

Thye Ming Industrial Co., Ltd.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Thye Ming Industrial Co., Ltd.

Opinion

We have audited the accompanying financial statements of Thye Ming Industrial Co., Ltd. (the "Company"), which comprise the balance sheets 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 the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter identified in the Company's financial statements for the year ended December 31, 2021 is as follows:

Authenticity of Sales Revenue from Specific Customers

The Company's main source of revenue comes from the sales of lead alloy, yellow and red lead, among which the growth rate of sales revenue from specific customers is significantly higher. Therefore, in accordance with the Statements on Auditing Standards on presumption of revenue as a significant risk, the authenticity of the sales revenue from of these specific customers was deemed as a key audit matter.

To evaluate the authenticity of the sales revenue, the following audit procedures were performed:

1. We understood and tested the effectiveness of internal control operations over the authenticity of revenue recognition.
2. We sample tested to verify whether the specific customer's operating income details were consistent with the sales items and amounts received from the shipper and invoices issued. We checked whether bill of lading had been signed by the customer or attached with shipping documents such as export declarations.
3. We sample tested to verify whether the receipt records and the specific customer's operating income details were consistent with the sales items.

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

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

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

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

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

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

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

conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chia-Ling Chiang and Lee-Yuan Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2023

Notice to Readers

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

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

Thye Ming Industrial Co., Ltd.

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

	December 31, 2022		December 31, 2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,373,924	19	\$ 466,174	7
Financial assets at fair value through profit or loss (Notes 4 and 7)	267,169	4	270,411	4
Notes receivable, net (Notes 4, 10 and 27)	5,346	-	9,194	-
Accounts receivable, net (Notes 4, 10 and 27)	835,657	12	818,497	13
Other receivables (Note 27)	100	-	8,438	-
Inventories (Notes 4, 5 and 11)	2,028,354	29	1,920,558	29
Other current assets	<u>11,355</u>	-	<u>22,215</u>	-
Total current assets	<u>4,521,905</u>	<u>64</u>	<u>3,515,487</u>	<u>53</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	111,166	2	790,759	12
Investments accounted for using the equity method (Notes 4 and 12)	1,951,838	27	1,784,229	27
Property, plant and equipment (Notes 4 and 13)	321,842	5	315,907	5
Right-of-use assets (Notes 4 and 14)	3,781	-	-	-
Investment properties (Notes 4 and 15)	148,778	2	149,228	3
Intangible assets (Note 4)	10,584	-	10,560	-
Deferred tax assets (Notes 4 and 23)	9,355	-	9,343	-
Other financial assets (Notes 9 and 28)	13,100	-	13,100	-
Refundable deposits	2,653	-	683	-
Prepayments for equipment	<u>105</u>	-	<u>1,000</u>	-
Total non-current assets	<u>2,573,202</u>	<u>36</u>	<u>3,074,809</u>	<u>47</u>
TOTAL	<u>\$ 7,095,107</u>	<u>100</u>	<u>\$ 6,590,296</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 450,000	6	\$ -	-
Contract liabilities (Note 21)	163	-	47,747	1
Notes payable (Note 17)	38	-	86	-
Accounts payable (Note 17)	124,104	2	83,895	1
Accounts payable - related parties (Notes 17 and 27)	3,741	-	23,588	1
Other payables (Note 18)	89,594	1	88,522	1
Current tax liabilities (Notes 4 and 23)	100,007	2	129,092	2
Lease liabilities - current (Notes 4 and 14)	1,615	-	-	-
Other current liabilities	<u>694</u>	-	<u>663</u>	-
Total current liabilities	<u>769,956</u>	<u>11</u>	<u>373,593</u>	<u>6</u>
NON-CURRENT LIABILITIES				
Provisions (Note 4)	3,643	-	3,992	-
Deferred tax liabilities (Notes 4 and 23)	255,350	4	245,007	4
Leasehold liabilities - non-current (Notes 4 and 14)	2,048	-	-	-
Net defined benefit liabilities (Notes 4 and 19)	13,600	-	25,451	-
Deposits received (Note 15)	<u>850</u>	-	<u>800</u>	-
Total non-current liabilities	<u>275,491</u>	<u>4</u>	<u>275,250</u>	<u>4</u>
Total liabilities	<u>1,045,447</u>	<u>15</u>	<u>648,843</u>	<u>10</u>
EQUITY (Note 20)				
Ordinary shares	<u>1,673,185</u>	<u>23</u>	<u>1,673,185</u>	<u>25</u>
Capital surplus	<u>975,330</u>	<u>14</u>	<u>975,330</u>	<u>15</u>
Retained earnings				
Legal reserve	1,053,009	15	972,816	15
Special reserve	42,065	1	379,885	6
Unappropriated earnings	<u>2,649,490</u>	<u>37</u>	<u>1,741,076</u>	<u>26</u>
Total retained earnings	<u>3,744,564</u>	<u>53</u>	<u>3,093,777</u>	<u>47</u>
Other equity	<u>(343,419)</u>	<u>(5)</u>	<u>199,161</u>	<u>3</u>
Total equity	<u>6,049,660</u>	<u>85</u>	<u>5,941,453</u>	<u>90</u>
TOTAL	<u>\$ 7,095,107</u>	<u>100</u>	<u>\$ 6,590,296</u>	<u>100</u>

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

Thye Ming Industrial Co., Ltd.

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE, NET (Notes 4, 21 and 27)	\$ 6,732,796	100	\$ 6,491,806	100
OPERATING COSTS (Notes 11, 22 and 27)	<u>5,847,983</u>	<u>87</u>	<u>5,502,500</u>	<u>85</u>
GROSS PROFIT	<u>884,813</u>	<u>13</u>	<u>989,306</u>	<u>15</u>
OPERATING EXPENSES (Notes 10 and 22)				
Selling and marketing expenses	73,760	1	73,692	1
General and administrative expenses	125,740	2	126,543	2
Expected credit loss (reversal of credit loss)	<u>371</u>	<u>-</u>	<u>(6,187)</u>	<u>-</u>
Total operating expenses	<u>199,871</u>	<u>3</u>	<u>194,048</u>	<u>3</u>
PROFIT FROM OPERATIONS	<u>684,942</u>	<u>10</u>	<u>795,258</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 27)				
Interest income	11,157	-	982	-
Other income	11,164	-	33,042	1
Other gains and losses	90,184	2	(64,091)	(1)
Finance costs	(1,645)	-	(341)	-
Share of profit or loss of subsidiaries accounted for using the equity method	<u>71,110</u>	<u>1</u>	<u>221,031</u>	<u>3</u>
Total non-operating income and expenses	<u>181,970</u>	<u>3</u>	<u>190,623</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	866,912	13	985,881	15
INCOME TAX EXPENSE (Notes 4 and 23)	<u>186,370</u>	<u>3</u>	<u>200,090</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>680,542</u>	<u>10</u>	<u>785,791</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	10,694	-	1,001	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	57,944	1	503,694	8

(Continued)

Thye Ming Industrial Co., Ltd.

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

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	\$ 10,321	-	\$ 111,447	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	(2,139)	-	(200)	-
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	<u>108,223</u>	<u>2</u>	<u>(20,762)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>185,043</u>	<u>3</u>	<u>595,180</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 865,585</u>	<u>13</u>	<u>\$ 1,380,971</u>	<u>21</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 4.07</u>		<u>\$ 4.00</u>	
Diluted	<u>\$ 4.06</u>		<u>\$ 3.99</u>	

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

Thye Ming Industrial Co., Ltd.

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

			Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity Unrealized Gain and Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2021	\$ 2,091,482	\$ 975,330	\$ 937,192	\$ 346,223	\$ 1,217,585	\$ (440,286)	\$ 60,401	\$ (379,885)	\$ 5,187,927
Appropriation of 2020 earnings (Note 20)									
Legal reserve	-	-	35,624	-	(35,624)	-	-	-	-
Special reserve	-	-	-	33,662	(33,662)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(209,148)	-	-	-	(209,148)
	-	-	35,624	33,662	(278,434)	-	-	-	(209,148)
Reduction of cash capital (Notes 20)	(418,297)	-	-	-	-	-	-	-	(418,297)
Net profit for the year ended December 31, 2021	-	-	-	-	785,791	-	-	-	785,791
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	868	(20,762)	615,074	594,312	595,180
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	786,659	(20,762)	615,074	594,312	1,380,971
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Notes 8)	-	-	-	-	15,266	-	(15,266)	(15,266)	-
BALANCE AT DECEMBER 31, 2021	1,673,185	975,330	972,816	379,885	1,741,076	(461,048)	660,209	199,161	5,941,453
Appropriation of 2021 earnings (Note 20)									
Legal reserve	-	-	80,193	-	(80,193)	-	-	-	-
Special reserve	-	-	-	(337,820)	337,820	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(752,933)	-	-	-	(752,933)
	-	-	80,193	(337,820)	(495,306)	-	-	-	(752,933)
Net profit for the year ended December 31, 2022	-	-	-	-	680,542	-	-	-	680,542
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	9,013	108,223	67,807	176,030	185,043
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	689,555	108,223	67,807	176,030	865,585
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Notes 8 and 23)	-	-	-	-	714,165	-	(718,610)	(718,610)	(4,445)
BALANCE AT DECEMBER 31, 2022	\$ 1,673,185	\$ 975,330	\$ 1,053,009	\$ 42,065	\$ 2,649,490	\$ (352,825)	\$ 9,406	\$ (343,419)	\$ 6,049,660

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

Thye Ming Industrial Co., Ltd.

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 866,912	\$ 985,881
Adjustments for:		
Depreciation expense	45,513	37,465
Amortization expense	37	102
Expected credit loss reversed on accounts receivable	371	(6,187)
Net loss on fair value changes of financial assets at fair value through profit or loss	10,217	30,434
Finance costs	1,645	341
Interest income	(11,157)	(982)
Dividend income	-	(7,367)
Share of profit of subsidiaries accounted for using the equity method	(71,110)	(221,031)
Loss on disposal of property, plant and equipment	122	2,382
Inventory write-down reversed	(143)	(42)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(6,975)	63,091
Notes receivable	3,848	3,127
Accounts receivable	(17,531)	143,812
Other receivables	8,338	(138)
Inventories	(107,653)	(394,218)
Other current assets	10,860	(12,104)
Contract liabilities	(47,584)	47,584
Notes payable	(48)	57
Accounts payable	40,209	(1,601)
Accounts payable to related parties	(19,847)	(10,997)
Other payables	(908)	8,772
Provisions	(349)	(750)
Other current liabilities	31	34
Net defined benefit liabilities	(1,157)	(938)
Cash generated from operations	703,641	666,727
Interest received	11,157	982
Dividends received	17,600	24,967
Interest paid	(1,700)	(359)
Income tax paid	(207,263)	(87,518)
Net cash generated from operating activities	523,435	604,799
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(50,000)	-
Proceeds from sale of financial assets at fair value through profit or loss	787,537	77,020
Payments for property, plant and equipment	(48,110)	(33,058)
Proceeds from disposal of property, plant and equipment	-	674
Increase in refundable deposits	(970)	(872)

(Continued)

Thye Ming Industrial Co., Ltd.

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

	2022	2021
Decrease in refundable deposits	\$ -	\$ 1,106
Payments for intangible assets	(61)	(80)
Increase in other financial assets	<u>-</u>	<u>(113)</u>
Net cash generated from investing activities	<u>688,396</u>	<u>44,677</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	450,000	-
Repayments of short-term borrowings	-	(100,000)
Increase in refundable deposits	50	-
Repayment of the principal portion of lease liabilities	(1,198)	-
Dividends paid to owners of the Company	(752,933)	(209,148)
Capital reduction for cash	<u>-</u>	<u>(418,297)</u>
Net cash used in financing activities	<u>(304,081)</u>	<u>(727,445)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	907,750	(77,969)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>466,174</u>	<u>544,143</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,373,924</u>	<u>\$ 466,174</u>

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

Thye Ming Industrial Co., Ltd.

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

1. GENERAL INFORMATION

Thye Ming Industrial Co., Ltd. (the “Company”) was incorporated in February 1983 under the laws of the Republic of China. The Company mainly manufactures and sells the following products: Lead antimony alloy, lead calcium alloy, yellow and red lead. The Company obtained Waste Disposal Technician Certification (Class A) in 1994 and started providing general business waste recycling and regeneration services.

The Company’s shares have been listed on the Taiwan Stock Exchange since March 1999.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 17, 2023.

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

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

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

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

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

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

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

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

As of the date the parent company only financial statements were authorized for issue, the Company assessed that the initial application of the above standards and interpretations will not have material impact on the financial position and financial performance.

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

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

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

When preparing the parent company only financial statements, the Company accounted for subsidiaries using the equity method. In order for the amount of net income, other comprehensive income and equity in the parent company only financial statements to be the same as that attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the account investments accounted for using the equity method, share of profit of subsidiaries and share of other comprehensive income of subsidiaries in the parent company only financial statements.

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the assets are restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within twelve months after the reporting period; and
- 3) Liabilities without an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, and not retranslated subsequently.

For the purpose of presenting parent company only financial statements, the functional currencies of the Company and the entities controlled by the Company (including subsidiaries in other countries that use currencies different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at

the end of the reporting year; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

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

f. Investments in subsidiaries

Investments in subsidiaries are accounted for using the equity method. Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment in subsidiaries is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiaries. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

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

Changes in the Company's ownership in a subsidiary that do not lead to the Company losing control over the subsidiary are accounted for as equity transactions. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the investment before the changes is recognized in equity.

Unrealized profit or loss resulting from downstream transactions is eliminated in full in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant, and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those assets and the cost of those assets are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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

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

h. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss.

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

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

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

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit or contract cost related to the assets is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years (less depreciation and amortization). A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL; financial assets mandatorily classified as at FVTPL are investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;

- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments that are not held for trading or contingent consideration recognized by an acquirer in a business combination as at FVTOCI.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

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

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

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

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Company:

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The Company recognizes an impairment loss and reversal of impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

The Company's financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

l. Liability provision

The amount recognized as a liability provision, including other long-term employee benefits, is measured at the best estimate of the expenditure of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The liability provision is measured at the estimate of the discounted cash flows of the consideration required to settle the present obligation.

m. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from sale of goods comes from sales of lead alloy ingots. Sales of lead alloy ingots are recognized as revenue when the goods are shipped or delivered to the customer's specific location, i.e., the time the performance obligations are satisfied.

The Company does not recognize revenue from transfer of materials to contractors for processing because the control and ownership of the materials are not transferred.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from processing of products for customers. Consequently, the related revenue is recognized when services are rendered.

n. Leases

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

1) The Company as lessor

Leases are classified as operating leases whenever the terms of a lease do not transfer substantially all the risks and rewards of ownership to the lessee.

Under operating leases, lease payments are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income and reflected immediately in retained earnings in the period in which it occurs, and will not be subsequently reclassified to profit or loss.

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

3) Other long-term employee benefits

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

q. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The company considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key sources of estimation uncertainty - write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 138	\$ 132
Checking accounts and demand deposits	360,422	382,972
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	767,700	83,070
Repurchase agreements bonds	<u>245,664</u>	<u>-</u>
	<u>\$ 1,373,924</u>	<u>\$ 466,174</u>

The market rate intervals of cash equivalents and repurchase agreements bonds at the end of the year were as follows:

	December 31	
	2022	2021
Time deposits (%)	4.05%-4.35%	0.24%
Repurchase agreements bonds (%)	4.00%-4.45%	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<hr/> Mandatorily classified as at FVTPL <hr/>		
Non-derivative financial assets		
Fund beneficiary certificate	<u>\$ 267,169</u>	<u>\$ 270,411</u>

For the net loss of financial assets at fair value through profit or loss, refer to Note 22.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<hr/> Non-current <hr/>		
Domestic listed ordinary shares	\$ -	\$ 746,939
Domestic listed preference shares	48,000	-
Domestic unlisted shares	<u>63,166</u>	<u>43,820</u>
	<u>\$ 111,166</u>	<u>\$ 790,759</u>

These investments in equity instruments are held for medium-term to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI, as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

In 2022 and 2021, the Company sold its shares in order to manage credit concentration risk. The fair value of the sold shares was \$787,537 thousand and \$85,268 thousand; the related unrealized valuation gains of \$598,916 thousand and \$15,266 thousand were transferred from other equity to retained earnings, respectively.

9. OTHER FINANCIAL ASSETS

	December 31	
	2022	2021
<hr/>		
Non-current		
Restricted financial assets	<u>\$ 13,100</u>	<u>\$ 13,100</u>
	<hr/>	
	2022	2021
a. Annual interest rate of restricted final assets (%)	0.79%-1.44%	0.79%-0.815%
b. For information on pledged other financial assets, refer to Note 28.		

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2022	2021
<hr/>		
Operating activities		
Notes receivable		
At amortized cost		
Gross carrying amount	<u>\$ 5,346</u>	<u>\$ 9,194</u>
Accounts receivable		
At amortized cost		
Gross carrying amount	\$ 836,262	\$ 818,731
Less: Allowance for impairment loss	<u>605</u>	<u>234</u>
	<u>\$ 835,657</u>	<u>\$ 818,497</u>

a. Notes receivable

The Company assessed that notes receivable were not overdue and no allowance for loss is provided at the end of the reporting period.

b. Accounts receivable

The average credit period of sales of goods was 30-90 days. No interest is charged on accounts receivable. The Company adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher, and use other publicly available financial information and mutual transaction records to evaluate major customers.

In order to minimize credit risk, the management has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual

trade debt at the end of the reporting year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated by reference to past default experience and current financial position of the customers. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the customer base is not further distinguished.

The following table details the loss allowance of accounts receivable based on past due date.

December 31, 2022

	Not Past Due	1 to 30 Days Past Due	31 to 45 Days Past Due	Total
Gross carrying amount	\$ 802,605	\$ 33,472	\$ 185	\$ 836,262
Loss allowance (Lifetime ECLs)	<u>(242)</u>	<u>(355)</u>	<u>(8)</u>	<u>(605)</u>
Amortized cost	<u>\$ 802,363</u>	<u>\$ 33,117</u>	<u>\$ 177</u>	<u>\$ 835,657</u>

December 31, 2021

	Not Past Due	1 to 30 Days Past Due	Total
Gross carrying amount	\$ 794,024	\$ 24,707	\$ 818,731
Loss allowance (Lifetime ECLs)	<u>(118)</u>	<u>(116)</u>	<u>(234)</u>
Amortized cost	<u>\$ 793,906</u>	<u>\$ 24,591</u>	<u>\$ 818,497</u>

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 234	\$ 6,421
Loss allowance (reversed) in current year	<u>371</u>	<u>(6,187)</u>
Balance at December 31	<u>\$ 605</u>	<u>\$ 234</u>

11. INVENTORIES

	December 31	
	2022	2021
Raw materials	\$ 710,618	\$ 599,071
Supplies	16,594	13,588
Semi-finished goods	54,951	102,596
Work in process	26,843	23,017
Finished goods	512,547	385,389

(Continued)

	December 31	
	2022	2021
By-products	\$ 681	\$ 1,128
Merchandise	632,806	539,211
Inventory in transit	<u>73,314</u>	<u>256,558</u>
	<u>\$ 2,028,354</u>	<u>\$ 1,920,558</u>
		(Concluded)

All operating costs recognized as cost of goods sold for the years ended December 31, 2022 and 2021 were \$5,847,983 thousand and \$5,502,500 thousand, respectively, which included the following items:

	For the Year Ended December 31	
	2022	2021
Inventory write-down reversed	\$ (143)	\$ (42)
Gain on physical inventory	4	(41)
Loss on idle capacity	6,285	1,208
Revenue from sale of scrap	<u>(2,552)</u>	<u>(2,447)</u>
	<u>\$ 3,594</u>	<u>\$ (1,322)</u>

Inventory write-downs were reversed as a result of those inventories were sold.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in subsidiaries

	December 31	
	2022	2021
Non-listed share		
Thai Wey Industrial Co., Ltd.	\$ 301,564	\$ 292,642
Thye Ming Industrial (Samoa)	<u>1,650,274</u>	<u>1,491,587</u>
	<u>\$ 1,951,838</u>	<u>\$ 1,784,229</u>

The Company's ownership and percentage of voting rights in subsidiaries on the balance sheet date are as follows:

	December 31	
	2022	2021
Thai Wey Industrial Co., Ltd.	88%	88%
Thye Ming Industrial (Samoa)	100%	100%

For information on the invested companies, refer to Table 4.

13. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2022

	Land	Buildings	Machinery and Equipment	Others	Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 187,200	\$ 129,639	\$ 493,880	\$ 175,906	\$ 229	\$ 986,854
Additions	-	1,447	18,193	6,896	23,504	50,040
Disposal	-	-	(7,925)	(1,352)	-	(9,277)
Balance at December 31, 2021	<u>\$ 187,200</u>	<u>\$ 131,086</u>	<u>\$ 504,148</u>	<u>\$ 181,450</u>	<u>\$ 23,733</u>	<u>\$ 1,027,617</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2021	\$ -	\$ 93,171	\$ 418,886	\$ 158,890	\$ -	\$ 670,947
Depreciation expense	-	6,229	30,752	7,002	-	43,983
Disposal	-	-	(7,803)	(1,352)	-	(9,155)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 99,400</u>	<u>\$ 441,835</u>	<u>\$ 164,540</u>	<u>\$ -</u>	<u>\$ 705,775</u>
Carrying amount at December 31, 2021	<u>\$ 187,200</u>	<u>\$ 31,686</u>	<u>\$ 62,313</u>	<u>\$ 16,910</u>	<u>\$ 23,733</u>	<u>\$ 321,842</u>

For the year ended December 31, 2021

	Land	Buildings	Machinery and Equipment	Others	Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 187,200	\$ 125,745	\$ 485,158	\$ 175,364	\$ 198	\$ 973,665
Additions	-	3,894	18,139	8,747	31	30,811
Disposal	-	-	(9,417)	(8,205)	-	(17,622)
Balance at December 31, 2021	<u>\$ 187,200</u>	<u>\$ 129,639</u>	<u>\$ 493,880</u>	<u>\$ 175,906</u>	<u>\$ 229</u>	<u>\$ 986,854</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2021	\$ -	\$ 87,438	\$ 400,622	\$ 160,435	\$ -	\$ 648,495
Depreciation expense	-	5,733	24,834	6,451	-	37,018
Disposal	-	-	(6,570)	(7,996)	-	(14,566)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 93,171</u>	<u>\$ 418,886</u>	<u>\$ 158,890</u>	<u>\$ -</u>	<u>\$ 670,947</u>
Carrying amount at December 31, 2021	<u>\$ 187,200</u>	<u>\$ 36,468</u>	<u>\$ 74,994</u>	<u>\$ 17,016</u>	<u>\$ 229</u>	<u>\$ 315,907</u>

The additions to property, plant and equipment and the related cash payment were reconciled as follows:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Investing activities affecting both cash and non-cash items		
Increase in property, plant and equipment	\$ 50,040	\$ 30,811
Capitalized interest	(55)	(10)
Decrease (increase) in payable for purchase of equipment (other payables)	(1,980)	1,257
Increase in prepayment for equipment	<u>105</u>	<u>1,000</u>
Payments for property, plant and equipment	<u>\$ 48,110</u>	<u>\$ 33,058</u>

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

Buildings	
Buildings of plant and office	20-45 years
Roof upgrading and improvement works in plant and office	15-39 years
Raw material storage area and improvement works	3-10 years
Others	5 years
Machinery and equipment	2-15 years
Others	
Factory fence	40 years
Electrical equipment	3-8 years
Office equipment	2-10 years
Transportation equipment	3-10 years
Others	3-15 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets - at December 31, 2022

	Transportation equipment
<u>Cost</u>	
Balance at January 1, 2022	\$ -
Additions	<u>4,861</u>
Balance at December 31, 2022	<u>\$ 4,861</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2022	\$ -
Depreciation	<u>1,080</u>
Balance at December 31, 2022	<u>\$ 1,080</u>
Carrying amount at December 31, 2022	<u>\$ 3,781</u>

b. Lease liabilities - at December 31, 2022

	December 31, 2022
Carrying amount	
Current	\$ 1,615
Non-current	<u>2,048</u>
	<u>\$ 3,663</u>

Discount rate (%) for lease liabilities was as follows:

	December 31, 2022
Transportation equipment	1.23

c. Other lease information

	For the Year Ended December 31 2022	2021
Expenses relating to low-value leases	<u>\$ 96</u>	<u>\$ -</u>
Total cash outflow for leases	<u>\$ 1,334</u>	<u>\$ -</u>

For information about the operating leases of investment properties, refer to Note15.

15. INVESTMENT PROPERTIES

For the year ended December 31, 2022

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022 and December 31, 2022	<u>\$ 142,902</u>	<u>\$ 14,116</u>	<u>\$ 157,018</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 7,790	\$ 7,790
Depreciation	<u>-</u>	<u>450</u>	<u>450</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 8,240</u>	<u>\$ 8,240</u>
Carrying amount at December 31, 2022	<u>\$ 142,902</u>	<u>\$ 5,876</u>	<u>\$ 148,778</u>

For the year ended December 31, 2021

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 142,902	\$ 14,003	\$ 156,905
Additions	<u>-</u>	<u>113</u>	<u>113</u>
Balance at December 31, 2021	<u>\$ 142,902</u>	<u>\$ 14,116</u>	<u>\$ 157,018</u>

(Continued)

	Land	Buildings	Total
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ -	\$ 7,343	\$ 7,343
Depreciation	<u>-</u>	<u>447</u>	<u>447</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 7,790</u>	<u>\$ 7,790</u>
Carrying amount at December 31, 2021	<u>\$ 142,902</u>	<u>\$ 6,326</u>	<u>\$ 149,228</u> (Concluded)

Investment properties of the Company are depreciated using the straight-line method over their estimated useful lives of 25-40 years.

The fair value of the investment properties was \$292,335 thousand based on the valuations carried out by independent qualified professional real estate appraisers in May 2022. The fair value was measured using Level 3 inputs, including reference to market evidence of transaction prices for similar properties, land development analysis, etc.; the discount rate used was 1.67%-2%. The Company assessed that there were no significant changes in the fair value through December 31, 2022.

The Company received deposits for operating lease contracts; the amounts were \$850 and \$800 thousand, as of December 31, 2022 and 2021, respectively.

The lease periods of investment properties are 2 to 10 years. Lease payments will be adjusted when the lessees exercise their options to extend on the basis of changes in market rental rates. The lessees do not have bargain purchase option to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2022 and 2021 was as follows:

	2022	2021
Year 1	\$ 6,120	\$ 4,303
Year 2	4,335	2,520
Year 3	3,600	735
Year 4	3,600	-
Year 5	3,250	-
Over year 5	<u>14,500</u>	<u>-</u>
	<u>\$ 35,405</u>	<u>\$ 7,558</u>

16. SHORT-TERM BORROWINGS

	December 31	
	2022	2021
Unsecured borrowings		
Bank loans	<u>\$ 450,000</u>	<u>\$ -</u>

The annual interest rates of short-term borrowings were as follows:

	December 31	
	2022	2021
Line of credit borrowing (%)	1.48-1.63	-

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2022	2021
Operating		
Notes payable - nonrelated parties	\$ <u>38</u>	\$ <u>86</u>
Operating		
Accounts payable - nonrelated parties	\$ 124,104	\$ 83,895
Accounts payable - related parties	<u>3,741</u>	<u>23,588</u>
	<u>\$ 127,845</u>	<u>\$ 107,483</u>

The credit period of the purchase of the goods is 15-60 days and the Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms; therefore, no interest is charged on the accounts payable.

18. OTHER PAYABLES

	December 31	
	2022	2021
Payable for compensation of employees and remuneration of directors	\$ 36,355	\$ 41,420
Payable for salaries and bonuses	26,763	21,475
Payable for annual leave	5,412	5,993
Payable for purchase of equipment	2,830	850
Others	<u>18,234</u>	<u>18,784</u>
	<u>\$ 89,594</u>	<u>\$ 88,522</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to certain percentage of total monthly salaries and wages to a pension fund administered

by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy. In addition, in June 2005, the Company reported to the National Taxation Bureau that the Company adopted a "Retirement Benefit and Retirement Scheme for Appointed Personnel" which stipulates the making of pension provisions at 4% of the monthly salary of the manager.

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

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 75,958	\$ 84,775
Fair value of plan assets	<u>(62,358)</u>	<u>(59,324)</u>
Net defined benefit liabilities	<u>\$ 13,600</u>	<u>\$ 25,451</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 84,775</u>	<u>\$ (59,324)</u>	<u>\$ 25,451</u>
Service cost			
Current service cost	416	-	416
Net interest expense (income)	<u>530</u>	<u>(376)</u>	<u>154</u>
Recognized in profit or loss	<u>946</u>	<u>(376)</u>	<u>570</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,646)	(4,646)
Actuarial gain - changes in financial assumptions	(3,357)	-	(3,357)
Actuarial gain - experience adjustments	<u>(2,691)</u>	<u>-</u>	<u>(2,691)</u>
Recognized in other comprehensive income	<u>(6,048)</u>	<u>(4,646)</u>	<u>(10,694)</u>
Contributions from the employer	<u>-</u>	<u>(1,727)</u>	<u>(1,727)</u>
Benefits paid			
Contribution from plan assets	<u>(3,715)</u>	<u>3,715</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 75,958</u>	<u>\$ (62,358)</u>	<u>\$ 13,600</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	<u>\$ 87,493</u>	<u>\$ (60,103)</u>	<u>\$ 27,390</u>
Service cost			
Current service cost	574	-	574
Net interest expense (income)	<u>438</u>	<u>(305)</u>	<u>133</u>
Recognized in profit or loss	<u>1,012</u>	<u>(305)</u>	<u>707</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(756)	(756)
Actuarial loss - changes in demography	2,331	-	2,331
Actuarial gain - changes in financial assumptions	(810)	-	(810)
Actuarial gain - experience adjustments	<u>(1,766)</u>	<u>-</u>	<u>(1,766)</u>
Recognized in other comprehensive income	<u>(245)</u>	<u>(756)</u>	<u>(1,001)</u>
Contributions from the employer	<u>-</u>	<u>(1,645)</u>	<u>(1,645)</u>
Benefits paid			
Contribution from plan assets	<u>(3,485)</u>	<u>3,485</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 84,775</u>	<u>\$ (59,324)</u>	<u>\$ 25,451</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2022	2021
Operating costs	\$ 406	\$ 492
Selling and marketing expenses	38	47
General and administrative expenses	<u>126</u>	<u>168</u>
	<u>\$ 570</u>	<u>\$ 707</u>

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

1) Investment risk

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

2) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2022	2021
Discount rate (%)	1.250	0.625
Expected rate of salary increase (%)	2.000	2.000

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

	December 31	
	2022	2021
Discount rate		
0.25% increase	<u>\$ (1,277)</u>	<u>\$ (1,622)</u>
0.25% decrease	<u>\$ 1,314</u>	<u>\$ 1,672</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 1,281</u>	<u>\$ 1,622</u>
0.25% decrease	<u>\$ (1,252)</u>	<u>\$ (1,582)</u>

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

	December 31	
	2022	2021
Expected contributions to the plan for the next year	<u>\$ 1,680</u>	<u>\$ 1,560</u>
Average duration of the defined benefit obligation	6.9 years	7.8 years

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	2021
Shares authorized (in thousands of shares)	<u>310,000</u>	<u>310,000</u>
Shares authorized (in thousands of dollars)	<u>\$ 3,100,000</u>	<u>\$ 3,100,000</u>
Shares issued and fully paid (in thousands of shares)	<u>167,319</u>	<u>167,319</u>
Shares issued and fully paid (in thousands of dollars)	<u>\$ 1,673,185</u>	<u>\$ 1,673,185</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

In order to adjust the capital structure and increase the rate of return on shareholders' equity, the shareholders in their meeting approved to reduce capital by 20% in cash in July 2021, and cancel the ordinary share capital of \$418,297 thousand. The base date of capital reduction was September 14, 2021. The registration of change was completed on October 5, 2021.

b. Capital surplus

	December 31	
	2022	2021
Conversion of bonds	<u>\$ 975,330</u>	<u>\$ 975,330</u>

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

c. Retained earnings and dividend policy

Under the dividend policy in the Company's Articles of Incorporation (the "Articles"), where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (except that when legal reserve has reached the Company's paid-in capital, the Company may continue or stop to set aside amount for legal reserve), setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of stock dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 22-h.

The board of directors of the Company is authorized to adopt a special resolution to distribute dividends and bonuses in cash, in whole or in part, and a report of such distribution should be submitted in the shareholders' meeting.

The Company is in a stable growth stage in line with the overall environment and the characteristics of the industry's growth. In planning to distribute earnings, the Company shall consider the needs for

sustainable operation and long-term development, and the needs of shareholders for cash inflows; if there will be distribution of earnings, cash dividend shall not be less than 10% of the total cash and stock dividends distributed.

The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings are not sufficient. On the first-time adoption of IFRSs, the Company appropriated \$42,065 thousand to the special reserve for the increase in retained earnings in the conversion to IFRSs.

The appropriations of earnings for 2021 and 2020, which were approved in the shareholders' meetings on June, 2022 and July, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Legal reserve	\$ 80,193	\$ 35,624		
(Reversal of) special reserve	(337,820)	33,662		
Cash dividends	<u>752,933</u>	<u>209,148</u>	<u>\$ 4.5</u>	<u>\$ 1.0</u>
	<u>\$ 495,306</u>	<u>\$ 278,434</u>		

The appropriations of earnings for 2022 proposed by the Company's board of directors on March 17, 2023, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 140,372	
Reversal of special reserve	301,354	
Cash dividends	<u>669,274</u>	<u>\$ 4.0</u>
	<u>\$ 1,111,000</u>	

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held in June 2023.

d. Other equity items

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (461,048)	\$ (440,286)
Share of other comprehensive loss of subsidiaries accounted for using the equity method	<u>108,223</u>	<u>(20,762)</u>
Balance at December 31	<u>\$ (352,825)</u>	<u>\$ (461,048)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 660,209	\$ 60,401
Recognized for the year		
Unrealized gain - equity instruments	57,944	503,694
Share of profit of subsidiaries accounted for using the equity method	9,863	111,380
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>(718,610)</u>	<u>(15,266)</u>
Balance at December 31	<u>\$ 9,406</u>	<u>\$ 660,209</u>

21. OPERATING REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	\$ 6,686,536	\$ 6,439,139
Revenue from the rendering of services	<u>46,260</u>	<u>52,667</u>
	<u>\$ 6,732,796</u>	<u>\$ 6,491,806</u>

a. Contract balances

	December 31		January 1
	2022	2021	2021
Notes and accounts receivable	<u>\$ 841,003</u>	<u>\$ 827,691</u>	<u>\$ 968,443</u>
Contract liabilities			
Sale of goods	<u>\$ 163</u>	<u>\$ 47,747</u>	<u>\$ 163</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year was as follows:

	For the Year Ended December 31	
	2022	2021
From contract liabilities at the start of the year		
Sale of goods	<u>\$ 47,747</u>	<u>\$ 163</u>

b. Disaggregation of revenue

	December 31	
	2022	2021
Sale of goods		
Lead antimony alloy	\$ 5,273,986	\$ 4,539,854
Lead calcium alloy	849,227	1,265,264
Yellow and red lead	470,537	555,851
Others	<u>92,786</u>	<u>78,170</u>
	6,686,536	6,439,139
Rendering of services	<u>46,260</u>	<u>52,667</u>
	<u>\$ 6,732,796</u>	<u>\$ 6,491,806</u>

22. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	\$ 11,145	\$ 982
Others	<u>12</u>	<u>-</u>
	<u>\$ 11,157</u>	<u>\$ 982</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Rental income (Note 15)	\$ 5,103	\$ 5,125
Fund's dividends	1,822	16,510
Dividends	-	7,367
Others (Note 27)	<u>4,239</u>	<u>4,040</u>
	<u>\$ 11,164</u>	<u>\$ 33,042</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Loss on disposal of property, plant and equipment	\$ (122)	\$ (2,382)
Foreign exchange gains (losses), net	100,984	(30,828)
Loss on financial assets mandatorily at FVTPL, net	(10,217)	(30,434)
Other losses	<u>(461)</u>	<u>(447)</u>
	<u>\$ (90,184)</u>	<u>\$ (64,091)</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest expense of borrowings	\$ 1,660	\$ 351
Interest on lease liabilities	40	-
Less: Amounts included in the cost of qualifying assets	<u>55</u>	<u>10</u>
	<u>\$ 1,645</u>	<u>\$ 341</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2022	2021
Capitalized interest	<u>\$ 55</u>	<u>\$ 10</u>
Capitalization rate (%)	1.41	0.77

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 43,983	\$ 37,018
Investment properties	450	447
Right-of-use assets	1,080	-
Computer software	<u>37</u>	<u>102</u>
	<u>\$ 45,550</u>	<u>\$ 37,567</u>
An analysis of depreciation by function		
Operating costs	\$ 42,296	\$ 35,295
Operating expenses	2,767	1,723
Non-operating expenses	<u>450</u>	<u>447</u>
	<u>\$ 45,513</u>	<u>\$ 37,465</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 37</u>	<u>\$ 102</u>

f. Expenses directly related to investment properties

	For the Year Ended December 31	
	2022	2021
Rental expense	<u>\$ 752</u>	<u>\$ 748</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 171,378	\$ 166,239
Post-employment benefits		
Defined contribution plans	3,856	3,930
Defined benefit plans (Note 19)	570	707
Long-term employee benefits	<u>(349)</u>	<u>(750)</u>
	<u>\$ 175,455</u>	<u>\$ 170,126</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 90,879	\$ 86,523
Operating expenses	<u>84,576</u>	<u>83,603</u>
	<u>\$ 175,455</u>	<u>\$ 170,126</u>

h. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrued compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021, which were approved to be paid in cash by the Company's board of directors on March 17, 2023 and March 23, 2022, respectively, consistent with the amount in the financial statements are as follows :

	For the Year Ended December 31	
	2022	2021
<hr/>		
Estimation ratio		
Compensation of employees	1	1
Remuneration of directors	3	3
<hr/>		
Amount		
Compensation of employees	\$ 10,195	\$ 11,610
Remuneration of directors	26,160	29,810

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the year ended December 31, 2021 and 2020.

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

- i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ 173,276	\$ 13,740
Foreign exchange losses	<u>(72,292)</u>	<u>(44,568)</u>
Net gains (losses)	<u>\$ 100,984</u>	<u>\$ (30,828)</u>

23. INCOME TAX

- a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 163,390	\$ 154,807
Unappropriated earnings	15,331	3,850
Adjustments for prior years	<u>(543)</u>	<u>(2,725)</u>
	<u>178,178</u>	<u>155,932</u>
Deferred tax		
In respect of the current year	<u>8,192</u>	<u>44,158</u>
	<u>\$ 186,370</u>	<u>\$ 200,090</u>

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

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	<u>\$ 866,912</u>	<u>\$ 985,881</u>
Income tax expense calculated at the statutory rate	\$ 173,382	\$ 197,176
Non-taxable income (non-deductible expenses) in determining taxable income	(1,800)	1,789
Income tax on unappropriated earnings	15,331	3,850
Adjustments for prior years' tax	<u>(543)</u>	<u>(2,725)</u>
	<u>\$ 186,370</u>	<u>\$ 200,090</u>

- b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plans	<u>\$ (2,139)</u>	<u>\$ (200)</u>

c. Income tax recognized directly in other equity

	For the Year Ended December 31	
	2022	2021
Current tax		
Share of subsidiaries accounted for using the equity method	<u>\$ 4,445</u>	<u>\$ -</u>

d. Current tax liabilities

	December 31	
	2022	2021
Income tax payable	<u>\$ 100,007</u>	<u>\$ 129,092</u>

e. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized loss on inventories	\$ 136	\$ (29)	\$ -	\$ 107
Provisions	798	(69)	-	729
Net defined benefit liabilities	6,442	-	(2,139)	4,303
Payable for annual leave	1,198	(116)	-	1,082
Others	<u>769</u>	<u>2,365</u>	<u>-</u>	<u>3,134</u>
	<u>\$ 9,343</u>	<u>\$ 2,151</u>	<u>\$ (2,139)</u>	<u>\$ 9,355</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Foreign investment income recognized under the equity method	\$ 196,427	\$ 10,093	\$ -	\$ 206,520
Reserve for land revaluation increment tax	46,669	-	-	46,669
Others	<u>1,911</u>	<u>250</u>	<u>-</u>	<u>2,161</u>
	<u>\$ 245,007</u>	<u>\$ 10,343</u>	<u>\$ -</u>	<u>\$ 255,350</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized loss on inventories	\$ 144	\$ (8)	\$ -	\$ 136
Provisions	949	(151)	-	798
Net defined benefit liabilities	6,642	-	(200)	6,442
Payable for annual leave	1,147	51	-	1,198
Others	<u>3,561</u>	<u>(2,792)</u>	<u>-</u>	<u>769</u>
	<u>\$ 12,443</u>	<u>\$ (2,900)</u>	<u>\$ (200)</u>	<u>\$ 9,343</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Foreign investment income recognized under the equity method	\$ 155,375	\$ 41,052	\$ -	\$ 196,427
Reserve for land revaluation increment tax	46,669	-	-	46,669
Others	<u>1,705</u>	<u>206</u>	<u>-</u>	<u>1,911</u>
	<u>\$ 203,749</u>	<u>\$ 41,258</u>	<u>\$ -</u>	<u>\$ 245,007</u>

f. Income tax assessments

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

24. EARNINGS PER SHARE

The numerator and denominator of the earnings per share calculation were as follows:

a. Numerator - Net profit for the year

	<u>For the Year Ended December 31</u>	
	2022	2021
Net profit for the year	<u>\$ 680,542</u>	<u>\$ 785,791</u>

b. Denominator - Number of ordinary shares (in thousands of shares)

	<u>For the Year Ended December 31</u>	
	2022	2021
Number of ordinary shares issued at the beginning of the year	167,319	196,656
Add: Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>344</u>	<u>403</u>
Number of shares used in the computation of diluted earnings per share	<u>167,663</u>	<u>197,059</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares. If the shares are dilutive, the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. The number of potential shares of the compensation of employees is calculated by dividing the amount of the compensation by the closing price per share of the ordinary shares on the balance sheet date. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (capital, capital surplus, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

26. FINANCIAL INSTRUMENTS

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

The carrying amounts of financial assets and financial liabilities that are not measured at fair value approximate their fair values.

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

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Fund beneficiary certificate	\$ 267,169	\$ -	\$ -	\$ 267,169
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 48,000	\$ -	\$ -	\$ 48,000
Domestic unlisted shares	-	-	63,166	63,166
	\$ 48,000	\$ -	\$ 63,166	\$ 111,166

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Fund beneficiary certificate	\$ 270,411	\$ -	\$ -	\$ 270,411
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 746,939	\$ -	\$ -	\$ 746,939
Domestic unlisted shares	-	-	43,820	43,820
	\$ 746,939	\$ -	\$ 43,820	\$ 790,759

There were no transfers between Level 1 and Level 2 in the current and prior years.

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

	<u>Financial Assets at FVTOCI</u>	
	2022	2021
<u>Financial assets</u>		
Balance, beginning of the year	\$ 43,820	\$ 34,948
Recognized in other comprehensive income	19,346	8,872
Balance, end of the year	\$ 63,166	\$ 43,820

3) Valuation techniques and inputs applied for level 3 fair value measurement

The fair values of domestic unlisted shares in the parent company only financial statements were determined by reference to the most recent net value of those investee companies.

c. Categories of financial instruments

	<u>December 31</u>	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 267,169	\$ 270,411
Financial assets at FVTOCI	111,166	790,759
Financial assets at amortized cost (Note 1)	2,230,780	1,316,086
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	668,327	196,891

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, other financial assets, other receivables and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes and accounts payable, other payables and deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits, other financial assets, short-term borrowings, notes and accounts payable (including those to related parties), other payables and deposits received. The Company's corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Company through analyzing exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Company has foreign currency denominated sales and purchases, which exposed the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities exposed to foreign currency risk at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Company is mainly exposed to the USD and JPY.

The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. The positive amounts below indicate a decrease in pre-tax profit associated with the functional currency weakening 1% against the relevant currency. For a 1% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	\$ 17,814	\$ 7,328

b) Interest rate risk

The Company is exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings.

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

	December 31	
	2022	2021
Cash flow interest rate risk		
Financial assets	\$ 370,776	\$ 393,274
Financial liabilities	150,000	-

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$2,208 thousand and \$3,933 thousand, respectively, which was mainly a result of variable rate bank deposits and borrowing.

c) Other price risk

The Company was exposed to equity price risk through its investments in fund beneficiary certificate and listed equity securities. Equity investments are held for strategic rather than for trading purposes; thus, the Company does not actively trade these investments. The Company's equity price risk is mainly concentrated in equity instruments traded in the Taiwan Stock Exchange and Open Fund Beneficiary Certificate trading in Taiwan.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$2,672 thousand and \$2,704 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

If equity prices had been 1% higher/lower, the other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$1,112 thousand and \$7,908 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation, could be equal to the following:

- a) The carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.
- b) The maximum amount that the Company may have to pay for financial guarantees provided, regardless of the possibility of occurrence.

The policy adopted by the Company is to only conduct transactions with reputable entities and use other publicly available financial information and mutual transaction records to evaluate major customers. The Company continues to supervise the credit risk insurance and the credit evaluation of the counterparty.

The Company's credit risk is mainly concentrated in the accounts receivable from certain customers. The carrying amounts of accounts receivable from these customers were as follows:

	December 31	
	2022	2021
Company A	<u>\$ 492,006</u>	<u>\$ 481,054</u>
Percentage of total accounts receivable (%)	59	59

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized short-term bank loan facilities of \$2,686,196 thousand and \$3,224,530 thousand, respectively.

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

	Less than 3 Months	3 Months to 1 Year	More than 1 year	Total
<u>December 31, 2022</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 181,973	\$ 36,355	\$ -	\$ 218,328
Lease liabilities	413	1,238	2,064	3,715
Variable interest rate liabilities	150,060	-	-	150,060
Fixed interest rate liabilities	<u>300,264</u>	<u>-</u>	<u>-</u>	<u>300,264</u>
	<u>\$ 632,710</u>	<u>\$ 37,593</u>	<u>\$ 2,064</u>	<u>\$ 672,367</u>

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

		Less than 1 Year	1 to 5 Years
Lease liabilities		<u>\$ 1,651</u>	<u>\$ 2,064</u>
	Less than 3 Months	3 Months to 1 Year	Total
<hr/> December 31, 2021 <hr/>			
Non-derivative financial liabilities			
Non-interest bearing liabilities	<u>\$ 155,471</u>	<u>\$ 41,420</u>	<u>\$ 196,891</u>

The above amounts of non-derivative financial liabilities would change if there will be changes in the floating interest rates determined at the end of the year.

27. TRANSACTIONS WITH RELATED PARTIES

- a. Related party name and its relationship with the Company

Related Party Name	Relationship with the Company
Thai Wey Industrial Co., Ltd. ("Thai Wey")	Subsidiary (88% shareholding)
Thye Ming (Vietnam) Ltd. ("Thye Ming (Vietnam)")	Subsidiary
Jet Rate Trading Co., Ltd.	The chairman of the related party is the general manager of the Company (related party in substance)
Tai Yeh Co., Ltd.	The chairman of the related party is the representative of the corporate director of the Company (related party in substance)

- b. Revenue from sales of goods

	For the Year Ended December 31	
	2022	2021
Related party in substance	<u>\$ 7,850</u>	<u>\$ 9,177</u>

The terms of the sale of goods to related parties and to others have no significant difference. The collection term is 60 days from the end of the month.

- c. Purchase of goods

	For the Year Ended December 31	
	2022	2021
Subsidiary		
Thai Wey	\$ 418,134	\$ 586,982
Related party in substance	<u>5,094</u>	<u>5,956</u>
	<u>\$ 423,228</u>	<u>\$ 592,938</u>

The products purchased from related parties were not available from non-related parties, so there were no purchase prices to compare. The payment terms are 15 to 60 days from the end of the month.

d. Other income

1) Technical service revenue

The Company signed a contract to provide technical services to its subsidiary, Thye Ming (Vietnam). The contract period is from August 2010 to August 2030. The technical service revenue, recognized as non-operating income, was \$3,588 thousand and \$3,359 thousand for the years ended December 31, 2022 and 2021, respectively.

2) Other operating costs

The Company signed a contract with its subsidiary, Thai Wey, for Thai Wey to be responsible for the disposal of the Company's industrial waste and the Company will pay the Thai Wey disposal fee based on the actual weight of waste disposed of. The disposal fee expense amounted to \$2,574 thousand and \$4,141 thousand for the years ended December 31, 2022 and 2021, respectively. The payment term to the subsidiary is 30 days after monthly closing.

3) Processing cost

The processing costs that the Company paid to the subsidiary, Thye Ming (Vietnam), for the processing of lead calcium were \$23,803 thousand and \$20,222 thousand for the years ended December 31, 2022 and 2021, respectively.

The Company does not have similar processing transaction with non-related parties; the payment term to the subsidiary is 30 days after monthly closing.

4) Rental income

- a) The Company leased to its subsidiary Thai Wey a site for use in the recycle of materials and products. The lease period is from July 2017 to June 2022, new lease period is from July 2022 to June 2027, and the rental income was both \$600 thousand for the years ended December 31, 2022 and 2021.
- b) The Company leased to its related party in substance Tai Yeh Co., Ltd. a site for use as factory building. The lease period is from November 2012 to October 2022, new lease period is from November 2022 to October 2032, and the rental income were \$1,983 thousand and \$2,040 thousand, respectively, for the years ended December 31, 2022 and 2021.

e. Receivables and payables

Account Item	December 31	
	2022	2021
1) Notes receivable		
Related parties in substance	\$ <u>816</u>	\$ <u>2,407</u>
2) Accounts receivable		
Related parties in substance	\$ <u>-</u>	\$ <u>804</u>
3) Other receivable		
Subsidiary		
Thai Wey	\$ <u>52</u>	\$ <u>52</u>

(Continued)

		December 31	
		2022	2021
4) Accounts payable - related party			
Subsidiary			
Thai Wey	\$	536	\$ 19,267
Thye Ming (Vietnam)		3,205	4,241
Related parties in substance		<u>-</u>	<u>80</u>
	\$	<u>3,741</u>	<u>\$ 23,588</u>
			(Concluded)

f. Remuneration of key management personnel

The remuneration of key management personnel for the years ended December 31, 2022 and 2021 was as follows:

		For the Year Ended December 31	
		2022	2021
Short-term employee benefits	\$	50,182	\$ 50,105
Post-employment benefits		219	128
Long-term employee benefits		<u>6</u>	<u>4</u>
	\$	<u>50,407</u>	<u>\$ 50,237</u>

The remuneration of directors and key executives was determined based on the Company's annual and long-term performance goals and remuneration policies, systems, standards and structures.

28. ASSETS PLEDGED AS COLLATERAL OR SECURITY

The Company provided time deposits as deposits for customs tax and supply of natural gas; the amounts of the time deposits recognized as other financial assets - non-current were both \$13,100 thousand for the years ended December 31, 2022 and 2021.

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Company's unrecognized commitments were as follows:

		December 31	
		2022	2021
Acquisition of property, plant and equipment	\$	<u>40,624</u>	<u>\$ 6,325</u>

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currency and the related exchange rate were as follows:

	Foreign Currency (In Thousands)		Exchange Rate		Carrying Amount (In Thousands)
<hr/> December 31, 2022 <hr/>					
Financial assets					
Monetary items					
USD	\$	58,380	30.708	(USD:NTD)	\$ 1,792,729
Financial liabilities					
Monetary items					
USD		369	30.708	(USD:NTD)	11,334
<hr/> December 31, 2021 <hr/>					
Financial assets					
Monetary items					
USD		26,618	27.690	(USD:NTD)	737,041
JPY		12,806	0.2406	(USD:NTD)	3,081
Financial liabilities					
Monetary items					
USD		153	27.690	(USD:NTD)	4,241

The Company's foreign currency exchange gains and losses (including realized and unrealized) are mainly derived from USD denominated transactions. The exchange losses were \$100,984 thousand and \$30,828 thousand for the years ended December 31, 2022 and 2021, respectively.

31. SEPARATELY DISCLOSED ITEMS

Matters required to be disclosed in 2022 are as follows:

- a. Information about significant transactions and investees
 - 1) Financing provided to others: None.
 - 2) Endorsements/guarantees provided: None.
 - 3) Marketable securities held (excluding investments in subsidiary): Table 1.
 - 4) Marketable securities acquired and disposed at cost or price at least NT\$300 million or 20% of the paid-in capital: Table 2.
 - 5) Acquisition of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital: None.
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 9) Trading in derivative instruments: None.
- 10) Information on investees: Table 4.

b. Information on investments in Mainland China

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China areas: None.

Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

- 1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None.
 - 2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: None.
 - 3) The amount of property transactions and the amount of the resultant gains or losses: None.
 - 4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.
 - 5) The highest balance, the ending balance, the interest rate range, and total current year interest with respect to financing of funds: None.
 - 6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.
- c. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 5.

TABLE 1**Thye Ming Industrial Co., Ltd.****MARKETABLE SECURITIES HELD****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	Stock							
	Super Telecom Co., Ltd.		Financial assets at FVTPL	858,000	\$ -	-	\$ -	
	Gyrostate Corp		Financial assets at FVTPL	350,000	-	-	-	
	Beneficiary certificate							
	Franklin Templeton SinoAm Global High Yield Bond Fund (USD B)		Financial assets at FVTPL	49,747	9,586	-	9,586	
	Natixis International Funds (Dublin) I - Loomis Sayles Multisector Income Fund R/D(USD)		Financial assets at FVTPL	14,503	4,872	-	4,872	
	JPMorgan (Taiwan) Multi Income Fund of Funds - Monthly Distribution Class		Financial assets at FVTPL	505,000	4,178	-	4,178	
	Manulife USD High Yield Bond Fund (USD B)		Financial assets at FVTPL	20,280	4,030	-	4,030	
	Taishin Senior Secured High Yield Bond Fund (USD B)		Financial assets at FVTPL	30,000	7,377	-	7,377	
	Schroder 2023 Maturity Asian Emerging Bond Fund Dis USD		Financial assets at FVTPL	10,000	2,376	-	2,376	
	Allianz Global Investors Emerging Markets Fixed Income Fund of Funds - A- TWD		Financial assets at FVTPL	200,000	1,729	-	1,729	
	PineBridge ESG Quantitative Income and Growth Fund-A(USD)		Financial assets at FVTPL	98,437	27,728	-	27,728	
	JPMorgan Investment Funds-Global High Yield Bond Fund-JPM Global High Yield Bond A(acc)-USD		Financial assets at FVTPL	7,559	43,202	-	43,202	
	Taishin ESG Emerging Markets Bond Fund-Accumulate-USD		Financial assets at FVTPL	70,000	17,218	-	17,218	
	ABITL US Umbrella Fund-ABITL US Multi-Asset Income Fund-A2 USD		Financial assets at FVTPL	20,000	8,181	-	8,181	
	JPMorgan (Taiwan) Multi Income Fund of Funds - Accumulation Share Class(USD)		Financial assets at FVTPL	43,901	14,651	-	14,651	
	Jih Sun Target Income Fund of Funds(USD)		Financial assets at FVTPL	26,834	7,317	-	7,317	
	PineBridge Asia Pacific High Yield Bond Fund (USD A)		Financial assets at FVTPL	78,106	22,621	-	22,621	
	PineBridge Multi-Income Fund-A(USD)		Financial assets at FVTPL	43,999	14,120	-	14,120	
	JPMorgan Funds-Income Fund-JPM Income A(acc)-USD		Financial assets at FVTPL	3,760	14,143	-	14,143	
	JPMorgan Investment Funds-Global Income Fund-JPM Global Income A(acc)-USD(hedged)		Financial assets at FVTPL	4,594	27,991	-	27,991	
	PineBridge Quantitative Diversified Income Fund-A(USD)		Financial assets at FVTPL	50,000	13,312	-	13,312	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Thai Wey Industrial Co., Ltd.	Jih Sun Taiwan Sustainable Growth and Dividend Fun		Financial assets at FVTPL	200,000	\$ 1,650	-	\$ 1,650	
	Jih Sun Long-Term Care REITS Fund (USD A)		Financial assets at FVTPL	30,109	7,128	-	7,128	
	Yuanta Global Leaders Balanced Fund (USD A)		Financial assets at FVTPL	25,065	7,530	-	7,530	
	Cathay US Premium Bond Fund (USD A)		Financial assets at FVTPL	10,000	3,143	-	3,143	
	Mega Singapore Real Estate Income Fund (USD A)		Financial assets at FVTPL	10,000	3,086	-	3,086	
					<u>\$ 267,169</u>		<u>\$ 267,169</u>	
	Stock							
	Taiwan International Ports Logistics Corporation		Financial assets at FVTOCI - noncurrent	5,000,000	\$ 63,166	-	\$ 63,166	Note
	Hotai Finance Co., Ltd.		Financial assets at FVTOCI - noncurrent	500,000	<u>48,000</u>	-	<u>48,000</u>	
					<u>\$ 111,166</u>	-	<u>\$ 111,166</u>	
	Beneficiary certificate							
	Jih Sun Money Market Fund		Financial assets at FVTPL	663,574	\$ 10,000	-	\$ 10,000	
	Taishin 1699 Money Market Fund		Financial assets at FVTPL	10,222,864	<u>140,720</u>	-	<u>140,720</u>	
					<u>\$ 150,720</u>		<u>\$ 150,720</u>	
	Stock							
	Hotai Finance Co., Ltd.		Financial assets at FVTOCI - noncurrent	500,000	<u>\$ 48,000</u>	-	<u>\$ 48,000</u>	

(Concluded)

Note: The fair value of the investee is based on the equity value of the investee company at December 31, 2022.

TABLE 2**Thye Ming Industrial Co., Ltd.****MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL****FOR THE YEAR ENDED DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Thye Ming Industrial Co., Ltd.	Viking Tech Corporation	Financial assets at FVTOCI - noncurrent	-	-	9,109,010	\$ 188,621	-	\$ -	9,109,010	\$ 787,537	\$ 188,621	\$ 598,546	-	\$ -
Thai Wey Industrial Co., Ltd.	Viking Tech Corporation	Financial assets at FVTOCI - noncurrent	-	-	2,427,000	76,207	-	-	2,427,000	212,222	76,207	136,015	-	-

Note 1: Marketable securities in the table refer to shares, bonds, beneficiary certificates and other related securities.

Note 2: The paid-in capital refers to the Company.

TABLE 3**Thye Ming Industrial Co., Ltd.**
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Counterparty	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total	
The Company	Thai Wey	Subsidiary	Purchase	\$ 418,134	7	15 days after half-month closing	General price	The payment term for main vendor is 60 days after monthly closing	\$ (536)	(1)	

TABLE 4**Thye Ming Industrial Co., Ltd.****INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of profit (Loss)	Note
				December 31, 2022	December 31, 2021	Shares/ Unit	%	Carrying Amount			
Thye Ming Industrial Co., Ltd.	Thai Wey Industrial Co., Ltd.	Taiwan	Trading and processing of metal ingots and alloy ingots, import and export trade and general waste disposal business	\$ 90,790	\$ 90,790	8,800,000	88.00	\$ 301,564	\$ 25,286	\$ 20,645	Note 1
Thye Ming Industrial Co., Ltd.	Thye Ming Industrial (Samoa)	Samoa	Investment holding company	970,498	970,498	30,000,000	100.00	1,650,274	50,465	50,465	Note 2
Thye Ming Industrial (Samoa)	Taiming Corp.	Samoa	Investment holding company	970,498	970,498	30,000,000	100.00	1,650,273	50,465	50,465	Note 2
Taiming Corp.	Thye Ming (Vietnam) Co., Ltd.	Vietnam	Production of various lead-based products. Domestic waste lead storage batteries and plastic recycling and remaking	970,498	970,498	30,000,000	100.00	1,650,253	50,513	50,465	Notes 1 and 2

Note 1: The investment gain (loss) recognized in the current year included realized and unrealized gain and loss on intercompany transactions.

Note 2: The original investment amount in each of Thye Ming Industrial (Samoa), Taiming Corp. (Samoa) and Thye Ming (Vietnam) Co., Ltd. was US\$30,000 thousand.

TABLE 5**Thye Ming Industrial Co., Ltd.****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Tai Lin Investment Co., Ltd.	26,843,913	16.04
Mao Sheng Investment Co., Ltd.	16,731,356	9.99
Jin Jun Investment Co., Ltd.	10,808,443	6.45
Wing Fung Commercial Bank as the entrusted custodian of Wing Fung Gold Securities (Asia) Co., Ltd.'s client - Wing Fung Gold (Asia) Nominee Co., Ltd. Investment Account	9,415,767	5.62
Thai Yong Investment Co., Ltd.	8,602,232	5.14

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter. The share capital in the parent company only financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

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

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

ITEM	STATEMENT INDEX
MAJOR ACCOUNTING ITEMS IN ASSETS, LIABILITIES AND EQUITY	
STATEMENT OF CASH AND CASH EQUIVALENTS	1
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THOUGH PROFIT OR LOSS - CURRENT	2
STATEMENT OF NOTES RECEIVABLE	3
STATEMENT OF ACCOUNTS RECEIVABLE	4
STATEMENT OF OTHER RECEIVABLES	5
STATEMENT OF INVENTORIES	6
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THOUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT	7
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	8
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT	Note 13
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	Note 13
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS	Note 14
STATEMENT OF DEFERRED TAX ASSETS	Note 23
STATEMENT OF INVESTMENT PROPERTY	Note 15
SCHEDULE OF SHORT-TERM BORROWINGS	9
STATEMENT OF ACCOUNTS PAYABLE	10
STATEMENT OF OTHER PAYABLES	Note 18
STATEMENT OF DEFERRED TAX LIABILITIES	Note 23
MAJOR ACCOUNTING ITEMS IN PROFIT OR LOSS	
STATEMENT OF OPERATING REVENUE	11
STATEMENT OF OPERATING COSTS	12
STATEMENT OF OPERATING EXPENSES	13
STATEMENT OF OTHER GAINS AND LOSSES	Note 22
STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION	14

STATEMENT 1**Thye Ming Industrial Co., Ltd.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Amount
Cash on hand	\$ 138
Cash in banks	
Demand deposits	27,576
Checking deposits	746
Foreign currency deposits	
USD 10,801,580.52	331,695
JPY 1,698,864	395
CNY 2,425.25	10
Cash equivalents (investments with original maturities of 3 months or less)	
Foreign currency time deposit	
USD 25,000,000	767,700
Foreign repurchase bond	
USD 8,000,000	<u>245,664</u>
	<u>\$ 1,373,924</u>

Note: Exchange rate: USD1=NTD30.708, JPY1=NTD0.2324 and CNY1=NTD4.4175.

STATEMENT 2**Thye Ming Industrial Co., Ltd.****STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS -
CURRENT****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Name of Financial Instruments	Shares	Cost of Acquisition	Fair Value (Note)	
			Par Value (Dollar)	Total Amount
Beneficiary certificate				
Domestic				
Franklin Templeton SinoAm Global High Yield Bond Fund (USD B)	49,747	\$ 15,200	\$ 192.6958	\$ 9,586
Natixis International Funds (Dublin) I - Loomis Sayles Multisector Income Fund R/D(USD)	14,503	6,046	335.9455	4,872
JPMorgan (Taiwan) Multi Income Fund of Funds - Monthly Distribution Class	505,000	5,050	8.2722	4,178
Manulife USD High Yield Bond Fund (USD B)	20,280	6,180	198.7145	4,030
Taishin Senior Secured High Yield Bond Fund B USD	30,000	9,197	245.9097	7,377
Schroder 2023 Maturity Asian Emerging Bond Fund Dis USD	10,000	3,153	237.5909	2,376
Allianz Global Investors Emerging Markets Fixed Income Fund of Funds - A- TWD	200,000	2,000	8.6460	1,729
PineBridge ESG Quantitative Income and Growth Fund-A(USD)	98,437	28,466	281.6814	27,728
JPMorgan Investment Funds-Global High Yield Bond Fund-JPM Global High Yield Bond A(acc)-USD	7,559	42,594	5715.6800	43,202
Taishin ESG Emerging Markets Bond Fund-Accumulate-US D	70,000	19,918	245.9649	17,218

(Continued)

Name of Financial Instruments	Shares	Cost of Acquisition	Fair Value (Note)	
			Par Value (Dollar)	Total Amount
ABITL US Umbrella Fund-ABITL US Multi-Asset Income Fund-A2 USD	20,000	\$ 8,544	\$ 409.0306	\$ 8,181
JPMorgan (Taiwan) Multi Income Fund of Funds – Accumulation Share Class(USD)	43,901	14,195	333.7345	14,651
Jih Sun Target Income Fund of Funds(USD)	26,834	8,455	272.6870	7,317
PineBridge Asia Pacific High Yield Bond Fund (USD A)	78,106	28,363	289.6102	22,621
PineBridge Multi-Income Fund-A(USD)	43,999	14,195	320.9262	14,120
JPMorgan Funds-Income Fund-JPM Income A(acc)-USD	3,760	14,232	3761.4229	14,143
JPMorgan Investment Funds-Global Income Fund-JPM Global Income A(acc)-USD(hedged)	4,594	27,938	6093.0814	27,991
PineBridge Quantitative Diversified Income Fund-A(USD)	50,000	14,218	266.2414	13,312
Jih Sun Taiwan Sustainable Growth and Dividend Fun	200,000	2,000	8.2500	1,650
Jih Sun Long-Term Care REITS Fund (USD A)	30,109	8,403	236.7587	7,128
Yuanta Global Leaders Balanced Fund (USD A)	25,065	7,619	300.3857	7,530
Cathay US Premium Bond Fund (USD A)	10,000	3,215	314.3302	3,143
Mega Singapore Real Estate Income Fund (USD A)	10,000	<u>3,211</u>	308.6369	<u>3,086</u>
		292,392		267,169
Evaluation adjustment		<u>(25,223)</u>		<u>-</u>
		<u>\$ 267,169</u>		<u>\$ 267,169</u> (Concluded)

Note: The basis of market price - Beneficiary certificate and listed stocks are calculated based on the net assets and closing prices on the balance sheet date, respectively.

STATEMENT 3

Thye Ming Industrial Co., Ltd.

**STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Client Name	Amount	Remark
Related parties		
Jet Rate Trading Co., Ltd.	<u>\$ 816</u>	Sale of goods
Non-related parties		
Company A	1,478	Sale of goods
Company B	1,433	Sale of goods
Company C	1,128	Sale of goods
Others (Note)	<u>491</u>	
	<u><u>\$ 5,346</u></u>	

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

STATEMENT 4

Thye Ming Industrial Co., Ltd.

STATEMENT OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Client Name	Amount	Remark
Non-related parties		
Company A	\$ 492,006	Sale of goods
Company B	111,521	Sale of goods
Company C	51,159	Sale of goods
Company D	49,491	Sale of goods
Others (Note 1)	<u>132,085</u>	
Less: Allowance for impairment loss	<u>605</u>	
	<u>\$ 835,657</u>	

Note 1: The amount of individual clients included in others does not exceed 5% of the account balance.

Note 2: No accounts receivable were overdue for more than one year.

STATEMENT 5

Thye Ming Industrial Co., Ltd.

STATEMENT OF OTHER RECEIVABLES

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount
Related parties	
Rental receivable	<u>\$ 52</u>
Non-related parties	
Revenue from sale of scraps receivable	<u>\$ 48</u>

STATEMENT 6**Thye Ming Industrial Co., Ltd.****STATEMENT OF INVENTORIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value (Note)
Raw materials	\$ 710,618	\$ 786,426
Supplies	16,594	16,594
Semi-finished goods	54,951	120,760
Work in process	26,843	36,713
Finished goods	512,547	596,804
By-product	681	705
Merchandise	632,806	703,243
Inventory in transit	<u>73,314</u>	<u>74,806</u>
	<u>\$ 2,028,354</u>	<u>\$ 2,336,051</u>

Note: For the determination of net realizable value, refer to Note 4.

STATEMENT 7**Thye Ming Industrial Co., Ltd.**
**STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollar, Unless Stated Otherwise)**

Name	Balance, January 1, 2022		Increase in the Current Year (Note 1)		Decrease in the Current Year (Note 2)		Balance, December 31, 2022		Collateral
	Shares	Carrying Amount	Shares	Carrying Amount	Shares	Carrying Amount	Shares	Carrying Amount	
Viking Tech Corporation	9,109,010	\$ 746,939	-	\$ 40,598	9,109,010	\$ 787,537	-	\$ -	None
Hotai finance co., ltd. preferred share A	-	-	500,000	48,000	-	-	500,000	48,000	None
Taiwan International Ports Logistics Corporation	5,000,000	43,820	-	19,346	-	-	5,000,000	63,166	None
		<u>\$ 790,759</u>		<u>\$ 107,944</u>		<u>\$ 787,537</u>		<u>\$ 111,166</u>	

Note 1: The increase in the current year is due to purchase share and the fair value evaluation gains and losses.

Note 2: The decrease in the current year is due to the sale of stocks.

Thye Ming Industrial 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, Unless Stated Otherwise)

	Balance, January 1, 2022		Increase in the Current Year (Note 1)		Decrease in the Current Year (Note 2)		Balance, December 31, 2022			Market Value or Net Assets Value		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	% of Ownership	Amount	Unit Price	Total Amount	
Thai Wey Industrial Co., Ltd.	8,800,000	\$ 292,642	-	\$ 30,967	-	\$ 22,045	8,800,000		\$ 301,564	\$ 34.51	\$ 303,690	None
Thye Ming Industrial (Samoa)	30,000,000	<u>1,491,587</u>	-	<u>158,687</u>	-	<u>-</u>	30,000,000		<u>1,650,274</u>	55.01	<u>1,650,274</u>	None
		<u>\$ 1,784,229</u>		<u>\$ 189,654</u>		<u>\$ 22,045</u>			<u>\$ 1,951,838</u>		<u>\$ 1,953,964</u>	

Note 1: The increase in the current year is due to share of profit of subsidiaries of \$71,110 thousand, increase in share of unrealized benefits of financial instruments of subsidiaries accounted for using the equity method of \$9,863 thousand, share of defined benefit of subsidiary accounted for using the equity method of \$458 thousand and increase in exchange difference on translation of foreign operations of \$108,223 thousand.

Note 2: The decrease in the current year is due to the cash dividends received from investee company of \$17,600 thousand and equity-related tax of investee of \$4,445 thousand.

STATEMENT 9**Thye Ming Industrial Co., Ltd.****STATEMENT OF SHORT-TERM BORROWINGS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Types of Loans and Creditors	Contract Period	Range of Interest Rates (%)	Balance at End of Year	Loan Commitments	Collateral
Unsecured loans					
E.SUN Bank	2022.12.28-2023.01.28	1.6	\$ 30,000	\$ 350,000	None
E.SUN Bank	2022.12.29-2023.01.29	1.6	50,000	350,000	None
The Hongkong and Shanghai Banking Corporation Limited	2022.12.21-2023.11.03	1.63	150,000	184,248	None
Taishin international bank co. ltd	2022.12.12-2023.01.12	1.48	150,000	300,000	None
Taishin international bank co. ltd	2022.12.29-2023.01.29	1.63	70,000	300,000	None
			<u>\$ 450,000</u>		

STATEMENT 10**Thye Ming Industrial Co., Ltd.****STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Related parties	
Thai Wey Industrial Co., Ltd.	\$ 536
Thye Ming (Vietnam) Ltd.	<u>3,205</u>
	<u>3,741</u>
Non-related parties	
Company A	34,886
Company B	18,265
Company C	13,622
Company D	9,959
Company E	8,423
Company F	8,336
Company G	8,111
Company H	6,729
Other (Note)	<u>15,773</u>
	<u>124,104</u>
	<u>\$ 127,845</u>

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

STATEMENT 11**Thye Ming Industrial Co., Ltd.****STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Quantity (In Tons)	Amount
Operating revenue		
Lead alloy ingot	72,408	\$ 5,278,862
Lead	11,854	849,984
Yellow and red lead	6,468	471,406
Others (Note)	1,809	<u>92,785</u>
		6,693,037
Less: Sales discount		<u>(6,501)</u>
		6,686,536
Rendering of services		<u>46,260</u>
		<u>\$ 6,732,796</u>

Note: The amount of individual items included in others does not exceed 10% of the account balance.

STATEMENT 12**Thye Ming Industrial Co., Ltd.**
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Direct materials	
Raw materials, beginning of year	\$ 599,071
Add: Raw materials purchased	4,471,937
Others	17,570
Less: Sale of raw materials	(26,200)
Loss on physical inventory	(20)
Raw materials, end of year	<u>(710,618)</u>
	4,351,740
Direct labor	35,963
Manufacturing expenses	<u>292,706</u>
Manufacturing cost	4,680,409
Add: Semi-finished, beginning of year	102,596
Work in process, beginning of year	23,017
Less: Semi-finished goods, end of year	(54,951)
Work in process, end of year	<u>(26,843)</u>
Cost of finished goods	4,724,228
Add: Finished goods, beginning of year	385,389
By-products, beginning of year	1,128
Gain on physical inventory	16
Less: By-products, end of year	(681)
Finished goods, end of year	(512,547)
Others	<u>(40)</u>
Production and sales cost	<u>4,597,493</u>
Merchandise, beginning of year	539,211
Add: Merchandise purchased	1,310,870
Less: Merchandise, end of year	<u>(632,806)</u>
Purchase and sales cost	<u>1,217,275</u>
Cost of sale of raw materials	<u>26,200</u>
Other operating costs	
Cost of waste disposal	2,574
Gain on reversal of write-down of inventories	(143)
Gain on physical inventory	4
Idle capacity	6,285
Revenue from sale of scrap	(2,552)
Others	<u>847</u>
	<u>7,015</u>
	<u>\$ 5,847,983</u>

STATEMENT 13**Thye Ming Industrial Co., Ltd.****STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Marketing Expense	General and Administrative Expense	Total
Salaries	\$ 10,509	\$ 66,846	\$ 77,355
Shipping fee	30,314	-	30,314
Export cost	29,555	-	29,555
Entertainment	1,148	7,708	8,856
Repair and maintenance	-	6,374	6,374
Others (Note)	<u>2,234</u>	<u>44,812</u>	<u>47,046</u>
	<u>\$ 73,760</u>	<u>\$ 125,740</u>	199,500
Gain on reversal of expected credit loss			371
			<u>\$ 199,871</u>

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

Thye Ming Industrial Co., Ltd.

**STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2022			2021		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefit						
Salaries	\$ 76,565	\$ 45,905	\$ 122,470	\$ 72,175	\$ 41,373	\$ 113,548
Labor and health insurance	6,373	3,641	10,014	6,465	3,401	9,866
Pension	2,865	1,561	4,426	2,934	1,703	4,637
Remuneration of directors	-	31,450	31,450	-	34,790	34,790
Others	<u>5,076</u>	<u>2,019</u>	<u>7,095</u>	<u>4,949</u>	<u>2,336</u>	<u>7,285</u>
	<u>\$ 90,879</u>	<u>\$ 84,576</u>	<u>\$ 175,455</u>	<u>\$ 86,523</u>	<u>\$ 83,603</u>	<u>\$ 170,126</u>
Depreciation	\$ 42,296	\$ 2,767	\$ 45,063	\$ 35,295	\$ 1,723	\$ 37,018
Amortization	-	37	37	-	102	102

Note 1: The Company's annual average numbers of employees were 154 and 157 for the years ended December 31, 2022 and 2021, respectively, which included 7 non-employee directors for both years.

Note 2: a. The annual average amounts of employee benefits for the years ended December 31, 2022 and 2021 were \$980 thousand and \$902 thousand, respectively.

b. The annual average amounts of employee salaries for the years ended December 31, 2022 and 2021 were \$833 thousand and \$757 thousand, respectively.

c. Upward adjustment for average employee salary expenses was 10%.

Note 3: The Company's salary policy is as follows:

a) Remuneration policy for directors

The remuneration policy for directors shall be handled in accordance with the Company's Articles of Incorporation and Organization Regulations for Remuneration Committee, formulated upon the recommendation of the Remuneration Committee, and submitted to the Board of Directors for approval.

i. Remuneration for directors: It's distributed according to Article 21 of the Company's Articles of Incorporation, which stipulates that "The Company shall set aside no more than 3% of net profit before income tax as the remuneration for directors. However, when the Company still has accumulated losses, the Company shall reserve the amount in advance."

(Continued)

- ii. Remuneration for independent directors: The Company pays a fixed compensation monthly to the independent directors, who shall not receive the aforesaid remuneration for directors.
- iii. Attendance fee: The company pays attendance fee according to the number of participants.

b) Remuneration policy for the managements

The remuneration committee of the Company regularly reviews the remuneration of managers. The performance evaluation and salary remuneration of managers should refer to the typical pay levels of industry peers, and consider the results of personal performance evaluation, the time invested, the responsibilities undertaken, the situation of achieving personal goals, the performance of holding other positions, and salary remuneration of whom have been given at the same position by the company in recent years. The reasonableness of correlation between individual performance, the Company's business performance, and future risks are also taken into consideration by observing the company's short-term and long-term business goals, and the company's financial status, etc. while determining the performance and remuneration for appointed managements.

c) Compensation policy for employees

Employee compensation mainly includes basic salary, subsidiary salary, year-end bonus, and remuneration for employees, etc. The Company's compensation standards are formulated based on current market salary standards and the Company's financial status. Timely adjustments are made in accordance with market wages and labor market dynamics, changes in the overall economic and industrial climate, and government laws and regulations. The salary and remuneration of employees are based on the employees' academic experience, professional knowledge and technology, professional seniority and personal performance. There are no differences due to their age, gender, race, religion, political stance, marital status and other factors. Personnel promotion and salary adjustments are made according to the individual performance. The correlation between employee compensation and business performance or results is according to the employee compensation stated in the Company's Articles of the Company, which stipulate that if there is profit in any given fiscal year, the Company shall set aside no less than 1% of net profit before income tax as the compensation for employees. However, when the Company still has accumulated losses, the Company shall reserve the amount in advance.

(Concluded)