Stock Code:3563

MACHVISION INC. CO., LTD.

Parent Company Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Machvision Inc. Co., Ltd.:

Opinion

We have audited the financial statements of Machvision Inc. (the "Company"), which comprise the statement of financial position as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years 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 Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

   Please refer to notes 4(n) and 6(p) for disclosures related to revenue recognition.
   Description of key audit matter:
   Revenue is the key indicator used by investors and management while evaluating the Company's finance or operating performance. The accuracy of the timing and amount of revenue recognition have significant impact on the financial statements. Therefore, we consider it as one of our key audit matters.

   How the matter was addressed in our audit:
   Understanding and testing the effectiveness of the design of, and implementing the internal control of sales and collecting cycles; reviewing the revenue recognition of significant sales contracts to determine whether the key judgment, estimation, and accounting treatment are reasonable; understanding the type of products and the sales of machinery equipment of the top 10 customers; calculating the turnover days of sales and accounts receivable to ensure whether clients' credit terms are in accordance with the ratios, and analyzing the changes in the top 10 customers from the most recent period and prior year to determine if there were any abnormalities; selecting sales transaction from a certain period of time before and after the last shipping date, and verifying them with the vouchers to determine the accuracy of the timing whether there are any abnormalities; as well as understanding whether there is a significant subsequent sales returns.

2. Impairment of trade receivables

   Please refer to notes 4(f), 5 and 6(b) for disclosures related to impairment of trade receivables.

   Description of key audit matter:
   The notes, accounts and long-term accounts receivable constituted 33% of total assets of the Company as of December 31, 2022, and the impairment of notes, accounts and long-term accounts receivable depends on the evaluation of the management based on the evidence of internal and external factors, both subjective and objective. Therefore, we consider them as one of our key audit matters.

   How the matter was addressed in our audit:
   Testing the effectiveness of control points relating to cash collection; obtaining the list of accounts receivable balance to send confirmations for selected samples; acquiring the Company' s computation of impairment loss rate to review its appropriateness; deriving the aging analysis of accounts receivables to verify the accuracy of aging periods by examining relevant documents of selected receivables; reviewing whether the recognition of provision for the impairment loss is based on the impairment loss rate; and evaluating whether the recognition of impairment on accounts receivable made by the management is reasonable.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

The governance unit (including the audit committee) of MACHVISION, INC. is responsible for supervising the financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

KPMG

Taipei, Taiwan (Republic of China)
February 16, 2023

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying 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' review report and financial statements shall prevail.

MACHVISION INC.

Parent Company Only Balance Sheets

(In Thousands of New Taiwan Dollars)

Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
Current assets:				
Cash and cash equivalents (note 6(a))	$ 1,539,497	40	1,727,941	39
Notes receivable (notes 6(b) and (p))	377	-	205	-
Accounts receivable, net (notes 6(b) and (p))	600,014	15	1,019,149	23
Accounts receivable-related parties (notes 6(b), (p) and 7)	372,478	10	340,347	8
Other receivables	10,335	-	12	-
Other receivables-related parties(note 7)	34,595	1	3,620	-
Inventories (note 6(c))	320,575	8	385,442	9
Prepayments	3,643	-	2,633	-
Other current assets	1,713	-	5	-
Total current assets	2,883,227	74	3,479,354	79
Non-current assets:				
Financial assets at fair value through profit or loss—non-current (note 6(e))	9,644	-	9,644	-
Investment using the equity method (note 6(d))	154,973	4	131,297	3
Property, plant and equipment (note 6(f))	217,561	6	237,639	5
Right-of-use assets (note 6(g))	250,205	7	259,549	6
Deferred income tax assets (note 6(m))	31,388	1	46,831	1
Refundable deposits	13,582	-	8,401	-
Long-term receivables (notes 6(b) and (p))	152,133	4	132,127	3
Long-term receivable-related parties (notes 6(b)、(p) and 7）	162,909	4	118,436	3
Other non-current assets (notes 8)	11,586	-	11,551	-
Total non-current assets	1,003,981	26	955,475	21
Total assets	**$ 3,887,208**	**100**	**4,434,829**	**100**

Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
Current liabilities:				
Current contract liabilities (note 6(p))	$ 33,626	1	75,607	2
Notes payable	133	-	116	-
Accounts payable	166,311	4	298,884	7
Accounts payable-related parties (note 7)	35,130	1	42,021	1
Other payables (note 6(q))	252,577	7	300,689	7
Dividends payable (note 6(n))	-	-	89,457	2
Other payables-related parties (note 7)	83,759	2	78,900	2
Current tax liabilities	122,303	3	194,852	4
Provisions — current (note 6(j))	12,258	-	16,556	-
Current lease liabilities (note 6(i))	13,392	1	14,684	-
Deferred income (note 6(k))	-	-	990	-
Current portion of long-term borrowings (note 6(k))	-	-	27,500	1
Other current liabilities	1,455	-	4,529	-
Total current liabilities	720,944	19	1,144,785	26
Non-current liabilities:				
Long-term borrowings (note 6(k))	-	-	173,190	4
Non-current lease liabilities (note 6(i))	241,776	6	248,383	6
Long-term deferred income (note 6(k))	-	-	1,445	-
Net defined benefit liabilities (note 6(l))	10,077	-	11,692	-
Investment using the equity method with credit balance(note 6(d))	-	-	3,289	-
Total non-current liabilities	251,853	6	437,999	10
Total liabilities	972,797	25	1,582,784	36
Equity(note 6(n)):				
Ordinary shares	447,282	12	447,282	10
Capital surplus:				
Additional paid-in capital	121,003	3	165,731	4
Other capital surplus	31	-	28	-
	121,034	3	165,759	4
Retained earnings:				
Legal reserve	578,509	15	501,410	11
Special reserve	4,003	-	3,694	-
Unappropriated retained earnings	1,767,629	45	1,738,098	39
	2,350,141	60	2,243,202	50
Other equity interest:				
Foreign currency translation differences for foreign operations	(4,046)	-	(4,198)	-
Total equity	2,914,411	75	2,852,045	64
Total liabilities and equity	**$ 3,887,208**	**100**	**4,434,829**	**100**

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

MACHVISION INC.

Parent Company Only Statements of Comprehensive Income

(In Thousands of New Taiwan Dollars , Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
Operating revenue (note 6(p) and 7)	$ 1,924,661	100	2,573,526	100
Operating costs (notes 6(c), (f), (g), (i),(j),(l),(q)and 7)	909,467	47	1,030,315	40
Gross profit	1,015,194	53	1,543,211	60
Decrease: unrealized sales benefits	4,714	-	5,032	-
Gross profit from operations	1,010,480	53	1,538,179	60
Operating expenses (notes 6(b), (f), (g), (h) ,(i), (l),(q)and 7):				
Selling expenses	128,612	7	155,856	6
Administrative expenses	110,143	7	113,323	5
Research and development expenses	217,939	11	253,190	10
Reversal of impairment loss determined in accordance with IFRS 9	(8,973)	(1)	(15,520)	1
Total operating expenses	447,721	24	506,849	20
Net operating income	562,759	29	1,031,330	40
Non-operating income and expenses (note 6(i), (r) and 7)):				
Interest income	5,185	-	2,754	-
Other income	49,001	3	33,411	1
Other gains and losses	82,920	4	(26,662)	(1)
Financial costs	(5,693)	-	(6,149)	-
Share of profit of subsidiaries for using equity method	41,620	2	5,121	
Total non-operating income and expenses	173,033	9	8,475	
Net income before tax	735,792	38	1,039,805	40
Less: Income tax expenses (note 6(m))	138,468	7	212,060	8
Net income	597,324	31	827,745	32
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss:				
Losses on remeasurements of defined benefit plans	1,626	-	(397)	-
Less: income tax related to items that will not be reclassified to profit or loss	-	-	-	-
Total items that will not be reclassified subsequently to profit or loss	1,626	-	(397)	-
Items that will be reclassified subsequently to profit or loss:				
Financial statements translation differences for foreign operations	190	-	(855)	-
Less: income tax related to items that will be reclassified to profit or loss	38	-	(171)	-
Total items that will be reclassified subsequently to profit or loss	152	-	(684)	-
Other comprehensive income (loss), net of tax	1,778	-	(1,081)	-
Total comprehensive income	$ 599,102	31	826,664	32
Earnings per share (note 6(o)):				
Basic earnings per share (in New Taiwan dollars)	$ 13.35		18.51	
Diluted earnings per share (in New Taiwan dollars)	$ 13.22		18.36	

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

MACHVISION INC.

Parent Company Only Statements of Changes in Equity

(In Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity interest	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of foreign financial statements	Total equity
Balance at January 1, 2021	$ 447,282	568,312	438,263	3,791	1,064,573	1,506,627	(3,514)	2,518,707
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	63,147	-	(63,147)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(89,457)	(89,457)	-	(89,457)
Reversal of special reserve	-	-	-	(97)	97	-	-	-
Cash dividends from capital surplus	-	(402,554)	-	-	-	-	-	(402,554)
Other changes in capital surplus	-	5	-	-	-	-	-	S5
Net income	-	-	-	-	827,745	827,745	-	827,745
Other comprehensive income	-	-	-	-	(397)	(397)	(684)	(1,081)
Total comprehensive income	-	-	-	-	827,348	827,348	(684)	826,664
Changes in non-controlling interests	-	(4)	-	-	(1,316)	(1,316)	-	(1,320)
Balance at December 31, 2021	447,282	165,759	501,410	3,694	1,738,098	2,243,202	(4,198)	2,852,045
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	77,099	-	(77,099)	-	-	-
Special reserve appropriated	-	-	-	309	(309)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(492,011)	(492,011)	-	(492,011)
Cash dividends from capital surplus	-	44,728	-	-	-	-	-	(44,728)
Other changes in capital surplus	-	3	-	-	-	-	-	3
Net income	-	-	-	-	597,324	597,324	-	597,324
Other comprehensive income	-	-	-	-	1,626	1,626	152	1,778
Total comprehensive income	-	-	-	-	598,950	598,950	152	599,102
Balance at December 31, 2022	**$ 447,282**	**121,034**	**578,509**	**4,003**	**1,767,629**	**2,350,141**	**(4,046)**	**2,914,411**

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

MACHVISION INC.

Parent Company Only Statements of Cash Flows

(In Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Net income before tax	$ 735,792	1,039,805
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	36,595	34,660
Amortization	-	83
Reversal of impairment loss determined in accordance with IFRS 9	(8,973)	(15,520)
Interest expense	5,693	6,149
Interest income	(5,185)	(2,754)
Dividend income	(1,321)	(884)
Share of profit of subsidiaries for using equity method	(41,620)	(5,121)
Loss on disposal of property, plant and equipment	-	121
Unrealized sales benefits	4,714	5,032
Total adjustments to reconcile profit	(10,097)	21,766
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Notes receivable	(172)	(30)
Accounts receivable(including long-term)	407,757	(187,332)
Accounts receivable-related parties(including long-term)	(76,604)	3,337
Other receivables	(192)	(12)
Other receivables-related parties	(30,975)	20,959
Inventories	63,494	(50,022)
Prepayments	(1,010)	107
Other current assets	(1,708)	5,108
Total changes in operating assets, net	360,590	(207,885)
Net changes in operating liabilities:		
Contract liabilities	(41,981)	53,559
Notes payable	17	(100)
Accounts payable	(132,573)	71,110
Accounts payable-related parties	(6,891)	1,233
Other payables	(48,112)	15,895
Other payables-related parties	4,859	9,285
Provisions	(4,298)	3,114
Other current liabilities	(3,074)	2,744
Net defined benefit liability	11	9
Total changes in operating liabilities, net	(232,042)	156,849
Total changes in operating assets / liabilities, net	128,548	(51,036)
Total adjustments	118,451	(29,270)
Cash provided by operating activities	854,243	1,010,535
Interest income received	5,530	2,195
Income tax paid	(195,612)	(176,428)
Net cash provided by operating activities	664,161	836,302
Cash flows from investing activities:		
Acquisition of investments accounted for using the equity method	-	(36,295)
Acquisition of property, plant and equipment	(2,454)	(16,523)
Decrease in refundable deposits	(5,181)	319
Decrease (increase) in other non-current assets	(35)	4,745
Dividends received	1,321	884
Net cash used in investing activities	(6,349)	(46,870)
Cash flows from financing activities:		
Repayments of long-term debt	(203,125)	(16,875)
Payment of lease liabilities	(11,129)	(12,649)
Cash dividends paid	(626,196)	(402,554)
Interest paid	(5,809)	(3,450)
Surplus not paid due to overdue	3	5
Net cash used in financing activities	(846,256)	(435,523)
Net increase(decrease) in cash and cash equivalents	(188,444)	353,909
Cash and cash equivalents at beginning of period	1,727,941	1,374,032
Cash and cash equivalents at end of period	**$ 1,539,497**	**1,727,941**

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

MACHVISION INC. CO., LTD.
Notes to the Parent Company Only Financial Statements
For the years ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

(1) Company history

MACHVISION INC. CO., LTD. (the Company) was incorporated in June 9, 1998 as a company limited by shares under the laws of the Republic of China (ROC). The address of the Company’s registered office is No. 2-3, Gongye East 2nd Road, Hsinchu Science Park, Hsinchu 30075, Taiwan, R.O.C.. The Company is mainly engaged in the manufacturing and trading of optical inspection machinery equipment.

(2) Approval date and procedures of the financial statements

The financial statements were approved by the Board of Directors and published on February 16, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

● Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”

● Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”

● Annual Improvements to IFRS Standards 2018–2020

● Amendments to IFRS 3 “Reference to the Conceptual Framework”

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

● Amendments to IAS 1 “Disclosure of Accounting Policies”

● Amendments to IAS 8 “Definition of Accounting Estimates”

● Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to The Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when The Company completes its evaluation.

The Company does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

(4) Summary of significant accounting policies

The significant accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC).

(b) Basis of preparation

(i) Basis of measurement

The financial statements have been prepared on a historical cost basis, unless otherwise stated (Refer to the summary on significant accounting policies).

(ii) Functional and reporting currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when The Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless The Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, on initial recognition, The Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, long-term receivable, guarantee deposit paid and other non-current assets).

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, The Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on The Company's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which The Company is exposed to credit risk.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to The Company in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to The Company in accordance with the contract and the cash flows that The Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, The Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when The Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with The Company’s procedures for recovery of amounts due.

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when The Company transfers substantially all the risks and rewards of ownership of the financial assets.

(ii) Financial liabilities and equity instruments

1) Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, The Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

The cost of inventories consists of all necessary costs incurred in bringing the inventories to a condition and location ready for sale or production. Manufacturing expense is allocated to finished goods and work in progress based on labor hours. The cost of inventories is calculated using the weighted average method.

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in subsidiaries

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangement into two types-joint operations and joint ventures, and have the following characteristics: (a) The parties are bound by a contractual arrangement; (b) The contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 “Joint Arrangements” defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e. activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the Company has joint control of the arrangement (i.e. joint ventures) in which the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The company recognizes its interest in a joint venture as an investments and accounts for that investment using the equity method in accordance with IAS 28 “Investments in Associates and Joint Ventures”, unless, the Company qualifies fo exemption from that Standard.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to The Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	4~50 years
Machinery equipment	2~15 years
Other equipment	2~10 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(j) Leases

At inception of a contract, The Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When The Company is the leasee, recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by using the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, The Company’s incremental borrowing rate. Generally, The Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in The Company’ s estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, The Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents its right-of-use assets that do not meet the definition of investment and its lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize the right-of-use assets and lease liabilities for its short-term leases that have a lease term of 12 months or less and leases of low-value assets, including its office equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Intangible assets

Intangible assets comprise the computer software expense and the technology capital contributed by the shareholders of The Company and approved by the Ministry of Economic Affairs R.O.C. The cost of computer software is amortized over 10 years and the capital is amortized over 20 years, both are calculated using the straight-line method and are recorded under operating expenses.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the changes are accounted for as changes in accounting estimates.

(l) Impairment of non-financial assets

At each reporting date, The Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, The Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue

Revenue is measured based on the consideration to which The Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for The Company's main types of revenue are explained below.

(i) Sale of goods

The Company recognizes revenue when control of the products has been transferred. When the products are delivered to the customer, the ownership of the significant risks and rewards of the products have been transferred to the customer, and The Company is no longer engaged with the management of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer.

At the time of sale, The Company renders the standard warranty stated in the agreement, which is recognized as a provision for warranty.

A receivable is recognized when the goods are delivered, as this is the point in time that The Company has a right to an amount of consideration that is unconditional.

(ii) Services

The Company provides maintenance services and improvement of old machines, and revenue is recognized when it satisfies a performance obligation by transferring control of a service to a customer.

(o) Government grants

The Company recognizes deferred income at fair value if there is reasonable assurance that they will be received and The Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis. Grants that compensate The Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of The Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for The Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company can reclassify the amounts recognized in other comprehensive income to retained earnings.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if The Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income tax

Income tax expenses include both current taxes and deferred income taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred income taxes shall be recognized in profit or loss.

Current taxes include tax payables or receivables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred income taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred income taxes shall not be recognized for the below exceptions:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred income tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities may be offset against each other if the following criteria are met:

(i) The entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) The taxing of deferred income tax assets and liabilities fulfill one of the below scenarios:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred income tax asset should be recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be reevaluated every year on the financial reporting date, adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(r) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The weighted average number of common shares outstanding is adjusted retroactively for the increase in common shares outstanding from stock issuance arising from the capitalization of retained earnings, or additional paid in capital.

When computing diluted earnings per share with regards to employee bonuses in the form of stock, the closing price at the balance sheet date is used as the basis of computation in the number of shares to be issued. When computing diluted earnings per share prior to the following year's Board of Directors the effect of dilution from these potential stocks is taken into consideration.

(s) Operating segments

The Company has disclosed information about operating segment in its financial statements. Hence no further information is disclosed in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the financial statements to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no critical judgments in applying the accounting policies that have significant effect on the amounts recognized in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Impairment of notes, accounts and long-term receivables

The Company has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used to estimate of the impairment of notes and accounts receivable.

(b) Inventory measurement

As inventories are stated at the lower of cost or net realizable value, The Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value is subject to market price fluctuations and market demands after the reporting date.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 1,838	1,301
Saving deposits	227,230	868,296
Foreign currency deposits	460,173	130,556
Time deposits	850,256	727,788
Cash and cash equivalents per statements of cash flow	$ 1,539,497	1,727,941

The expiry date of three months to a year on deposit satisfy the highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

Please refer to note 6(s) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Company.

(b) Notes, accounts and long-term accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 307	205
Accounts receivable	620,830	1,048,938
Receivables from related parties	372,478	340,347
Long-term accounts receivable	152,580	132,229
Long-term accounts receivable from related parties	162,909	118,436
Less: allowance for impairment	20,816	29,789
unrealized interest income	447	102
	$ 1,287,911	1,610,264

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information. After evaluating, there were no credit losses because counter parties to the Company's account and long-term receivables from related parties were all the subsidiaries. The expected credit losses from the Company's non-related parties were determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 567,100	0.014%	77
1 to 90 days past due	115,326	0.230%	266
91 to 180 days past due	34,843	1.668%	581
181 to 270 days past due	27,881	7.754%	2,162
271 to 365 days past due	17,163	39.055%	6,703
Past due over 365 days	11,027	100.000%	11,027
	$ 773,340		20,816

	December 31, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 926,828	0.008%	77
1 to 90 days past due	88,563	0.400%	354
91 to 180 days past due	124,240	2.160%	2,684
181 to 270 days past due	10,262	8.410%	863
271 to 365 days past due	11,747	52,618%	6,181
Past due over 365 days	19,630	100.000%	19,630
	$ 1,181,270		1,181,270

The movement in the allowance for accounts receivable was as follows:

	2022	2021
Balance at the beginning of the year	$ 29,789	45,309
Impairment losses reversed	(8,973)	(15,520)
Balance at the end of the year	$ 20,816	29,789

The Company does not hold any collateral for the collected amounts.

The carrying amounts of notes and accounts receivable with short maturity are not discounted under the assumption that the carrying amount approximates the fair value.

(c) Inventories

The components of the Company's inventories were as follows:

	December 31, 2022	December 31, 2021
Merchandise and finished goods	$ 42,470	48,142
Work in process	73,548	127,726
Raw material	204,552	209,503
Inventories in transit	5	71
	$ 320,575	385,442

The Company’s inventories were not provided as pledged assets.

Except for operating costs arising from the ordinary sale of inventories, other gains and losses directly recorded under operating cost were as follows:

	2022	2021
Losses(gains) on decline in market value of inventory	$ (620)	3,190
Losses on scrapping of inventory	14,533	4,591
Losses on physical count	7	25
	$ 13,920	7,806

d) Investments accounted for using equity method

The investments accounted for using equity method on the balance sheets date were as follows:

	December 31, 2022	December 31, 2021
Subsidiaries	$ 154,973	131,297

Credit balance on the investments accounted for using equity method:

	December 31, 2022	December 31, 2021
Subsidiaries	$ -	3,289

Please refer to Consolidated Financial Statements in 2022.

(e) Financial assets at fair value through profit or loss－non-current

	December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:		
Unlisted stocks (domestic)－Yayatech Co., Ltd.	$ 9,644	9,644

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company were as follows:

	Buildings	Machinery equipment	Other equipment	Construction in progress	Total
Cost:					
Balance at January 1, 2022	$ 263,964	8,907	25,068	11,640	309,579
Additions	-	-	2,454	-	2,454
Reclassification	-	466	907	-	1,373
Disposals	-	-	(1,247)	-	(1,247)
Balance at December 31, 2022	$ 263,964	9,373	27,182	11,640	312,159
Balance at January 1, 2021	$ 263,579	4,921	23,776	834	293,110
Additions	275	430	4,617	11,201	16,523
Reclassification	110	3,618	(45)	(395)	3,288
Disposals	-	(62)	(3,280)	-	(3,342)
Balance at December 31, 2021	$ 263,964	8,907	25,068	11,640	309,579
Depreciation and impairment losses:					
Balance at January 1, 2022	$ 59,002	2,867	10,071	-	71,940
Depreciation	15,647	2,380	5,878	-	23,905
Disposals	-	-	(1,247)	-	(1,247)
Balance at December 31, 2022	$ 74,649	5,247	14,702	-	94,598
Balance at January 1, 2021	$ 43,392	1,569	7,745	-	52,706
Depreciation	15,610	1,360	5,485	-	22,455
Disposals	-	(62)	(3,159)	-	(3,221)
Balance at December 31, 2021	$ 59,002	2,867	10,071	-	71,940
Carrying amounts:					
December 31, 2022	$ 189,315	4,126	12,480	11,640	217,561
December 31, 2021	$ 204,962	6,040	14,997	11,640	237,639
January 1, 2021	$ 220,187	3,352	16,031	834	240,404

(g) Right-of-use assets

The Company leases assets including land and buildings, and transportation equipment. Information about leases as a lessee is presented below:

		Land and buildings	Other equipment	Total
Cost:				
Balance at January 1, 2022	$	264,659	24,103	288,762
Additions		-	3,930	3,930
Lease modification		1,025	(1,609)	(584)
Balance at December 31, 2022	**$**	**265,684**	**26,424**	**292,108**
Balance at January 1, 2021	$	69,648	20,736	90,384
Additions		195,011	3,367	198,378
Balance at December 31, 2021	**$**	**264,659**	**24,103**	**288,762**
Depreciation:				
Balance at January 1, 2022	$	13,214	15,999	29,213
Depreciation		7,779	4,911	12,690
Balance at December 31, 2022	**$**	**20,993**	**20,910**	**41,903**
Balance at January 1, 2021	$	7,082	9,926	17,008
Depreciation		6,132	6,073	12,205
Balance at December 31, 2021	**$**	**13,214**	**15,999**	**29,213**
Carrying amounts:				
December 31, 2022	**$**	**244,691**	**5,514**	**250,205**
December 31, 2021	**$**	**251,445**	**8,104**	**259,549**
January 1, 2021	**$**	**62,566**	**10,810**	**73,376**

(h) Intangible assets

The cost, amortization and impairment loss of intangible assets were as follows:

		Industrial capital contribution	Computer software expense	Total
Cost:				
Balance at January 1, 2022	$	16,000	1,100	17,100
Disposals		(16,000)	(1,100)	(17,100)
Balance at December 31, 2022	**$**	**-**	**-**	**-**
Balance at January 1, 2021 (Balance at December 31, 2021)	**$**	**16,000**	**1,100**	**17,100**
Amortization and impairment loss:				
Balance at January 1, 2022	$	16,000	1,100	17,100
Disposals		(16,000)	(1,100)	(17,100)
Balance at December 31, 2022	**$**	**-**	**-**	**-**
Balance at January 1, 2021	$	16,000	1,017	17,017
Amortization		-	83	83
Balance at December 31, 2020	**$**	**16,000**	**1,100**	**17,100**
Carrying amounts:				
December 31, 2022	**$**	**-**	**-**	**-**
December 31, 2021	**$**	**-**	**-**	**-**
January 1, 2021	**$**	**-**	**83**	**83**

(i) The amortization of intangible assets were follows:

	2022	2021
Operating expenses	$ -	83

(ii) Impairment Loss

The Company recognized an impairment loss of $4,000 thousand after assessing the recoverable amount of the intangible asset (the technology capital contributed by the shareholders of the Company) on December 31, 2008. The intangible asset has been amortized for the year ended December 31, 2018.

(i) Lease liabilities

The Company's lease liabilities were as follow:

	December 31, 2022	December 31, 2021
Current	$ 13,392	14,684
Non-current	$ 241,776	248,383

For the maturity analysis, please refer to note 6(s).

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest on lease liabilities	$ 3,771	3,887
Expenses relating to short-term leases	$ 4,051	4,828
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 19	282

The amounts recognized in the statement of cash flows for the Company was as follows:

	2022	2021
Total cash outflow for leases	$ 19,662	18,947

(j) Provisions

	Warranties
January 1, 2022	$ 16,556
Provisions used during the year	13,606
Provisions reversal during the year	(17,904)
December 31, 2022	$ 12,258
January 1, 2021	$ 13,442
Provisions used during the year	19,661
Provisions reversal during the year	(16,547)
December 31, 2021	$ 16,556

The provision for warranties relates mainly to the machinery equipment sold. The provision is based on estimates made from historical warranty data associated with similar products and services. The Company expects to settle the majority of the liability over the next year.

(k) Long-term borrowings

The Company applied for a loan facility based on the "Action Plan for Accelerated Investment by Domestic Corporations", of which, $220,000 has been used by the Company as working capital for its business operation. The borrowing was measured at the market interest rate, and the difference between the market interest rate and the actual interest rate was recognized as deferred income.

The Company has fully repaid the above-mentioned borrowings on November 15, 2022.

	December 31, 2021			
	Currency	**Range of interest rates (%)**	**Year of maturity**	**Amount**
Unsecured loans	TWD	1.05~1.1	2022~2027	$ 203,125
Less: deferred income				2,435
				$ 200,690
Current				$ 27,500
Non-current				173,190
Total				**$ 200,690**

	December 31, 2022	**December 31, 2021**
Deferred income－Government grants:		
Current	$ -	990
Non-current	-	1,445
Total	**$ -**	**2,435**

(l) Employee benefits

(i) Defined benefit plans

The following table shows a reconciliation between the present value of the defined benefit obligation and the fair value of plan assets:

	December 31, 2022	**December 31, 2021**
The present value of the defined benefit obligations	$ 14,004	15,258
Fair value of plan assets	(3,927)	(3,566)
The net defined benefit liability	**$ 10,077**	**11,692**

The Company established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labors. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $3,927 thousand at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labors.

2) Movements in present value of the defined benefit obligations

The movements in present value of the Company's defined benefit obligation were as follows:

		2022	2021
Defined benefit obligation at the beginning of the year	$	15,258	14,729
Current interest		94	91
Remeasurements of the net defined benefit liability			
－Due to changes in financial assumption of actuarial (losses) gains		(1,348)	438
Defined benefit obligation at the end of the year	**$**	**14,004**	**15,258**

3) Movement of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company were as follows:

		2022	2021
Fair value of plan assets at the beginning of the year	$	3,566	3,443
Interest revenue		21	20
Remeasurements of the net defined benefit liability			
－Return on plan assets excluding the interest income		278	41
Contributions made		62	62
Fair value of plan assets at the end of the year	**$**	**3,927**	**3,566**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

		2022	2021
Net interest on the defined benefit liability	**$**	**73**	**71**

		2022	2021
Operating costs	$	25	23
Selling expenses		12	12
Administration expenses		6	6
Research and development expenses		30	30
	$	**73**	**71**

5) Actuarial assumptions

The following were the Company's principal actuarial assumptions at the reporting dates:

	2022.12.31	2021.12.31
Discount rate	1.750%	0.625%
Future salary increases rate	3.000%	3.000%

The Company expects to make contributions of $62 thousand to its defined benefit plans in the following year starting from the reporting date of 2022.

The weighted average duration of the defined benefit plans is 13.29 years.

6) Sensitivity analysis

As of December 31, 2022 and 2021, the present value of the defined benefit obligation were as follow:

	The impact of defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2022		
Discount rate	$ (336)	349
Future salary increase rate	337	(327)
December 31, 2021		
Discount rate	(417)	435
Future salary increase rate	416	(402)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There were no change in the method and assumptions used in the preparation of sensitivity analysis for the prior period.

(ii) Defined contribution plans

The Company makes monthly contributions equal 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company's pension costs under the defined contribution plan were $12,382 thousand and $12,076 thousand for 2022 and 2021, respectively. Payment was made to the Bureau of the Labor Insurance and the local authorities of the consolidated overseas subsidiaries.

(m) Income tax

(i) Income tax expenses

The amount of income tax were as follows:

		2022	2021
Current income tax expense			
Current period incurred	$	121,494	194,910
Adjustment for prior periods		1,569	9,780
		123,063	204,690
Deferred tax expense			
Origination and reversal of temporary differences		15,405	7,370
Income tax expenses	**$**	**138,468**	**212,060**

The amount of income tax recognized in other comprehensive income were as follows:

		2022	2021
Items that will not be reclassified subsequently to profit or loss:			
Financial statements translation differences for foreign operations	**$**	**(38)**	**171**

Reconciliation of income tax expenses and profit before income tax were as follows:

		2022	2021
Profit before income tax	**$**	**735,792**	**1,039,805**
Income tax using the Company's domestic tax rate	$	147,158	207,961
Adjustments according to tax law		1,821	(220)
Tax treaty rewards		(24,566)	(28,465)
Adjustments for prior years income tax		1,569	9,780
Previously overestimate deferred tax assets		-	120
Income tax on unappropriated earnings		12,486	22,884
Total	**$**	**138,468**	**212,060**

(ii) Deferred tax assets and liabilities－Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

Deferred tax assets:

	Provisions	Loss from investment using equity method	Allowance for inventory valuation	Other	Total
Balance at January 1, 2022	$ 3,311	21,127	12,262	10,131	46,831
Recognized in profit or loss	(859)	(10,077)	124	(4,593)	(15,405)
Recognized in other comprehensive income	-	-	-	(38)	(38)
Balance at December 31, 2022	**$ 2,452**	**11,050**	**12,386**	**5,500**	**31,388**
Balance at January 1, 2021	$ 2,688	23,368	11,624	16,350	54,030
Recognized in profit or loss	623	(2,241)	638	(6,390)	(7,370)
Recognized in other comprehensive income	-	-	-	171	171
Balance at December 31, 2021	**$ 3,311**	**21,127**	**12,262**	**10,131**	**46,831**

(iii) Examination and Approval

The ROC income tax authorities have examined the Company's income tax returns through 2020.

(n) Capital and other equity

(i) Ordinary shares

As of December 31, 2022 and 2021, the total value of nominal ordinary shares amounted to $500,000 thousand, with a par value of $10 per share, of which 44,728 thousand shares were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

In accordance with the ROC Company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

For the appropriations of the capital surplus as cash dividends to stockholders, please reference to Retained earnings.

(iii) Retained earnings

In accordance with the Company's amended Articles of Incorporation, if the Company makes a profit in each semi fiscal year, the profit shall be first utilized for paying taxes, estimating employee remuneration, offsetting losses of previous years, and setting aside 10% of the remaining profit as legal reserve, until the legal reserve is equal to the paid in capital. Then any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors. Distribution in cash shall have the approval from the Board of Directors. Whereas if it is in shares, it shall have to be proposed by the Board of Directors during the shareholders' meeting for approval.

If the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, and setting aside 10% of the remaining profit as legal reserve, until the legal reserve is equal to the paid in capital. Then any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors. Whereas if it is in shares, it shall have to be proposed by the Board of Directors during the shareholders' meeting for approval.

In accordance with ROC Company Article 240, the Company authorizes the distributable dividends and bonuses, or the legal reserve and special reserve which base on the ROC Company Article 241 as a whole or in part may be paid in the cash, and after the resolution has been adopted by a majority vote at the meeting of the Board of Directors, which attended by two-thirds of the total number of directors. Therefore, the report shall be submitted to the shareholders' meeting.

1) Legal reserve

According to the Company Act, 10% of net income after tax should be set aside as legal reserve until it is equal to authorized capital. If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

2) Special reserve

In accordance with Ruling issued by the Financial Supervisory Commission, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The appropriations of the capital surplus as cash dividends and earnings as cash dividends to stockholders were as follows:

	From January 1 to June 30, 2022	From July 1 to December 31, 2022	Total
Resolution date of the board meeting	On November 3, 2023	On February 16, 2023	
Dividends distributed to ordinary stockholders:			
Cash－Retained earnings	$ 89,457	268,369	357,826
Cash－Capital surplus	-	89,457	89,457
Total amounts	$ 89,457	357,826	447,283
Amount per share (NTD)	$ 2.00	8.00	

	From January 1 to June 30, 2021	From July 1 to December 31, 2021	Total
Resolution date of the board meeting	On December 3, 2021	On February 9, 2022	
Dividends distributed to ordinary stockholders:			
Cash－Retained earnings	$ 89,457	402,554	492,011
Cash－Capital surplus	-	44,728	44,728
Total amounts	$ 89,457	447,282	536,739
Amount per share (NTD)	$ 2.00	10.00	

	From January 1 to June 30, 2020	From July 1 to December 31, 2020	Total
Resolution date of the board meeting	On July 31, 2021	On February 3, 2021	
Dividends distributed to ordinary stockholders:			
Cash－Retained earnings	$ 134,185	-	134,185
Cash－Capital surplus	-	402,554	402,554
Total amounts	$ 134,185	402,554	536,739
Amount per share (NTD)	$ 3.00	9.00	

(o) Earnings per share

The calculation of the Company's basic and diluted earnings per share were as follows:

(i) Basic earnings per share

	2022	2021
Net income attributable to ordinary shareholders of the Company	$ 597,324	827,745
Weighted-average number of ordinary shares	44,728	44,728
Basic earnings per share (in NTD)	$ 13.35	18.51

(ii) Diluted earnings per share

	2022	2021
Net income attributable to ordinary shareholders of the Company (diluted)	$ 597,324	827,745
Weighted-average number of ordinary shares (basic)	44,728	44,728
Effect of potential ordinary shares		
Effect of remuneration to employees	454	354
Weighted-average number of ordinary shares (diluted)	45,182	45,082
Diluted earnings per share (in NTD)	$ 13.22	18.36

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

		2022	2021
Primary geographical markets:			
Taiwan	$	402,413	767,283
China		1,404,787	1,691,315
Others		117,461	114,928
	$	1,924,661	2,573,526
Primary merchandises / Services lines:			
Sale of optical inspection machinery equipment	$	1,851,352	2,504,519
Revenue from services		73,309	69,007
	$	1,924,661	2,573,526

(ii) Contract balance

		December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable	$	377	205	175
Accounts receivable (including related parties)		993,308	1,389,285	1,056,259
Long-term accounts receivable(including related parties)		315,042	250,563	399,035
Less: allowance for impairment		20,816	29,789	45,309
Total	$	1,287,911	1,610,264	1,410,160
Contract liabilities	$	33,626	75,607	22,048

For details on accounts receivable and allowance for impairment, please refer to note 6(b).

The amount of revenue recognized for the years ended December 31, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were $75,607 thousand and $22,048 thousand, respectively.

The contract liability is mainly due to advance receipts, wherein the Company will recognize revenue when the product is delivered to the customer.

(q) Remuneration to employees, directors and supervisors

In accordance with the Company's Articles, the profit for the year should be reserved to offset the deficit, then, should contribute no less than 5% of the profit as employee remuneration, and less than 3% as directors' and supervisors' remuneration.

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to $53,835 thousand and $92,107 thousand, and directors' and supervisors' remuneration amounting to $8,299 thousand and $12,831 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2022 and 2021. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2022 and 2021.

(r) Non-operating income and expenses

(i) Interest income

		2022	2021
Interest income from bank deposits	$	5,067	1,991
Other interest income		118	763
Total Interest income	$	5,185	2,754

(ii) Other income

		2022	2021
Dividend income	$	1,321	884
Others		47,680	32,527
Total Other income	$	49,001	33,411

(iii) Other gains and losses

		2022	2021
Losses on disposals of property, plant and equipment	$	-	(121)
Foreign exchange gains(losses)		83,179	(26,157)
Others		(259)	(384)
Other gains and losses, net	$	82,920	(26,662)

(iv) Finance costs

		2022	2021
Interest expense	$	5,693	6,149

(s) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The business of the customer of the Company is the manufacturing of the printed circuit board. As of December 31, 2022 and 2021, the accounts receivable that concentration of credit risk on an individual customer amounted to $231,864 thousand and $469,578 thousand, respectively.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	1-5 years	Over 5 years
December 31, 2022					
Non-derivative financial liabilities					
Notes payable	133	133	133	-	-
Accounts payable	166,311	166,311	166,311	-	-
Accounts payable from related parties	35,130	35,130	35,130	-	-
Other payables	252,577	252,577	252,577	-	-
Other payables from related parties	83,759	83,759	83,759	-	-
Lease liabilities	255,168	348,224	13,392	32,485	302,347
	$ 793,078	**886,134**	**551,302**	**32,485**	**302,347**
December 31, 2021					
Non-derivative financial liabilities					
Long-term borrowings (including deferred income)	$ 203,125	206,192	28,537	170,768	6,887
Notes payable	116	116	116	-	-
Accounts payable	298,884	298,884	298,884	-	-
Accounts payable from related parties	42,021	42,021	42,021	-	-
Other payables	300,689	300,689	300,689	-	-
Other payables from related parties	78,900	78,900	78,900	-	-
Dividend Payable	89,457	89,457	89,457	-	-
Lease liabilities	263,067	365,179	14,684	36,639	313,856
	$ 1,276,259	**1,381,438**	**853,288**	**207,407**	**320,743**

The Company is not expecting the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's financial assets and liabilities exposed to significant currency risk was as follows:

		Foreign currency	Exchange rate	NTD
December 31, 2022				
Financial assets:				
Monetary items:				
USD	$	38,851	30.7100	1,193,111
CNY	$	157,341	4.4080	693,560
Financial liabilities:				
Monetary items:				
USD	$	1,417	30.7100	43,512
CNY	$	17,512	4.4080	77,194
December 31, 2021				
Financial assets:				
Monetary items:				
USD	$	28,856	27.6800	798,723
CNY	$	108,806	4.3440	472,652
Financial liabilities:				
Monetary items:				
USD	$	1,783	27.6800	49,351
CNY	$	17,378	4.3440	75,489

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, receivables, accounts payables that are denominated in foreign currency. A weakening or strengthening 3% appreciation or depreciation of the NTD against the USD and CNY as of December 31, 2022 and 2021, would have increased or decreased the net profit after tax by $42,383 thousand and $27,517 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary item

Since the Company has many kinds of functional currencies, the information on foreign exchange gains (loss) on monetary items is disclosed based on the total amount. For the years ended December 31, 2022 and 2021, foreign exchange gains (losses) (including realized and unrealized portion) amounted to $83,179 thousand and $(26,157) thousand.

(iv) Interest rate analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Company financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure of the interest rate on derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the management of the assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 1%, the net income before tax would have increase or decrease by $15,492 thousand and $15,351 thousand for the years ended December 31, 2022 and 2021, respectively, with all other variable factors remain constant. This is mainly due from the Company's cash in bank on variable rates.

(v) Information of fair value

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Company's financial assets and liabilities are valuated approximately to their fair value, and are not based on observable market date and the value measurements which are not reliable. No additional fair value disclosure is required in accordance to the regulations.

	December 31, 2022				
	Carrying	**Fair value**			
	amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	$ 9,644	-	-	9,644	9,644
Financial assets measured at amortized cost					
Cash and cash equivalents	1,539,497	-	-	-	-
Accounts, notes and long-term receivables(including related parites)	1,287,911	-	-	-	-
Other receivables	10,335	-	-	-	-
Other receivables from related parties	34,595	-	-	-	-
Refundable deposits	13,582	-	-	-	-
Other non-current assets	11,586	-	-	-	-
Subtotal	2,897,506	-	-	-	-
Total	**$ 2,907,150**	**-**	**-**	**9,644**	**9,644**

	December 31, 2022				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Notes payable	133	-	-	-	-
Accounts payable	166,311	-	-	-	-
Accounts payable from related parties	35,130	-	-	-	-
Other payables	252,577	-	-	-	-
Other payables from related parties	83,759	-	-	-	-
Lease liabilities	255,168	-	-	-	-
Total	$ 793,078	-	-	-	-

	December 31, 2021				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	$ 9,644	-	-	9,644	9,644
Financial assets measured at amortized cost					
Cash and cash equivalents	1,727,941	-	-	-	-
Accounts, notes and long-term receivables	1,610,264	-	-	-	-
Other receivables	12	-	-	-	-
Other receivables from related parties	3,620	-	-	-	-
Refundable deposits	8,401	-	-	-	-
Other non-current assets	11,551	-	-	-	-
Subtotal	3,361,789	-	-	-	-
Total	$ 3,371,433	-	-	9,644	9,644

	December 31, 2021				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Long-term borrowings (including deferred income)	$ 203,125				
Notes payable	116	-	-	-	-
Accounts payable	298,884	-	-	-	-
Accounts payable from related parties	42,021	-	-	-	-
Other payables	300,689	-	-	-	-
Other payables from related parties	78,900	-	-	-	-
Dividend Payable	89,457	-	-	-	-
Lease liabilities	263,067	-	-	-	-
Total	**$ 1,276,259**	**-**	**-**	**-**	**-**

2) Valuation techniques for financial instruments measured at fair value－Non-derivative financial instruments

If the financial instruments have no quoted market price in an active market, the Company shall use the market comparison approach to evaluate the fair value. The main assumption used in computing the market price is based on the investee' s equity and the quoted price from a competitor. The estimated price has been discounted due to the lack of liquidity in the price of securities .

3) Fair value hierarchy

The Company used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair value levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

b) Level 2: inputs, other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

4) Reconciliation of Level 3 fair values

	Unquoted equity instruments
Balance at December 31, 2022 (Balance at January 1, 2021)	**$ 9,644**
Balance at December 31, 2021 (Balance at January 1, 2020)	**$ 9,644**

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss－Equity investments without an active market	Comparative listed company	• Price book ratio (As of December 31, 2022 and December 31, 2021 were 1.96 and 2.48, respectively) • P/E ratio (As of December 31, 2022 and December 31, 2021 were 7.83 and 13.22, respectively) • Market illiquidity discount rate (As of December 31, 2022 and December 31, 2021 were 30%)	The estimated fair value would increase (decrease) if • the price book ratio and the P/E ratio the were higher (lower) • the market illiquidity discount were lower (higher)

6) Fair value measurements in Level 3－sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

			Other comprehensive income	
	Input	**Assumptions**	**Favorable**	**Unfavorable**
December 31, 2022				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	2,232	(2,232)
December 31, 2021				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	2,658	(2,658)

The favorable and unfavorable effects represent the changes in fair value, and the fair value is based on a variety of unobservable inputs calculated using a valuation technique.

(t) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note has the information on risk exposure and the objectives, policies and process of risk measurement and management. For detailed information, please refer to the related note on each risk.

(ii) Risk management framework

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The chairman and the general manager are responsible for developing and monitoring the Company's risk management policies and report regularly to the Board of Directors on its activities.

The Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments securities.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the demographics of the Company's customer base, including the default risk of the industry and the country in which customers operate, as these factors may have an influence on credit risk.

The Company's receivables are mainly due to one customer, which account for 18% and 29% of the total amount of receivables as of December 31, 2022 and 2021, respectively. The Company's receivables are concentrated on the industry type of the printed circuit board manufacturers.

The Company has established a credit policy, under which, each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

If the Company retains the rights to the products that have already been sold, the Company shall also have the right to require collateral if payment has not been received. The Company does not require any collateral for receivables.

The Company has established an allowance of doubtful accounts to reflect actual and estimated potential losses resulting from uncollectible account and trade receivables. The allowance of doubtful accounts consists primarily of specific losses regarding individual customers and estimates of potential losses based on statistics from payment histories of similar customer groups.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of the expected cash flows on operating expenses and financial liabilities. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company has unused short term bank facilities of $380,000 thousand and $296,000 thousand, as of December 31, 2022 and 2021, respectively.

(v) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate, and equity prices which will affect the Company's income or the value of its holding of financial instrument. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimizing the return.

The Company does not enter into any commodity contracts other than to meet the Company's expected usage and sales requirements.

(u) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. Capital consists of ordinary shares, capital surplus and retained earnings of the Company. The Board of Directors monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Company's debt-to-adjusted-capital ratio at the end of the reporting period was as follows:

		December 31, 2022	December 31, 2021
Total liabilities	$	972,797	1,582,784
Less: cash and cash equivalents		1,539,497	1,727,941
Net debt	$	(566,700)	(145,157)
Total equity	$	2,914,411	2,852,045
Debt-to-capital ratio		- %	- %

As of December 31, 2022, there was no change in the Company's approach of capital management.

(v) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities was as follows:

			Non-cash changes			
	January 1, 2022	Cash flows	Acquisition right-of-use assets	Lease modifications	Interest	December 31, 2022
Long-term borrowings (including deferred income)	$203,125	(203,125)	-	-	-	-
Lease liabilities	263,067	(15,016)	3,930	(584)	3,771	255,168
Total liabilities from financing activities	$466,192	(218,141)	3,930	(584)	3,771	255,168

			Non-cash changes			
	January 1, 2021	Cash flows	Acquisition right-of-use assets	Lease modifications	Interest	December 31, 2021
Long-term borrowings (including deferred income)	$220,000	(16,875)	-	-	-	203,125
Lease liabilities	74,639	(13,837)	198,378	-	3,887	263,067
Total liabilities from financing activities	**$294,639**	**(30,712)**	**198,378**	**-**	**3,887**	**466,192**

(7) Related party transactions

(a) Parent Company and the ultimate controller

The Company is the ultimate controller of the Company and its subsidiaries.

(b) Related party name and categories

Related parties with transactions containing the financial statement period to the Company were as follows:

Related Party Name	Related Party Categories
Machvision (Dongguan) Inc.	A subsidiary of the Company
Machvision Inc.(Samoa)	A subsidiary of the Company
Autovision Technology Inc.	A subsidiary of the Company, which had been merged by Sissca Co., Ltd. on October 20 ,2022.
Sigold Optics Inc.	A subsidiary of the Company, which had been merged by Sissca Co., Ltd. on October 20 ,2022.
ChipAI Co., LTD.	ChipAI Co., LTD was under closure of liquidation at June 30, 2022.
RedPay Co., Ltd.	A subsidiary of the Company, which had been merged by Avountes Inc. on March 5 ,2021.
Avountes Inc.	A subsidiary of the Company Avountes Inc was under closure of liquidation at December 1, 2022.
Sissca Co., Ltd.	A subsidiary of the Company
Machvision Korea Co., Ltd.	A subsidiary of the Company
Dongguan Muxin Intelligent Equipment Co., Ltd.	A subsidiary of the Company
Machvision Holding (SAMOA) Limited	Machvision Holding (Samoa) Limited was under closure of liquidation at September, 2020.
Guandong Greatsense Intelligent Equipment Co., Ltd.	The subsidiary disposed of all the shares of Guandong Greatsense Intelligent Equipment Co., Ltd. at January 7, 2020.

(c) Significant transaction between related parties

(i) Operating revenue

Significant sales amount to the related parties was as follows:

		2022	2021
Subsidiaries			
Machvision (Dongguan) Inc.	$	392,399	323,546
Others		2,844	14,846
	$	395,243	338,392

Sales price to the subsidiaries depends on the Company overall profit allocation and its credit period depends on the end customer's credit period. There was no significantly difference. Receivables between related parties were not provided to be as any collateral. After evaluating, there is no allowance for impairment.

(ii) Purchases

Significant purchases amount to the related parties was as follows:

		2022	2021
Subsidiaries	$	16,692	14,034

Purchases from related parties were not comparable to third parties because there were according to the customized specification. The terms of purchases to related parties were not significantly different from those of purchases to third parties.

(iii) Service

The Company authorized related parties to research and develop products, which were recorded under operating costs:

		2022	2021
Subsidiaries			
Machvision (Dongguan) Inc.	$	109,939	67,219
Sissca Co., Ltd.		19,279	-
Sigold Optics Inc.		23,038	26,639
Others		823	1,726
	$	153,079	95,584

(iv) Administrative service and revenue from research and development

The Company was authorized to provide administrative services, research and development services. Revenue from above services and subleasing offices were recorded under non operating income and expenses-other:

	2022	2021
Subsidiaries		
Sissca Co., Ltd.	**$ 30,273**	**8,451**
Avountes Inc.	**-**	**4,721**
ChipAI Co., LTD.	**-**	**4,616**
Autovision Technology Inc.	**2,077**	**3,618**
Sigold Optics Inc	**1,163**	**2,267**
RedPay Co., Ltd	**-**	**132**
	$ 33,513	**23,805**

(v) Receivables from related parties

The Company’s receivables from related parties were as follows:

Items	Related Party Categories	December 31, 2022	December 31, 2021
	Subsidiaries		
Receivables from related parties	Machvision (Dongguan) Inc.	$ 368,017	320,720
Receivables from related parties	Others	4,461	19,627
	Subsidiaries		
Long term receivables from related parties	Machvision (Dongguan) Inc.	154,294	115,285
Long term receivables from related parties	Others	8,615	3,151
	Subsidiaries		
Other receivables from related parties	Machvision (Dongguan) Inc.	-	-
Other receivables from related parties	RedPay Co., Ltd.	-	-
Other receivables from related parties	ChipAI Co., LTD.	-	1,273
Other receivables from related parties	Sigold Optics Inc.	-	2,079
Other receivables from related parties	Autovision Technology Inc.	-	199
Other receivables from related parties	SISSCA Co., Ltd.	34,595	69
Other receivables from related parties	Avountes Inc.	-	-
		$ 569,982	$ 462,403

(vi) Payable to related parties

The Company's payable to related parties were as follows:

Items	Related Party Categories	December 31, 2022	December 31, 2021
	Subsidiaries		
Payable to related parties	SISSCA Co., Ltd.	$ 35,130	-
Payable to related parties	Sigold Optics Inc.	-	38,271
Payable to related parties	Others	-	3,750
	Subsidiaries		
Other payable to related parties	Machvision (Dongguan) Inc.	82,936	76,743
Other payable to related parties	Others	823	2,157
		$ 118,889	120,921

(d) Compensation of key management personnel:

The compensation of the key management personnel comprised follows:

	2022	2021
Short-term employee benefits	$ 39,340	44,707
Post-employment benefits	396	324
	$ 39,736	**45,031**

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Other non-current assets:			
Time deposits	Guarantee for customs	$ 1,500	1,513
Time deposits	Guarantee for rent the land from the Hsinchu Science Park Bureau	10,086	10,038
		$ 11,586	**11,551**

(9) Commitments and contingencies:

In order to expand the business, the Board of Directors approved a resolution for leasing land to build a factory and office building in Hsinchu Science Park on May 26, 2022, and the estimated total investment amount is approximately $1,300,000 thousand. AS of December 31, 2022, the invested amount was $11,200 thousand.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

The following is a summary statement of employee benefits, depreciation and amortization expensed by function:

By function / By item	2022			2021		
	Operating costs	**Operating expenses**	**Total**	**Operating costs**	**Operating expenses**	**Total**
Employee benefits						
Salary	86,021	223,693	309,714	86,680	260,032	346,712
Labor and health insurance	9,474	16,390	25,864	8,259	16,902	25,161
Pension	4,568	7,887	12,455	4,130	8,017	12,147
Directors' remuneration	-	8,299	8,299	-	12,831	12,831
Others	5,817	14,094	19,911	6,746	17,728	24,474
Depreciation	7,029	29,566	36,595	8,714	25,946	34,660
Amortization	-	-	-	-	83	83

Additional information in 2022 and 2021 is as follows:

	2022	**2021**
Employee number	290	300
Non-employee directors	7	7
Average employee benefits	$ 1,300	1,394
Average salaries	$ 1,094	1,183
Average adjustment in salaries	(7.52)%	
Supervisors compensation	$ -	-

The Company’s policies on remuneration (including directors, managers and employees) are as following:

Directors’ remuneration is estimated in accordance with each director’s attendance rate (60% of total compensation) and contribution (40% of total compensation). Managers’ remuneration is estimated in accordance with the achievement of performance indicators. In addition to basic salaries, employees also have year-end bonus and performance bonus. Salaries will be adjusted in accordance with performances and price levels annually.

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of the end of the year (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Notes
				Number of shares	Book value	Holding percentage	Market value	
The Company	Yayatech Co., Ltd.	-	Financial assets at fair value through profit or loss	884,000	9,644	5.3 %	9,644	
SISSCA Co.,Ltd.	FOR WIN TECH CO., LTD.	-	Financial assets at fair value through profit or loss	658,413	6,100	9.68 %	6,100	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Relationship	Transaction details				Arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
The Company	Machvision (Dongguan) Inc.	Subsidiary	(Sale)	(392,399)	(20)%	Depends on the end customer's credit period	Not significantly differences	Depends on the end customer's credit period	522,311	41%	
Machvision (Dongguan) Inc.	The Company	Subsidiary	Purchase	392,399	92%	Depends on the end customer's credit period	Not significantly differences	Depends on the end customer's credit period	(522,311)	(98)%	

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivable from related party	Allowance for bad debts
					Amount	Action taken		
The Company	Machvision (Dongguan) Inc.	Subsidiary	522,311	0.82	26,380	Depends on the end customer's credit period	- (As of February 16, 2023)	-

(ix) Trading in derivative instruments: None.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income of investee	Investment income (losses) (Note 2)	Notes
				December 31, 2022	December 31, 2021	Shares	Percentage of ownership	Book value			
The Company	Machvision Inc.(Samoa)	Samoa	Investment	105,433	105,433	3,463,650	100.00%	43,944	51,941	51,941	Note 1
The Company	Autovision Technology Inc.	Taiwan	Manufacturing of computer peripheral products	-	9,000	-	-%	-	1,147	508	
The Company	Sigold Optics Inc.	Taiwan	Manufacturing of machinery equipment	-	49,470	-	-%	-	2,639	958	
The Company	Machvision Korea Co., Ltd.	Korea	Maintaining and trading of machinery equipment	21,542	21,542	10,000	100.00%	4,546	(1,558)	(1,558)	
The Company	ChipAI Co., LTD.	Taiwan	Manufacturing of computer peripheral	-	18,000	-	-%	-	(103)	(92)	
The Company	Avountes Inc.	Taiwan	Electronic Information Supply Services	-	8,962	-	-%	-	321	144	
The Company	SISSCA Co.,Ltd.	Taiwan	Manufacturing of computer peripheral products	123,348	36,295	11,477,463	52.86%	106,483	(19,045)	(10,281)	
Sigold Optics Inc.	SISSCA Co.,Ltd.	Taiwan	Manufacturing of computer peripheral products	-	43,300	-	-%	-	(19,045)	(1,492)	

Note 1: The company is a limited company.

Note 2: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee investment in Mainland China	Major operations	Issued capital	Method of investment (Note 1)	Beginning remittance balance - cumulative investment (amount) from Taiwan	Current remittance / recoverable investment (amount) Invested amount	Current remittance / recoverable investment (amount) Returned amount	Ending remittance balance-cumulative investment (amount) from Taiwan	Net income of investee	Direct / indirect shareholdings or investments (%) in the Company	Current investment gains and losses (Note 2)	Book value	Remittance of investment income in current period
Machvision (Dongguan) Inc.	Maintaining and trading of machinery equipment	105,361	(2)i	105,361	-	-	105,361	51,940	100%	51,940	61,908	-
Dongguan muxin intelligent equipment Co., Ltd	Maintaining and trading of machinery equipment	4,220	(4)i	-	-	-	-	(83)	51%	(42)	2,272	-

Note 1: The method of investment is divided into the following four categories:

(1) Remittance from third region companies to invest in Mainland China.

(2) Through the establishment of third region companies then investing in Mainland China.

i. Through the establishment of Machvision Inc. then investing in Mainland China.

(3) Through transferring the investment to third region existing companies then investing in Mainland China.

(4) Other methods: EX: delegated investments.

i. Through the establishment of Machvision (Dongguan) Inc. then investing in Mainland China.

Note 2: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

(ii) Limitation on investment in Mainland China:

Accumulated investment amount in Mainland China as of December 31, 2022	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
105,361	105,361	1,748,647 (Note)

Note: It represents 60% of the Company's net equity.

(iii) Significant transactions:

Please refer to "Business relationships and significant intercompany transaction" for the indirect and direct business transactions in China.

(d) Information of major shareholders: None

(14) Segment information:

Please refer to the consolidated financial statements in 2022.

MACHVISION INC. CO., LTD.

Statement of cash and cash equivalents

December 31, 2022

(In thousands of New Taiwan Dollar)

Item	Description	Amount
Cash		$ 1,838
Cash in banks	Demand deposits	227,230
	Foreign currency deposits	
	USD 9,495thousand	291,589
	CNY 38,140 thousand	168,119
	JPY 2,001 thousand	465
	Time deposits (From 2023.01.15 to 2023.12.10, interest rates at 0.31% to 4.57%)	
	NTD	540,044
	USD10,101 thousand	310,212
		$ 1,539,497

MACHVISION INC. CO., LTD.

Statement of notes receivable

December 31, 2022

(In thousands of New Taiwan Dollar)

Client name	Description	Amount	Note
Non-related party			
5M00094	Operating	$ 135	
5M00336	"	74	
5M00605	"	52	
5M00081	"	44	
5M00656	"	41	
5M00492	"	31	
		$ 377	

MACHVISION INC. CO., LTD.

Statement of receivable and long-term receivable (including related parties)

December 31, 2022

(In thousands of New Taiwan Dollar)

Client name	Description	Amount	Note
Receivables - related parties			
Machvision (Dongguan) Inc.	Operating	$ 368,017	
SISSCA Co., Ltd.	"	4,461	
		372,478	
Long-term receivables - related parties			
Machvision (Dongguan) Inc.	Operating	154,294	
SISSCA Co., Ltd.	"	8,615	
		162,909	
Receivables	Operating		
Group D	"	181,834	
Group E	"	41,246	
Group F	"	28,351	
Others (The amount of individual group in others does not exceed 5%		369,399	
of the account balance)		620,830	
Long-term receivables	Operating		
Group D	"	50,030	
Group F	"	12,692	
Others (The amount of individual group in others does not exceed 5%		89,411	
of the account balance)		152,133	
		772,963	
Less: Allowance for credit impairment loss		20,816	
		752,147	
Total		$ 1,287,534	

MACHVISION INC. CO., LTD.

Statement of other receivables

December 31, 2022

(In thousands of New Taiwan Dollar)

Item	Description	Amount	Note
Disposal of subsidiaries		$ 10,131	
Others		204	
		$ 10,335	

MACHVISION INC. CO., LTD.

Statement of inventories

December 31, 2022

(In thousands of New Taiwan Dollar)

Item	Amount		Note
	Cost	Net realizable value	
Finished goods	$ 56,172	$ 81,756	1
Work in process	78,218	73,547	1
Raw materials	246,871	204,552	1
Inventories in transit	5	5	
Total	381,266	$ 359,860	
Less: Allowance for losses on decline in market value of inventory	60,691		
	$ 320,575		

Note 1: Market value is measured at net realizable value.

MACHVISION INC. CO., LTD.

Statement of prepayments

December 31, 2022

(In thousands of New Taiwan Dollar)

Item	Description	Amount	Note
Prepaid expenses		$ 3,637	
Prepayment for purchases		6	
		$ 3,643	

MACHVISION INC. CO., LTD.

Statement of changes in financial assets measured at fair value through profit or loss - non-current

For the year ended December 31, 2022

(In thousands of New Taiwan Dollar)

Name of financial instrument	Beginning balance		Addition		Decrease		Ending balance		Collateral	Note
	Shares or units	Fair value	Shares or units	Amount	Shares or units	Amount	Shares or units	Fair value		
Yayatech Co., Ltd.	884	$ 9,644	-	-	-	-	884	$ 9,644	None	

MACHVISION INC. CO., LTD.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2022

(In thousands of New Taiwan Dollar)

Name of investee	Beginning balance		Addition		Decrease		Ending balance			Market value or net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of ownership	Amount	Unit price	Total amount		
Autovision Technology Inc.	900,000	$ 10,577	-	508	900,000	11,085	-	-	-	-	-	None	
Sigold Optics Inc.	6,316,330	75,010	631,633	958	6,957,963	75,968	-	-	-	-	-	None	
ChipAI Co., LTD.	1,800,000	3,739	-	-	1,800,000	3,739	-	-	-	-	-	None	
Machvision Korea Co., Ltd.	10,000	5,920	-	-	-	1,374	10,000	100.00	4,546	454.66	4,546	None	
Avountes Inc.	900,000	6,340	-	144	900,000	6,484	-	-	-	-	-	None	
Sissca Co., Ltd.	3,629,500	29,711	7,847,963	87,053	-	10,281	11,477,463	52.86	106,483	9.54	109,451	None	
SAMOA Machvision Inc.	3,463,650	(3,289)	-	47,233	-		3,463,650	100.00	43,944	17.93	62,118	None	
		$ 128,008		135,896		108,931			154,973		176,115	None	
												None	

MACHVISION INC. CO., LTD.

Statement of other non-current assets

December 31, 2022

(In thousands of New Taiwan Dollar)

Item	Description	Amount	Note
Restricted deposit		$ 11,586	

MACHVISION INC. CO., LTD.

Statement of Accounts payable

December 31, 2022

(In thousands of New Taiwan Dollar)

Client name	Description	Amount	Note
Related Party			
SISSCA Co., Ltd.	Operating	$ 35,130	
Non-related party	"		
1M0019	Operating	26,638	
1M1529	"	18,283	
Others (The amount of individual group in others does not exceed 5% of the account balance)	"	121,390	
Total		166,311	
		$ 201,441	

MACHVISION INC. CO., LTD.

Statement of other payables

December 31, 2022

(In thousands of New Taiwan Dollar)

Item	Description	Amount	Note
Payable for salaries and bonuses		$ 115,119	
Accrued profit sharing bonus to employees and compensation to directors and supervisor		62,134	
Payable for commission		48,270	
Other		27,054	
Total		$ 252,577	

MACHVISION INC. CO., LTD.

Statement of other current liabilities

December 31, 2022

(In thousands of New Taiwan Dollar)

Item	Description	Amount	Note
Receipts under custody		$ 1,375	
Temporary receipts		80	
Total		$ 1,455	

MACHVISION INC. CO., LTD.

Statement of net revenue

For the year ended December 31, 2022

(In thousands of New Taiwan Dollar)

Item	Quantity	Amount	Note
Optical inspection machinery equipment	-	$ 1,851,352	1
Service	-	73,309	2
		$ 1,924,661	

Note 1: Including sales returns and discounts 17,376 thousand.

Note 2: Including service discounts 366 thousand.

MACHVISION INC. CO., LTD.

Statement of operating costs

For the year ended December 31, 2022

(In thousands of New Taiwan Dollar)

Item		Amount	
		Subtotal	Total
Direct raw materials			
	Beginning of year	$ 245,293	
Add:	Purchases	535,085	
Deduct:	End of year(including Materials in transit 5 thousand)	246,876	
	Selling	16,070	
	Loss on Raw material	4	
	Scrapped Materials	2,719	
	Other	27,304	
		487,405	
Direct labor		48,235	
Manufacturing expenses		60,930	
Manufacturing cost		596,570	
Add:	Work-in -process inventory, beginning of year	133,645	
	Purchases and outsourced manufacturing of work-in -process inventory	7,428	
Deduct:	Work-in process inventory, end of year	78,218	
	Selling work-in process inventory	9,753	
	Loss on Work-in-process inventory	3	
	Scrapped Work-in-process inventory	188	
	Other	7,988	
Cost of finished goods		641,493	
Add:	Finished goods, beginning of year	67,815	
Deduct:	Finished goods, end of year	56,172	
	Scrapped finished goods	11,626	
	Other	13,726	
Total cost of sales			627,784
Selling raw materials			16,070
Selling work-in process inventory			9,753
Losses on physical count			7
Losses on scrapping of inventory Purchases			14,533
Losses on decline in market value			(620)
Warranty provisions			13,606
Other			228,334
Total operating costs			$ 909,467

MACHVISION INC. CO., LTD.

Statement of selling expenses

For the year ended December 31, 2022

(In thousands of New Taiwan Dollar)

Item	Description	Amount	Note
Salaries and pension		$ 35,548	
Commission		60,660	
Export fee		11,993	
Other		20,411	
		$ 128,612	

MACHVISION INC. CO., LTD.

Statement of administrative expenses

For the year ended December 31, 2022

(In thousands of New Taiwan Dollar)

Item	Description	Amount	Note
Salaries and pension		$ 48,087	
Remuneration to directors		8,299	
Depreciation		19,088	
Other		34,669	
		$ 110,143	

MACHVISION INC. CO., LTD.

Statement of research and development expenses

For the year ended December 31, 2022

(In thousands of New Taiwan Dollar)

Item	Description	Amount	Note
Salaries and pension		$ 147,945	
R & D expenses		33,847	
Other		36,147	
		$ 217,939	

Statement of changes in property, plant and equipment please see the financial statements note 6(f).

Statement of changes in accumulated depreciation of property, plant and equipment please see the financial statements note 6(f).

Statements of changes in right-of-use assets please see the financial statements note 6(g).

Statement of changes in accumulated depreciation of right-of-use assets please sees the financial statements note 6(g).

Statements of other income please see the financial statements note 6(r).

Statements of other gains and losses please see the financial statements note 6(r)