669	3,310,669	(91,189)	3,219,480
BALANCE AT DECEMBER 31, 2021	149,219	1,492,185	160	1,492,345	2,105,416	1,493,942	454,161	4,698,589	6,646,692	(545,350)	9,699,103
Appropriation of 2021 earnings											
Legal reserve	-	-	-	-	-	331,067	-	(331,067)	-	-	-
Special reserve	-	-	-	-	-	-	91,189	(91,189)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(2,248,342)	(2,248,342)	-	(2,248,342)
Other changes in capital surplus:											
Changes in equity of subsidiaries for using the equity method	-	-	-	-	1,875	-	-	-	-	-	1,875
Compensation cost of employee share options	-	-	-	-	10,263	-	-	-	-	-	10,263
Share-based payment transaction	937	9,370	(160)	9,210	38,438	-	-	-	-	-	47,648
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	797,416	797,416	-	797,416
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	4,540	4,540	251,608	256,148
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	-	801,956	801,956	251,608	1,053,564
BALANCE AT DECEMBER 31, 2022	150,156	$ 1,501,555	$ -	$ 1,501,555	$ 2,155,992	$ 1,825,009	$ 545,350	$ 2,829,947	$ 5,200,306	$ (293,742)	$ 8,564,111

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

DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 992,192	$ 3,653,903
Adjustments for		
Depreciation expense	64,375	62,095
Amortization expense	581	16,308
Finance costs	23,691	26,295
Interest income	(42,664)	(2,615)
Compensation cost of employee share options	10,263	12,976
Share of gain of subsidiaries and associated accounted using the equity method	(651,433)	(446,367)
Gain on disposal of property, plant, and equipment	-	(721,679)
Gain on disposal of investment property	-	(1,949,996)
Inventory write-downs (reversed)	(9,139)	108,235
Reversal of provisions	(4,606)	(832)
Changes in operating assets and liabilities		
Trade receivables from unrelated parties	28,922	(657,779)
Trade receivables from related parties	643,750	(1,265,512)
Other receivables	(1,694)	2,102
Other receivables from related parties	6,857	815
Inventories	375,831	(541,101)
Other current assets	(720)	(36,779)
Financial liabilities at fair value through profit or loss - current	-	(9,218)
Trade payables from unrelated parties	(191,326)	147,045
Trade payables from related parties	763,587	1,850,105
Other payables	(119,296)	14,953
Provisions	(2,621)	-
Other current liabilities	(6,444)	(574,705)
Net defined benefit liabilities	(652)	(665)
Other non-current liabilities	(344)	(1,294)
Cash (used in)/generated from operations	1,879,110	(313,710)
Interest received	33,904	2,919
Income tax paid	(267,168)	(155,874)
Net cash (used in)/generated from operating activities	$ 1,645,846	(466,665)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(2,030,361)	($ 2,082,500)
Proceeds from sale of financial assets at amortized cost	2,654,613	1,062,165
Purchase of Investments accounted for using the equity method	-	(280,000)
Repatriation of capital reduction from Investments accounted for using the equity method	311,580	-
Payments for property, plant and equipment	(25,348)	(56,487)
Proceeds from disposal of property, plant and equipment	-	1,215,645
Increase in refundable deposits	(1,850)	(121,327)
Decrease in refundable deposits	28,970	1,100
Payments for Intangible Assets	(4,500)	-
Payments for investment properties	(292,395)	(895)
Proceeds from disposal of investment properties	-	3,277,496

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DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Increase in other non-current assets	(20,884)	(41,642)
Dividend received from subsidiary	64,800	30,000
Income tax paid	-	(30,002)
Net cash generated from investing activities	684,625	2,973,553
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	5,440,000	4,010,000
Repayments of short-term borrowings	(5,800,000)	(3,100,000)
Proceeds from long-term borrowings	4,502,920	3,579,740
Repayments of long-term borrowings	(4,200,000)	(5,340,483)
Proceeds from guarantee deposits received	263,050	113,119
Repayment of the principal portion of lease liabilities	(43,288)	(3,789)
Cash dividends distributed	(2,248,342)	(958,623)
Proceeds from employee share options	47,648	97,873
Interest paid	(22,736)	(25,895)
Net cash used in financing activities	(2,060,748)	(1,628,058)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	38,544	(5,165)
NET INCREASE IN CASH AND CASH EQUIVALENTS	308,267	873,665
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,276,405	1,402,740
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,584,672	$ 2,276,405

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Dynapack International Technology Corporation (the “Company”) was incorporated in the Republic of China (ROC) on July 15, 1998. The Company mainly manufactures and sells lithium-ion battery packs.

The Company’s shares have been listed on the Taipei Exchange (TPEx) since November 8, 2004.

The parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

This parent company only financial statements were approved by the Company’s t board of directors on March 7, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the 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)

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

This parent company only financial report has been prepared based on historical cost basis except for financial instruments which are measured at fair value and net defined benefit assets (liabilities) which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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) on the measurement date 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 an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the parent company only financial statements, the Company use the equity method to account for its investments in subsidiaries and associated companies. Amounts of profit, other comprehensive income, and equity presented in the parent company only financial report and amounts of profit, other comprehensive income, and equity attributable to the Company's owners shown in the consolidated financial report are consistent. There is no difference in accounting treatment between the parent company only basis and the consolidated basis.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign Currency

In preparing the parent company only financial statements, transactions denominated in currencies other than the functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from 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 item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting parent company only financial statements, the financial statements of the Company’s foreign operations (including subsidiaries in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

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

At the end of the period, the inventory obsolescence losses are assessed based on the actual inventory status.

f. Investments accounted for using the equity method

The Company use the equity method to account for its investments in subsidiaries and associated companies.

1) Investments in subsidiary

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Profits or losses resulting from downstream transactions are eliminated in full only in the Company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company's financial statements only to the extent that are not related to the Company's equity in subsidiaries.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized had no impairment loss been recognized in prior years.

2) Investments in associates

An associated company is an entity in which the Company has significant influence and that is neither a subsidiary nor a joint venture.

Under the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate as well as the distribution received. The Company also recognizes its share in the changes in the equities of associates

When assessing impairments, the entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

g. 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.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method within useful lives. 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 net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include properties held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

Investment properties under construction are measured at cost less accumulated impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

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

i. Intangible assets

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 lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

j. Impairment of property, plant and equipment and right-of-use assets and investment properties and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets and investment properties and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated 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 the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest Company of 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. 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 (net of amortization or depreciation) 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.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

All regular transactions of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into financial assets at amortized cost.

<u>Financial assets at amortized cost</u>

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, and trade receivables are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime Expected Credit Losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

i) Internal or external information shows that the debtor is unlikely to pay its creditors.

ii) When a financial asset is more than 12 months past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

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

3) Financial liabilities

a) Subsequent measurement

Except financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at FVTPL, which are held for trading, are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 29.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, which mainly include cross-currency swap contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

l. Provisions

Provisions, if the time value of money has a significant impact, are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranties

Provisions for the expected cost of warranty obligations in sales contracts are recognized at the date of sale of the relevant products at the best estimate by the management of the Company of the expenditure required to settle the Company's obligation.

m. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

The revenue of the Company from the sale of goods mainly comes from sales of lithium-ion battery packs. Sales of lithium-ion battery packs are recognized as revenue when the goods are shipped or when the customers pick up the goods from a specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

n. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

For sale and leaseback transactions, if the transfer of an asset satisfies the requirements of IFRS 15 to be accounted for as a sale, the Group recognizes only the amount of any gain or loss which relates to the rights transferred to the buyer-lessor, and adjusts the off-market terms to measure the sale proceeds at fair value. If the transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale, it is accounted for as a financing transaction.

o. 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.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability are recognized as employee benefits expense in the period in which they occur. 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.

Net defined benefit liability represents the actual deficit in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

p. Share-based payment arrangements

1) Employee share options granted to employees

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

2) Share-based payment arrangement for equity granted to subsidiaries' employees

The Company grants subsidiaries' employees share options that can be exercised in exchange for equity instruments of the Company. These transactions are accounted as capital investments from the Company to subsidiaries, and are measured at the fair value of equity instrument as of the grant date. The Company recognizes increase in the book value of subsidiary investments over the vesting period against a corresponding adjustment to capital surplus - employee share options.

q. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the 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.

There are no critical accounting judgments and estimation uncertainty in the assessment of the Company.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 499	$ 494
Checking accounts and demand deposits	1,206,330	2,075,911
Cash equivalents		
Time deposits with original maturities less than 3 months	1,377,843	200,000
	$ 2,584,672	$ 2,276,405

The ranges of interest rates for bank deposits at the end of the reporting period were as follows:

	December 31	
	2022	**2021**
Bank deposits	0.39%～5.00%	0.01%～0.35%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Since the Company entered into cross-currency swap contracts, the Company recognized net gain of $234 thousand and $9,642 thousand on FVTPL in 2022 and 2021, respectively. The Company entered into cross-currency swap contracts to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities. Those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting. As of December 31, 2022 and 2021, the Company did not have transactions and contracts of derivative financial instruments under hedge accounting.

8. FINANCIAL ASSETS AT AMORTIZED COST – CURRENT

	December 31	
	2022	2021
Time deposits with original maturities more than 3 months	$ 937,204	$ 1,600,000

The ranges of interest rates for time deposits with original maturities more than 3 months were approximately 4.58～5.15% and 0.35% per annum as of December 31, 2022 and 2021, respectively.

9. TRADE RECEIVABLES

	December 31	
	2022	2021
Unrelated parties		
Trade receivables - at amortized cost	$ 4,927,424	$ 4,956,346
Related parties		
Trade receivables - at amortized cost	$ 621,762	$ 1,265,512

The credit period of sales of goods was approximately 30 to 90 days. No interest was charged as a result of the shorter credit period.

In order to control credit risk and ensure the recoverable amount of trade receivables, the management of the Company has evaluated individual customers' financial positions to determine credit limits and subsequently monitored the factors possibly affecting customers' payment ability such as its own trading records and current economic conditions.

The Company adopts the simplified approach of IFRS 9 to measure the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The ECLs on trade receivables are estimated using a provision matrix and considers the number of days overdue of the customer's trade receivables, current financial position and industrial economic condition to set the expected credit loss rate. In addition, the Company reviews the recoverable amount of each individual trade receivables at the each end of the reporting period to ensure that adequate allowance is made for amounts possibly having credit risk. In this regard, the management believes the Company's credit risk was significantly reduced.

Using the provision matrix, the management has determined the expected credit loss rate at zero, and therefore reported zero ECL as of December 31, 2022 and 2021.

Aging analysis of trade receivables was as follows:

December 31, 2022

	Not Past Due	Less than 1-30 days	31-60 days	61-90 days	91-180 days	Over 180 days	Total
Gross carrying amount							
Amortized cost	$5,515,951	$ 25,340	$ 7,887	$ -	$ 8	$ -	$5,549,186

December 31, 2021

	Not Past Due	Less than 1-30 days	31-60 days	61-90 days	91-180 days	Over 180 days	Total
Gross carrying amount							
Amortized cost	$6,193,436	$ 27,543	$ 238	$ 566	$ 75	$ -	$6,221,858

10.INVENTORIES

	December 31	
	2022	2021
Finished goods	$ 913,484	$ 1,150,318
Raw materials	1,239,329	1,369,187
	$ 2,152,813	$ 2,519,505

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was $17,691,178 thousand and $18,957,514 thousand, respectively.

The cost of goods sold for the years ended December 31, 2022 and 2021 included inventory write-downs reversed of $9,139 thousand and inventory write-downs of $108,235 thousand, respectively.

11.INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiary	$ 9,926,844	$ 9,334,468
Investments in associate	12,779	13,717
	$ 9,939,623	$ 9,348,185

a. Investments in subsidiary

	December 31	
	2022	2021
Non-listed companies		
Dynapack Technologies (Cayman) Corporation (hereinafter referred to as the "Dynapack (Cayman)")	$ 9,351,897	$ 8,765,548
Dynapack Investment Corporation	574,947	568,920
	$ 9,926,844	$ 9,334,468

The Company's percentage of ownership and voting rights in subsidiaries at the end of the year are as follows, and for the rest of the relevant information, refer to Table 5.

	December 31	
Investee	2022	2021
Dynapack (Cayman)	100%	100%
Dynapack Investment Corporation	100%	100%

As of December 31, 2022, the Company has invested in Dynapack (Cayman) US$74,186 thousand, then reinvested US$72,300 thousand in Dynapack (Hong Kong), and then reinvested US$72,100 thousand in Dynapack (Suzhou) Co., Ltd.

Dynapack (Cayman) reduced the capital by cash in November 2022, and the Company received repatriation of US$10,000 thousand. Dynapack (Cayman) completed the capital reduction process in December 2022.

Dynapack (Hong Kong) reduced the capital by cash in July 2021, and Dynapack (Cayman) received repatriations of US$10,000 thousand. Dynapack (Hong Kong) completed capital reduction process in October 2021.

In order to meet the needs of Dynapack Investment Corporation's investment business, the Company's board of directors resolved to subscribe the cash capital increase of $280,000 thousand to Dynapack Investment Corporation on March 9, 2021. The record date of cash capital increase was March 31, 2021. As of December 31, 2022, the Company has invested $480,000 thousand in Dynapack Investment Corporation.

After considering the market operating environment and group operating strategy, production and operation functions of Dynapack (Kunshan) Co., Ltd., ended at the end of 2017 and the liquidation process was completed in July 2021.

Share of profit and loss and other comprehensive income from subsidiaries under the equity method in 2022 and 2021 were recognized based on audited financial statements of the respective subsidiaries for the corresponding periods.

b. Investments in associate

	December 31	
	2022	**2021**
Associate that is not individually material		
Chih Ho Shun Development Co., Ltd.	$ 12,779	$ 13,717

The Company's percentage of ownership and voting rights in associate that is not individually material at the end of the year are as follows, and for the rest of the relevant information, refer to Table 5.

	December 31	
Name of Associate	**2022**	**2021**
Chih Ho Shun Development Co., Ltd.	30%	30%

For "Taoyuan Airport MRT A7 Station Development Zone Industrial Zone (Bid A) Bidding Investment Project", the Company jointly invested and established Chih Ho Shun Development Co., Ltd. to perform the development of public facilities in the industrial zone in April 2012 with Chroma ATE Inc. and HERAN Co., Ltd. As of December 31, 2022, the Company has invested $15,000 thousand in Chih Ho Shun Development Co., Ltd. with a 30% of ownership.

The summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

	December 31	
	2022	**2021**
Current assets	$ 41,477	$ 44,271
Non-current assets	1,437	1,797
Current liabilities	(319)	(344)
Equity	$ 42,595	$ 45,724

	For the Year Ended December 31	
	2022	2021
Net loss for the year	(\$ 3,129)	(\$ 2,536)

Investments accounted for using the equity method and the share of profit and loss by the Company is calculated based on the financial statements of Chih Ho Shun Development Co., Ltd., that have not been audited by a certified public accountant. However, the management of the Company believes that the above financial statements of the investee, which were not audited by a certified public accountant, did not have a significant impact.

12.PROPERTY, PLANT AND EQUIPMENT

	2022					
	Land	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost						
Balance at January 1, 2022	$ 6,643	$ 40,054	$ 8,410	$ 38,392	$ 8,063	$ 101,562
Additions	-	15,439	750	10,352	5,734	32,275
Reclassification	-	-	-	-	78,066	78,066
Disposals	-	(1,241)	-	(18,973)	-	(20,214)
Balance at December 31, 2022	$ 6,643	$ 54,252	$ 9,160	$ 29,771	$ 91,863	$ 191,689
Accumulated depreciation and impairment						
Balance at January 1, 2022	$ -	$ 10,307	$ 4,038	$ 21,744	$ 2,740	$ 38,829
Depreciation expense	-	9,652	1,520	9,771	16,842	37,785
Reclassification	-	-	-	-	30,782	30,782
Disposals	-	(1,241)	-	(18,973)	-	(20,214)
Balance at December 31, 2022	$ -	$ 18,718	$ 5,558	$ 12,542	$ 50,364	$ 87,182
Carrying amount at December 31, 2022	$ 6,643	$ 35,534	$ 3,602	$ 17,229	$ 41,499	$ 104,507

	2021						
	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost							
Balance at January 1, 2021	$ 113,106	$ 273,107	$ 19,419	$ 10,715	$ 27,184	$ 62,703	$ 506,234
Additions	-	-	20,588	-	11,562	19,756	51,906
Reclassification	-	-	193	-	(193)	-	-
Disposals	(106,463)	(273,107)	(146)	(2,305)	(161)	(74,396)	(456,578)
Balance at December 31, 2021	$ 6,643	$ -	$ 40,054	$ 8,410	$ 38,392	$ 8,063	$ 101,562
Accumulated depreciation and impairment							
Balance at January 1, 2021	$ -	$ 10,888	$ 4,165	$ 4,657	$ 11,684	$ 4,926	$ 36,320
Depreciation expense	-	7,708	6,137	1,686	10,163	7,916	33,610
Reclassification	-	-	16	-	(16)	-	-
Disposals	-	(18,596)	(11)	(2,305)	(87)	(10,102)	(31,101)
Balance at December 31, 2021	$ -	$ -	$ 10,307	$ 4,038	$ 21,744	$ 2,740	$ 38,829
Carrying amount at December 31, 2021	$ 6,643	$ -	$ 29,747	$ 4,372	$ 16,648	$ 5,323	$ 62,733

Refer to Note 14 for details about disposals of land and building for the year ended December 31, 2021.

The Company had no capitalized interest and did not recognize any impairment loss for the years ended December 31, 2022 and 2021 as there was no indication of impairment.

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main building	50 years
Electromechanical power	15 years
Factory engineering	10 years
Machinery Equipment	3-15 years
Transportation Equipment	5 years
Office Equipment	3-5 years
Other Equipment	3-10 years

13.LEASES ARRANGEMENTS

a. Right-of-use assets

	2022		
	Buildings	**Transportation Equipment**	**TOTAL**
Cost			
Balance at January 1, 2022	$ 162,266	$ 5,653	$ 167,919
Additions	-	6,382	6,382
Disposals	-	(5,323)	(5,323)
Balance at December 31, 2022	$ 162,266	$ 6,712	$ 168,978
Accumulated Depreciation			
Balance at January 1, 2022	$ 1,028	$ 5,653	$ 6,681
Depreciation Expense	24,670	1,920	26,590
Disposals	-	(4,639)	(4,639)
Balance at December 31, 2022	$ 25,698	$ 2,934	$ 28,632
Carrying Amount at December 31, 2022	$ 136,568	$ 3,778	$ 140,346

	2021		
	Buildings	**Transportation Equipment**	**TOTAL**
Cost			
Balance at January 1, 2021	$ -	$ 5,653	$ 5,653
Additions	162,266	-	162,266
Balance at December 31, 2021	$ 162,266	$ 5,653	$ 167,919
Accumulated Depreciation			
Balance at January 1, 2021	$ -	$ 3,769	$ 3,769
Depreciation Expense	1,028	1,884	2,912
Balance at December 31, 2021	$ 1,028	$ 5,653	$ 6,681
Carrying Amount at December 31, 2021	$ 161,238	$ -	$ 161,238

The Company did not recognize any impairment for the years ended December 31, 2022 and 2021 as there was no indication of impairment.

b. Lease liabilities

	December 31	
	2022	**2021**
Carrying amount		
Current	$ 43,370	$ 41,383
Non-current	$199,928	$239,506

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	**2021**
Transportation equipment	0.75～1.06%	1.14%
Buildings	0.90%	0.90%

c. Material leasing activities and terms

The Company leases transportation equipment for operation with lease term of 1 to 3 years. Part of the lease agreement contains renewal options at the end of the lease period.

In November 2021, the Company signed the trading contract for real estate to sell its building and the lease agreement to lease back 5 floors for operations with lease terms from 5 to 10 years. According to the lease agreement, the Company has the right and option to renew the lease. The annual lease payment is $43,740 thousand for the first four years, $45,088 thousand for the 5th year, $14,268 thousand for the 6th to 8th years, and $14,716 thousand for the 9th and 10th years. Refer to Note 14 for details about the sale of land and building.

d. Other lease information

	For the Year Ended December 31	
	2022	**2021**
Expenses relating to short-term leases	$ 34	$ 34
Total cash outflow for leases	($ 45,714)	($ 3,951)

The Company elected to apply the recognition exemption of short-term leases and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14.INVESTMENT PROPERTIES

	2022		
	Land	**Investment Properties under Construction**	**Total**
Cost			
Balance at January 1, 2022	$ 2,752,677	$ -	$ 2,752,677
Additions	-	309,856	309,856
Balance at December 31, 2022	$ 2,752,677	$ 309,856	$ 3,062,533

	2021		
	Land	**Buildings**	**Total**
Cost			
Balance at January 1, 2021	$ 3,088,555	$ 881,660	$ 3,970,215
Additions	895	-	895
Disposals	(336,773)	(881,660)	(1,218,433)
Balance at December 31, 2021	$ 2,752,677	$ -	$ 2,752,677
Accumulated depreciation			
Balance at January 1, 2021	$ -	$ 34,753	$ 34,753
Depreciation expense	-	25,573	25,573
Disposals	-	(60,326)	(60,326)
Balance at December 31, 2021	$ -	$ -	$ -
Carrying amount at December 31, 2021	$ 2,752,677	$ -	$ 2,752,677

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	
Main building	50 years
Electromechanical power	15 years
Factory engineering	10 years

The fair value of investment property was based on valuations carried out by independent qualified professional valuers, and the fair value was measured using Level 3 inputs. The valuation of the land was arrived at by reference to comparison approach and land development analysis approach. The appraisal fair value was as follows:

	December 31	
	2022	**2021**
Land (17,387.3 pings include joint construction land for residence of 4,046.9 pings)	$ 12,420,000	$ 11,299,000

On February 1, 2012, the Company, Chroma ATE Inc. and HERAN Co., Ltd. jointly obtained “Taoyuan Airport MRT A7 Station Development Zone Industrial Zone (Bid A) Bidding Investment Project” in Guishan District, Taoyuan City. The total bid price was $10,088,890 thousand. The agreement was signed on April 18, 2012 and the shareholding ratio of each member was 30%, 35% and 35%, respectively. The bid price obtained by the Company was $3,035,176 thousand, the area of the acquired land was 66,877 square meters (approximately 20,230 pings). The acquired land of 38,707 square meters (approximately 11,709 pings) had registration of caution which stipulated that the land cannot be transferred to a third party if the land has not been constructed and has not obtained a building use permit.

In order to activate assets and raise land development fund, on December 7, 2020, the Company’s board of directors approved the signing of the preliminary trading contract for real estate. In November 2021, the Company signed the trading contract for real estate and the lease agreement to lease back part of the building spaces. The sale of the Company’s land (approximately 2,801.2 pings) and all of the above-ground building and underground parking spaces (approximately 17,734.0 pings) at No. 55, 55-5, and 55-6 Lejie Section, Guishan District, Taoyuan City was completed in December 2021. The sale price, including value-added business tax, was $4,500,000 thousand. Refer to Note 13 for details about sale-and-lease-back.

On January 30, 2019, the board of directors approved the agreement for joint construction and separate sale with Fu-Yu Construction Co., Ltd. (“Fu-Yu”) for a parcel of residential land of 13,378.2 square meters (approximately 4,046.9 pings) located at No. 56, Lejie Section, Guishan District, Taoyuan City. According to the agreement, the Company will receive total guaranteed revenue of $2,630,500 thousand without regard to changes in market condition. As of December 31, 2022, the Company has received 30% of total guaranteed revenue in the amount of $789,160 thousand which is recognized as guarantee deposit received. Registration of caution is applied to the land in this case. It is expected that registration of caution can be cancelled after the construction is completed and building use permit is obtained. Fu-Yu is expected to obtain the use permit in the fourth quarter of 2023 or the first half of 2024.

The Company used 6,366.4 square meters (approximately 1,925.8 pings) of land to construct its second building. The signing of construction contract for the second building was approved by the board of directors on April 26, 2022. The total contract price, including value-added business tax, was $1,280,000 thousand, and it is expected to be completed in the first quarter of 2025.

15. INTANGIBLE ASSETS (DECEMBER 31, 2021: NONE)

	December 31, 2022
	Computer Software
Cost	
Balance at January 1, 2022	$ -
Additions	4,500
Balance at December 31, 2022	4,500
Accumulated amortization	
Balance at January 1, 2022	-
Amortization expenses	581
Balance at December 31, 2022	581
Carrying amount at December 31, 2022	$ 3,919

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3 years

The Company did not recognize any impairment loss for the year ended December 31, 2022 since there was no indication of impairment.

16. OTHER ASSETS

	December 31	
	2022	**2021**
Current		
Refundable deposits	$ 27,950	$ 27,950
Prepayments and others	46,728	46,008
	$ 74,678	$ 73,958
Non-current		
Prepayments for construction and equipment	$ 101,329	$ 105,889
Others	300	47,585
	$ 101,629	$ 153,474

Prepayments for construction and equipment are mainly payments for the construction of building. Refundable deposits are mainly paid to suppliers for stable supply and classified into current and non-current accounts, respectively, according to liquidity.

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Unsecured borrowings		
Credit borrowings	$ 750,000	$1,110,000

The ranges of interest rate of short-term borrowings were 1.400%～1.650% and 0.750%-0.755% per annum as of December 31, 2022 and 2021, respectively.

b. Long-term borrowings

	December 31	
	2022	2021
Credit borrowings	$ 1,664,317	$ 1,361,397
Less: Current portion of long-term borrowings	(588,528)	(100,000)
	$ 1,075,789	$ 1,261,397

The ranges of interest rate of long-term borrowings were 0.475%～1.670% and 0.000%-0.831% per annum as of December 31, 2022 and 2021, respectively, and will be due in succession before the end of April 2025.

According to the bank loan contract, the financial statements must maintain the agreed financial ratios during the period of the borrowings; as of December 31, 2022, the Company has not violated the agreed financial ratios.

As of December 31, 2022 and 2021, the unused line of credit of long-term and short-term loans of the Company was $3,908,777 thousand and $3,445,263 thousand, respectively.

18. TRADE PAYABLES

	December 31	
	2022	2021
Unrelated parties		
Trade payables - operating	$ 1,940,040	$ 2,131,366
Related parties		
Trade payables - operating	$ 9,099,675	$ 8,336,088

With the exception of trade payables to related parties, the average credit period for purchases of goods is 60-90 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19. PROVISIONS – CURRENT

	December 31	
	2022	2021
Warranties	$ 64,896	$ 72,123

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 72,123	$ 72,955
Reversal of provisions	(4,606)	(832)
Using of provisions	(2,621)	-
Balance at December 31	$ 64,896	$ 72,123

20. OTHER LIABILITIES

	December 31,	
	2022	2021
Current		
Other payables		
Payables for salaries and bonuses (including compensation of employees)	$ 229,756	$ 261,477
Payables for insurances	28,456	7,999
Payables for professional expenses	20,541	24,650
Payables for remuneration of directors	12,605	17,606
Payables for taxes and levies	221	102,286
Others	36,081	33,039
	$ 327,660	$ 447,057
Other liabilities		
Refund liabilities	$ 106,584	$ 114,404
Others	73,497	72,121
	$ 180,081	$ 186,525
Non-current		
Long-term employee benefits	$ 2,653	$ 2,997

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company 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 in accordance with the Labor Standards Act is operated by the government of the ROC. 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 actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualified actuaries.

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

	December 31	
	2022	**2021**
Present value of defined benefit obligation	($ 24,146)	($ 26,593)
Fair value of plan assets	27,688	24,943
Net defined benefit assets (liabilities) - non-current	$ 3,542	($ 1,650)

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

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Assets (Liabilities)**
Balance at January 1, 2021	$ (27,790)	$ 23,825	$ (3,965)
Recognized in profit or loss			
Net interest (expense) income	(139)	121	(18)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	314	314
Actuarial loss			
Changes in demographic assumptions	(824)	-	(824)
Actuarial gain			
Experience adjustments	2,160	-	2,160
Recognized in other comprehensive income	1,336	314	1,650
Contributions from the employer	-	683	683
Balance at December 31, 2021	$ (26,593)	$ 24,943	$ (1,650)
Balance at January 1, 2022	$ (26,593)	$ 24,943	$ (1,650)
Recognized in profit or loss			
Net interest (expense) income	(133)	127	(6)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	1,960	1,960
Actuarial loss			
Changes in demographic assumptions	(443)	-	(443)
Actuarial gain			
Change in financial assumptions	3,471	-	3,471
Actuarial loss			
Experience adjustments	(448)	-	(448)
Recognized in other comprehensive income	2,580	1,960	4,540
Contributions from the employer	-	658	658
Balance at December 31, 2022	$ (24,146)	$ 27,688	$ 3,542

Through the defined benefit plans under the Labor Standards Act, 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 shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

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 salaries 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 are as follows:

	December 31	
	2022	**2021**
Discount rate	1.500%	0.500%
Expected rate of salary increase	2.750%	2.750%

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

	December 31	
	2022	**2021**
Discount rate		
0.25% increase	($ 781)	($ 948)
0.25% decrease	$ 816	$ 992
Expected rate of salary increase		
0.25% increase	$ 792	$ 995
0.25% decrease	($ 763)	($ 918)

The above sensitivity analysis 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 will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	**2021**
Average duration of the defined benefit obligation	13.2 years	14.5 years

22.EQUITY

a. Ordinary share capital

	December 31	
	2022	2021
Number of authorized shares (in thousands of shares)	250,000	250,000
Amount of authorized shares	$ 2,500,000	$ 2,500,000
Number of issued and fully paid shares (in thousands of shares)	150,156	149,219
Amount of issued and fully paid shares	$ 1,501,555	$ 1,492,185
Capital collected in advance	$ -	$ 160

The issued ordinary shares with a par value of $10 entitle the holders with the right to vote and receive dividends.

The Company's authorized shares reserved for the employee share options are 10,000 thousand shares.

The difference in capital is due to the execution of share options by employees. The capital collected in advance is due to the execution of shares by employee share options. (Refer to Note 27 for details.)

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Issuance of ordinary shares	$ 1,810,960	$ 1,764,555
Premium from conversion of bonds	318,790	318,790
May not be used for any purpose		
Employee share options	26,242	22,071
	$ 2,155,992	$ 2,105,416

* 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 stock dividends (limited to a certain percentage of the Company's paid-up capital and to once a year).

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, if the Company records a surplus earning at the close of a fiscal year, it shall pay the taxes, offset losses to be covered and then set aside 10% of the balance as legal reserve in accordance with the laws and regulations provided the amount of accumulated legal reserve has yet to reach the amount of the paid-up capital of the Company, then set aside or return the special reserve required by laws or competent authority. The balance (distributable profit) together with accumulated unappropriated earnings are available for appropriation, and the board of directors shall draft a plan for allocating surplus earnings and submit it to the shareholders for resolution. Where the Company distributes preceding surplus earning in the form of cash, such distribution is authorized to be made after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting. Where the Company incurs no loss, it may distribute its legal reserve and capital reserve set forth in Article 241 of Company

Act, in whole or in part, by issuing new stock dividend or by cash dividend. Where legal reserve is distributed by issuing stock dividend or by cash dividend, only the portion of legal reserve which exceeds 25 percent of the paid-up capital may be distributed. Where the Company distributes the preceding legal reserve and capital reserve set forth in Article 241 of Company Act in the form of cash, such distribution is authorized to be made after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting. Allocating surplus profits may be made by way of cash or stock dividend after taking into consideration of financial, business, and operational factors. Allocating surplus profits shall be made preferably by way of cash and the ratio for cash dividend shall be more than 50% of total shareholders' bonuses.

For the policies on the distribution of compensation of employees and directors refer to compensation of employees and directors in Note 24-g.

The appropriations of earnings for 2021 and 2020 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Fiscal Year 2021	For Fiscal Year 2020	For Fiscal Year 2021	For Fiscal Year 2020
Legal reserve	$ 331,067	$ 103,239		
Special reserve	$ 91,189	$ (27,401)		
Cash dividends	$2,248,342	$ 958,623	$ 15.05	$ 6.50

The above appropriations of earnings for 2020 were resolved by the shareholders' meeting on July 1, 2021. The cash dividends for 2021 were resolved by the Company's board of directors on March 8, 2022; the other proposed appropriations were resolved by the shareholders' meeting on June 6, 2022.

The change in the number of issued shares due to the implementation of employee share options, the cash dividend per share in 2021 was adjusted to $15.02545.

The appropriation of earnings for 2022, which was proposed by the Company's board of directors on March 7, 2023, was as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 80,196	
Special reserve	($ 251,608)	
Cash dividends	$ 909,488	$6.05

The cash dividends have been approved by the Company's board of directors, and the other proposed appropriations for 2022 is to be resolved in the shareholders' meeting on June 9, 2023.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Beginning at January 1	$ 454,161	$ 481,562
Appropriations in respect of		
Debit/(credit) to other equity items	91,189	(27,401)
Balance at December 31	$ 545,350	$ 454,161

Pursuant to Rule No. 1090150022 issued by the FSC, the Company is required to set aside additional special reserve equivalent to the net debit balance of other equity items from the sum of net profit for the year and the amount of items other than net profit for the year but included in the unappropriated earnings. When there is still a deficit, it shall be set aside from previous unappropriated earnings. As for the shortfall of the “net increase in fair value of investment properties accumulated for the previous year” and “net debit balance of other equity items for the previous year” before the distribution of the surplus, a special reserve of the same amount shall be provided from the unappropriated earnings for the previous year. If the special reserve is still insufficient, it will be added to the net profit for the year plus the amount of the current unappropriated earnings. Any special reserve may be reversed and distributed to the extent of reversal of the net debit balance.

e. Other equity items

Exchange differences on translation of the financial statements of foreign operations

The exchange differences arising on translation of the financial statements of foreign operation’s net assets from its functional currency to the Company’s presentation currency (i.e., New Taiwan dollars) are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences on translation of the financial statements of foreign operations previously accumulated in the foreign currency translation reserve are reclassified to profit and loss when the foreign operation is disposed of.

23. REVENUES

a. Contract information

For details on contracts with customers, please refer to Note 4; for details on operating revenues, please refer to Statement 8.

b. Contract balances

For details on trade receivables, please refer to Notes 9.

24. NET PROFIT FOR THE YEAR

Net profit for the year includes the following items:

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	$ 42,576	$ 2,598
Others	88	17
	$ 42,664	$ 2,615

b. Other income

	For the Year Ended December 31	
	2022	2021
Subsidy income	$ 22,655	$ 21,543
Royalty income (Note 30)	6,425	14,513
Rental income	3,125	89,902
Others	26,777	981
	$ 58,982	$ 126,939

c. Net foreign exchange gain (loss)

	For the Year Ended December 31	
	2022	2021
Foreign exchange gain	$1,063,178	$ 403,253
Foreign exchange loss	(1,292,882)	(309,398)
Net gain	($ 229,704)	$ 93,855

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank borrowings	$ 21,189	$ 26,046
Interest on lease liabilities	2,392	128
Others	110	121
	$ 23,691	$ 26,295

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	$ 20,560	$ 8,839
Operating expense	43,815	27,683
Non-operating income and expense	-	25,573
	$ 64,375	$ 62,095
An analysis of amortization by function		
Operating costs	$ 42	$ 7,730
Operating expense	539	8,578
	$ 581	$ 16,308

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits (Note 21)		
Defined contribution plans	$ 11,920	$ 10,932
Defined benefit plans	6	18
	11,926	10,950
Share-based payments (Note 27)		
Equity-settled	10,263	12,976
Other employee benefits		
Salaries expense	287,927	308,194
Labor/health insurance expense	23,094	21,584
Compensation of directors	23,536	33,819
Other personnel expenses	16,319	16,720
	350,876	380,317
Total employee benefits expense	$ 373,065	$ 404,243
An analysis of employee benefits expense by function		
Operating costs	$ 39,614	$ 38,896

	For the Year Ended December 31	
	2022	2021
Operating expense	333,451	332,847
Non-operating income and expense	-	32,500
	$ 373,065	$ 404,243

The Company employed an average of 252 employees in 2022 and 240 employees in 2021; the number of directors without concurrent role as employee was 7 in 2022 and in 2021. The same employee base was used for calculating employee benefit expenses.

The Company reported average employee benefit expenses of $1,427 thousand and $1,590 thousand, and average salary expenses of $1,217 thousand and $1,378 thousand, in 2022 and 2021 respectively. Average employee salary expenses had reduced by 11.7%.

The Company determines its salary and compensation policies after taking into consideration the common peer level, the Company's overall performance, employees' individual performance, and market trends.

g. Compensation of employees and compensation of directors

According to the Company’s Articles before amendments, the Company shall appropriate compensation of employees and compensation of directors at rates of no less than 3% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and directors. According to the Company’s amended Articles resolved by shareholders’ meeting on July 1, 2021, if the Company records a profit for the year starting from 2021, the Company shall appropriate compensation of employees and compensation of directors at rates of no less than 2% and no higher than 3%, respectively, of the net profit before income tax, compensation of employees and directors. The compensation of employees and directors for the years ended December 31, 2022 and 2021, which were approved by the Company’s board of directors on March 7, 2023 and March 8, 2022, respectively, are as follows:

	For the Year Ended December 31			
	2022		2021	
	Appropriate Rate	Amount	Appropriate Rate	Amount
Compensation of employees	6.603%	$ 71,000	2.002%	$ 75,000
Compensation of directors	1.116%	$ 12,000	0.454%	$ 17,000

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded in the next fiscal year as a change in the accounting estimate. If the board of directors resolves to pay compensation of employees by shares, the number of shares of the compensation of employees is determined by dividing the amount of the compensation of employees by the closing price per share on the day immediately preceding the meeting of the Company’s board of directors.

There is no difference between the amounts of compensation of employees and directors resolved by board of directors to pay and the amounts recognized in the parent company only financial statements for the years ended December 31, 2021 and 2020.

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

25.INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 63,408	$ 309,479
Income tax on unappropriated earnings	32,003	-
Adjustments for prior years	(8,070)	(6,075)
	87,341	303,404
Deferred tax		
In respect of the current year	107,435	41,480
Income tax expense recognized in profit or loss	$ 194,776	$ 344,884

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

	For the Year Ended December 31	
	2022	2021
Profit before tax	$ 992,192	$ 3,653,903
Income tax expense calculated at the statutory rate	$ 198,438	$ 730,781
Revenue excluded from taxable income	(27,595)	(409,824)
Income tax on unappropriated earnings	32,003	-
Land value increment tax	-	30,002
Adjustments for prior years' tax	(8,070)	(6,075)
Income tax expense recognized in profit or loss	$ 194,776	$ 344,884

Since the resolution of the appropriation of earnings in the shareholders' meeting in 2023 is still uncertain, the potential income tax consequences of 5% income tax on the unappropriated earnings for 2022 cannot be determined reliably.

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

	For the Year Ended December 31	
	2022	2021
Deferred tax		
Translation of the financial statements of foreign operations	$ 62,902	($ 22,797)

c. Current tax liabilities

	December 31	
	2022	2021
Income tax payable	$ 125,712	$ 305,539

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Refund liabilities	$ 22,880	($ 1,563)	$ -	$ 21,317
Provisions	14,425	(1,446)	-	12,979
Inventory write-downs	43,965	(1,828)	-	42,137
Payables for annual leave	2,593	(9)	-	2,584
Defined benefit obligations	2	(2)	-	-
Exchange differences on translation of the financial statements of foreign operations	136,338	-	(62,902)	73,436
Unrealized loss on financial liabilities	-	4,500	-	4,500
	$ 220,203	($ 348)	($ 62,902)	$ 156,953
Deferred Tax Liabilities				
Share of profit of associates accounted for using the equity method	$ 1,055,921	$ 117,581	$ -	$ 1,173,502
Unrealized exchange gain	10,494	(10,494)	-	-
	$ 1,066,415	$ 107,087	$ -	$ 1,173,502

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Refund liabilities	$ 40,367	($ 17,487)	$ -	$ 22,880
Provisions	14,591	(166)	-	14,425
Inventory write-downs	22,318	21,647	-	43,965
Payables for annual leave	2,062	531	-	2,593
Defined benefit obligations	135	(133)	-	2
Exchange differences on translation of the financial statements of foreign operations	113,541	-	22,797	136,338
Unrealized loss on financial liabilities	1,844	(1,844)	-	-
	$ 194,858	$ 2,548	$ 22,797	$ 220,203
Deferred Tax Liabilities				
Share of profit of associates accounted for using the equity method	$ 990,821	$ 65,100	$ -	$ 1,055,921
Unrealized exchange gain	31,566	(21,072)	-	10,494
	$ 1,022,387	$ 44,028	$ -	$ 1,066,415

e. Income tax assessments

The income tax returns of the Company through 2020 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic earnings per share	$ 5.33	$ 22.42
Diluted earnings per share	$ 5.26	$ 22.12

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

Net profit for the year

	For the Year Ended December 31	
	2022	2021
Earnings used in the computation of basic and diluted earnings per share	$ 797,416	$ 3,309,019

Shares

Unit: Shares (In Thousands)

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	149,623	147,598
Effect of potentially dilutive ordinary shares:		
Employee share options	788	1,163
Compensation of employees	1,106	866
Weighted average number of ordinary shares used in the computation of diluted earnings per share	151,517	149,627

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

27. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan

Qualified employees of the Company, controlling company and its subsidiaries were granted 1,076 options on September 17, 2021 and 5,000 options in November 12, 2019. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 5 years and exercisable at certain percentages after the second anniversary from the grant date. The options were granted at an exercise price equal to the closing price of the Company’s ordinary shares listed on the Taipei Exchange on the grant date. For any subsequent changes in the Company’s capital or cash dividend distribution, the exercise price is adjusted accordingly.

Information on issued employee share options was as follows:

	For the Year Ended December 31			
	2022		2021	
	Number of Options (In Thousands)	Weighted-average Exercise Price ($)	Number of Options (In Thousands)	Weighted-average Exercise Price ($)
Balance at January 1	4,076	$ 66.1	5,000	$ 59.3
Options granted	-	-	1,076	95.0
Options forfeited	(85)	49.5	(262)	55.8
Options exercised	(937)	51.8	(1,738)	55.8
Balance at December 31	3,054	60.6	4,076	66.1
Options exercisable, end of the year	862	48.6	677	55.8

The weighted-average share price on the exercise date of the share options for the year ended December 31, 2022 and 2021 were $88.57 and $97.45.

Information on outstanding options was as follows:

	December 31	
	2022	2021
Exercise price ($)	$48.6, $82.7	$55.8, $95.0
Weighted-average remaining contractual life (in years)	1.87-3.71 years	2.87-4.71 years

Due to the Company's dividend exclusion, the exercise price of the employee share options granted on September 17, 2021 and November 12, 2019 were adjusted from $95 to $82.7 and from $55.8 to $48.6, respectively, from the ex-dividend dates, April 6, 2022.

Options granted in September 2021 and November 2019 was priced using the Black-Scholes-Merton pricing model, and the inputs to the model are as follows:

	September 2021	November 2019
Grant-date share price	$95.0	$63.2
Grant-date exercise price	$95.0	$63.2
Expected volatility	27.33%-28.59%	22.89%-24.09%
Expected life (in years)	5	5
Expected dividend yield	-	-
Risk-free interest rate	0.28%-0.29%	0.57%-0.58%
Weighted-average fair value of options granted ($)	$20.77	$12.02

Expected volatility is based on the historical share price volatility over the past 5 years. The historical share price is the average value of the annualized standard deviation of the daily return rate of the Company, which is a hypothetical value.

Compensation costs recognized for the years ended December 31, 2022 and 2021 were $10,263 thousand and $12,976 thousand, respectively.

28. CAPITAL MANAGEMENT

Key management personnel of the Company review the capital structure periodically. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

29. FINANCIAL INSTRUMENTS

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

The management believes that all the carrying amounts of financial assets and financial liabilities not measured at fair value recognized in the parent company only financial statements approximate their fair values or their fair value cannot be reliably measured.

b. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
Financial assets at amortized cost (1)	$ 9,212,512	$ 10,263,236
Financial liabilities		
Financial liabilities at amortized cost (2)	14,573,505	13,915,015

1) The balances include cash and cash equivalents, financial assets at amortized cost - current, trade receivable from unrelated parties, trade receivables from related parties, other receivables, other receivables from related parties, and refundable deposits.

2) The balances include short-term borrowings, trade payables to unrelated parties, trade payables to related parties, other payables, long-term borrowings (including current portion of long-term borrowings), guarantee deposits received and other non-current liabilities.

c. Financial risk management objectives and policies

The risk control and hedge strategies of the Company are affected by the operating environment. However, the Company has incorporated various risks into management in accordance with the nature of the business and the principle of risk diversification, and set risk management procedures, evaluation methods, and management indicators to control and manage risks effectively.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see a) below) and interest rates (see b) below).
There has been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The foreign currency denominated monetary financial assets and liabilities held by the Company are subject to the risk of exchange rate changes. The Company has established relevant control to monitor the positions held and the fluctuations of the market exchange rate at any time, and applied the derivatives of cross-currency swap contracts to reduce the exchange rate risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 31.

Sensitivity analysis

Foreign currencies other than functional currencies of the Company is mainly exposed to the U.S. dollar. The Company's sensitivity analysis mainly focuses on changes in the exchange rates of relevant foreign currencies to the functional currencies of the entities in the Company at the end of the reporting period. If the functional currency had a 1% increase and decrease against the U.S. dollars, the Company's post-tax profit for the years ended December 31, 2022 and 2021 would have been increased/decreased by $17,835 thousand and $23,804 thousand, respectively.

b) Interest rate risk

Interest rate risk refers to the risk of changes in the value of financial instruments caused by changes in market interest rates. The Company closely monitors the fluctuations of market interest rates to manage interest rate risk.

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

	December 31	
	2022	**2021**
Fair value interest rate risk		
- Financial assets	$ 2,315,047	$ 1,800,000
- Financial liabilities	993,298	1,390,889
Cash flow interest rate risk		
- Financial assets	1,206,330	2,075,911
- Financial liabilities	1,664,317	1,361,397

Sensitivity analysis

The fixed interest rate financial assets and financial liabilities held by the Company are measured at amortized cost; therefore, they are not included in the analysis; the sensitivity analysis of interest rate risk is based on the financial assets and financial liabilities with floating interest rates at the end of the reporting period. If interest rates had increased/decreased by 1%, the Company's post-tax profit would have been decreased / increased by $3,664 thousand for the year ended December 31, 2022 and increased/decreased by $5,716 thousand for the year ended December 31, 2021.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The credit risk of the Company mainly comes from the receivables from operating activities, fixed income investments from investment activities and other financial instruments. Operation-related credit risks and financial credit risks are managed separately.

Operation-related credit risk

In order to maintain the quality of trade receivables, the Company has established management procedures for operation-related credit risks.

To mitigate the risk of financial loss from defaults, the Company has adopted a policy to assess individual customers and takes into account factors that may affect the customers' ability to pay, including the customers' financial position, ratings by credit rating agencies, internal credit ratings of the Company, historical transaction records, and current economic condition. The Company also uses some credit enhancement tools at appropriate times, such as requesting customers to pay for goods in advance and provide credit insurance, to reduce the credit risk of specific customers.

As of December 31, 2022 and 2021, the balance of trade receivables of the top five customers accounted for more than 85% of the balance of trade receivables from unrelated parties of the Company. Since the top five customers are all creditworthy manufacturers, the credit risk is limited. After the Company considered the specific factors and performed the risk assessment, the Company did not have significant credit risk exposure to customers.

Financial credit risk

The credit risks of bank deposits, fixed income investments and other financial instruments are measured and monitored by the management of the Company. Since the counterparties of the Company consist entirely of creditworthy banks and financial institutions with investment grade or above and corporate organizations and government agencies without major performance concerns, there is no significant credit risk.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of credit line of bank loan and ensures compliance with loan covenants.

The Company's working capital and credit line of bank loan are deemed adequate to finance its operations; therefore, there is no liquidity risk of inability to fulfill contractual obligations.

The following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of the financial liabilities from the earliest date on which the Company may be required to pay the principal.

The Company may be required to immediately pay the principal amount within the earliest period listed below, regardless of the probability of exercising immediate enforcement rights by the bank.

December 31, 2022

	On Demand or Less than 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 11,912,966	$ -	$ -	$ 11,912,966
Lease liabilities	43,740	159,757	43,048	246,545
Floating interest rate liabilities	588,528	1,075,789	-	1,664,317
Fixed interest rate liabilities	750,000	-	-	750,000
	$ 13,295,234	$ 1,235,546	$ 43,048	$ 14,573,828

December 31, 2021

	On Demand or Less than 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 10,531,495	$ 526,110	$ -	$ 11,057,605
Lease liabilities	43,740	189,229	57,316	290,285
Floating interest rate liabilities	100,000	1,261,397	-	1,361,397
Fixed interest rate liabilities	1,110,000	-	-	1,110,000
	$ 11,785,235	$ 1,976,736	$ 57,316	$ 13,819,287

30. TRANSACTIONS WITH RELATED PARTIES

The Company had the following transactions with related parties:

a. Name and relationship of related parties

Name of related party	Relationship with the Company
Dynapack Technologies (Cayman) Corporation (hereinafter referred to as the "Dynapack (Cayman)")	Subsidiary of the Company
Dynapack (Suzhou) Co., Ltd. (hereinafter referred to as the "Dynapack (Suzhou)")	Subsidiary of the Company

b. Sale

Type of related party	For the Years ended December 31 2022	2021
Subsidiary		
Dynapack (Cayman)	$ 23,183	$ 42,226

c. Purchases

Type of related party	For the Years ended December 31 2022	2021
Subsidiary		
Dynapack (Cayman)	$4,914,104	$5,538,749

Purchases from related parties mainly comprise finished goods. Due to the fact that no exact same goods can be sourced from unrelated parties, no meaningful comparison on purchase price and payment term could be made with unrelated parties.

d. Materials expense (presented as research and development expense)

Type of related party	For the Years ended December 31 2022	2021
Subsidiary		
Dynapack (Cayman)	$ 2,792	$ 4,724

e. Royalty income (presented other income)

Type of related party	For the Years ended December 31	
	2022	2021
Subsidiary		
Dynapack (Suzhou)	$ 6,425	$ 14,513

The Company has signed a technology licensing contract with Dynapack (Suzhou), in which the Company licenses its proprietary technology to Dynapack (Suzhou) in exchange for a royalty fee of 1.5%-2.0% on the total value of products sold in relation to the licensed technology.

f. Related party receivables

Type of related party	December 31	
	2022	2021
Subsidiary		
Dynapack (Cayman)	$ 621,762	$ 1,265,512

Outstanding related party receivables are the selling of materials and no security was obtained on outstanding related party receivables. No ECL was provided on related party receivables as of the end of 2022 and 2021.

g. Trade payables to related parties

Type of related party	December 31	
	2022	2021
Subsidiary		
Dynapack (Cayman)	$ 9,099,675	$ 8,336,088

No security was provided on outstanding related party payables.

h. Other receivables from related parties

Type of related party	December 31	
	2022	2021
Subsidiary		
Dynapack (Suzhou)	$ 3,338	$ 10,072
Dynapack (Cayman)	29	152
	$ 3,367	$ 10,224

i. Other payables from related parties

Type of related party	December 31	
	2022	2021
Subsidiary		
Dynapack (Suzhou)	$ 1,714	$ 1,846

j. Remuneration of key management personnel

The remuneration of directors and key executives is as follows:

	For the Years ended December 31	
	2022	2021
Short-term employee benefit	$ 57,064	$ 70,248
Post-employment benefit	540	466
Other long-term benefit	17	20
Share-based payments	1,461	2,467
	$ 59,082	$ 73,201

The remuneration of directors and key executives, as determined by the remuneration committee and the board of directors, is based on the overall performance of the Company and individuals and market trends.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	Foreign Currency (in thousands)	Exchange Rate	Carrying Amount (In thousands)
Assets denominated in foreign currencies			
Monetary items			
USD	$ 286,689	30.728	$ 8,809,388
Non-monetary items			
Subsidiaries for using the equity method			
USD	304,788	30.728	$ 9,365,517
Liabilities denominated in foreign currencies			
Monetary items			
USD	359,239	30.728	$ 11,038,687

December 31, 2021

	Foreign Currency (in thousands)	Exchange Rate	Carrying Amount (In thousands)
Assets denominated in foreign currencies			
Monetary items			
USD	$ 270,529	27.685	$ 7,489,584
Non-monetary items			
Subsidiaries for using the equity method			
USD	$ 317,690	27.685	$ 8,795,242

Liabilities denominated in foreign currencies			
Monetary items			
USD	378,008	27.685	$ 10,465,154

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	For the Years ended December 31 2022	2021
USD	($ 229,961)	$ 93,834
RMB	131	21
Others (EUR)	126	-
	($ 229,704)	$ 93,855

32. SEPARATELY DISCLOSED ITEMS

a. Significant transactions and b. Information on investees

1) Financing provided to others: None.

2) Endorsements/guarantees provided: None.

3) Marketable securities held (excluding investments in subsidiaries and associates): Table 1.

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: Table 2.

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 3.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.

9) Trading in derivative instruments: None.

10) Information on investees: Table 5.

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 investment, inward and outward remittance of funds, ownership percentage, net profit and loss for the year, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains

or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: Table 3.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: Table 3.

c) The amount of property transactions and the amount of the resultant gains or losses: Note 30.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds: None.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: Note 30.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 7.

DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated 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 (In Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
Dynapack Technologies (Cayman) Corporation	Silicon Motion Technology Corporation- ordinary shares	None	Financial assets at fair value through profit or loss - current	55	$ 109,836	0.17	$ 109,836	-
	Zentera Systems, Inc. A-1 - preference shares	None	Financial assets at fair value through profit or loss - current	662	-	4.07	-	-
	Zentera Systems, Inc. A-2 - preference shares	None	Financial assets at fair value through profit or loss - current	368	-	2.26	-	-
	Zentera Systems, Inc. - convertible bonds	None	Financial assets at fair value through profit or loss - current	-	15,372	N/A	15,372	-
Dynapack Investment Corporation	Taiwan Fertilizer Co., Ltd. - ordinary shares	None	Financial assets at fair value through profit or loss - current	432	23,112	0.04	23,112	-
	I Sheng Electric Wire & Cable Co., Ltd. - ordinary shares	None	Financial assets at fair value through profit or loss - current	602	25,404	0.32	25,404	-
	Gotech Energy Co., Ltd. - ordinary shares	None	Financial assets at fair value through profit or loss - current	750	-	4.92	-	-
	Vactronics technologies Inc. - ordinary shares	None	Financial assets at fair value through profit or loss - current	3,201	295,492	5.33	295,492	-
	Chun Yuan Industry Co., Ltd. - ordinary shares	None	Financial assets at fair value through profit or loss - current	679	10,830	0.10	10,830	-

Note: The marketable securities were not pledged.

DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Dynapack International Technology Corporation	Construction of the second phase of the factory building	2022.04.26	$ 1,280,000 (Including value-added business tax)	By contract	Immense Team Construction & Building Co. Ltd.	None	-	-	-	-	Not applicable	Asset activation	None

DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Dynapack International Technology Corporation	Dynapack Technologies (Cayman) Corporation	Subsidiary company	Purchase	$ 4,914,104	28	Note 1	None	None	$(9,099,675)	82	-
Dynapack Technologies (Cayman) Corporation	Dynapack International Technology Corporation	Parent company	Sale	4,914,104	100	Note 1	None	None	9,099,675	80	-
	DynaPack (Suzhou) Co., Ltd.	Subsidiary company	Purchase	4,865,189	100	Note 1	None	None	(7,488,418)	77	-
Dynapack (Suzhou) Co., Ltd.	Dynapack Technologies (Cayman) Corporation	Parent company	Sale	4,865,189	98	Note 1	None	None	7,488,418	98	-

Note 1: Open account 60 days, and the Company may make adjustments according to its working capital requirements.

DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 1)	Allowance for Impairment Loss
					Amount	Actions Taken		
Dynapack International Technology Corporation	Dynapack Technologies (Cayman) Corporation	Subsidiary company	$ 621,762	13.27	$ -	-	US$ 6,794	$ -
Dynapack Technologies (Cayman) Corporation	Dynapack International Technology Corporation	Parent company	9,099,675	1.99	-	-	US$ 80,496	-
Dynapack (Suzhou) Co., Ltd.	Dynapack Technologies (Cayman) Corporation	Parent company	7,488,418	2.44	-	-	US$ 80,347	-

Note 1: Subsequent period will be on February 28, 2023.

DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 1)		As of December 31, 2022			Net Income (Loss) of the Investee (Notes 2 and 3)	Share of Profits (Loss) (Notes 2 and 3)	Note
				December 31, 2022	December 31, 2021	Number of Shares (In Thousands)	%	Carrying Amount			
Dynapack International Technology Corporation	Dynapack Technologies (Cayman) Corporation	British Cayman Islands	Investment and selling lithium-ion battery packs	$ 2,298,472 (US$ 74,186)	$ 2,610,052 (US$ 84,186)	74,186	100	$ 9,351,897	$ 565,331 (US$ 18,825)	$ 581,405 (Note 4)	Subsidiary
	Dynapack Investment Corporation	ROC	Investment	480,000	480,000	48,000	100	574,947	70,966	70,966	Subsidiary
	Chih Ho Shun Development Co., Ltd.	ROC	New towns, new community development	15,000	15,000	1,500	30	12,779	(3,129)	(938)	Investee accounted for using the equity method
Dynapack Technologies (Cayman) Corporation	Dynapack Technology (Hong Kong) Corporation Limited	Hong Kong	Investment	2,236,165 (US$ 72,300)	2,236,165 (US$ 72,300)	82,300	100	7,605,337	571,683 (US$ 19,016)	571,683 (US$ 19,016)	Subsidiary (Notes 5)

Note 1: The calculation was based on the original investment cost.

Note 2: The calculation was based on the average exchange rate for the year ended December 31, 2022.

Note 3: The basis for investment income (loss) recognition, except for Chih Ho Shun Development Co., Ltd., is the financial statements audited and attested by parent company's CPA in the ROC.

Note 4: The difference is the net written-off amount of $16,074 thousand in upstream transactions.

Note 5: For information on investee companies in mainland China, refer to Table 6.

DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1)	Remittance of Funds (Note 1)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Note 1)	Net Income (Loss) of the Investee (Notes 2 and 3)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 3)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outflow	Inflow						
Dynapack (Suzhou) Co., Ltd.	Manufacturing and selling various lithium-ion battery packs, nickel-metal hydride battery packs, new electronic components, wireless communication modules, various chargers and technical development of power management systems, etc.	$ 2,487,238 (US$ 80,000) (Note 4)	(Note 5)	$ 2,229,856 (US$ 72,100)	$ -	$ -	$ 2,229,856 (US$ 72,100)	$ 571,830 (RMB 127,955)	100	$ 571,830 (RMB 127,955)	$ 7,599,348	$ -

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
$2,229,856 (US$72,100)	$2,229,856 (US$72,100)	$5,138,467

Note 1: The calculation was based on the original investment cost.

Note 2: The calculation was based on the average exchange rate for the year ended December 31, 2022.

Note 3: The basis for investment income (loss) recognition is the financial statements audited and attested by parent company's CPA in the ROC.

Note 4: The paid-in capital includes the original outward remittance for investment from Taiwan of US$72,100 thousand and the earnings transferred to ordinary shares of US$7,900 thousand.

Note 5: The Company indirectly invested in mainland China through Dynapack Technology (Hong Kong) Corporation Limited by investing via a third region.

TABLE 7

DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
December 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Hua Long Financial Co., Ltd.	7,620,431	5.07

Note1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

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

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

Statement 1

Dynapack International Technology Corporation

Statement of cash and cash equivalents
December 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Amount
Cash on hand		$ 499
Checking deposits and Demand deposits		
	NTD 260,788 thousand	260,788
	USD 30,367 thousand (Note)	933,125
	EUR 130 thousand (Note)	4,270
	RMB 1,837 thousand (Note)	8,147
Subtotal		1,206,330
Cash equivalent - Time deposits with original maturities less than 3 months	USD 44,840 thousand; matures in February ~March 2023; interest rate at 4.35%~5.00% per annum	1,377,843
Total		$ 2,584,672

Note: Exchange rate: USD$1＝NTD$30.728

EUR$1＝NTD$32.862

RMB$1＝NTD$4.435

Statement 2

Dynapack International Technology Corporation

Statement of trade receivables
December 31, 2022
(In Thousands of New Taiwan Dollars)

Customer name	Amount
Unrelated parties	
Customer A	$ 2,752,033
Customer B	932,657
Customer C	733,365
Others (Note)	509,369
	4,927,424
Related parties	
Dynapack Technologies (Cayman) Corporation	621,762
Total	$ 5,549,186

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

Statement 3

Dynapack International Technology Corporation

Statement of inventories
December 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Finished goods	$ 913,484	$ 967,291
Raw materials	1,239,329	1,300,156
Total	$ 2,152,813	$ 2,267,447

Note 1: Inventory write-downs reversed of NT$9,139 thousand were recognized for the year ended December 31, 2022.

Note 2: The allowance for inventory write-down was NT$212,087 thousand as of December 31, 2022.

Dynapack International Technology Corporation

Statement of changes in investments accounted for using the equity method
December 31, 2022
(In Thousands of New Taiwan Dollars)

	Balance ,January 1,2021			Additions in Investment		Decrease in Investment (Note 3)		Changes in equity of subsidiaries	Share of loss of associates accounted for using the equity method	Exchange differences on translation of the financial statements of foreign operations	Balance, December 31,2022				
Name	Shares (In thousands)	Percentage of Ownership (%)	Amount	Shares (In thousands)	Amount	Shares (In thousands)	Amount	(Note 1)	(Note 2)		Shares (In thousands)	Percentage of Ownership (%)	Amount	Net Assets Value	Collateral
Accounted using the equity method															
Dynapack Technologies (Cayman) Corporation	84,186	100%	$ 8,765,547	-	$ -	(10,000)	$ 311,580	$ 2,015	$ 581,405	$ 314,510	74,186	100%	$ 9,351,897	$ 9,365,517	None
Dynapack Investment Corporation	48,000	100%	568,921	-	-	-	64,800	(140)	70,966	-	48,000	100%	574,947	574,947	None
Chih Ho Shun Development Co., Ltd.	1,500	30%	13,717	-	-	-	-	-	(938)	-	1,500	30%	12,779	12,779	None
			$ 9,348,185		$ -		$ 376,380	$ 1,875	$ 651,433	$ 314,510			$ 9,939,623	$ 9,953,243	

Note 1: Represents capital investments arising from employee share options granted to subsidiaries' employees.

Note 2: Share of profit (loss) totaling $581,405 thousand from Dynapack Technologies (Cayman) Corporation was recognized using the equity method which have already been included eliminated gain on upstream transactions totaling $16,074 thousand.

Note 3: Decrease in the current year was due to Dynapack Technologies (Cayman) Corporation capital reduction of 10,000 shares and remittance of the original investment cost of $311,580 thousand and $64,800 thousand of cash dividends received from Dynapack Investment Corporation.

Statement 5

Dynapack International Technology Corporation

Statement of short-term borrowings
December 31, 2022
(In Thousands of New Taiwan Dollars)

Lending bank	Loan tenor	Annual interest rate (%)	Balance, December 31,2022	Loan limit	Collateral or security
CTBC Bank	2022.08.18-2023.02.17	1.400%	$ 250,000	$ 250,000	None
Taishin International Bank	2022.12.14-2023.01.13	1.400%	100,000	400,000	None
Cathay United Bank	2022.12.28-2023.01.19	1.540%	400,000	500,000	None
			$ 750,000	$ 1,150,000	

Statement 6

Dynapack International Technology Corporation

Statement of trade payables
December 31, 2022
(In Thousands of New Taiwan Dollars)

Supplier name	Amount
Unrelated parties	
Supplier A	$ 571,139
Supplier B	503,001
Supplier C	292,844
Supplier D	131,614
Supplier E	129,167
Supplier F	111,357
Others (Note)	200,918
Subtotal	1,940,040
Related parties	
Dynapack Technologies (Cayman) Corporation	9,099,675
Total	$ 11,039,715

Note: The amount of individual supplier included in others does not exceed 5% of the account balance.

Dynapack International Technology Corporation

Statement of long-term borrowings
December 31, 2022
(In Thousands of New Taiwan Dollars)

Lending bank	Tenor and repayment method	Annual interest rate (%)	Amount: Maturing within 1 year	Amount: Maturing after 1 year	Amount: Total	Collateral or security
Taishin International Bank	From 2020.04.07 to 2025.04.07. Loans are repayable in 24 equal monthly installments starting from 2023.04.15	0.475%	$ 43,654	$ 72,756	$ 116,410	None
CTBC Bank	From 2020.01.30 to 2025.01.30. Some of the loans are repayable in one lump sum on 2024.08.31, while others are repayable in 24 equal monthly installments starting from 2023.02.15	0.475%-1.670%	44,874	1,003,033	1,047,907	None
Bank of Taiwan	From 2022.12.21 to 2023.12.13. Repayable in one lump sum on 2023.12.13	1.520%	500,000	-	500,000	None
			$ 588,528	$ 1,075,789	$ 1,664,317	

Statement 8

Dynapack International Technology Corporation

Statement of operating revenue
For the year ended December 31, 2022
(In Thousands of New Taiwan Dollars/ thousand pieces)

Item	Quantity	Amount
Lithium-ion battery packs	42,377	$ 18,599,527
Others	-	45,480
Net sales revenue		$ 18,645,007

Dynapack International Technology Corporation

Statement of operating costs
For the year ended December 31, 2022
(In Thousands of New Taiwan Dollar)

Item	Amount
Raw materials consumed	
Opening raw materials	$ 1,485,856
Purchases for the year	12,446,834
Cost of raw materials sold	(12,407,302)
Reclassified to expenses and others	(1,293)
Closing raw materials	(1,382,812)
Raw materials consumed	141,283
Direct labor	20,601
Manufacturing overhead	73,475
Manufacturing cost	235,359
Opening finished goods	1,254,875
Purchases for the year	4,877,668
Closing finished goods	(982,087)
Reclassified to expenses and others	(92,800)
Cost of raw materials sold	12,407,302
Cost of goods sold	17,700,317
Inventory write-downs reversed	(9,139)
Operating costs	$ 17,691,178

Statement 10

Dynapack International Technology Corporation

Statement of selling and marketing expenses
For the year ended December 31, 2022
(In Thousands of New Taiwan Dollar)

Item	Amount
Salaries expense (including compensation and bonus of employees)	$ 21,625
Export charges	7,282
Insurance expense	2,850
Others (Note)	7,071
Total	$ 38,828

Note: The amount of each item in others does not exceed 5% of the account balance.

Statement 11

Dynapack International Technology Corporation

Statement of general and administrative expenses
For the year ended December 31, 2022
(In Thousands of New Taiwan Dollar)

Item	Amount
Salaries expense (including compensation and bonus of employees)	$ 67,413
Taxes	24,464
Directors' fees	17,730
Depreciation	23,387
Insurance expense	12,724
Others (Note)	33,070
Total	$ 178,788

Note: The amount of each item in others does not exceed 5% of the account balance.

Statement 12

Dynapack International Technology Corporation

Statement of research and development expenses
For the year ended December 31, 2022
(In Thousands of New Taiwan Dollar)

Item	Amount
Salaries expense (including compensation and bonus of employees)	$ 193,659
Insurance expenses	43,035
Depreciation	19,283
Others (Note)	61,223
Total	$ 317,200

Note: The amount of each item in others does not exceed 5% of the account balance.