Stock Code: 3625

C Tech United Corporation and its subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

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Declaration of Consolidated Financial Statements of Affiliated Enterprises

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

Very truly yours,

Company name: C Tech United Corporation

Chairman: Huang, Tsung-Wei

Date: March 30, 2023

Independent Auditors' Report

To the Board of Directors and Shareholders of C-Tech United Corporation

Opinion

We have audited the consolidated financial statements of C-Tech United Corporation and its subsidiaries("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of accounting policies

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") and the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are the further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethical in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Valuation of noncurrent assets held for sale

The Group had made decision on disposals of ownerships of investments of non-core business and recognized loss on investments at differences of fair value and carrying amount and reclassified as noncurrent assets held for sale in accordance with International Financial Reporting Standards No. 5 "Noncurrent assets held for sale and discontinued operations" for the year ended December 31, 2022. As of December 31, 2022, noncurrent assets held for sale amounted to $1,616,435 thousand and noncurrent liabilities held for sale amounted to $1,151,790 thousand, representing 44% and 31% of total assets; the Group recognized loss on aforementioned noncurrent assets for held amounted to $38,861 thousand, representing 8% of net loss for the current year. Refer to Note 4(12), 5(5), 13 and 26(3) to the consolidated financial statements.

The abovementioned item is material to the consolidated financial statements, the Group's judgements on noncurrent assets held for sale has been identified as one of the key audit matters.

Our audit procedures related to abovementioned noncurrent assets held for sale included the following, among others:

1. Understand the process of disposal of subsidiaries and obtained the related meeting minutes of board of directors.
2. Obtain the valuation report of ownerships of disposal on investments, contracts or letters of intent to assess the rationality of the amount of loss on the subsidiaries and track the subsequent receipts and collections.

Valuation of investments using equity method

The Group recognized loss on investments using equity method amounted to $160,004 thousand, representing 39% of consolidated operating loss before tax, due to the Company's investment using equity method had been dissolved for the year ended 2022. Refer to Note 4(7), 5(3), 15 and 26(3) to the consolidated financial statements.

The abovementioned item is material to the consolidated financial statements and involves the management's significant estimates and judgement, therefore valuation of investments using equity method has been identified as one of the key audit matters.

Our audit procedures related to abovementioned valuation of investments using equity method included the following, among others:

1. Understand the managements' policy of valuation on investments using equity method and procedures of disposals.
2. Obtain the base of valuation of investments using equity methods and the process of evaluation to confirm the rationality.

Authenticity of specific sales revenue

In 2022, the Group's sales revenue from specific customers increased significantly and is therefore considered as a key audit matter for current year. For accounting policies relating to sales revenue, please refer to Note 4(15) to the consolidated financial statements.

We have carried out the main audit procedures for the abovementioned authenticity of the sales from specific customers as follows:

1. Understand and test the effectiveness of the design and implementation of key internal control systems for the authenticity of sales revenue from specific customers.
2. Obtain the sales details to sample and check the transaction documents of sales revenue of specific customers and receipts and collections to confirm the authenticity of the recognition of sales revenue.

Other Matters－Report of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method that are included in the consolidated financial statements. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and the information disclosed in Note 15 and Note 37 relative to these investments, is based solely on the audit reports of other auditors. Total assets of these associates and investments amounted to $207,572 thousand, representing 6% of the total consolidated assets as of December 31, 2021, and total operating loss amounted to $30,686 thousand, representing 18% of consolidated other comprehensive income(loss) for the year ended December 31, 2022.

Other Matter- Parent company only financial statements

C Tech United Corporation has additionally prepared its parent company only financial statements as of the year ended December 31, 2022 and 2021, on which we have issued an unqualified opinion and expressed an unmodified with other matter section.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during 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 consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would 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 Nai-Hua Guo and Li-Huang Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 30, 2023

C-Tech United Corporation and subsidiaries
Consolidated Balance Sheets
(In thousands of New Taiwan Dollars)
December 31, 2022 and 2021

Codes	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	$ 194,538	5	$ 135,617	4
1136	Financial assets at amortized cost－current (Note 9, 10, 33)	113,143	3	56,310	1
1170	Accounts receivables, net (Note 11 and 25)	170,357	5	286,816	8
1200	Other receivables (Note 11)	747	-	4,485	-
1220	Current tax assets (Note 27)	1,849	-	-	-
130X	Inventories (Note 12 and 33)	201,078	5	1,322,045	36
1460	Noncurrent assets held for sale, net (Note 13 and 33)	1,616,435	44	-	-
1470	Other current assets (Note 17 and 25)	21,177	1	140,026	4
11XX	**Total current assets**	2,319,324	63	1,945,299	53
	Noncurrent assets				
1510	Financial assets measured at fair value through profit or loss－noncurrent (Note 7 and 31)	-	-	264	-
1517	Financial assets measured at fair value through other comprehensive income －noncurrent (Note 8, 31 and 33)	21,513	1	34,807	1
1550	Investments accounted for using equity method (Note 15)	-	-	207,572	6
1600	Property, plant and equipment (Note 16, 32 and 33)	1,267,705	35	1,404,766	38
1755	Right-of-use assets	9,758	-	28,979	1
1780	Other intangible assets	14,240	-	17,449	-
1840	Deferred income tax assets (Note 27)	16,124	-	21,074	1
1915	Prepayments for equipment	28,953	1	15,942	-
1920	Refundable deposits	3,434	-	3,945	-
15XX	**Total noncurrent assets**	1,361,727	37	1,734,798	47
1XXX	**Total assets**	$ 3,681,051	100	$ 3,680,097	100
Codes	**Liabilities and Equity**				
	Current liabilities				
2100	Short-term loans (Note 18, 31 and 33)	$ 757,686	21	$ 1,150,416	31
2110	Short-term notes payables (Note 18, 31 and 33)	-	-	202,400	6
2120	Financial liabilities measured at fair value through profit or loss – current (Note 7 and 31)	-	-	58	-
2130	Contract liabilities – current (Note 25 and 32)	20,513	1	165,092	5
2150	Notes payables	-	-	4,559	-
2170	Accounts payables (Note 20 and 31)	88,091	2	422,028	11
2200	Other accounts payables (Note 21 and 31)	75,542	2	91,498	3
2260	Liabilities related to noncurrent assets held for sales (Note 13)	1,151,790	31	-	-
2280	Lease liabilities – current (Note 31)	3,905	-	13,563	-
2320	Current portion of long-term loans payable (Note 18, 31 and 33)	18,667	1	6,667	-
2399	Other current liabilities (Note 21 and 32)	123,974	3	11,294	-
21XX	Total current liabilities	2,240,168	61	2,067,575	56
	Noncurrent liabilities				
2500	Financial liabilities measured at fair value through profit or loss – noncurrent (Note 7 and 31)	2,142	-	-	-
2530	Bonds payables (Note 19 and 31)	100,872	3	99,390	3
2540	Long-term loans (Note 18, 31 and 33)	385,045	10	391,711	11
2570	Deferred tax liabilities (Note 27)	50	-	1,097	-
2580	Lease liabilities – noncurrent (Note 31)	4,358	-	15,648	-
2640	Net defined benefit liabilities (Note 22)	5,025	-	6,185	-
2645	Guarantee deposit	26	-	-	-
25XX	**Total noncurrent liabilities**	497,518	13	514,031	14
2XXX	**Total liabilities**	2,737,686	74	2,581,606	70
	Equity Attributable to Shareholders Of The Parent (Note 24)				
3110	Common stock	1,141,314	31	981,314	27
3200	Capital surplus	567,009	16	403,049	11
	Retained earnings				
3310	Appropriated as legal capital reserve	15,854	-	15,854	-
3320	Appropriated as special capital reserve	25,808	1	25,808	1
3350	Accumulated deficit	(800,489)	(22)	(312,687)	(9)
3300	Total retained earnings	(758,827)	(21)	(271,025)	(8)
3400	Others	(62,598)	(2)	(75,320)	(2)
3500	Treasury stocks	(48,244)	(1)	(48,244)	(1)
31XX	Total Equity	838,654	23	989,774	27
36XX	Non-Controlling Interests	104,711	3	108,717	3
3XXX	**Total equity**	943,365	26	1,098,491	30
	Total liabilities and equity	$ 3,681,051	100	$ 3,680,097	100

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

Chairman: Huang, Tsung-Wei General Manager: Huang, Tsung-Wei Accounting Officer: Liu, Yi-Wei

C-Tech United Corporation and subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(In thousands of New Taiwan Dollars, except for loss per share)

		2022		2021	
Codes		Amount	%	Amount	%
	Operating revenues (Note 25 and 32)				
4110	Sales revenue	$ 1,468,984	100	$ 2,176,641	100
4170	Sales returns	(1,017)	-	(921)	-
4190	Sales allowance	(316)	-	(93)	-
4000	Total sales revenue	1,467,651	100	2,175,627	100
5000	Operating costs (Note 12, 26)	(1,292,884)	(88)	(1,934,652)	(89)
5900	Operating gross margin	174,767	12	240,975	11
	Operating expenses (Note 26 and 29)				
6100	Sales and marketing	(58,617)	(4)	(68,701)	(3)
6200	General and administrative	(166,732)	(11)	(175,188)	(8)
6300	Research and development	(86,873)	(6)	(79,113)	(4)
6450	Gain on reversal of expected credit	1,134	-	3,063	-
6000	Total operating expenses	(311,088)	(21)	(319,939)	(15)
6900	Operating loss	(136,321)	(9)	(78,964)	(4)
	Non-operating income and expenses (Note 26 and 32)				
7100	Interest income	1,068	-	134	-
7010	Other income	6,992	-	4,800	-
7020	Other gains and loss	(201,259)	(14)	(3,729)	-
7050	Finance costs	(21,416)	(1)	(17,031)	(1)
7060	Share of loss of associates using equity method	(63,766)	(4)	(30,686)	(1)
7000	**Total non-operating income and expenses**	(278,381)	(19)	(46,512)	(2)
7900	Loss from continuing operations before tax	(414,702)	(28)	(125,476)	(6)
7950	Income tax benefit (expense) (note 27)	7,606	-	(291)	-

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Code		2022 Amount	2022 %	2021 Amount	2021 %
8000	Loss from continuing operations for current year	($ 407,096)	(28)	($ 125,767)	(6)
8100	Loss from discontinued operations (Note 13 and 32)	(85,671)	(6)	(42,729)	(2)
8200	Net loss for current year	(492,767)	(34)	(168,496)	(8)
	Other comprehensive income (loss) (Note 22 and 27)				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8311	Remeasurement of defined benefit obligation	1,198	-	(89)	-
8316	Unrealized gain/(loss) on investments in equity instruments measured at fair value through other comprehensive income	(13,294)	(1)	(20,078)	(1)
8320	Associates using equity method, other comprehensive income component	16,198	1	(16,238)	(1)
8349	Income tax related to items that will not be reclassified subsequently	(239)	-	18	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences arising on translation of foreign operations	12,273	1	(3,863)	-
8370	Share of other comprehensive loss of associates and joint ventures	-	-	(33)	-
8399	Income tax related to items that may be reclassified subsequently	(2,455)	-	773	-
8300	**Other comprehensive income (loss), net**	13,681	1	(39,510)	(2)
8500	**Total comprehensive income**	($ 479,086)	(33)	($ 208,006)	(10)
8600	Net income attribute to:				
8610	Shareholders of the parent	($ 488,761)	(34)	($ 164,814)	(8)
8620	Non-controlling interests	(4,006)	-	(3,682)	-
		($ 492,767)	(34)	($ 168,496)	(8)

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Code		2022 Amount	2022 %	2021 Amount	2021 %
8700	Total comprehensive income attribute to:				
8710	Shareholders of the parent	($ 475,080)	(33)	($ 204,324)	(10)
8720	Non-controlling interests	(4,006)	-	(3,682)	-
		($ 479,086)	(33)	($ 208,006)	(10)
	Loss per share (Note 28)				
	From continuing and discontinued operations of owners of parent				
9850	Diluted	($ 4.68)		($ 1.92)	
9750	Basic	($ 4.68)		($ 1.92)	
	Continuing operations of owners of parent				
9710	Basic	($ 3.90)		($ 1.47)	
9810	Diluted	($ 3.90)		($ 1.47)	

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

Chairman: Huang, Tsung-Wei General Manager: Huang, Tsung-Wei Accounting Officer: Liu, Yi-Wei

C-Tech United Corporation and subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(In thousands of New Taiwan Dollars)

		Equity attribute to the shareholders of the parent company											
		Capital Stock			Retained Earnings			Total other equity interest					
Code		Shares (in thousands)	Amount	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Accumulated deficits	Foreign currency Translation Reserve	Unrealized gain(loss) on financial assets measured at fair value through other Comprehensive Income	Treasury stock	Total	Non-controlling interests	Total equity
A1	Balance, January, 2021	82,096	$ 820,960	$ 256,918	$ 15,854	$ 25,808	($ 147,802)	($ 22,366)	($ 13,515)	($ 48,244)	$ 887,613	$ 112,405	$ 1,000,018
C5	Capital Reserve from convertible bonds	-	-	25,241	-	-	-	-	-	-	25,241	-	25,241
C7	Adjustments to share of changes in equities of associates	-	-	4,529	-	-	-	-	-	-	4,529	-	4,529
D1	Net loss	-	-	-	-	-	(164,814)	-	-	-	(164,814)	(3,682)	(168,496)
D3	Other comprehensive income (loss), net of income tax	-	-	-	-	-	(71)	(3,123)	(36,316)	-	(39,510)	-	(39,510)
D5	Total comprehensive income (loss)	-	-	-	-	-	(164,885)	(3,123)	(36,316)	-	(204,324)	(3,682)	(208,006)
I1	Transition of convertible bonds payables	16,005	160,054	115,382	-	-	-	-	-	-	275,436	-	275,436
G1	Exercising Stock Options	30	300	501	-	-	-	-	-	-	801	-	801
N1	Share-based payment arrangement	-	-	478	-	-	-	-	-	-	478	-	478
O1	Non-controlling equity	-	-	-	-	-	-	-	-	-	-	(6)	(6)
Z1	Balance at December 31, 2021	98,131	981,314	403,049	15,854	25,808	(312,687)	(25,489)	(49,831)	(48,244)	989,774	108,717	1,098,491
D1	Net loss	-	-	-	-	-	(488,761)	-	-	-	(488,761)	(4,006)	(492,767)
D3	Other comprehensive income (loss), net of income tax	-	-	-	-	-	959	9,818	2,904	-	13,681	-	13,681
D5	Total comprehensive income (loss)	-	-	-	-	-	(487,802)	9,818	2,904	-	(475,080)	(4,006)	(479,086)
E1	Capital increase	16,000	160,000	160,000	-	-	-	-	-	-	320,000	-	320,000
N1	Share-based payment arrangement	-	-	3,960	-	-	-	-	-	-	3,960	-	3,960
Z1	Balance, December 31, 2022	114,131	$ 1,141,314	$ 567,009	$ 15,854	$ 25,808	($ 800,489)	($ 15,671)	($ 46,927)	($ 48,244)	$ 838,654	$ 104,711	$ 943,365

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

Chairman: Huang, Tsung-Wei General Manager: Huang, Tsung-Wei Accounting Officer: Liu, Yi-Wei

C-Tech United Corporation and subsidiaries
Consolidated Statements of Cash flows
For the years ended December 31, 2022 and 2021
(In thousands of New Taiwan Dollars)

Code		2022	2021
	Cash flows from operating activities		
A00010	Income before income tax from continuing operations of owners of parent	(\$ 414,702)	(\$ 125,476)
A00020	Income before income tax from discontinued operations of owners of parent	(85,671)	(42,729)
A10000	Income before income tax	(500,373)	(168,205)
A20010	Adjustments for		
A20100	Depreciation expense	101,907	85,414
A20200	Amortization expense	8,658	5,273
A20300	Expected credit losses reversal on investments	(1,607)	(2,049)
A20400	Gain (loss) on financial assets and liabilities measured at fair value through profit or loss	967	(5,595)
A20900	Financial costs	21,624	17,195
A21200	Interest income	(1,160)	(174)
A21300	Dividend income	(1,105)	(1,420)
A21900	Share-based compensation	3,960	478
A22300	Loss on associates using equity method	63,766	29,848
A22500	Gain on disposal and retirement of property, plant and equipment, net	261	(32)
A23500	Loss on investments using equity method	160,004	-
A23700	Loss on noncurrent assets held for sale	38,861	-
A23700	Loss on non-financial assets	21,489	5,800
A23700	Loss for market price decline and obsolete and slow-moving inventories	27,488	212
A30000	Changes in operating assets and liabilities		
A31150	Accounts receivables	115,349	303,228
A31180	Other accounts receivables	3,731	2,078
A31200	Inventories	(305,110)	(274,689)
A31240	Other current assets	12,561	(22,354)
A32125	Contract liabilities	85,884	74,606
A32130	Notes payables	105,632	668
A32150	Accounts payables	(258,469)	(143,806)
A32180	Other accounts payables	222	(36,662)
A32230	Other current liabilities	11,840	(1,390)
A32240	Net defined benefit liabilities	38	(89)
A33000	Cash generated from operations	(283,582)	(131,665)

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Code		2022	2021
A33100	Interest received	$ 1,160	$ 174
A33200	Dividends received	1,105	-
A33300	Interest paid	(19,625)	(13,186)
A33500	Income tax paid	(3,764)	(24,845)
AAAA	Net cash flows from operating activities	(304,706)	(169,522)
	Cash flows from investing activities		
B00040	Acquisition of financial assets at amortized costs	(93,907)	-
B00050	Disposal of financial assets at amortized costs	-	5,377
B00200	Disposal of financial assets measured at fair value through profit or loss	1,381	4,069
B01800	Acquisition of investments using equity method	-	(250,000)
B01900	Disposal of investments using equity method	110,000	2,157
B02700	Acquisition of property, plant and equipment	(43,513)	(787,597)
B02800	Disposal of property, plant and equipment	1,792	311
B03700	Refundable deposits paid	-	(721)
B03800	Refundable deposits refunded	22	-
B04500	Acquisition of intangible assets	(6,399)	(13,046)
B07100	Increase in prepayments for equipment	(23,667)	(2,708)
B07600	Dividends received	-	1,420
BBBB	Net cash flows used in investing activities	(54,291)	(1,040,738)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	1,977,772	519,703
C00200	Decrease in short-term borrowings	(1,824,203)	-
C00500	Increase in short-term notes payables	10,000	54,000
C00600	Decrease in short-term notes payables	(44,000)	-
C01200	Issuance of bonds payables	-	398,017
C01600	Proceeds from long-term debt	45,000	168,378
C01700	Payments of long-term borrowings	(39,666)	-
C03000	Increase in guarantee deposits	26	-
C04020	Principle repayment	(23,116)	(13,402)
C04600	Increase in capital	320,000	-
C04800	Exercising employee stock options	-	801
C05800	Changes in non-controlling equity	-	(6)
CCCC	Net cash flows from financing activities	421,813	1,127,491
DDDD	Effect of exchange rate changes on cash and cash equivalents	13,595	(2,187)

(Continued)

(Continued)

Code		2022	2021
EEEE	Net increase(decrease) in cash and cash equivalents	$ 76,411	($ 84,956)
E00100	Cash and cash equivalents, beginning of the year	135,617	220,573
E00200	Cash and cash equivalents, end of the year	$ 212,028	$ 135,617

Reconciliation of cash and cash equivalents at the end of the year

Code		December 31, 2022	December 31, 2021
	Cash and cash equivalents, end of the year		
E00210	Cash and cash equivalents on the balance sheets	$ 194,538	$ 135,617
E00212	Classified as cash and cash equivalents under noncurrent assets held for sale	17,490	-
E00200	Cash and cash equivalents, end of the year	$ 212,028	$ 135,617

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

Chairman: Huang, Tsung-Wei General Manager: Huang, Tsung-Wei Accounting Officer: Liu, Yi-Wei

C-Tech United Corporation and subsidiaries
Notes to Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. General Information

   C-Tech United Corporation (the Company) was established on 1996 May in New Taipei city, the main business items are manufacturing and processing of battery modules, development and manufacturing of electronic components, sales of houses and buildings.

   The Company's shares were listed and have been trading on the Taiwan Stock Exchange since October 28, 2009.

   The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the "Group", are presented in the Company's functional currency, the New Taiwan dollar.

2. Approval date and procedures of the financial statements

   The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 30, 2023.

3. New standards, amendments and interpretations adopted

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

   Except for the following, whenever applied, the initial application of the amendments by Securities Issuers and the IFRSs endorsed and issue:

   (1) Annual Improvement to IFRS Standards 2018-2020

   The annual improvements amend several Standards. Among which, started from January 1, 2022, the amendment to IFRS 9 clarifies that, in determining whether an exchange or modification of the terms of a financial liability is substantially different from the original one, only fees paid or received between the Group (the borrower) and the lender, including fees paid or received by either the Group or the lender on the other's behalf, shall be included in the '10 percent' test of discounting present value of the cash flows under the new terms.

(2)Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The Company had met the requirement started from January1, 2022 and applicable to this amendment. These amendments set out that proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for them to be capable of operating in the manner intended by management shall not be recognized as a deduction of the asset. Instead, the proceeds and the costs of those items, measured in accordance with IAS 2, shall be recognized in profit or loss in accordance with applicable IFRS Standards. Information of accounting policies refer to Note 4.

(3) Amendments to IAS 37 “Onerous Contracts ─ Cost of Fulfilling a Contract”

The Group had not carried out all of the amendments as of January 1, 2022. The amendments set out that, when determining whether a contract is onerous, the cost of fulfilling a contract comprises an allocation of other costs that relate directly to fulfilling contracts—for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others.

(4) Amendments to IFRS 16 “Covid-19-Related Rent Concessions” and “Covid-19-Related Rent Concessions beyond 30 June 2021”

The Group elected to apply the practical expedient provided in the amendments to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Group shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

(b) The IFRS issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2023:

New, Revised or Amended Standards and Interpretations	Effective Date Issued 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)

Note1: The amendments will be applied for annual reporting periods beginning on or after January 1, 2023.

Note2: The amendments will be applicable to changes in accounting estimates and accounting policies that occur on or on or after January 1, 2023.

Note3: Except that deferred taxes will be recognized on January 1, 2023 for temporary differences associated with leases and decommissioning obligations, the amendments will be to transactions that occur on or after January 1, 2023.

(1). Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Group chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

(2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

(3) Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2023, and recognize the cumulative effect of initial application in retained earnings at that date. The Group will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2023.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB(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 measurement in sale and leaseback"	January 1, 2024(Note 2)
IFRS 17 "Insurance Contrascts"	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 Noncurrent"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note1: Unless stated otherwise, the above New IFRSs will be effective for annual reporting periods beginning on or after their respective effective dates.

Note2: The seller and lessee shall apply the amendments of IFRS 16 retroactively to the sale and leaseback transactions signed after the date of initial application of IFRS 16.

(1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

(2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

(3) Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"

The amendments clarify that the liability that arises from a sale and leaseback transaction—that satisfies the requirements in IFRS 15 to be accounted for as a sale—is a lease liability to which IFRS 16 applies. However, in the case of variable lease payments not subject to an index or rate, the seller-lessee shall measure the liability without recognizing any profit or loss related to the right of use it retains. Subsequently, the difference between the current lease payments included in the calculation of the lease liabilities and the payments made is recognized in profit or loss.

In addition to the above effects, as of the date of approving the consolidated financial statements for release, the Group had continued to evaluate the effect of the amendments to other standards and interpretations on its financial position and financial performance, and the relevant effects will be disclosed when the evaluation is completed.

4. Summary of Significant Accounting Policies

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

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

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

Current assets include:

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

The Group is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 14, Tables 7 and 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) is recognized at the rates of exchange prevailing at the dates of the transactions.

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

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the Company's foreign operations (including subsidiaries and associates) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income. (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories of goods

Inventories consist of raw materials, supplies, finished goods and work-in-process 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. 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 weighted-average cost on the balance sheet date.

Construction inventories

Inventories consist of construction-in-progress. Construction-in-progress are recorded at acquisition cost, with construction-in-progress being the cost of land, construction work and related loans that have not yet been completed. Construction-in-progress are measured at the lower of cost or net realizable value, and comparisons between cost and net realizable value are made on a project-by-project basis. Net realizable value is defined as the estimated selling price under normal circumstances less estimated costs to complete and estimated costs to complete the sale.

g. Investments in associates

An associate is an entity over which the Group has significant influence, and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group’s share of the equity of associates.

Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group’s shares of losses of an associate equal or exceed its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment’s fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group’s consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples of these assets for testing before they reach their intended use are measured at the lower of cost or net realizable value when the assets are tested for proper functioning before they reach their intended use, and the sales price and cost are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment and depreciated when completed and ready for their intended use.

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

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

i. Intangible assets

(1) 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.

(2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

(3) Derecognition of intangible assets

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

j. Assets related to contract costs

When a sales contract is obtained, the sale service fees paid to agents under exclusive sale agreements are recognized as assets (incremental costs of obtaining a contract) to the extent that the costs are expected to be recovered and are recognized in profit or loss when the property is transferred to the customers. However, the Group elects not to capitalize the incremental costs of obtaining a contract if the amortization period of the assets that the Group would otherwise have recognized is expected to be one year or less.

k. Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets other than goodwill and assets related to contract costs

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

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 asset 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.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

l. Noncurrent assets held for sale

Noncurrent assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the noncurrent assets are available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When a sale plan would result in a loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the group will retain a non-controlling interest in that subsidiary after the sale.

They are measured at the lower of carrying amount and fair value less costs to sell.

m. Financial instruments

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

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

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 financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

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

i) The financial assets are 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 assets 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, trade receivables at amortized cost and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

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

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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 Group’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 and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), as well as contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group 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 Group determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Group:

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 Group has reasonable and corroborative information to support a more lagging default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

c) Derecognition of financial assets

The Group 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

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

Except the following situation, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such a financial liability is held for trading. Such financial liabilities are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss.

b) Derecognition of financial liabilities

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

4) Convertible bonds

The component parts of compound instruments (i.e. convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5). Derivative instruments

The Group's derivative instruments, including forward foreign exchange contracts and interest rate swap, are adopted to manage the Group's exchange rate and interest rate risk.

Derivative instruments are initially recognized at fair value when the derivative contract is signed, and subsequently remeasured at fair value at the balance sheet date. The gains or losses resulting from subsequent measurement are directly recognized in profit or loss. When the fair value of a derivative instrument is a positive number, it is classified as a financial asset; when the fair value is a negative number, it is classified as a financial liability.

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

n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Onerous contracts

Onerous contracts are those in which the Group's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. Before 2021, when assessing whether a contract is onerous, the "cost of fulfilling a contract" only includes both the incremental costs of fulfilling, however, after the amendments of the new standards, started from 2022, when assessing whether a contract is onerous, the "cost of fulfilling a contract" includes both the incremental costs of fulling that contract and an allocation of other costs that relate directly to fulfilling contracts.

p. Revenue recognition

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

Revenue from the sale of goods

For contracts to sell properties in the ordinary course of business, the fixed transaction price is received in instalments and recognized as a contract liability. The transaction price, after adjusting for the effect of the significant financing component, is recognized as revenue when the construction is completed, and the property is transferred to the buyer. Revenue from the sale of goods comes from sales of battery modules products and electronic components and parts. Sales of products are recognized as revenue when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivables are recognized concurrently.

q. Leases

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

1) The Group as lessor

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

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

2) The Group as lessee

The Group 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 applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

The Group 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 applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

The Group 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 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, which comprise fixed payments and in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Group 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.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions for lease contracts and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss (recognized as other income), in the period in which the events or conditions that trigger the concession occur and makes a corresponding adjustment to the lease liability.

r. 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.

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.

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

s. Employee benefits

1). Short-term employee benefits

Relevant liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2). Post-employment benefits

For pension under the defined contribution plan, the amount of pension contributed is recognized in expenses during employees' service period.

The defined benefit cost under the defined benefit pension plan (including service cost, net interest, and re-measurement) is calculated based on the projected unit credit method. The service cost (including the service costs for the current period) and the net interest on the net defined benefit liabilities (assets) are recognized in employee benefit expenses as they occur. The re-measurement (including actuarial gains and losses, and the return on plan assets, net of interest) is recognized in other comprehensive income and listed in retained earnings when it occurs and will not be reclassified to profit or loss subsequently.

The net defined benefit liabilities (assets) are the deficit (surplus) of the defined benefit pension plan. The net defined benefit assets may not exceed the present value of any refunds from the plan or reductions in future contributions to the plan.

t. Share-based payment arrangements

<u>Employee share options</u>

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vesting immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

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

u. Income tax

The income tax expense represents the sum of the current income tax and deferred tax.

1) Current income tax

The Group determines the income (loss) of the current year in accordance with the laws and regulations in each jurisdiction for income tax declaration and calculates the income tax payable (recoverable) accordingly.

A surtax imposed on the undistributed earnings pursuant to the Income Tax Act of R.O.C. is recognized in the year in which it is resolved by the annual shareholders’ meeting.

Adjustment to income tax payable from prior years are recognized in the current income tax.

2) Deferred tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized when there are likely to be taxable income to deduct temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that said temporary difference will not be reversed in the foreseeable future. The deductible temporary differences related to said investments are recognized in deferred income tax only if it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences, and they are expected to be reversed in the foreseeable future.

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

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

3) Current and deferred taxes

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, the current and deferred taxes are recognized in other comprehensive income or directly in equity, respectively.

5. Critical Accounting Judgements and Key Sources of Estimation and Uncertainty

In the application of the Group'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 Group considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that period or in the period of the revision and future years if the revision affects both current and future years.

KEY SOURCES OF ESTIMATION AND UNCERTAINTY

a. Impairment of Financial Assets

The provision for impairment of trade receivables is based on assumptions about probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates at the end of each reporting period. Please refer to Note 10 and Note 11 for the details of the key assumptions and inputs used. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. 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. In addition, due to the uncertainty of inflation and market interest rate fluctuations, large fluctuations in the price of raw materials and freight makes the estimation of net realizable value more uncertain.

c. Investments of associates

The Company immediately recognizes impairment loss on its net investments in subsidiaries and associates when there is any indication that an investment may be impaired and the carrying amount may not be recoverable. The Company's management evaluates such impairment based on the estimated future cash flow expected to be generated by the investments accounted for using the equity method. The Company also takes into consideration the market conditions and industry developments to evaluate the appropriateness of the relevant assumptions.

d. Impairment of property, plant and equipment

The impairment loss of property, plant and equipment in relation to production was based on the recoverable amounts of those assets, which are the higher of their fair value less costs of disposal and their value in use. Any changes in the market prices or future cash flows will affect the recoverable amounts of those assets and may lead to the recognition of additional impairment losses or the reversal of impairment losses.

e. Impairment loss for noncurrent assets held for sales

The Company should recognize impairment loss when the carrying amount of the noncurrent assets held for sales is lower than the fair value which shall be decided by the potential buyers.

6. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash on hand	$ 1,248	$ 1,338
Checking accounts and demand deposits	193,290	134,279
	$ 194,538	$ 135,617

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2022	December 31, 2021
Financial assets - noncurrent		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
－Redemption options and put options of convertible bonds (Note 19)	$ -	$ 264
Financial liabilities - current		
Financial liabilities mandatorily classified as at FVTPL		
Derivative financial instruments (not under hedge accounting)		
－Currency Swaps(1)	$ -	$ 58

	December 31, 2022	December 31, 2021
Financial liabilities - noncurrent		
Financial liabilities mandatorily classified as at FVTPL		
Derivative financial instruments (not under hedge accounting)		
─ Redemption options and put options of convertible bonds (Note 19)	$ 2,142	$ -

(a) The forward exchange contracts outstanding and not applicable to hedge accounting as of the balance sheet date are as follows

December 31, 2022: None

December 31, 2021:

	Currency	Maturity Period	Amount (in thousand)
Currency Swap	NTD to USD	2022.06.14	NTD11,130/USD400

The Group engages in the transaction of currency swaps primarily for hedging of exchange rate volatility with assets and liabilities denominated in foreign currencies.

8. FINANCIAL ASSETS MEASURED AT FVOCI

	December 31, 2022	December 31, 2021
Equity investment		
Noncurrent		
Domestic investments		
Unlisted shares		
Emerging stocks	$ 21,513	$ 28,074
Others	-	6,733
	$ 21,513	$ 34,807

For the purpose of long-term strategies on investments, the Company invested in Lumtech and LSC Ecosystem Corporation and expected to have profit or gains on the long-term investments. However, the management in the Company recognized the investments as financial assets measured at FVOCI instead of FVPL in accordance the aforementioned planning on the long-term investments, related information refers to Table 3.

For more details about the information of financial assets measured at FVOCI, please refer to Note 33.

9. FINANCIAL ASSETS MEASURED AT AMORTIZED COSTS

	December 31, 2022	December 31, 2021
Current		
Domestic investments		
Time deposits with original maturities exceeding 3 months	$ 18,914	$ 8,129
Bank deposits－Reserve account and Trust fund	94,229	48,181
	$ 113,143	$ 56,310

As of December 31, 2022 and 2021, the interest rate of time deposits with original maturities exceeding 3 months were ranged from 0.220% ~ 0.495 % and 0.765% ~ 0.815%, respectively.

Refer to Note 33 for information relating to investments measured at amortized costs pledged as collateral for financial assets.

10. Investments in debt instruments at FVTOCI

The investments in debt instruments at FVTOCI were as follows:

	December 31, 2022	December 31, 2021
Measured at amortized costs		
Total carrying amount	$ 113,143	$ 56,310
Expected credit loss	-	-
Amortized costs	$ 113,143	$ 56,310

The Company only invests in debt instruments whose derogation assessment is of low credit risk. The Company takes into account the current financial position of the debtors and the forecast of the prospects of their industries to measure the expected credit loss of 12 months or the duration of the investment in debt instruments. As of December 31, 2022 and 2021, the Company assessed that the credit risk of the debtor was low and had sufficient capacity to repay the cash flow of the contract, so the expected credit loss was not recognized.

11. ACCOUNTS RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE, NET

	December 31, 2022	December 31, 2021
Accounts receivables		
At amortized cost		
Gross carrying amount	$ 170,357	$ 288,964
Less: Allowance for impairment loss	-	(2,148)
	$ 170,357	$ 286,816
Other accounts receivable		
Total carrying amount	$ 831	$ 4,569
Less: Allowance for impairment loss	(84)	(84)
	$ 747	$ 4,485

The average credit period on sales of goods is 60~120 days without interests expenses.

In order to minimize credit risk, the management of the consolidated company has appointed a team responsible for the determination of credit limit, credit approval and other monitoring procedures to ensure that proper action is taken for recovery of overdue debts. In addition, the consolidated company reviews the recoverable amount of the overdue notes and accounts receivable on the balance sheet date to ensure that adequate allowances are made for the irrecoverable amounts. In this regard, the management believes that the credit risk of the consolidated company has been significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation, or when the trade receivables are over 90 days past due, whichever occurs earlier. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2022

	Not Past Due	Past Due 1~90 Days	Past Due 91~180 Days	Past Due Over 180 Days	Total
Gross carrying amount	$ 164,729	$ 5,628	$ -	$ -	$ 170,357
Loss allowance (lifetime ECL)	-	-	-	-	-
Amortized cost	$ 164,729	$ 5,628	$ -	$ -	$ 170,357

December 31, 2021

	Not Past Due	Past Due 1~90 Days	Past Due 91~180 Days	Past Due Over 180 Days	Total
Gross carrying amount	$ 280,701	$ 8,026	$ -	$ 237	$ 288,964
Loss allowance (lifetime ECL)	(660)	(1,251)	-	(237)	(2,148)
Amortized cost	$ 280,041	$ 6,775	$ -	$ -	$ 286,816

The movements of the loss allowance of accounts receivables and other accounts receivables were as follows:

	2022	2021
Balance at January 1, 2022	$ 2,232	$ 4,281
Less: Net remeasurement of loss allowance	(1,607)	(2,049)
Less: Noncurrent assets held for sales (Note 13)	(560)	-
Foreign exchange gains and losses	19	-
Balance at December 31, 2022	$ 84	$ 2,232

12. Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 158,920	$ 205,735
Work in Process	-	4,787
Semi-finished goods	3,820	3,878
Finished goods	38,795	33,494
Construction inventories	1,411,236	1,074,151
	1,612,771	1,322,045
Less: Noncurrent assets held for sales (Note 13)	(1,411,693)	-
	$ 201,078	$ 1,322,045

As of December 31, 2022 and 2021, the cost of inventories (including discontinued departments) recognized as cost of goods sold were $1,323,223 thousand and $1,969,050 thousand, respectively. Loss on reversal of write-downs inventories were $27,488 thousand and $212 thousand.

Details of inventories – construction and contract liabilities were as below:

	December 31, 2022			
Name	Land	Construction – in progress	Total	Contract liabilities – Current
Xin Lianxin	$ 228,544	$ 120,206	$ 348,750	$ 68,563
Xin Shang Cheng	266,802	90,165	356,967	57,127
Sumi A9	356,629	182,867	539,496	104,773
Shi Shin	-	166,023	166,023	-
	$ 851,975	$ 559,261	$ 1,411,236	$ 230,463

The abovementioned inventories – constructions and contract liabilities were reclassified to noncurrent assets held for sales, please refer to Note 13.

Name	December 31, 2021 Land	Construction – in progress	Total	Contract liabilities－Current
Xi Lian Xin	$ 228,544	$ 74,713	$ 303,257	$ 39,847
Xin Shang Cheng	266,802	56,261	323,063	33,425
Sumi A9	356,629	91,202	447,831	83,321
	$ 851,975	$ 222,176	$ 1,074,151	$ 156,593

The information related to the amount of inventories as collateral, please refer to Note 33.

13. Noncurrent assets held for sales and disposal group held for sales

The Company sold common shares of MSM Development by the resolutions of the board of directors on November 15, 2022 and December 29, 2022 and expected to complete the process in the future 12 months. Therefore, the Company reclassified MSM development as a disposal group held for sales on consolidated balance sheet on December 31, 2022, the information of the disposal of the shares, please refer to Note 32(10). The ownership of the shares was held from 74% to 26%, the payments of the transactions were collected in February 2023.

The management of the Company expected to complete the disposal process of Chongqing Wusheng in the next 12 months. Therefore, the Company reclassified as disposal group held for sales on consolidated balance sheet on December 31, 2022 and recognized impairment loss under discontinued operations from expected fair value less costs lower than the carrying amount of $38,861 thousand.

	December 31, 2022 MSM Development	Chongqing Wusheng	Total
Noncurrent assets held for sales			
Cash and cash equivalents	$ 11,258	$ 6,232	$ 17,490
Financial assets measured amortized costs－Current	37,074	-	37,074
Accounts receivables, net	16	2,682	2,698
Other receivables	-	2	2
Inventories	1,411,236	457	1,411,693
Incremental costs of obtaining contracts (Note 4(10)	80,139	-	80,139
Other current assets	24,944	1,210	26,154

	December 31, 2022		
	MSM Development	Chongqing Wusheng	Total
Property, plant and equivalent	$ -	$ 23,525	$ 23,525
Right-of-use assets	-	7,860	7,860
Other intangible assets	142	893	1,035
Deferred tax assets	8,275	-	8,275
Refundable deposits	-	490	490
	$ 1,573,084	$ 43,351	$ 1,616,435
Liabilities related to noncurrent assets held for sales			
Short-term borrowings	$ 546,299	$ -	$ 546,299
Short-term notes payables	168,400	-	168,400
Contract liabilities－Current	230,463	-	230,463
Notes payables	110,191	-	110,191
Accounts payables	64,586	10,882	75,468
Other payables	3,235	599	3,834
Lease liabilities－Current	-	2,230	2,230
Other current liabilities	9,158	1	9,159
Lease liabilities－noncurrent	-	5,746	5,746
	$ 1,132,332	$ 19,458	$ 1,151,790

The above transactions met the criteria of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. Therefore, the disposals of the assets and liabilities of MSM Development and Chongqing Wusheng were classified as a disposal group held for sale, which was presented as income (loss) from discontinued operations. To coordinate with the discontinued operations presentation of consolidated income statement for the year ended December 31, 2022, the Group reclassified the income/loss of discontinued operations for the year ended December 31, 2021 and made the related period information of consolidated income statement more relevant.

The details of profit (loss) from discontinued operations and the related cash flow information are as follows:

	2022	2021
Operating income	$ 11,181	$ 32,733
Operating cost	(30,339)	(34,398)
Operating gross loss	(19,158)	(1,665)
Selling expenses	(6,454)	(7,664)
Administrative expenses	(23,381)	(25,470)
Gain (loss) on reversal of impairment loss	473	(1,014)

	2022	2021
Operating Net Loss	($ 48,520)	($ 35,813)
Interest income	92	40
Other income	2,136	653
Other gains or loss	(39,171)	(8,283)
Financial costs	(208)	(164)
Share of Profit or Loss of Associates	-	838
Net loss before tax	(85,671)	(42,729)
Tax expense	-	-
Loss from discontinued units	($ 85,671)	($ 42,729)
Cash flows		
Operating activities	($134,112)	($121,010)
Investing activities	(25,956)	45,787
Financing activities	122,917	103,012
Effect of exchange rate changes on cash and cash	130	71
Net cash outflow(inflow)	($ 37,021)	$ 27,860

14. Subsidiaries

(a) Subsidiaries included in consolidated financial statements

The consolidated financial statements include subsidiaries as follows:

			Ownership%		
Company	Subsidiary	Nature of business	2021 December 31	2021 December 31	Note
The Company	C-TECH CORP.	Investment holding	100.00%	100.00%	
The Company	Golden Capital International Corp.	Investment holding	100.00%	100.00%	
	MSM Development	Development, rental and sales of buildings	74.00%	74.00%	Please refer to Note 13 and 32
C-TECH CORP.	Techone Trading Limited	International trading	100.00%	100.00%	
	C-TECH HOLDING CORP.	Investment holding	100.00%	100.00%	
	C-TECH INTERNATIONAL LTD.	Investment holding	100.00%	100.00%	
C-TECH HOLDING CORP.	Chongqing C-Tech	Manufacturing of batteries	100.00%	100.00%	
C-TECH INTERNATIONAL LTD.	Chongqing Wusheng	Manufacturing and sales of plastic cases with battery compartment	100.00%	100.00%	Please refer to Note 13 and 35

For the purpose of establishing the headquarter of the Company, the Company would have a jointly constructed with house divided on Land No.388 in XinZhuang District, with MSM Development and Chenmei Group and have contracts, related information please refer to Note 32.

(b) Subsidiaries not included in the consolidated financial statements: None.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Associates

	December 31, 2022	December 31, 2021
Material associate:		
OTTOBIKE CO., LTD.	$ -	$207,572

At the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

Company	Business nature	Main business location	December 31, 2022	December 31, 2021
OTTOBIKE CO., LTD.	Manufacturing of motor vehicles and parts	Taiwan	20.15%	20.30%

The abovementioned associates were all measured and accounted for using equity method, except for the preliminary earnings and net of shareholders' equity of OTTO BIKE for the year ended December 31, 2022, the Company recognized the profit or loss for the year ended December 31, 2021 based on other auditors' results.

The Company sold the 20% of ownership of Zhanli Corporation to CAR QUALITY AUTOMOTIVE CO., LTD. amounted to $2,157 thousand on March 30, 2021.

The Company invested in OTTOBIKE with totaling $250,000, $26.5 per share by cash by the resolution approved by the board of directors on January 14, 2021. The Company now has 20.30% of ownerships of OTTOBIKE, the transaction was completed on February, 2021.

OTTOBIKE CO., LTD. issued common stocks amounted to 344,460 shares to merge PingCheng by the resolution of shareholders' meetings on November 15, 2022. The ownership of voting rights was decreased from 20.30% to 20.15%.

OTTOBIKE CO., LTD was dissolved by the resolutions approved by the shareholders' meetings on December 30, 2022. The management of the Company assessed the impairment tests on the investments and evaluate the recoverable amount is lower than the carrying amount, therefore the Company recognized impairment loss of $160,004 thousand under consolidated comprehensive income sheet.

Related significant information of the associates were summarized as follows:

OTTOBIKE Co., LTD

	December 31, 2022	December 31, 2021
Current assets	$ 106,198	$ 195,679
Noncurrent assets	359,754	423,706
Current liabilities	(293,655)	(157,752)
Noncurrent liabilities	(282,359)	(227,272)
Equity	($ 110,062)	$ 234,361
Ownership%	20.15%	20.30%
The Company’s rights	$ -	$ 47,568
Impairment loss	(160,004)	-
Goodwill	160,004	160,004
Carrying amount of the investment	$ -	$ 207,572

	2022	2021
Sales revenue	$ 57,615	$ 3,039
Net loss from continuing operations for the year ended	($ 427,695)	($ 156,985)
Other comprehensive income	-	(80,194)
Total of other comprehensive income	($ 427,695)	($ 237,179)

16. Property, plant and equipment

Self-owned

	Land	Buildings	Machines	Office Equipment	Transportation	Leased Improvements	Others	Construction in progress and inspection equipment	Total
Cost									
Balance at January 1, 2022	$ 948,660	$ 137,691	$ 435,008	$ 14,318	$ 504	$ 72,105	$ 43,255	$ 13,153	$1,664,694
Additions	-	-	20,664	1,603	-	2,965	6,057	-	31,289
Disposals	-	-	(3,677)	-	-	-	(381)	-	(4,058)
Reclassification	-	-	5,254	-	-	2,835	2,725	(13,153)	(2,339)
Noncurrent assets held for sales	-	-	(71,817)	(1,686)	(512)	(29,022)	(8,311)	-	(111,348)
Currency differences	-	-	5,866	84	8	1,128	569	-	7,655
Balance at December 31, 2022	$ 948,660	$ 137,691	$ 391,298	$ 14,319	$ -	$ 50,011	$ 43,914	$ -	$1,585,893
Accumulated depreciation and loss									
Balance at January 1, 2022	$ -	$ 18,570	$ 176,789	$ 7,700	$ 257	$ 30,169	$ 26,443	$ -	$ 259,928
Depreciation	-	6,961	55,765	2,493	62	11,729	7,899	-	84,909
Disposals	-	-	(1,702)	-	-	-	(303)	-	(2,005)
Impairment loss	-	-	47,179	518	-	10,213	2,455	-	60,365
Noncurrent assets held for sales	-	-	(56,442)	(1,500)	(322)	(22,894)	(6,665)	-	(87,823)
Currency differences	-	-	2,073	46	3	399	293	-	2,814
Balance at December 31, 2022	$ -	$ 25,531	$ 223,662	$ 9,257	$ -	$ 29,616	$ 30,122	$ -	$ 318,188
Net value as of December 31, 2022	$ 948,660	$ 112,160	$ 167,636	$ 5,062	$ -	$ 20,395	$ 13,792	$ -	$1,267,705
Cost									
Balance at January 1, 2021	$ 255,481	$ 87,328	$ 381,423	$ 11,894	$ 582	$ 71,004	$ 40,731	$ 44,337	$ 892,780
Additions	693,179	6,025	24,966	1,996	-	2,116	4,149	15,736	748,167
Disposals	-	-	(243)	(27)	(530)	(635)	(1,085)	-	(2,520)
Reclassification	-	44,338	30,775	480	456	-	(350)	(46,920)	28,779
Currency differences	-	-	(1,913)	(25)	(4)	(380)	(190)	-	(2,512)
Balance at December 31, 2021	$ 948,660	$ 137,691	$ 435,008	$ 14,318	$ 504	$ 72,105	$ 43,255	$ 13,153	$1,664,694
Accumulated depreciation and loss									
Balance at January 1, 2021	$ -	$ 13,383	$ 127,292	$ 5,050	$ 244	$ 17,747	$ 21,130	$ -	$ 184,846
Depreciation	-	5,187	46,955	2,681	307	10,901	6,454	-	72,485
Disposals	-	-	(212)	(27)	(283)	(635)	(1,084)	-	(2,241)
Impairment loss	-	-	3,357	8	(9)	2,251	31	-	5,638
Currency differences	-	-	(603)	(12)	(2)	(95)	(88)	-	(800)
Balance at December 31, 2021	$ -	$ 18,570	$ 176,789	$ 7,700	$ 257	$ 30,169	$ 26,443	$ -	$ 259,928
Net value at December 31, 2021	$ 948,660	$ 119,121	$ 258,219	$ 6,618	$ 247	$ 41,936	$ 16,812	$ 13,153	$1,404,766

The impairment loss of $21,504 thousand and $5,638 thousand for the years ended in 2022 and 2021, respectively was recognized under other gains or loss of consolidated comprehensive income since the recoverable amount of the fair value less disposal costs were lower than the carrying amount.

Depreciation costs of the property, plant and equipment are calculated on a straight-line basis over their estimated useful lives as shown in the following:

Buildings	
Houses	25-51 years
House improvements	2-25 years
Machines	2-10 years
Office Equipment	3-5 years
Transportation	5 years
Leased Improvements	3-10 years
Others	1-10 years

The amount of property, plant and equipment collateral for borrowings, please refer to Note 33.

17. Other assets

	December 31, 2022	December 31, 2021
Current		
Prepayments	4,359	9,105
Incremental costs of obtaining contracts (Note 4 (10)	-	75,255
Tax Overpaid Retained for Offsetting the Future Tax	12,110	53,141
Other	4,708	2,525
	$ 21,177	$ 140,026

18. Borrowings

(a) Short-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings		
Bank (Note 33)	$ 373,000	$ 842,035
Unsecured borrowings		
Credit loans	384,686	308,381
	$ 757,686	$ 1,150,416

Interest rate for borrowings from bank ranges from 1.865% to 6.410% and 0.941% to 1.800% as of December 31, 2022 and 2021, respectively.

(b) Short-term notes payables

	December 31, 2022	December 31, 2021
Commercial paper payables (Note 33)	$ -	$ 202,400

The interest rate as of December 31, 2022 was 0.780%.
Commercial paper payables with no stated interest rate may be measured at the original face amount if the effect of discounting is immaterial.
The Company provides stocks and inventories - construction as collateral for short-term notes payable, for more information, please refer to Note 33.

(c) Long-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings		
Long-term loan	$ 403,712	$ 398,378
Less: Current portion	(18,667)	(6,667)
	$ 385,045	$ 391,711

The borrowings were guaranteed by the Company's self-owned land and buildings, please refer to Note 33.
Details of long-term borrowings were as follows:

Counterparty	Original amount	December 31, 2022	December 31, 2021
SCBC	Total amount: $20,000 thousand Period: 2021.08.12~2024.08.12 Interest rate: 2.875% (floating rate) Payment: Monthly payments with interests at every 12th of each month, totaling 36 months	$ 11,112	$ 17,778
Taishin	Total amount: $380,600 thousand Period: 2021.09.29~2025.03.31 Interest rate: 2.630% (floating rate) Payment: Monthly payments with interests, totaling 42months	380,600	380,600
Chailease	Total amount: $45,000 thousand Period: 2022.02.25~2023.08.25 Interest rate: 2.000% Payment: Monthly payments with interests at every 25th, period 1~9 amounted to $3,500 thousand, period 10~18 amounted to $1,500 thousand, totaling 18 months.	12,000	-
	Total	$ 403,712	$ 398,378

19. Bonds payables

	December 31, 2022	December 31, 2021
Domestic unsecured bonds payable	$ 105,500	$ 105,500
Less: discounts on bonds payables	(4,628)	(6,110)
	$ 100,872	$ 99,390

(a) Domestic unsecured bonds payable (Code: 36253)

The Company issued 4 thousand units of unsecured convertible bonds with par value of 100.75% and interest rate of 0%, totaling $403,000 thousand on January 12, 2021.

Each bonds holders can have the right to exercise the transfer to the Company's common shares at NTD18.4 per share. The convertible period started from January 12, 2021 to January 12, 2026. From March 31, 2022, the convertible price was adjusted from NTD 18.4 per share to NTD 18.2 per share.

From April 13, 2021 to December 3, 2025, the next day after the issuance date of the convertible bonds 3 months later, if the closing price of the common stock of the Company exceeds the convertible price of the convertible bonds by 30% for 30 consecutive business days , or if the outstanding balance of the convertible bonds is less than 10% of the total face value of the original issue, the Company may take back the bonds within the next 30 business days.

The base dates for the convertible bonds were January 12, 2024 and January 12, 2025 for the holders to sell back the convertible bonds in advance, and the holders may request the company to add interest on the face value of the bonds. The compensation is to redeem the convertible bonds held by the holders in cash with due in 3 years with 101.5075% of the face value of the bonds (0.5% of real income); due in 4 years with 102.0151% of the bond face value (0.5% of real income).

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was1.8151% per annum on initial recognition. The derivatives of options were recognized in FVPL, the Company recognized gains (loss) on FVPL of $(2,406) thousand and $1,584 thousand.

	Amount
Proceeds from issuance (less transaction costs of $4,983 thousand)	$ 398,017
Equity component (less transaction costs allocated to the equity component of $320 thousand)	(25,241)
Liability component	(1,320)
Liability component at the date of issue (less transaction costs allocated to the liability component of $4,663 thousand)	$ 371,456

	Amount
Liability component at January 12, 2021	$ 371,456
Interest charged at an effective interest rate of 1.4917%	3,370
Convertible bonds converted to ordinary shares	(275,436)
Liability component at December 31, 2021	$ 99,390
Liability component at January 1, 2022	$ 99,390
Interest charged at an effective interest rate of 1.4917%	1,482
Convertible bonds converted to ordinary shares	-
Liability component at December 31, 2022	$ 100,872

20. Accounts Payables

	December 31, 2022	December 31, 2021
Accounts payables		
Operating	$ 88,091	$ 422,028

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed upon credit terms.

Construction retainage is not interest-bearing and will be paid upon the termination of the retention period of each construction contract. The retention period refers to the normal operating cycle of the consolidated company and is more than 1 year in most cases.

21. Other liabilities

	December 31, 2022	December 31, 2021
Current		
Other payables		
Salary payables and compensation of employees	$ 27,395	$ 36,895
Equipment payables	5,537	17,761
Supplies payables	3,784	5,338
Service payables	2,553	3,769
Others	36,273	27,735
	$ 75,542	$ 91,498
Other current liabilities		
Prepayments from disposal of securities (Note 32(10))	$ 110,000	$ -
Receives on behalf of others	9,924	10,053
Other	4,050	1,241
	$ 123,974	$ 11,294

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group 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 plans

The defined benefit plans adopted by the Corporation and subsidiaries (Core Asia Human Resources Management Co., Ltd., Chung Kung Safeguarding & Security Corp., Chung Kung Management Consultant Co., Ltd., and Chung Kung Management and Maintenance of Apartment Co., Ltd.) 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 Group contributed at 2% of 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 Group 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 Group 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 Group has no right to influence the investment policy and strategy.

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 10,624	$ 11,341
Fair value of plan assets	(5,599)	(5,156)
Net defined benefit liabilities	$ 5,025	$ 6,185

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 (Assets)
Balance at January 1, 2021	$ 11,905	($ 5,720)	$ 6,185
Interest expense (income)	52	(21)	31
Recognized in profit or loss	52	(21)	31
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(76)	(76)
Actuarial loss－Changes in demographic assumptions	320	-	320
Actuarial loss－Changes in financial assumptions	(134)	-	(134)
Actuarial loss－Changes in experience adjustments	(21)	-	(21)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Recognized in OCI	$ 165	($ 76)	$ 89
Contributions by employer	-	(120)	(120)
Plan assets	(781)	781	-
December 31, 2021	11,341	(5,156)	6,185
Interest expense (income)	70	(32)	38
Recognized in profit or loss	70	(32)	38
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(411)	(411)
Actuarial loss－Changes in demographic assumptions	46	-	46
Actuarial loss－Changes in financial assumptions	(804)	-	(804)
Actuarial loss－Changes in experience adjustments	(29)	-	(29)
Recognized in OCI	(787)	(411)	(1,198)
December 31, 2022	$ 10,624	($ 5,599)	$ 5,025

Due to the pension system under the "Labor Standards Act", the Group is exposed to the following risks:

1) Investment risk: The Bureau of Labor Funds, MOL, through the methods of voluntary use and commissioned management, invests labor retirement funds in domestic (foreign) equity securities and debt securities respectively, in addition to bank deposits; only in the case of the consolidated company's distributable amounts of plan assets can the income of which be calculated using an interest rate no lower than that of 2-year time deposits in local banks.
2) Interest risk: A decrease in the interest rate of government bonds will cause an increase in the present value of defined benefit obligations; unless the return on debt investments of plan assets also increases the impact of both items will have partially offsetting effects.
3) Payroll risk: The calculation of the present value of defined benefit obligations considers the future salaries of plan members. Therefore, increase in the salaries of plan members will cause an increase in the present value of defined benefit obligations.

The present value of defined benefit obligations of the Group actuarial valuation by a licensed actuary; below are the material assumptions of the measurement date:

	December 31, 2022	December 31, 2021
Discount rate	1.375%	0.625%
Expected rate of salary increase	2.250%	2.250%

If the material actuarial assumptions respectively incur reasonably possible changes, under the condition that all other assumptions stay the same, below are the increased (decreased) present value amounts of defined benefit obligations:

	December 31, 2022	December 31, 2021
Discount rate		
Increased by 0.25%	($ 252)	($ 268)
Decreased by 0.25%	$ 260	$ 277
Expected rate of salary increase		
Increased by 0.25%	$ 253	$ 266
Decreased by 0.25%	($ 247)	($ 259)

Because the actuarial assumptions may be related to each other, the possibility of a single assumption changing is not large; therefore, the sensitivity analysis described above may not be able to reflect actual changes in the present value of defined benefit obligations.

	December 31, 2022	December 31, 2021
Funds expected to be allocated within 1 year	$ -	$ -
Average maturity period of defined benefit obligations	9.6 years	9.5 years

23. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The Group is engaged in construction and sales of buildings. The classification criteria for current or non-current of assets and liabilities related to the construction projects is based on the operating cycle. The classification criteria for current or non-current of other items were as follows:

December 31, 2022

Information of assets and liabilities of business of constructions which was reclassified as noncurrent assets held for sales, please refer to Note 13.

December 31, 2021

	Within 1 year	After 1 year	Total
Assets			
Cash and cash equivalent	$ 135,617	$ -	$ 135,617
Financial assets measured at amortized costs- Current	56,310	-	56,310
Accounts receivables, net	286,816	-	286,816
Other receivables	4,485	-	4,485
Inventories – general	247,894	-	247,894
Inventories – Constructions	-	1,074,151	1,074,151
Other current assets	140,026	-	140,026
	$ 871,148	$ 1,074,151	$ 1,945,299

	Within 1 year	After 1 year	Total
Liabilities			
Short-term borrowings	$ 681,381	$ 469,035	$ 1,150,416
Short-term notes payables	77,000	125,400	202,400
Financial liabilities measured at FVPL – current	58	-	58
Contract liabilities – current	165,092	-	165,092
Notes payables	4,559	-	4,559
Accounts payables	412,737	9,291	422,028
Other payables	91,498	-	91,498
Lease liabilities – current	13,563	-	13,563
Long-term borrowings due within 1 year or 1 operating period	6,667	-	6,667
Other current liabilities	11,294	-	11,294
	$ 1,463,849	$ 603,726	$ 2,067,575

24. Equities

(a) Share capital

Ordinary share

	December 31, 2022	December 31, 2021
Authorized shares (thousands)	200,000	200,000
Authorized capital	$ 2,000,000	$ 2,000,000
Number of shares issued and fully paid (thousands)	114,131	98,131
Capital issued	$ 1,141,314	$ 981,314

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

The change in share capital was mainly due to unsecured convertible bonds were transferred to common stocks of $159,5190 thousand (15,951 thousands of shares) and the execution of employee share options of $300 thousand (30 thousands of shares), the base date was set to be November 10, 2021, which were approved by the board of directors and completed the registration on January 19, 2022. As for the other unsecured convertible bonds transferred to common shares of $544 thousand (54 thousands of shares), the base date was scheduled to be March 31, 2022, approved by the resolutions of board of directors and completed the registration on April 26, 2022.

The Company issued new common stocks of 16,000 thousand of shares in cash by the resolutions approved by the board of directors on December 22, 2021 with par value of NTD 10, totaling $160,000 thousand. The aforementioned transaction were approved by FSC on February 11, 2022. The base date was on March 31, 2022, the subscription price was NTD20 per share, totaling $320,000 thousand and had fully collected and completed the registration.

(b) Capital surplus

	December 31, 2022	December 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 312,736	$ 152,736
Premium on convertible bonds	158,666	158,666
Treasury share transactions (2)	15,828	15,828
Call convertible bonds (3)	29,216	29,216
Expired stock options (4)	22,168	18,208
May be used to offset a deficit only		
Movements of associates and joint ventures accounted for using equity method (5)	13,301	13,301
May not be used for any purpose		
Employees' stock options	8,437	8,437
Convertible bonds – stock options	6,657	6,657
	$ 567,009	$ 403,049

1) 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 paid-in capital and once a year).
2) Such capital surplus is the effect from the subsidiary disposed the ownerships of the parent company, and the parent company issued cash dividends to the subsidiary.
3) Such capital surplus is call convertible bonds and reclassified from capital surplus-convertible bonds, stock options.
4) Such capital surplus is capital increased by cash with no cash inflow and expired employees' stock options, reclassified from capital surplus – employees' stock options.
5) Such capital surplus is the effect from the transition of equity when the Company did not subscribe according to shareholding ratio.

(c) Retained earnings and dividend policy

According to the Company’s articles of incorporation, revised by the resolutions of the board of the directors on June 15, 2022, 10% of annual net earnings (net of income taxes), after deducting accumulated deficits, must be set aside as legal reserve. The remaining portion is to be distributed upon a proposal by the board of directors and approval in an annual shareholders’ meeting; a special reserve be made from the unappropriated earnings, equivalent to current income or loss and prior period undistributed earnings from the reduction of other equity.

When a special reserve is appropriated by the Company in accordance with the law, with respect to the insufficient surplus amount of the “cumulative net increases in fair value measurement of investment properties from prior period” and the “cumulative net debit balance reserves from prior period”, an amount of special reserve equal to the amount appropriated from the prior unappropriated earnings shall be unappropriated first before the distribution of profits. If any insufficient remains, it shall be unappropriated from the amount of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period.

The Board of Directors is authorized to distribute dividends and bonuses or all/part of the statutory surplus reserve and capital surplus in cash by a resolution of at least two-thirds of the Directors present and a majority of the Directors present, and to report such distribution to the shareholders' meeting.

If there is any surplus in the Company's annual final accounts, the Company shall first pay taxes and make up for accumulated losses over the years, and then set aside 10% as the statutory surplus reserve; except when the statutory surplus reserve has reached the Company's total capital. The special surplus reserve shall be allocated or converted according to laws or regulations of the competent authority. Any remaining surplus will become the annual undistributed earnings. This remaining balance shall be added to the accumulated undistributed earnings of the previous years to form the cumulative distributable earnings of the shareholders. The Board of Directors may prepare a proposal for its distribution, and if new shares are to be issued as the form of distribution, the proposal shall be submitted to the shareholders meeting for resolution before the distribution, for more information, please refer to Note 26(7).

The Company is currently in its growth stage; thus, the policy for distribution of dividends should reflect factors such as the current and future investment environment, fund requirements, domestic competition and capital budget, as well as benefits to be given out, balance in the distribution of shares and cash bonuses. The Company’s Articles of Incorporation stipulate that at least 20% of dividends to shareholders shall be distributed in cash.

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.

The proposal on appropriation of deficits for the years ended December 31, 2021 and 2020 was approved by the resolution of the shareholders' meetings on June 15, 2022 and August 11, 2021, respectively.

The proposal on appropriation of deficits offset by legal reserve of $15,854 and capital surplus of $551,915 on March 30, 2023 planned by the board of directors, and to be approved by the shareholders' meetings on June 30, 2023.

d. Other equity

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

	2022	2021
Balance at January 1	($ 25,489)	($ 22,366)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	12,273	(3,863)
Tax	(2,455)	773
Associates accounted for using equity method	-	(33)
Balance at December 31	($ 15,671)	($ 25,489)

2. Unrealized gain and losses on financial assets at fair value through other comprehensive income

	2022	2021
Balance at January 1	($ 49,831)	($ 13,515)
Recognized for the year		
Unrealized gains and losses －Equity instruments	(13,294)	(20,078)
Associates accounted for using equity method	16,198	(16,238)
Balance at December 31	($ 46,927)	($ 49,831)

(e) Non-controlling interests

	2022	2021
Balance at January 1	$ 108,717	$ 112,405
Share in loss for the year	(4,006)	(3,682)
Non-controlling equity of liquidation of subsidiary of HaoShen	-	(6)
Balance at December 31	$ 104,711	$ 108,717

(f) Treasury shares

Shares held by its subsidiaries (in thousands of shares)	2022	2021
Number of shares at the beginning of the year	5,584	5,584
Addition	-	-
Disposals	-	-
Number of shares at the end of the year	5,584	5,584

Related information regarding shares of the Company held by its subsidiaries on the balance sheet date was as follows:

Subsidiary	Number of shares held (in thousands of shares)	Carrying amount	Market Value
December 31, 2022			
Golden Capital International Corp.	5,584	$ 48,244	$ 68,125
December 31, 2021			
Golden Capital International Corp.	5,584	$ 48,244	$ 144,905

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

The Company reclassified 5,584 shares with carrying amount of $48,244 thousand of the Company held by Golden Capital International Corp. (GCI) as of December 31, 2022 and 2021, respectively, to treasury stocks.

25. Revenue

	2022	2021
Customers' contract revenue		
Sales revenue	$ 1,478,832	$ 2,208,360
Less: discontinued departments (Note 13)	(11,181)	(32,733)
	$ 1,467,651	$ 2,175,627

(a) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivables (Note 11)	$ 170,357	$ 286,816	$ 587,995
Contract liabilities — Current			
Sales of goods	$ 20,513	$ 8,499	$ 4,849
Real estate construction (Note 12)	-	156,593	85,637
Noncurrent assets held for sales (Note 12 and 13)	230,463	-	-
	$ 250,976	$ 165,092	$ 90,486

(b) Assets related to contract costs

	December 31, 2022	December 31, 2021
Current		
Incremental costs of obtaining contracts (Note 13 and 17)	$ 80,139	$ 75,255

26. Net income (loss) from continuing operations

(a) Interest income

	2022	2021
Bank Deposit	$ 531	$ 165
Others	629	9
Less: discontinued units (Note13)	(92)	(40)
	$ 1,068	$ 134

(b) Other revenue

	2022	2021
Lease revenue	$ 72	$ 570
Dividend revenue	1,105	1,420
Other	7,951	3,463
Less: discontinued departments (Note 13)	(2,136)	(653)
	$ 6,992	$ 4,800

(c) Other gains and loss

	2022	2021
Gains or losses on foreign currency exchange	($ 10,005)	($ 1,292)
Gains (loss) on disposal or retirement of property, plant and equipment	(261)	32
Gains (loss) on financial liabilities measured at FVPL	(967)	5,595
Impairment loss on noncurrent assets held for sales	(38,861)	-
Impairment loss accounted for using equity method (note 15)	(160,004)	-
Impairment loss – property, plant and equivalent and intangible assets	(21,489)	(5,800)
Other	(8,843)	(10,547)
Add: discontinued departments (Note 13)	39,171	8,283
	($ 201,259)	($ 3,729)

(d) Financial costs

	2022	2021
Interest expenses from convertible bonds	$ 1,482	$ 3,370
Borrowing interests from banks	33,652	22,663
Interest paid for lease liabilities	638	666
Less: discontinued departments (Note 13)	(208)	(164)
Amounts included in the cost of qualifying assets	(14,148)	(9,504)
	$ 21,416	$ 17,031

Information about capitalized interest is as follows:

	2022	2021
Capitalized interest	$ 14,148	$ 9,504
Capitalization rate	1.49%～2.39%	1.47%～1.87%
Capitalized accumulated interest of work in process	36,526	22,378

The information of abovementioned capitalized interest includes the information of noncurrent group held for sales.

(e) Depreciation and amortization

	2022	2021
Depreciation expenses by function		
Operating costs	$ 71,653	$ 56,794
Operating expenses	30,254	28,620
Less: discontinued business units	(17,090)	(16,927)
	$ 84,817	$ 68,487
Amortization expenses by function		
Operating costs	$ 1,251	$ 580
Operating expenses	7,407	4,693
Less: discontinued business units	(332)	(302)
	$ 8,326	$ 4,971

(f) Employee benefit expenses

	2022	2021
Short-term employees' benefits	$ 403,085	$ 461,069
Post-retirement benefit (Note22)		
Defined contribution plan	8,606	8,393
Defined benefit plan	-	31
Share-based payment	3,960	478
Less: discontinued business units	(34,598)	(44,233)
Total of employees' benefits	$ 381,053	$ 425,738

	2022	2021
Summary by function		
Operating costs	$ 203,319	$ 257,109
Operating expenses	212,332	212,862
Less: discontinued units	(34,598)	(44,233)
	$ 381,053	$ 425,738

(g) Employees' Compensation and Directors' Remuneration

As stipulated in the Company's Articles of Incorporation, 5% to 20% of the annual profit shall be allocated as remuneration to employees. The distribution of remuneration in shares or cash is resolved by the board of directors' meeting, and these employees must be employees of the controlling or subordinate companies who meet certain requirements. No more than 5% of the annual profit shall be allocated in cash as remuneration to directors by resolving the Board of Directors. The motion of distribution of remuneration to employees and directors shall be proposed to the shareholders' meeting. However, where there are accumulated losses, the Company shall first retain a certain amount before allocating remuneration to Employees and Directors as referred to in the preceding paragraph. The company has operating losses in 2022 and 2021, and there is no need to estimate the remuneration of employees and directors.

If there is a difference with the actual distribution amount in the next year, it will be treated according to the change in accounting estimates, and the difference will be recognized as the profit or loss of the next year.

Relevant information of employees' compensation and directors' remuneration can be found on MOPS.

27. Tax from continuing operations

(a) Income tax expense recognized in profit or loss:

	2022	2021
Current tax		
In respect of the current period	$ -	$ 3,758
Adjustments for prior years	(540)	(3,601)
Deferred tax		
In respect of the current year	(7,066)	134
Income tax expense recognized in profit or loss	($ 7,606)	$ 291

A reconciliation of accounting profit and income tax expenses are as follows:

	2022	2021
Loss from continuing operations before tax	($ 500,373)	($ 168,205)
Income tax expense on pretax net profit calculated at the statutory rate	($ 108,695)	($ 36,088)
Nondeductible expenses in determining taxable income	83,681	20,755
Tax-free income	(221)	(284)
Unrecognized deductible temporary difference and carry forwards	18,169	19,509
Prior period adjustment on income tax expenses	(540)	(3,601)
Income tax expense recognized in profit or loss	($ 7,606)	$ 291

The applicable tax rate used by Chongqing C-Tech, WuSheng in China is 15%, the applicable tax rate used by C-TECH, TECHONE, C-TECH INTERNATIONAL, C-TECH HOLDING and CGI in tax free countries are preferential tax rates in accordance with local laws. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

(b) Income tax recognized in other comprehensive income

	2022	2021
Deferred tax		
In respect of the current year		
—Translation of foreign operations	($ 2,455)	$ 773
—Remeasurement of defined benefits plans	(239)	18
Income tax recognized in OCI	($ 2,694)	$ 791

(c) Current tax assets and liabilities

	December 31, 2022	December 31, 2021
In respect of the current year		
Tax refund receivables	$ 1,849	$ -

(d) Deferred tax assets and liabilities

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

For the year ended December 31, 2022

Deferred tax assets (liabilities)	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Reclassification of noncurrent assets held for sales	Balance, end of year
Temporary differences					
Allowance for bad debts	$ 17	$ -	$ -	$ -	$ 17
Associates	(133)	83	-	-	(50)
Exchange difference	(964)	1,311	-	-	347
Inventory write-downs	4,162	5,498	-	-	9,660
Exchange differences on translation of the financial statements of foreign operations	6,364	-	(2,455)	-	3,909
Defined benefits plans	1,588	7	(239)	-	1,356
Paid-time off payables	668	167	-	-	835
Loss Carryforwards	8,275	-	-	(8,275)	-
	$ 19,977	$ 7,066	($ 2,694)	($ 8,275)	$ 16,074

For the year ended December 31, 2021

Deferred tax assets (liabilities)	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Temporary differences				
Allowance for bad debts	$ 17	$ -	$ -	$ 17
Associates	(137)	4	-	(133)
Exchange difference	(426)	(538)	-	(964)
Inventory write-downs	4,162	-	-	4,162
Exchange differences on translation of the financial statements of foreign operations	5,591	-	773	6,364
Defined benefits plans	1,588	(18)	18	1,588
Paid-time off payables	250	418	-	668
Loss Carryforwards	8,275	-	-	8,275
	$ 19,320	($ 134)	$ 791	$ 19,977

(e) Temporary differences associated with investments for which deferred tax liabilities were not recognized

	December 31, 2022	December 31, 2021
Impairment loss	$ 50,000	$ -
Loss Carryforwards		
Due in 2030	17,549	17,549
Due in 2030	19,225	19,225
Due in 2032	17,948	-
	$ 104,722	$ 36,774

(f) Income tax assessments

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

28. Loss per share

Unit: NT$ per Share

	2022	2021
Basic loss per share		
From continuing operation	($ 3.90)	($ 1.47)
From discontinued departments	(0.78)	(0.45)
Total	($ 4.68)	($ 1.92)
Diluted loss per share		
From continuing operation	($ 3.90)	($ 1.47)
From discontinued departments	(0.78)	(0.45)
Total	($ 4.68)	($ 1.92)

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

Net Loss for the Year

	2022	2021
Net loss attributable to owners of the Company	($ 407,096)	($ 125,767)
Add: Net loss from discontinued departments used in the computation of diluted loss per share	(81,665)	(39,047)
Net loss from continuing operation used in the computation of diluted loss per share	($ 488,761)	($ 164,814)

Share

Unit: thousands of shares

	2022	2021
Weighted average number of ordinary shares (in thousands) used in the computation of basic loss per share	104,547	85,706
Effect of potentially dilutive ordinary shares (in thousands)		
Convertible bonds	-	-
Employees' stock options	-	-
Employees' compensation	-	-
Weighted average number of ordinary shares (in thousands) used in the computation of diluted loss per share	104,547	85,706

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

If the outstanding convertible bonds issued by the Company are converted to ordinary shares, they are anti-dilutive and excluded from the computation of diluted earnings per share.

The exercisable price of stock options the Company issued was higher than the average market price for the years ended December 31, 2022 and 2021, they are anti-dilutive and excluded from the computation of diluted earnings per share.

29. SHARE-BASED PAYMENT ARRANGEMENTS

(a) Treasury shares transferred to employees

The board of directors made a resolution on January 18, 2017 to the vesting condition of all outstanding employee share option plans. Each stock option eligible to subscribe for one thousand common shares of the Company when exercised. The stock options of all the plans are valid for six years and exercisable at certain percentages subsequent to the second anniversary of the grant date. Under the terms of the plans, the stock options are granted at an exercise price equal to the closing price of the Company's common shares quoted on the TWSE on the grant date.

Related information of share based payment were as below:

	2022		2021	
Employees' share options	Number of Stock Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Stock Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance, beginning of the year	750	$ 26.7	1,030	$ 26.7
Stock options canceled	-	-	(250)	-
Stock options exercised	-	-	(30)	26.7
Balance, end of the year	750	26.5	750	26.7
Exercisable at the end of the year	750		750	

As of the balance sheet date, the information of outstanding of employees' share options were as follows:

	December 31, 2022	December 31, 2021
Weighted average remaining contractual life (years)	0.05	1.05

The compensation costs amounted to $0 thousand and $478 thousand for the years ended December 31, 2022 and 2021.

(b) Capital increased by cash – Employees' stock options

The Company increased capital by cash on the resolutions approved by the board of directors on December 22, 2021 and reserved 10% of the new shares for the employees in accordance with Company Act. The Company recognized the costs for employees' stock options and capital surplus – employees' stock options of $3,960 thousand and $0 thousand for the years ended December 31, 2022 and 2021, respectively.

30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

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

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

31. FINANCIAL INSTRUMENT

(a) Fair value of financial instruments not measured at fair value

The management of the Group believes the carrying amount of the Group’s financial instruments not measured at fair value are close to the fair value.

(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
Financial assets at FVOCI				
Investments in equity instruments				
－emerging market shares	$ -	$ 21,513	$ -	$ 21,513
－Domestic and overseas unlisted shares	-	-	-	-
	$ -	$ 21,513	$ -	$ 21,513
Financial liabilities at FVTPL				
－Convertible bonds options	$ -	$ 2,142	$ -	$ 2,142

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
－Convertible bonds options	$ -	$ 264	$ -	$ 264
Financial assets at FVOCI				
Equity instrument				
－Stocks from emerging market	$ -	$ 28,074	$ -	$ 28,074
－Domestic unlisted stocks	-	-	6,733	6,733
	$ -	$ 28,074	$ 6,733	$ 34,807
Financial liabilities at FVTPL				
－Derivatives	$ -	$ 58	$ -	$ 58

2) There were no transfers between Levels 1 and 2 in the current and prior periods.
3) Except for financial assets at FVTPL in Level 3 were recognized under exchange of fair value of other comprehensive income, there were no other adjustments.
4) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Domestic stocks from emerging market	Fair value was assessed by the closing price as of balance sheet date.
Convertible bonds – employees' stock options	Binomial Option Pricing Model: Future cash flows are estimated at the end of the period, based on observable factors, such as duration, convertible prices, risk-free rates, and discounted rates on binomial option pricing model. at the end of the period.
Derivatives – foreign exchange forward contracts/foreign option contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

Financial Instruments	Valuation Techniques and Inputs
Domestic and overseas unlisted shares	Market approach: Based on the market fair value of the comparable companies and adjusted by PE ratio and market/net value of the investees.

(c) Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
FVTPL	$ -	$ 264
Financial assets at amortized cost (Note 1)	482,219	487,173
Financial assets at FVTOCI		
Equity instruments	21,513	34,807
Financial liabilities		
Financial liabilities measured at FVPL	2,142	58
Financial liabilities at amortized cost (Note 2)	1,425,929	2,368,669

Note1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivables, other receivables, and refundable deposits.

Note2: The balances include financial liabilities at amortized cost, which comprise short-term and long-term borrowings, short-term bills payable, notes and accounts payables, other payables long-term borrowings due within one year, bonds payables and guarantee deposits.

(d) Financial Risk Management Objectives and Policies

The consolidated company's major financial instruments include investments in equity and debt instruments, accounts receivable, accounts payable, bonds payables, borrowings and lease liabilities. The consolidated company's financial management department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operation of the consolidated company through internal risk reports which analyze exposures by degree and magnitude of risk. These risks include market risk(including currency risks and interest risks), credit risk and liquidity risk.

The consolidated company operates the derivative financial instruments based on the transaction procedures of the derivative financial commodity resolved by the Board of Directors to avoid exchange rate risk. Internal auditors continue to review policy compliance and risk exposure limits. The consolidated company does not conduct financial instrument transactions (including derivative financial instruments) for speculative purposes.

1). Market Risk

The Group's operating activities expose 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

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The Group believed that its foreign currency assets and liabilities were not significantly exposed to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 36.

<u>Sensitivity analysis</u>

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity analysis is for a 1% change in foreign currency rates and included only outstanding foreign currency denominated monetary items at the end of the reporting period. A positive number below indicates a decrease in pre-tax profit (loss) when New Taiwan dollars strengthen by 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit (loss) and the balances below would be negative.

	Impact of the US dollar	
	2022	2021
Profit or loss	$ 243 (i)	$ 1,584 (i)

(i) The above sensitivity analysis mainly referred to the outstanding USD deposits, receivables and payables which were not hedged at the end of the year.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

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

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
－Financial assets		
Cash	$ 1,248	$ 1,338
Time deposits－Over 3 months	18,914	8,129
	$ 20,162	$ 9,467
－Financial liabilities		
Bonds payables	$ 100,872	$ 99,390

	December 31, 2022	December 31, 2021
Cash flow interest rate risk		
－Financial assets		
Bank notes and demand deposits	$ 193,290	$ 134,279
Restricted bank deposits	94,229	48,181
	$ 287,519	$ 182,460
－Financial liabilities		
Short-term borrowings	$ 757,686	$ 1,150,416
Short-term notes payables	-	202,400
Long-term borrowings	403,712	398,378
	$ 1,161,398	$ 1,751,194

Sensitivity analysis

The sensitivity analysis below was determined based on the Group'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 0.5% 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 0.5% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $4,369 thousand and $7,844 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk approximates the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

In addition, the invents the recoverable amount of the overdue notes and accounts receivable on the balance sheet date to ensure that adequate allowances are made for the irrecoverable amounts. In this regard, the management believes that the credit risk of the consolidated company has been significantly reduced.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group'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 Group relies on bank borrowings as a significant source of liquidity. The Group had available unutilized bank loan facilities set out in (b) below.

(a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The maturity dates of the Group's remaining contractual maturity for its non-derivative financial liabilities was based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities from the earliest date on which the Group can be required to pay. 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 repayment dates.

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

December 31, 2022

	On Demand or Less than 1 Year	1 to 3 years	2 to 5 years	Over 5 years
Floating rate instruments				
Short-term borrowings	$ 757,686	$ -	$ -	$ -
Long-term borrowings	18,667	4,445	380,600	-
Non-interest-bearing liabilities				
Accounts payables	88,091	-	-	-
Other payables	11,874	-	-	-
Lease liabilities	3,999	2,908	1,500	-
Bonds payables	-	100,872	-	-
	$ 880,317	$ 108,225	$ 382,100	$ -

December 31, 2021

	On Demand or Less than 1 Year	1 to 3 years	2 to 5 years	Over 5 years
Floating rate instruments				
Short-term borrowings	$ 681,381	$ 180,000	$ 289,035	$ -
Long-term borrowings	77,000	125,400	-	-
Non-interest-bearing liabilities	6,667	6,667	385,044	-
Accounts payables				
Other payables	4,559	-	-	-
Lease liabilities	412,737	9,291	-	-
Bonds payables	28,015	-	-	-
Floating rate instruments	14,007	5,759	10,313	-
Short-term borrowings	-	99,390	-	-
	$ 1,224,366	$ 426,507	$ 684,392	$ -

Bank loans with a repayment on demand clause were included in the "on demand or less than 1 month" time band in the above maturity analysis. As of December 31, 2022 and 2021, the aggregate undiscounted principal amounts of these bank loans were NT$1,161,398 thousand and NT$1,751,194 thousand, respectively. Considering the Group's financial position, management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. Management believes that such bank loans will be repaid after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements.

The amounts included above for financial guaranteed contracts were the maximum amounts the Group could be required to settle under the arrangement with an option to demand the full guaranteed amount if that amount is claimed by the counterparty of the financial guarantee contract. Based on expectations at the end of the year, the Group considers that it is more likely than not that no amount will be payable under the arrangement.

(2) Financing facilities

	December 31, 2022	December 31, 2021
Unsecured bank borrowings and trade receivables factoring facility and payable on demand:		
Amount used	$ 396,686	$ 308,381
Amount unused	328,314	186,041
	$ 725,000	$ 494,422
Secured bank borrowings facility:		
Amount used	$ 764,712	$ 1,442,813
Amount unused	175,088	540,835
	$ 939,800	$ 1,983,648

4). Financial Performance

The accumulated losses of the Company as of December 31, 2022 exceeded 50% of the paid-in capital, the Company's plans on financial structures were as follows:

(1) Operating

A. Cost and expenses reduction: Decrease administrative, general affairs and engineering fees to reduce controllable indirect expenses.

B. Terminate the incompetent employees

(2) Financial performance

A. For the purpose of operating schemes, the Company plans on the disposal of the ownership percentage of MSM Development, the transactions amounted to $252,000 thousand, and had completed the transaction on February, 2023 and collected the payments, refer to explanations on Note 32(10).

B. For the purpose of operating schemes, the company disposed all of the ownerships of Chongqing Wusheng by resolutions approved by the board of directors on March 30, 2023, and scheduled to be completed in 2023Q2.

C. The accumulated losses of the Company as of December 31, 2022 exceeded 50% of the paid-in capital, legal reserve of $15,854 thousand and paid-in capital of $551,915 thousand may be used to offset deficit to strengthen the financial structures as a resolutions approved by the board of director on March 30, 2023.

D. For the purposes of utilization of the fund, strengthening financial performance, competence and operating efficiency, the meeting of board of directors on November 10, 2022 approved and effective on December 29, 2022 raising funds through private placement within 50,000 thousand of common shares or convertible bonds with three times in a year after the resolution date of shareholders meeting, related information refer to MOPS.

32. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(a) Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
MSM Development	Subsidiary
Chongqing Wusheng	Subsidiary
OTTOBIKE Co., LTD	Associate
Cheng Mei Development Group	Substantive related party
Huang, Chung-Wei	Substantive related party
Huang, Bo-Ching	Substantive related party
Huang, Yu-Xiang	Substantive related party
Huang, Yu-Chieh	Substantive related party

Name of the related parties	Nature of relationship of the related parties
Mega Peak Investment Co. Ltd.	Substantive related party
Zhaoxiang International Co., Ltd.	Substantive related party
Zhaosheng International Co., Ltd.	Substantive related party
Zhaojie International Co., Ltd.	Substantive related party
Wusheng Co., LTD.	Substantive related party

(b) Operating revenue

Account	Nature of related party	2022	2021
Sales revenue	Associate	$ -	$ 74
Other revenue	Associate	$ 7	$ -

The abovementioned transactions with related parties were no significant different with normal trade terms with non-related parties.

(c) Contract liability

Account	Nature of related party	December 31, 2022	December 31, 2021
Contract liabilities - current	2022	2021	$ -

(d) Lease revenue

Nature of related party	2022	2021
2022	$ 72	$ 72

Lease contracts were based on the market prices and were equal to non-related parties with a year of rent up front.

(e) Other related party transactions

Account	Nature of related party/Name	December 31, 2022	December 31, 2021
Payment on behalf of others	Associate		
	OTTOBIKE	$ 536	$ -
Collection on behalf of others	Associate		
	OTTOBIKE	$ 1,428	$ 1,428

(f) Loans to the related parties

Nature of related party/Name	December 31, 2022	December 31, 2021
Subsidiary／MSM Development	$ 38,000	$ -

Interests' receivables

Nature of related party/Name	December 31, 2022	December 31, 2021
Subsidiary／MSM Development	$ 18	$ -

Interest income

Nature of related party/Name	2022	2021
Subsidiary／MSM Development	$ 615	$ -

The lending fund to the subsidiary, MSM Development is unsecured loans, the interest rates are similar to the market interest rate. The collections were expected to be within one year and the Company assessed there were no expected credit loss. The above-mentioned transactions were eliminated during the process of consolidation.

(g) Borrowings from related parties

Nature of related party/Name	December 31, 2022	December 31, 2021
Ultimate parent／the Company	$ 38,000	$ -

Interest payables

Nature of related party/Name	December 31, 2022	December 31, 2021
Ultimate parent／the Company	$ 18	$ -

Interest expense

Nature of related party/Name	2022	2021
Ultimate parent／the Company	$ 615	$ -

The borrowing for MSM Development were unsecured borrowings, and the interest rates were similar to the market interest rates. The above-mentioned transactions were eliminated during the process of consolidation.

(h) Endorsement guarantee

Endorsement provided to others

Nature of related party/Name	December 31, 2022	December 31, 2021
Ultimate parent／the Company		
Amount endorsed	$ 409,233	$ 276,064
Outstanding Endorsement	-	-
	$ 409,233	$ 276,064

Nature of related party/Name	December 31, 2022	December 31, 2021
Subsidiary／MSM Development		
Amount endorsed	$ -	$ 160,000
Outstanding Endorsement	-	-
	$ -	$ 160,000

Guarantees

Nature of related party/Name	December 31, 2022	December 31, 2021
Subsidiary／MSM Development		
Guarantee amount	$ 409,233	$ 250,000
Outstanding guarantees	-	-
	$ 409,233	$ 250,000
Subsidiary／Chongqing Wusheng		
Guarantee amount	$ -	$ 26,064
Outstanding guarantees	-	-
	$ -	$ 26,064
Ultimate parent／the Company		
Guarantee amount	$ -	$ 160,000
Outstanding guarantees	-	-
	$ -	$ 160,000

Some of the bank loans were guaranteed by the chairman Huang, Tsung-Wei for the years ended December 31, 2022 and 2021.

(i) Acquisition of assets

The Company purchased parts of Land No.388 in XinZhuang District for the purposes of establishing the Company's headquarters by the resolutions approved by the board of directors on January 14, 2021. With the valuation reports as of November 27, 2020 from CCIS Real Estate Joint Appraisers Firm, the appraisers assessed the price of the objects amounted to $692,067 thousand, the counter party was one of the related parties, Huang, Bo-Ching and one other natural person. The Company recognized as property, plant and equipment and completed the transfer on April 29, 2022.

The Company had a cooperative construction contract with MSM Development (MSM) and Cheng Mei Development Group (Cheng Mei) on April 29, 2021 to establish an operating headquarters by joint constructions, which amended on July 22, 2022 to add clauses that the Company shall provide the land of 374.08 Ping and Cheng Mei shall provide the land of 147.10 Ping, totaling 521.18 Ping, and invested by MSM. The three entities were agreed to be allocated 55.50% of land ownerships (the Company has 39.8% and Cheng Mei has 15.7%), and MSM owns 45.50% of the land ownerships. The aforementioned percentages were based on the reports of Zhan-Mao Real Estate Appraisers Firm.

(j) Sales of assets

1. Property, plant and equipment

	Price of disposal		Gain (loss) on disposal	
Relation/Name	2022	2021	2022	2021
Subsidiary/Chongqing C-Tech	$ 630	$ -	$ 30	$ -

2. Investments accounted for using equity method

The Company disposed some of the shares of MSM Development on the resolutions approved by the board of directors on November 15, 2022 and December 29, 2022. The prices per share were NTD 10.41 and NTD 9.18~NTD12.80 which were assessed by the valuation organization as of November 30, 2022 and December 16, 2022. The Company had agreement on the shares transfer on December 30, 2022 with 24,000 thousand of shares in par value of NTD 10.5, totaling $252,000 thousand; therefore, the ownerships were decreased from 74% to 26%. The counter party was one of the related parties which was Mega Peak Investment Co. Ltd. As of December 31, 2022, the Company had prepayments for the securities of $110,000 thousand (which recognized in other current liabilities), but the transfer has not been completed yet. The transfer was completed on February 2022 and had collected the payments.

(k) Key management personnel compensation

	2022	2021
Short-term employee benefits	$ 33,325	$ 34,332
Share-based payments	-	131
	$ 33,325	$ 34,463

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

33. PLEDGED ASSETS

The following assets were provided as collateral for the credit fund for pre-sale houses, derivatives, deposits for customs tariff, supply of raw materials and bank loans:

	December 31, 2022	December 31, 2021
Pledged CD (recognized as financial assets measured at amortized costs)	$ 4,914	$ 8,129
Reserve account (recognized as financial assets measured at amortized costs)	94,229	48,181
Financial assets at FVOCI	-	28,074
Self-owned land	948,660	948,660
Buildings	112,160	119,121
Progress in constructions	-	13,153
Inventories – constructions	-	1,074,151
Noncurrent assets held for sales		
Financial assets measured at amortized costs – current	37,074	-
Inventories – constructions	1,411,236	-
	$ 2,608,273	$ 2,239,469

34. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2022, the Company and subsidiaries’ commitments and contingent liabilities were as follows:

(a) For the purposes of purchase of property, plant and equipment, the Company signed a contract of $55,423 thousand, as of December 31, 2022, the Company had already paid $28,953 thousand.

(b) The Company had a construction contract with contractors which recognized under noncurrent assets held for sales amounted to $1,431,018 thousand, as of December 31, 2022, the Company had already paid $527,968 thousand.

(c) The following was the summary of cooperative constructions contracts with landlords, which recognized under noncurrent assets held for sales:

Method	Name or number
Joint constructions	Xin Shangcheng
Joint buildings	Xin Lian Xin Gi Shi Xing

35. SIGNIFICANT SUBSEQUENT EVENTS

For the purpose of entire operating plans of the Group, the Company decided to sell one of the subsidiary Chongqing Wusheng by the resolutions approved by the board of director on March 30, 2023, related information please refer to MOPS.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

Unit: foreign currency/NTD in thousands

December 31, 2022

	Currency	Currency rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 6,507	30.71 (USD: NTD)	$ 199,683
USD	414	6.9646 (USD: RMB)	2,878
JPY	1,531	0.2324 (JPY: NTD)	356
			$ 202,917
Foreign currency liabilities			
Monetary items			
USD	7,387	30.71 (USD: NTD)	$ 226,882
JPY	360	0.2324 (JPY: NTD)	84
			$ 226,966

December 31, 2021

	Currency	Currency rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 8,926	27.68 (USD: NTD)	$ 247,053
USD	617	6.3757 (USD: RMB)	17,086
JPY	875	0.2405 (JPY: NTD)	210
			$ 264,349
Foreign currency liabilities			
Monetary items			
USD	15,262	27.68 (USD: NTD)	$ 422,505
JPY	8,205	0.2405 (JPY: NTD)	1,973
			$ 424,478

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

	2022		2021	
Functional Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	29.805(USD : NTD)	($ 28,917)	28.009(USD : NTD)	$ 4,056
USD	6.7208(USD : RMB)	18,912	6.4512(USD : RMB)	(5,348)
		($ 10,005)		($ 1,292)

37. Notes on Disclosed Items

(i)Information on Significant Transactions and (ii) Information on Investments

1) Financing provided to others (Table 1)
2) Endorsement/guarantee provided to others. (Table 2)
3) Marketable securities held at the end of the reporting period. (Excluding investments in subsidiaries, affiliate, and joint venture) (Table 3)
4) Accumulated buying or selling the same securities for over 300 million New Taiwan dollars or more than 20% paid-in capital: None.
5) Accumulated buying or selling the same securities for over 300 million New Taiwan dollars or more than 20% paid-in capital: None.
6) Disposal of real estate at price of over 300 million New Taiwan dollars or more than 20% of paid-in capital: None
7) Total purchases form or sales to related parties amounting to over 100 million New Taiwan dollars or more than 20% of paid-in capital. (Table 4)
8) Receivables from related parties amounting to over 100 million New Taiwan dollars or more than 20% of paid-in capital. (Table 5)
9) Conduct trading in derivative products (Table 7 and 19)

10) Other: Business relation and significant transaction between the parent company and subsidiaries (Table 6)

11) Information on investees (Table 7)

(iii). Information on Investments in China

1) Name of the investee company in Mainland China, main businesses and products, amount of paid-in capital, investment method, investment flows, shareholding ratio, current profit or loss and recognized investment profit or loss, investment carrying value at the end of the reporting period, inward remittance of investment earnings, and limit in investment amount to Mainland China. (Table 8)

2) Significant transaction, including price, payment terms and unrealized profit or loss occur directly or indirectly via the 3rd regions with an investee company in China: See Table 4 and 9.

(a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

(b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

(c) The amount of property transactions and the amount of the resultant gains or losses.

(d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

(e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

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

(iv) Major shareholders Information: The name, shareholding amount and proportion of shareholders with a shareholding ratio of 5% or more: None

38. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The reportable segments of the consolidated company are as below:

Electronic equipment department– Assembly and sales of batteries

Construction department – Manufacturing and sales of buildings and real estate

There are some of the units from the aforementioned departments discontinue their operations and excluded by the abovementioned amount of the related information, for more detailed information of discontinued units, please refer to Note 13.

(a) Segments revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Electronic equipment	Constructions	Total
2022			
Revenue from external parties	$ 1,467,651	$ -	$ 1,467,651
Intersectoral revenue	-	-	-
Segment revenue	$ 1,467,651	$ -	$ 1,467,651
Segment loss	($ 136,321)	$ -	($ 136,321)
Interest income			1,068
Other revenue			6,992
Other gains and loss			(201,259)
Share of Profit or Loss of associates			(63,766)
Financial costs			(21,416)
Net loss before tax			($ 414,702)
2021			
Revenue from external parties	$ 2,175,627	$ -	$ 2,175,627
Intersectoral revenue	-	-	-
Segment revenue	$ 2,175,627	$ -	$ 2,175,627
Segment loss	($ 78,964)	$ -	($ 78,964)
Interest income			134
Other revenue			4,800
Other gains and loss			(3,729)
Share of Profit or Loss of associates			(30,686)
Financial costs			(17,031)
Net loss before tax			($ 125,476)

The abovementioned intersectoral revenue were from external parties, there was no intersectoral revenue for the years ended December 31, 2022 and 2021.

Segment profits refer to the earnings by each division, excluding management costs, other revenue, other gains or loss, profits or loss from investments accounted for using equity method and financial costs of discontinued departments. The amount of measurement is then provided to the chief operating decision-maker to allocate resources to divisions and evaluate the division's performance.

(b) Total assets and liabilities of the segments

	December 31, 2022	December 31, 2021
Assets of the segment		
Electronic equipment	$ 2,064,616	$ 2,461,452
Constructions	-	1,218,645
Noncurrent assets held for sales	1,616,435	-
Total of consolidated assets	$ 3,681,051	$ 3,680,097
Liabilities of the segment		
Electronic equipment	$ 1,585,896	$ 1,767,949
Constructions	-	813,657
Noncurrent assets held for sales	1,151,790	-
Total of consolidated assets	$ 2,737,686	$ 2,581,606

To monitor segment performance and allocate resources between segments:

1. All assets were allocated to the reporting department other than associates accounted for using equity method, other financial assets, current tax assets and deferred tax assets. Goodwill was allocated to the reporting department. Assets used jointly by the reporting department were allocated based on the revenues earned by the individual reporting department.
2. All liabilities were allocated to the reporting department other than borrowings, other financial liabilities, current tax liabilities and deferred tax liabilities. Goodwill was allocated to the reporting department. Liabilities used jointly by the reporting department were allocated based on the revenues earned by the individual reporting department.

(c) Revenue from major products and services

The Group's revenue from continuing operations from its major products and services was divided into segments. Refer to the disclosure regarding segment revenue for more details.

(d) Geographical information

The Group's revenue from external customers is from Taiwan and China.

The information by location of operations and information about its non-current assets by location of assets are detailed below:

	2022	2021
Korea	$ 1,149,210	$ 1,926,080
Taiwan	267,259	227,662
Others	51,182	21,885
	$ 1,467,651	$ 2,175,627

(e) Information on Major Customers

Customers accounted for more than 10 % of the consolidated company's operating income in 2022 and 2021 are as shown below:

	2022	2021
Company L (Note 1)	$ 1,138,352	$ 1,926,080
Company SR (Note 1)	183,877	-
	$ 1,322,229	$ 1,926,080

Note1: From revenue of electronic equipment

39. Non-cash transactions;

The Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows for the years ended December 31, 2022 and 2021:

	2022	2021
Acquisition of property, plant and equipment		
Increase in property, plant and equipment	$ 31,289	$ 748,167
Add: Payable for purchase of equipment, balance at January 1	17,761	57,191
Less: Payable for purchase of equipment, balance at December31	(5,537)	(17,761)
Cash payment	$ 43,513	$ 787,597
Disposal of investment accounted for using equity method		
Disposal of investment accounted for using equity method	$ -	$ -
Add: Prepayments of disposal of security	110,000	-
Cash received	$ 110,000	$ -
Interest payment		
Interest expenses	$ 19,504	$ 13,159
Add: interest payables at January 1	190	217
Less: interest payables at December 31	(69)	(190)
Interest expense payment	$ 19,625	$ 13,186

C-Tech United Corporation and subsidiaries
FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 1

No. (Table1)	Financing Company	Counter Party	Financial Statement Account (Note 2)	Related party	Financing Limit for Each Borrowing Company (Note 3)	Ending balance (Note 8)	Actual used	Interest rate	Financing properties (Note 4)	Financing amount (Note 5)	Financing reasons (Note 6)	Allowance for bad debt	Collateral		Maximum Limit for Each Counterparty (Note 7)	Financing Company's Financing Amount Limits (Note 7)	Note
													Item	Value			
0	C-Tech United	MSM Development	Accounts receivables from related parties	Y	$ 300,000	$ 300,000	$ 38,000	1.600% ~ 1.975%	2	$ -	Operating and construction engineering fund	$ -	None	$ -	$ 335,462	$ 335,462	

Note 1: Significant transaction between the parent company and its subsidiaries or among subsidiaries are numbered as follows:
(1) Enter 0 for the parent company.
(2) Subsidiaries are numbered sequentially from "1" according to company type.
Note 2: Total amount of the financing is disclosed herein if the financing related to business transactions.
Note 3: Maximum financing balance provided to others for the period.
Note 4: Reasons for financing are as follows:
a. Business relationship.
b. The need for short-term financing
Note 5: Total amount of the business transactions between financing company and counterparty should be disclosed herein if the financing occurred due to business transactions.
Note 6: The necessity and rationality of the loan application should be specifically illustrated herein if the financing occurred due to short-term financing.
Note 7: The limits and the calculation methods of financing amount for individual counterparty and total financing amount for financing company are disclosed in accordance with company's operating procedure of financing.
(1) The total amount for lending to a company shall not exceed 10 percent of the net worth of the Company.
(2) The total amount available for lending purpose shall not exceed 40 percent of the net worth of the Company.
Note 8: According to Paragraph 1, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, each financing should be approved by the board of directors. To fairly expose the company's risk, even if the fund doesn't be utilized, the financing amount approved by the board of directors still includes in the financing balance. To reflect the adjustment of the company's risk, while the counterparty repays the fund, it should disclose the balance after the repayment. Although the chairman is authorized to handle the financing in installment or revolver under the specific amount approved by the board of directors within one year, according to Paragraph 2, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, it still uses the financing amount approved by the board of directors as the reporting balance. While the counterparty repays the fund, considering the possibility of another utilization, it still uses the financing amount approved by the board of directors as the reporting balance.

C-Tech United Corporation and subsidiaries
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Table 2

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement / Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement / Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	C-Tech United Corporation	MSM Development	(2)	$ 838,654	$ 409,233	$ 409,233	$ -	$ 40,000	48.80%	$ 838,654	Y	N	N	Note 4
0	C-Tech United Corporation	Chongqing Wusheng	(2)	838,654	26,634 RMB 6,000	- RMB -	-	-	-	838,654	Y	N	Y	Note 4
0	MSM Development	C-Tech United Corporation	(3)	402,734	160,000	-	-	-	-	402,734	N	Y	N	Note 5

Note 1: Significant transaction between the parent company and its subsidiaries or among subsidiaries are numbered as follows:
(1) Enter 0 for the parent company.
(2) Subsidiaries are numbered sequentially from "1" according to company type.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
(4) The endorser/guarantor company and endorsed/guaranteed company both are owned directly or indirectly more than 90% voting shares by the company.
(5) Mutual guarantee of the trade as required by the construction contract.
(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
(7) Jointly guarantee of the pre-construction real estate sales contract in accordance with Consumer Protection Law.

Note 3: According to the Company's procedures for endorsement & guarantee, the total amount of endorsement/guarantee to the subsidiaries and third parties shall not exceed 100% of the Company's net worth.

Note 4: The Company withdrew the endorsements of RMB 6,000 thousand to Chongqing C-Tech and $250,000 thousand to MSM Development by the resolutions approved by the board of directors on Mary 28, 2022; approved the endorsement to MSM Development of $409,233 thousand by the resolutions approved by the board of directors on March 28, 2022.

Note5: MSM Development withdrew the endorsement of $160,000 thousand by the resolutions approved by the board of directors on March 28, 2022.

C-Tech United Corporation and subsidiaries
MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 3

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Market price or net value	
C-Tech United Corporation	Emerging market							
	LUMINESCENCE TECHNOLOGY CORP.	N	Financial assets at FVTPL - non-current	1,420,000	$ 21,513	5.64%	$ 21,513	
	Unlisted stocks							
	LSC Ecosystem Corporation	N	Financial assets at FVTPL - non-current	3,333,333	-	2.63%	-	
					$ 21,513		$ 21,513	

Note1: Information of subsidiaries, associates, and joint ventures, please refer to Table 7 and Table 8.

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

Table 4

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
C-Tech United Corporation	Chongqing C-Tech	Affiliated	Processing fees	$ 344,745	31	Normal trade terms	As agreement	-	($ 132,357)	69	
			Purchase	173,049	15	Normal trade terms	As agreement	-	(6,661)	6	
Chongqing C-Tech	C-Tech United Corporation	Affiliated	Processing revenue	344,745	66	Normal trade terms	As agreement	-	139,018	99	
			Sale	173,049	33	Normal trade terms	As agreement	-			

Note 1: All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

C-Tech United Corporation and subsidiaries
RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 5

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Chongqing C-Tech	The Company	Parent	Accounts Receivables $ 139,018	3.67	$ -	—	$ 29,132	$ -

Note 1: All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

C-Tech United Corporation and subsidiaries
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Table 6

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenue or Total Assets (Note 3)
0	C-Tech United Corporation	Techone Trading Limited	1	Accounts Payables	$ 41,975	The terms with related parties are not significantly different from those to third parties	1
		Chongqing C-Tech	1	Processing fees	344,745	As agreement	23
			1	Purchase	173,049	As agreement	12
			1	Sales	72,049	As agreement	5
			1	Other receivables	614	The terms with related parties are not significantly different from those to third parties	-
			1	Accounts Payables	6,661	The terms with related parties are not significantly different from those to third parties	-
			1	Other Payables	132,357	The terms with related parties are not significantly different from those to third parties	4
		Chongqing Wusheng	1	Purchase	15,674	As agreement	1
			1	Accounts Payables	2,055	The terms with related parties are not significantly different from those to third parties	-
			1	Other Payables	1,069	The terms with related parties are not significantly different from those to third parties	-
1	Chongqing C-Tech	Chongqing Wusheng	3	Cost of goods sold	31,635	As agreement	2
			3	Accounts Payables	3,289	The terms with related parties are not significantly different from those to third parties	-

Note 1: Significant transaction between the parent company and its subsidiaries or among subsidiaries are numbered as follows:
(1) Enter 0 for the parent company.
(2) Subsidiaries are numbered sequentially from “1” according to company type.

Note 2: Relation among parties involved in the transaction is marked as follows:
(1) Parent to subsidiary.
(2) Subsidiary to parent.
(3) Between subsidiaries.

Note 3: Regarding the ratio of the transaction amount to the consolidated total operating income or total assets, it is calculated by the ending balance to the consolidated if it is recognized as liabilities; if as profit or loss, then by the ending cumulative amount to the consolidated total operating income.

C-Tech United Corporation and subsidiaries
NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEES ON WHICH EXERCISED SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Table 7

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance at the End of the Period			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership (%)	Carrying Amount			
C-Tech United Corporation	C-TECH CORP.	Mauritius	Investment	$ 549,571 (USD 18,100)	$ 549,571 (USD 18,100)	18,100,000	100.00	$ 399,315	($ 98,973)	($ 98,973)	
C-Tech United Corporation	Golden Capital International CORP.	Anguilla	Investment	55,131 (USD 1,728)	55,131 (USD 1,728)	1,727,955	100.00	2,910	(416)	(416)	
C-Tech United Corporation	MSM Development	Taiwan	Lease of buildings	367,374	367,375	37,000,000	74.00	298,023	(15,407)	(11,401)	Note 1
C-Tech United Corporation	OTTOBIKE Co., LTD.	Taiwan	Manufacturing of auto vehicles components and parts	250,000	250,000	9,433,962	20.15	-	(427,695)	(63,766)	Note 2
C-TECH CORP.	Techone Trading Limited	Samoa	International trade business	3,185 (USD 100)	3,185 (USD 100)	100,000	100.00	43,540	(5,551)	(5,551)	
C-TECH CORP.	C-TECH HOLDING CORP.	Samoa	Investment	364,371 (USD 12,000)	364,371 (USD 12,000)	12,000,100	100.00	325,452	(23,160)	(23,160)	
C-TECH CORP.	C-TECH INTERNATIONAL LTD.	Seychelles	Investment	181,948 (USD 6,000)	181,948 (USD 6,000)	6,000,000	100.00	30,302	(70,263)	(70,263)	

Note 1: The Company sold shares of MSM Development approved by the board of directors on December 29, 2022, please refer to Note 32(10) for explanations.
Note2: OTTOBIKE Co., LTD was dissolved by the shareholders' meetings on December 30, 2022.

C-Tech United Corporation and subsidiaries
INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Table 8 1

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan at the Beginning of the Period	Investment Flows		Accumulated Outflow of Investment from Taiwan at the End of the Period	Net Income (Loss) of Investee	% Ownership through Direct or Indirect Investment	Investment Income (Loss) (Note 2(2)B)	Carrying Value at the End of the Period	Accumulated Inward Remittance of Earnings at the End of the Period	Note
					Outflow	Inflow							
Chongqing C-Tech	Production of battery modules of notebooks	$ 364,370	(2)	$ 364,370	$ -	$ -	$ 364,370	($ 23,161)	100	($ 23,161)	$ 325,444	$ -	
Chongqing WuSheng	Production and sales of plastics of battery modules	181,948	(2)	181,948	-	-	181,948	(70,264)	100	(70,264)	30,299	-	Note 5

Accumulated Investment in Mainland China at the End of the Period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 3)
$546,318	$546,318	-

Note 1: The investment types are as follows:
a. Direct investment in mainland China.
b. Indirect investments in mainland China through subsidiaries, invested by the Company, in third regions.
c. Others.

Note 2: Under the investment gain (loss) column:
a. Companies still in the preparatory stage and therefore have no gains or losses should be disclosed.
b. Investment gain (loss) recognized based on the following should be disclosed:
1) Financial statements are audited through the cooperation between international accounting from and ROC accounting firm.
2) Financial statements are audited by licensed CPA of the parent company.
3) Others.

Note 3: According to the MOEA No.09704604680 amendment of “Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China” dated Aug 29, 2008, accumulated investment in Mainland China is limited to 60% of the net asset value or 60% of the consolidated net asset value, whichever is higher. However, the Company had obtained the certificate issued by the Industrial Bureau of the Ministry of Economic Affairs in accordance with the business scope of the operating headquarters; thus, the amount that can be invested in companies located in mainland China is unlimited from October 30, 2020 to October 29, 2023.

Note 4: The related numbers in the table were all presented in New Taiwan Dollars.

Note 5: The Company is expecting to sell out all of the shares within twelve months.

C-Tech United Corporation and subsidiaries
SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA, AND THEIR PRICES, PAYMENT TERMS, UNREALIZED GAINS OR LOSSES AND OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Table 9

Investee	Transaction Type	Amount	Price	Transaction Details		Accounts receivables(payables)		Unrealized gains(loss)	Note
				Payment term	Comparison with Normal Transactions	Amount	%		
Chongqing C-Tech	Processing fees	$ 344,745	Bid	As contracts	Normal trade term	Other payables ($ 132,357)	69	$ -	
	Purchase	173,049	Bid	As contracts	Normal trade term	Accounts payables (6,661)	6		
	Sales	72,049	Bid	As contracts	Normal trade term				