Stock Code:3060

MIN AIK TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

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

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

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Independent Auditors' Report

To the Board of Directors of Min Aik Technology Co., Ltd.:

Opinion

We have audited the financial statements of Min Aik Technology Co., Ltd. and its subsidiaries ("the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

   Please refer to Note 4(n) "Revenue" of the consolidated financial statements, and note 6(p) "Revenue from contract with customers".

   Revenue recognition is one of the key judgmental areas for our audit, particularly in respect of the revenue are recognized based on the transaction terms with clients, also considering the large volume of transaction and comes from different operation sites.

   How the matter was addressed in our audit

   Our principal audit procedures included: assessing whether appropriate revenue recognition policies are applied; testing the Company's controls surrounding revenue recognition, including corroborating the orders from clients, the proof of shipment, and receipt documents by clients; sampling the sales transaction between the reported date, exam the external document to evaluate whether the sales recognition is appropriate.

2. Investments accounted for using equity method

   Please refer to Note 4(i) “Investments in subsidiaries” and Note 6(f) “Investments accounted for using equity method” of the financial statements.

   Some important subsidiaries in the investments accounted for using equity method is primarily involved in the manufacture of hard disk drive components. As different series or models of electronic products are rapidly being replaced by trendy ones, it may affect the inventory of the outdated ones to be slow-moving, or worse yet, stagnation, thus, the fact may result the cost of inventory to be higher than the net realized value. The net realized value of evaluation of inventory is based on the judgement by management of the group. Therefore, this whole matter needed to be taken into serious consideration.

   How the matter was addressed in our audit

   Our principal audit procedures included: assessing whether appropriate inventory policies are applied through comparison with accounting standards; sampling the inventory item and comparing the aging of inventory, understanding the origin price for estimate the net realized value, evaluating either the calculation for lower of cost or net realized value is reasonable, and inspecting the inventory sales status subsequent to the reporting date.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are
Sheng-Ho Yu and An-Chih, Cheng.

KPMG

Taipei, Taiwan (Republic of China)
March 22, 2023

(English Translation of Financial Statements Originally Issued in Chinese)

MIN AIK TECHNOLOGY CO., LTD.

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 240,054	5	398,879	7
1170	Notes and trade, net (note 6(c))	513,927	11	1,045,700	19
1180	Accounts receivable due from related parties, net (notes 6(c) and 7)	11,742	-	11,856	-
1200	Other receivables, net (notes 6(f), 7 and 8)	31,305	1	223,478	4
130X	Inventories (note 6(d))	324,014	7	304,861	6
1470	Other current assets	211,917	4	48,657	1
	Total current assets	1,332,959	28	2,033,431	37
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	296,870	6	317,938	6
1518	Non-current financial assets at fair value through other comprehensive income (note 6(e))	7,546	-	40,669	1
1550	Investments accounted for using equity method (note 6(f))	2,947,090	61	2,787,648	51
1600	Property, plant and equipment (notes 6(h) and 8)	94,919	2	111,797	2
1755	Right-of-use assets (note 6(h))	33,605	1	65,857	1
1840	Deferred tax assets (note 6(m))	65,098	1	39,113	1
1900	Other non-current assets(notes 6(f) and (l))	34,972	1	32,425	1
	Total non-current assets	3,480,100	72	3,395,447	63
	Total assets	$ 4,813,059	100	5,428,878	100

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(i))	$ 410,000	9	609,984	11
2170	Trade payable	129,506	2	163,883	3
2180	Trade payable to related parties (note 7)	836,956	17	1,333,289	25
2280	Current lease liabilities (note 6(k))	33,915	1	33,239	1
2322	Long-term borrowings, current portion (note 6(j))	88,333	2	-	-
2399	Other current liabilities (note 7)	139,906	3	178,860	3
	Total current liabilities	1,638,616	34	2,319,255	43
	Non-Current liabilities:				
2540	Long-term borrowings (note 6(j))	84,861	2	-	-
2570	Deferred tax liabilities (note 6(m))	232,774	5	196,113	3
2580	Non-current lease liabilities (note 6(k))	-	-	32,923	1
2670	Other non-current liabilities	10,999	-	10,999	-
	Total non-current liabilities	328,634	7	240,035	4
	Total liabilities	1,967,250	41	2,559,290	47
	Equity attributable to owners (note 6(n)):				
3110	Ordinary share	1,375,632	29	1,375,632	25
3200	Capital surplus	1,476,353	31	1,604,287	30
	Retained earnings:				
3310	Legal reserve	18,844	-	-	-
3320	Special reserve	729,059	15	570,199	11
3350	Unappropriated retained earnings (accumulated deficit)	41,420	1	188,438	3
		789,323	16	758,637	14
3400	Other equity	(795,499)	(17)	(868,968)	(16)
	Total equity	2,845,809	59	2,869,588	53
	Total liabilities and equity	$ 4,813,059	100	5,428,878	100

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

MIN AIK TECHNOLOGY CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , except for earnings per share)

		2022		2021	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (notes 6(p) and 7)**	$ 2,979,729	100	3,699,123	100
5000	**Operating costs (notes 6(d), (k), (l), 7 and 12)**	2,786,903	94	3,420,021	93
	Gross profit from operations	192,826	6	279,102	7
	Operating expenses (notes 6(c), (k), (l), 7 and 12):				
6100	Selling expenses	70,624	2	69,672	2
6200	Administrative expenses	95,380	3	106,769	3
6300	Research and development expenses	92,851	3	88,887	2
6450	Expected credit loss	722	-	1,309	-
	Total operating expenses	259,577	8	266,637	7
	Net operating income (loss)	(66,751)	(2)	12,465	-
	Non-operating income and expenses (notes 6(g), (k), (r) and 7):				
7010	Other income	37,859	1	35,739	1
7020	Other gains and losses, net	(1,755)	-	(40,568)	(1)
7050	Finance costs	(8,859)	-	(6,949)	-
7070	Share of profit of associates accounted for using equity method, net	72,825	2	205,755	6
	Total non-operating income and expenses	100,070	3	193,977	6
7900	**Profit (loss) before tax**	33,319	1	206,442	6
7950	Less: Tax expenses (income) (note 6(m))	(6,439)	-	19,536	1
	Profit	39,758	1	186,906	5
8300	**Other comprehensive income (loss):**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Gain (loss) on remeasurements of defined benefit plans(note 6(l))	(1,366)	-	1,596	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(33,123)	(1)	(53,106)	(1)
8330	Share of other comprehensive loss of associates accounted for using equity method, components of other comprehensive income that will not be reclassified	1,924	-	(64)	-
	Items that may not be reclassified subsequently to profit or loss	(32,565)	(1)	(51,574)	(1)
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation	123,844	4	(125,828)	(4)
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss (note 6(m))	(17,252)	(1)	20,073	1
	Items that may be reclassified subsequently to profit or loss	106,592	3	(105,755)	(3)
8300	**Other comprehensive income (loss)**	74,027	2	(157,329)	(4)
	Total comprehensive income	**$ 113,785**	**3**	**29,577**	**1**
9750	**Basic earnings per share (NT dollars) (note 6(o))**	**$**	**0.29**		**1.36**
9850	**Diluted earnings per share (NT dollars) (note 6(o))**	**$**	**0.29**		**1.35**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

MIN AIK TECHNOLOGY CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Share capital: Ordinary shares	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated retained earnings (accumulated deficit)	Retained earnings: Total retained earnings	Other equity: Exchange differences on translation of foreign financial statements	Other equity: Unrealized loss from investments in equity instruments measured at fair value through other comprehensive income	Total other equity interest	Total equity
Balance at January 1, 2021	$ 1,375,632	1,689,415	163,718	570,199	(248,846)	485,071	(666,069)	(44,038)	(710,107)	2,840,011
Profit for the year ended December 31, 2021	-	-	-	-	186,906	186,906	-	-	-	186,906
Other comprehensive income(loss) for the year ended December 31, 2021	-	-	-	-	1,532	1,532	(105,755)	(53,106)	(158,861)	(157,329)
Total comprehensive income(loss) for the year ended December 31, 2021	-	-	-	-	188,438	188,438	(105,755)	(53,106)	(158,861)	29,577
Appropriation and distribution of retained:										
Legal reserve used to offset accumulated deficits	-	-	(163,718)	-	163,718	-	-	-	-	-
Capital surplus used to offset accumulated deficits	-	(85,128)	-	-	85,128	85,128	-	-	-	-
Balance at December 31, 2021	1,375,632	1,604,287	-	570,199	188,438	758,637	(771,824)	(97,144)	(868,968)	2,869,588
Profit for the year ended December 31, 2022	-	-	-	-	39,758	39,758	-	-	-	39,758
Other comprehensive income(loss) for the year ended December 31, 2022	-	-	-	-	558	558	106,592	(33,123)	73,469	74,027
Total comprehensive income(loss) for the year ended December 31, 2022	-	-	-	-	40,316	40,316	106,592	(33,123)	73,469	113,785
Appropriation and distribution of retained:										
Legal reserve appropriated	-	-	18,844	-	(18,844)	-	-	-	-	-
Special reserve appropriated	-	-	-	158,860	(158,860)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(9,630)	(9,630)	-	-	-	(9,630)
Capital surplus used to cover cash dividends	-	(127,934)	-	-	-	-	-	-	-	(127,934)
Balance at December 31, 2022	**$ 1,375,632**	**1,476,353**	**18,844**	**729,059**	**41,420**	**789,323**	**(665,232)**	**(130,267)**	**(795,499)**	**2,845,809**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

MIN AIK TECHNOLOGY CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	$ 33,319	206,442
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense and amortization expense	66,868	72,422
Net loss on financial assets or liabilities at fair value through profit or loss	22,274	27,435
Dividend income	(10,158)	(21,768)
Share of profit of associates accounted for using equity method	(72,825)	(205,755)
Loss (gain) on disposal of property, plan and equipment	600	(291)
Impairment on property, plan and equipment	-	9,157
Recognition losses on inventory valuation and obsolescence	13,159	10,196
Interest income	(2,179)	(2,434)
Interest expense	8,859	6,949
Others	(205)	1,963
Total adjustments to reconcile profit (loss)	26,393	(102,126)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and trade receivables (including related parties), net	531,165	(393,415)
Inventories	(32,312)	(57,244)
Other current assets	(150,576)	(34,201)
Other non-current assets	(1,014)	(1,035)
	347,263	(485,895)
Changes in operating liabilities:		
Notes and trade payables (including related parties)	(530,710)	282,943
Other current liabilities	(37,389)	24,674
	(568,099)	307,617
Total changes in operating assets and liabilities	(220,836)	(178,278)
Total adjustments	(194,443)	(280,404)
Cash outflow generated from operations	(161,124)	(73,962)
Interest received	2,145	2,424
Dividends received	64,446	67,247
Interest paid	(8,845)	(6,913)
Income taxes paid	(44)	(1,374)
Net cash flows used in operating activities	(103,422)	(12,578)
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(17,895)	(23,138)
Acquisition of property, plant and equipment	(22,073)	(33,678)
Proceeds from disposal of property, plant and equipment	3,787	750
Decrease (increase) in other financial assets	179,190	(77,178)
Net cash flows from (used in) investing activities	143,009	(133,244)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(111,651)	66,084
Increase in long-term debt	84,861	-
Payment of lease liabilities	(34,058)	(33,041)
Cash dividends paid	(137,564)	-
Net cash flows from (used in) financing activities	(198,412)	33,043
Net decrease in cash and cash equivalents	(158,825)	(112,779)
Cash and cash equivalents at beginning of period	398,879	511,658
Cash and cash equivalents at end of period	$ **240,054**	**398,879**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

MIN AIK TECHNOLOGY CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Min Aik Technology Co., Ltd. (the "Company") was incorporated on October 3, 1979, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The address of the Company's registered office is 10F. 1, No. 492 1, Sec. 1, Wanshou Rd., Guishan District, Taoyuan City. The Company primarily is involved in the design, manufacture, and sale of hard disk drive components, plastic camera components, CD ROM drive components, and mechanical components for optical devices.

(2) Approval date and procedures of the financial statements:

These consolidated financial statements were authorized for issue by the board of directors on March 22, 2023.

(3) New standards, amendments and interpretations adopted:

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

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

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

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

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

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

MIN AIK TECHNOLOGY CO., LTD.
Notes to the Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information "
- IFRS16 "Requirements for Sale and Leaseback Transactions"

(4) Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies are applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter, referred to as "the Regulations").

(b) Basis of preparation

(i) Basis of measurement

Except for the financial instruments at fair value through profit or loss are measured at fair value, the financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

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

(c) Foreign currencies

(i) Foreign currency transaction

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

Exchange differences are generally recognized in profit or loss, except for investments in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

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

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of its investment in an associate or a joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

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

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

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

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

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

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

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

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

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

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

MIN AIK TECHNOLOGY CO., LTD.
Notes to the Financial Statements

1) Financial assets measured at amortized cost

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

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivables, guarantee deposit paid and other financial assets).

(Continued)

MIN AIK TECHNOLOGY CO., LTD.
Notes to the Financial Statements

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

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

Loss allowance for trade receivables and contract assets are measured at an amount equal to lifetime ECL.

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

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

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

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

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

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

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

(Continued)

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

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

(Continued)

MIN AIK TECHNOLOGY CO., LTD.
Notes to the Financial Statements

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Unrealized profits or losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

MIN AIK TECHNOLOGY CO., LTD.
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When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Investment in subsidiaries

Investments in subsidiaries are accounted for using the equity method. There is no difference between net income and comprehensive income in the Company's financial statements and net income and comprehensive income attributable to stockholders of the parent. The equity in the Company's financial statements and the equity attributable to stockholders of the parent in the Company's consolidated financial statements are also the same.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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Notes to the Financial Statements

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

The estimated useful lives of property, plant and equipment are as follows:

1) Machinery and equipment: 2~15 years

2) Lease Improvement: 3~15 years

3) Office and other equipment: 1~10 years

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

(k) Leases

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

(i) As a leasee

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

(Continued)

MIN AIK TECHNOLOGY CO., LTD.
Notes to the Financial Statements

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

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

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

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

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

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change of its assessment on whether it will exercise a extension or termination option; or

— there is any lease modifications

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

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

(Continued)

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Notes to the Financial Statements

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

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

(l) Intangible assets

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(m) Impairment of non-financial financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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MIN AIK TECHNOLOGY CO., LTD.
Notes to the Financial Statements

(n) Revenue

(i) Revenue from contracts with customers

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

1) Sale of goods–electronic components

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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

(ii) Financing components

The Company does not expect to have any contracts when the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(o) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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

(Continued)

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Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

(Continued)

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(q) Earnings per share

The Company discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, including employee compensation.

(r) Operating segments

Please refer to Company's consolidated financial statements for the years ended December 31, 2022 and 2021, for further details.

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

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

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

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Notes to the Financial Statements

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent company only financial statements is as follows:

(a) Judgment of whether the Company has substantive control over its investees. Please refer to the consolidated financial statements.

(b) Judgment regarding control of subsidiaries

Although the Company is the largest shareholder of Min Aik Precision Industrial Co., Ltd (MAP), the Company still cannot assign more than half of the total number of MAP's directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Company has significant influence on MAP.

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

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories.

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. the Company' s financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Company strives to use market observable inputs when measuring assets and liabilities.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

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

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

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

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to note 6(s) for assumptions used in measuring fair value.

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Notes to the Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and demand deposits	$ 230,841	388,634
Time deposits	9,213	10,245
Cash and cash equivalents in consolidated statement of cash flows	**$ 240,054**	**398,879**

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

(b) Financial assets at fair value through profit or loss

	December 31, 2022	December 31, 2021
Funds investment	$ 5,469	5,745
Stocks listed on domestic markets	291,401	312,193
	$ 296,870	**317,938**

The discourse instruments were not pledged as collateral as of December 31, 2022 and 2021.

(c) Notes and accounts receivable (including related parties)

	December 31, 2022	December 31, 2021
Notes receivable	$ 2,315	5,671
Accounts receivable	515,145	1,042,840
Accounts receivable due from related parties	11,742	11,856
Less: allowance for impairment	(3,533)	(2,811)
	$ 525,669	**1,057,556**

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Notes to the Financial Statements

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2022. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 475,552	0%~1%	1,286
1 to 90 days past due	44,418	0%~9%	651
91 to 180 days past due	8,083	0%~10%	751
181 to 360 days past due	466	0%~100%	162
More than 360 days past due	683	0%~100%	683
Total	**$ 529,202**		**3,533**

	December 31, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,023,635	0%~1%	1,146
1 to 90 days past due	33,119	0%~4%	960
91 to 180 days past due	2,942	0%~20%	120
181 to 360 days past due	671	0%~100%	585
Total	**$ 1,060,367**		**2,811**

The movement in the allowance for notes and trade receivable were as follows:

	2022	**2021**
Balance at January 1	$ 2,811	1,502
Impairment losses recognized	722	1,309
Balance at December 31	**$ 3,533**	**2,811**

The aforementioned notes and trade receivables of the Company were not pledged as collateral as of December 31, 2022 and 2021.

(Continued)

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Notes to the Financial Statements

(d) Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 102,931	94,110
Work in progress	54,647	58,263
Finished goods and products	166,436	152,488
Total	$ 324,014	304,861

For the years ended December 31, 2022 and 2021, the Company recognized the following items as cost of goods sold:

	2022	2021
Cost of goods sold	$ 2,732,887	3,405,524
Unallocated fixed manufacturing overhead resulting from the actual production being lower than the normal capacity	41,669	4,301
Write-down and retirement of inventory	13,159	10,196
Additional losses on inventory counts or others	(812)	-
Total	$ 2,786,903	3,420,021

As of December 31, 2022 and 2021, the Company didn't provide any inventories as collateral for its loans.

(e) Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Overseas equity investment	$ 7,546	40,669

The Company designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent investments that the Company intends to hold for long-term for strategic purposes.

The Company did not disposal the investment in 2022 and 2021. Gain or loss changes during the holding period were not transfer to the equity section.

For credit risk and market risk, please refer to note 6(s).

The discourse instrument was not pledged as collateral as of December 31, 2022 and 2021.

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Notes to the Financial Statements

(f) Investments accounted for using equity method

A summary of the Company's financial information for equity-accounted investees at the reporting date is as follows:

	December 31, 2022	December 31, 2021
Subsidiaries	$ 2,186,625	2,116,573
Associates	760,465	671,075
	$ 2,947,090	2,787,648

(i) Subsidiaries

Please refer to the Company's consolidated financial statements for the year ended December 31, 2022, for details of subsidiaries.

For the years 2022 and 2021, subsidiaries distributed dividends to the Company amounting to $37,146 thousand and $27,420 tthousand, respectively. It was recognized as an investment deduction using the equity method. As of December 31, 2022 and 2021, the balance of other receivable amounted to $20,720 thousand and $17,509 thousand, respectively.

(ii) Associates

The information on material associates

			Ownership (%)	
Name of Associates	Main business activities	Country	December 31, 2022	December 31, 2021
MAP	Manufacturing of electronic parts and components	Taiwan	38.13 %	37.31 %

The fair value of affiliate listed on the Stock Exchange which are material to the Company is as follows:

	December 31, 2022	December 31, 2021
MAP	$ 880,710	841,728

(Continued)

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The following financial information of significant affiliate has been adjusted according to individually prepared IFRS financial statements of these affiliates:

	December 31, 2022	December 31, 2021
Current assets	$ 1,919,725	1,811,294
Non-current assets	1,360,829	1,265,801
Current liabilities	(908,941)	(998,692)
Non-current liabilities	(473,381)	(365,104)
Net assets	**$ 1,898,232**	**1,713,299**
Net assets attributable to non-controlling interests	**$ 1,890,385**	**1,705,452**

	2022	2021
Operating revenue	**$ 2,275,017**	**2,167,903**
Net income	$ 161,828	89,217
Other comprehensive loss	77,005	(34,755)
Total comprehensive income	**$ 238,833**	**54,462**
Comprehensive income attributable to controlling interests	**$ 238,833**	**54,462**

	2022	2021
Share of net assets of affiliate as of January 1	$ 645,630	619,253
Equities acquired due to increase in ownership of associates	89,057	18,734
Comprehensive income attributable to the Company	17,895	23,138
Dividends received from affiliate	(20,353)	(15,495)
Share of net assets of affiliate as of December 31	732,229	645,630
Add: The differences of equity attributable to owners	28,632	28,632
Less: Unrealized profit in ending inventory	(396)	(3,187)
The equity of associates that belongs to the Company	**$ 760,465**	**671,075**

The Company acquired interest in an associate-Min Aik Precision Industrial Co., Ltd. (MAP) for $17,895 thousand, increasing its ownership from 37.31% to 38.13%.

(iii) Collateral

The Company's investment accounted for using equity method were not pledged as collateral as of December 31, 2022 and 2021.

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(g) Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Company for the years ended December 31, 2022 and 2021, were as follows:

	Machinery and equipment	Other facilities	Prepayment for purchase of equipment	Total
Cost or deemed cost:				
Balance on January 1, 2022	528,987	254,761	744	784,492
Additions	13,124	5,738	1,632	20,494
Disposal	(50,206)	(3,011)	-	(53,217)
Reclassification	2,169	692	(2,376)	485
Balance on December 31, 2022	**494,074**	**258,180**	**-**	**752,254**
Balance on January 1, 2021	509,494	258,208	-	767,702
Additions	21,689	3,045	9,339	34,073
Disposal	(9,804)	(11,130)	-	(20,934)
Reclassification	5,634	2,476	(8,110)	-
Transfer from inventory	1,974	2,162	-	4,136
Transfer to expense	-	-	(485)	(485)
Balance on December 31, 2021	**528,987**	**254,761**	**744**	**784,492**
Depreciation and impairments loss:				
Balance on January 1, 2022	440,971	231,724	-	672,695
Depreciation for the year	22,297	9,794	-	32,091
Disposal	(45,819)	(3,011)	-	(48,830)
Others	1,136	243	-	1,379
Balance on December 31, 2022	**418,585**	**238,750**	**-**	**657,335**
Balance on January 1, 2021	413,959	232,273	-	646,232
Depreciation for the year	26,369	9,841	-	36,210
Impairment loss	9,157	-	-	9,157
Disposal	(9,694)	(10,781)	-	(20,475)
Effect of movements in exchange rates	1,180	391	-	1,571
Balance on December 31, 2021	**440,971**	**231,724**	**-**	**672,695**
Carrying amounts:				
Balance on December 31, 2022	**75,489**	**19,430**	**-**	**94,919**
Balance on December 31, 2021	**88,016**	**23,037**	**744**	**111,797**

As of December 31, 2022 and 2021, the property, plant and equipment of the Company had not been pledged as collateral.

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Due to the fact that the utilization rate of production line was lower than expected and the expected future cash flow might not be able to recover the carrying amount of the related equipment, the impairment loss amounting to $9,157 thousand was recognized under other gains and losses in 2021. There is no such situation in 2022.

(h) Right-of-use assets

The Company leases many assets including buildings, and other equipment. Information about leases for which the Company is a lessee is presented below:

	Buildings	Machinery and equipment	Total
Cost:			
Balance at January 1, 2022	98,019	520	98,539
Additions	1,811	-	1,811
Balance at December 31, 2022	**99,830**	**520**	**100,350**
Balance at January 1, 2021	64,510	2,392	66,902
Additions	103,010	521	103,531
Disposal	(69,501)	(2,393)	(71,894)
Balance at December 31, 2021	**98,019**	**520**	**98,539**
Accumulated depreciation:			
Balance at January 1, 2022	32,530	152	32,682
Depreciation for the year	31,565	260	31,825
Other	2,238	-	2,238
Balance at December 31, 2022	**66,333**	**412**	**66,745**
Balance at January 1, 2021	63,285	1,949	65,234
Depreciation for the year	30,758	370	31,128
Disposal	(63,733)	(2,167)	(65,900)
Other	2,220	-	2,220
Balance at December 31, 2021	**32,530**	**152**	**32,682**
Carrying amount:			
Balance at December 31, 2022	**33,497**	**108**	**33,605**
Balance at December 31, 2021	**65,489**	**368**	**65,857**

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(i) Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured bank loans	$ 360,000	233,900
Secured bank loans	50,000	359,890
Payable forward letter of credit	-	16,194
	$ 410,000	**609,984**
Unused short-term credit lines	**$ 670,550**	**431,386**
Range of interest rates	**1.6%~2.0106%**	**0.9%~1.25%**

Please refer to note 6(s) for the interest rate risk, and the liquidity risk of the financial assets and liabilities of the Company. For the collateral for short-term borrowings, please refer to note 8.

(j) Long-term borrowings

The details were as follows:

	December 31, 2022			
	Currency	**Interest rate**	**Maturity year**	**Amount**
Unsecured bank loans	NTD	1.93%～2.175%	2024~2025	$ 173,194
Less: current portion				(88,333)
Total				**$ 84,861**

Please refer note 6(s) for the interest rate risk, and the liquidity risk of the financial assets and liabilities of the Company.

(k) Lease liabilities

	December 31, 2022	December 31, 2021
Current	**$ 33,915**	**33,239**
Non-current	**$ -**	**32,923**

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

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The amounts recognized in profit or loss was as follows:

	2022	2021
Interest expenses on lease liabilities	$ 496	783
Expenses relating to short-term leases	$ 2,392	2,728

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

	2022	2021
Total cash outflow for leases	$ 36,946	36,552

(l) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and the fair value of the plan assets of the Company were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 39,987	39,498
Fair value of plan assets	(44,530)	(44,393)
Net defined benefit assets	$ (4,543)	(4,895)

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits calculated based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

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

The Company’ s Bank of Taiwan labor pension reserve account balance amounted to $44,530 thousand as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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Notes to the Financial Statements

2) Movements in the present value of the defined benefit obligations

The movement in the present value of the defined benefit obligations of the Company were as follows:

		2022	2021
Defined benefit obligation at January 1	$	39,498	40,803
Current service costs and interest		481	326
Re-measurement loss (gain):			
- Return on plan assets excluding interest income		8,732	(63)
- Actuarial loss(gain) arising from demographic assumptions		-	1,641
-Actuarial loss(gain) arising from financial assumptions		(3,956)	(2,544)
Benefit paid		(4,768)	(665)
Defined benefit obligation at December 31	**$**	**39,987**	**39,498**

3) Movements of the defined benefit plan assets

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

		2022	2021
Fair value of plan assets at January 1	$	44,393	43,067
Interest income		319	144
Re-measurement loss (gain)			
- Return on plan assets excluding interest income		3,410	630
Contribution paid by employer		1,176	1,217
Benefits paid		(4,768)	(665)
Fair value of plan assets at December 31	**$**	**44,530**	**44,393**

4) Expenses recognized in profit or loss

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

		2022	2021
Current service cost	$	203	192
Net interest of net liabilities (assets) for defined benefit obligations		(41)	(10)
	$	**162**	**182**

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		2022	2021
Operating cost	$	104	71
Selling expenses		6	13
Administrative expenses		32	72
Research and development expenses		20	26
	$	**162**	**182**

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	2022	2021
Discount rate	1.400 %	0.750 %
Future salary increase rate	1.500 %	1.500 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $1,191 thousand.

The weighted-average lifetime of the defined benefits plans is 10 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined obligations	
Actuarial assumptions	**Increase of 0.5%**	**Decrease of 0.5%**
2022.12.31		
Discount rate 1.4%	(1,503)	1,602
Future salary increase rate 1.5%	1,545	(1,464)

	Influences of defined obligations	
Actuarial assumptions	**Increase of 0.5%**	**Decrease of 0.5%**
2021.12.31		
Discount rate 0.75%	(1,568)	1,674
Future salary increase rate 1.5%	1,608	(1,522)

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

There was no change in the method and assumptions used in the preparation of the sensitivity analysis for 2022 and 2021.

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(ii) Defined contribution plans

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

The Company recognized pension costs under the defined contribution method amounting to $9,735 and $9,767 thousand for the years ended December 31, 2022 and 2021, respectively.

(m) Income taxes

(i) The components of income tax for the years 2022 and 2021 were as follows:

	2022	2021
Current tax expense	$ 137	312
Deferred tax expense (income)	(6,576)	19,224
	$ (6,439)	**19,536**

(ii) The amount of income tax recognized in other comprehensive income for 2022 and 2021 was as follows:

	2022	2021
Foreign currency translation differences from foreign operations	**$ 17,252**	**(20,073)**

(iii) Reconciliation of income tax and profit or loss before tax for 2022 and 2021 was as follows:

	2022	2021
Profit excluding income tax	$ 33,319	206,442
Income tax using the Company's domestic tax rate	6,664	41,288
Permanent difference	(18,363)	(15,201)
Undistributed surplus earnings and others	5,260	(6,551)
	$ (6,439)	**19,536**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized for 2022 and 2021 was as follows:

	December 31, 2022	December 31, 2021
Tax effect of deductible temporary differences	$ 111,676	142,221
The carry forward of unused tax losses	-	15,017
	$ 111,676	**157,238**

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Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be sufficient to utilize deferred tax asset.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

	Investment income recognized under the equity method	Others	Total
Deferred tax liabilities:			
Balance on January 1, 2022	$ 190,383	5,730	196,113
Recognized in profit or loss	22,981	(3,572)	19,409
Foreign currency translation adjustment	17,252	-	17,252
Balance on December 31, 2022	**$ 230,616**	**2,158**	**232,774**
Balance on January 1, 2021	$ 183,892	9,020	192,912
Recognized in profit or loss	26,564	(3,290)	23,274
Foreign currency translation adjustment	(20,073)	-	(20,073)
Balance on December 31, 2021	**$ 190,383**	**5,730**	**196,113**

	Additional loss on inventory valuation	Unused tax losses carry forwards	Others	Total
Deferred tax assets:				
Balance on January 1, 2022	$ (4,812)	(25,070)	(9,231)	(39,113)
Recognized in profit or loss	(949)	(21,804)	(3,232)	(25,985)
Balance on December 31, 2022	**$ (5,761)**	**(46,874)**	**(12,463)**	**(65,098)**
Balance on January 1, 2021	(3,753)	(25,070)	(6,240)	(35,063)
Recognized in profit or loss	(1,059)	-	(2,991)	(4,050)
Balance on December 31, 2021	**$ (4,812)**	**(25,070)**	**(9,231)**	**(39,113)**

3) As of December 31, 2022, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Declared amount/ Approved amount	Non-deductible	Used tax loss in prior financial period	Unused tax loss	Expiry date
2017	$ 125,350	64,442	38,228	22,680	2027
2018	10,614	8,675	-	1,939	2028
2019	34,497	12,177	-	22,320	2029
2020	64,868	13,334	-	51,534	2030
2022	199,191	63,296	-	135,895	2032

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Notes to the Financial Statements

(v) Examination and approval

The Company's returns for the years through 2020 were examined and approved by the Taipei National Tax Administration.

(n) Capital and other equity

As of December 31, 2022 and 2021, the authorized common stock was $4,000,000 (including employee stock options for 7.5 million shares). The total common stock outstanding amounted to $1,375,632 thousand as of both December 31, 2022 and 2021. The par value of the Company's common stock is $10 (NT dollars) per share. All of the payments of outstanding shares were received.

(i) Capital surplus

The balances of capital surplus as of December 31, 2022 and 2021, were as follows:

		December 31, 2022	December 31, 2021
Additional paid-in capital	$	1,171,059	1,298,993
Treasury share transactions		39,954	39,954
Gain on disposal of assets		7	7
Change of equity of associates accounted for using equity method		265,333	265,333
	$	**1,476,353**	**1,604,287**

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

The Company distributed additional paid-in capital $127,934 thousand by cash. The amount of dividends allocated to common stock owners according to the distribution plan via the general meeting of shareholders held on June 14, 2022. A resolution was passed during the general meeting of shareholders held on 31 August 2021 to offset a $85,128 thousand deficit in 2020's earning distribution with capital surplus.

(ii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

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Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. After the above appropriations, current and prior-period earnings that remain undistributed will be proposed for distribution by the Board of Directors, and a meeting of shareholders will be held to decide on this matter. The cash dividends shall not be more than 10% of total dividends. Distribution of earnings may be exempted if surplus of earnings is less than $0.5 per share.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of the capital may be distributed.

2) Special reserve

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (and is not qualified for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2022 and 2021, the amount of reversal of special reserve are $729,059 thousand and $570,199 thousand, respectively.

3) Earnings distribution

Earnings distribution for 2021 was decided via the general meeting of the stockholders held on June 14, 2022 as follow:

	2021	
	Dividends per share (NT dollars)	**Amount**
Cash from unappropriated retained earnings	$ 0.07	9,630

The Company passed the resolution of the shareholders sahrholder's meeting held on 31 August, 2021 to offset a $163,718 thousand deficit in 2020's earning distribution with legal reserve.

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(o) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2022 and 2021, was based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

	2022	2021
Profit attributable to ordinary shareholders of the Company	$ **39,758**	**186,906**
Weighted-average number of ordinary shares at December 31 (thousand shares)	**137,564**	**137,564**
Basic earnings per share (dollar)	$ **0.29**	**1.36**

(ii) Diluted earnings per share

	2022	2021
Profit attributable to ordinary shareholders of the Company	$ **39,758**	**186,906**
Weighted-average number of ordinary shares shares at December 31 (thousand shares)	137,564	137,564
Impact on employee compensation	282	702
Weight-average number of ordinary shares (diluted) at December 31 (thousand shares)	**137,846**	**138,266**
Diluted earnings per share (dollar)	$ **0.29**	**1.35**

In calculating the dilutive effect of the employee compensation assessment, which is considered as issue all shares, the fair value is based on the quoted market price on the day before the company’s reporting day.

(p) Revenue from contracts with customers

(i) Details of revenue

The details of revenue were as follows:

	2022	2021
Primary geographical markets		
Thailand	$ 1,762,403	2,485,677
Singapore	780,136	711,300
Taiwan	211,234	226,656
United States	93,498	127,485
China	60,982	49,272
Malaysia	32,772	60,526
Other	38,704	38,207
	$ **2,979,729**	**3,699,123**

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		2022	2021
Major products/services lines			
VCM		1,107,276	1,545,275
EHD		634,333	643,273
COVER		247,370	403,455
HDD		241,616	301,891
OEM		163,300	163,582
CSA/RAMP		105,620	182,533
Other		480,214	459,114
	$	**2,979,729**	**3,699,123**

(ii) Contract balance

Trade receibables and impairment, please refer to note 6(c).

(q) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, when there are still accumulated loss, the compensation should be reserved. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the year ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting $1,772 thousand and $18,227 thousand, and directors' and supervisors' remuneration amounting $354 thousand and $4,565 thousand. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors, and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2022 and 2021.

(r) Non-operating income and expenses

(i) Other income

The other income for the years ended December 31, 2022 and 2021, was as follows:

		2022	2021
Interest income	$	2,179	2,434
Dividend income		10,158	21,768
Others		25,522	11,537
	$	**37,859**	**35,739**

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(ii) Other gains and losses

The other gains and losses for the years ended December 31, 2022 and 2021, were as follows:

	2022	2021
Foreign exchange gains (losses)	$ 21,388	(4,235)
Loss on disposal property, plant and equipment	-	(9,157)
Losses on valuation of financial assets	(22,274)	(27,435)
Others	(869)	259
	$ (1,755)	(40,568)

(s) Financial instruments

(i) Credit risk

1) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises from the Company's accounts receivable and security investments.

a) Accounts receivable and other receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. These limits are reviewed periodically. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Group only on a prepayment basis.

b) Investment

The credit risk exposure in bank deposits, fixed-income investment, and other financial instruments is measured and monitored by the Company's finance department. As the Company deals with banks and other external parties with good credit standing and with financial institutions, corporate organizations, and government agencies which are graded above investment level, the management believes their counterparts do not have any compliance issues, and therefore, there is no significant credit risk.

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c) Credit risk exposure

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company' s receivables from customers and investments in debt securities. As of December 31, 2022 and 2021, the carrying amount of financial assets, which represents the maximum amount exposed to credit risk, was $814,537 thousand and $1,694,255 thousand, respectively. Furthermore, the bank deposits of the Company are made with various banks, all of which are with good credits, therefore, there is no significant credit risks.

d) Concentration of credit risk

The credit risk exposure of the Company comes from the credit of individual customers, and the industry of the customer also have effect on credit risk. As of December 31, 2022 and 2021, the Company's total accounts receivable come from the top three sales coutomers, accounting for 78% and 88% respectively.

e) Credit risk of accounts receivable

For credit risk exposure of trade receivables and notes receivable, please refer to note 6(c).

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1 ~ 2 years	2 ~5 years
December 31, 2022					
Non-derivative financial liabilities:					
Short-term and long-term borrowings	$ 583,194	587,895	501,930	69,324	16,641
Accounts payable	129,506	129,506	129,506	-	-
Accounts payable–related parties	836,956	836,956	836,956	-	-
Lease liabilities	33,915	34,089	34,089	-	-
Other financial liabilities	34,603	34,603	34,603	-	-
	$ 1,618,174	**1,623,049**	**1,537,084**	**69,324**	**16,641**
December 31, 2021					
Non-derivative financial liabilities:					
Short-term and long-term borrowings	$ 609,984	611,316	611,316	-	-
Accounts payable	163,883	163,883	163,883	-	-
Accounts payable–related parties	1,333,289	1,333,289	1,333,289	-	-
Lease liabilities	66,162	66,815	33,723	33,092	-
Other financial liabilities	39,151	39,151	39,151	-	-
	$ 2,212,469	**2,214,454**	**2,181,362**	**33,092**	**-**

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

MIN AIK TECHNOLOGY CO., LTD.
Notes to the Financial Statements

(iii) Market risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 20,350	30.71	624,939	50,606	27.68	1,402,221
SGD	2,504	22.88	57,293	5,893	20.46	121,449
Financial liabilities						
Monetary items						
USD	27,855	30.71	855,422	48,647	27.68	1,346,558

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings, and trade and other payables that are denominated in foreign currency. A weakening (strengthening) of 1% of the TWD against the foreign currency as of December 31, 2022 and 2021, would have increased or decreased the net profit amounted to $(1,732) and $1,771 thousand. The two-period analyses used same baseline.

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. In 2022 and 2021, the foreign exchange gain (loss), including both realized and unrealized was as follows:

(in thousands)	For the years ended December 31,			
	2022		2021	
	Exchange gains and losses	Average exchange rate	Exchange gains and losses	Average exchange rate
TWD	$ 21,388	1	(4,235)	1

2) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	Carrying amount	
	December 31, 2022	December 31, 2021
Fixed-rate instruments:		
Financial assets	$ 21,213	204,119
Financial liabilities	(340,000)	(273,900)
	$ (318,787)	**(69,781)**

(Continued)

MIN AIK TECHNOLOGY CO., LTD.
Notes to the Financial Statements

	Carrying amount	
	December 31, 2022	December 31, 2021
Variable-rate instruments:		
Financial assets	$ 229,512	387,353
Financial liabilities	(243,194)	(319,890)
	$ (13,682)	67,463

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative financial instruments on the reporting date. If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by $(34) thousand and $169 thousand for the years ended December 31, 2022 and 2021, respectively, assuming all other variable factors were constant. This mainly resulted from borrowings at variable interest rates.

The Company' s financial liabilities at fixed interest rates are measured using the amortized cost method. Since the change in market interest rate at the end of each reporting period had no impact on profit and loss, disclosure of the sensitivity to changes in fair value is not necessary.

3) Other market price risk

For the years ended December 31, 2022 and 2021, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31,			
	2022		2021	
Prices of securities at the reporting date	Other comprehensive income after tax	Profit before tax	Other comprehensive income after tax	Profit before tax
Increasing 5%	$ 377	14,570	2,033	15,610
Decreasing 5%	$ (377)	(14,570)	(2,033)	(15,610)

(iv) Fair value of financial instrument

1) Fair value and carrying amount

The carrying amount and fair value of the Company' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2022				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Fair value through profit or loss	$ 296,870	5,469	-	291,401	296,870
Fair value through other comprehensive income	$ 7,546	-	-	7,546	7,546

(Continued)

MIN AIK TECHNOLOGY CO., LTD.
Notes to the Financial Statements

	December 31, 2022				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets carried at amortized cost					
Cash and cash equivalents	$ 240,054				
Accounts receivable, net	513,927				
Accounts receivable－related parties, net	11,742				
Other receivables	48,814				
	$ 814,537				
Financial liabilities carried at amortized cost					
Borrowings	583,194				
Accounts payable	129,506				
Accounts payable-related parties	836,956				
Lease liabilities	33,915				
Other financial liabilities	76,864				
	$ 1,660,435				

	December 31, 2021				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Fair value through profit or loss	$ 317,938	5,745	-	312,193	317,938
Fair value through other comprehensive income	$ 40,669	-	-	40,669	40,669
Financial assets carried at amortized cost					
Cash and cash equivalents	$ 398,879				
Accounts receivable, net	1,045,700				
Accounts receivable－related parties, net	11,856				
Other receivables	237,820				
	$ 1,694,255				
Financial liabilities carried at amortized cost					
Borrowings	$ 609,984				
Accounts payable－related parties	163,883				
Lease liabilities	1,333,289				
Other financial liabilities	66,162				
	113,929				
	$ 2,287,247				

(Continued)

MIN AIK TECHNOLOGY CO., LTD.
Notes to the Financial Statements

2) Valuation techniques for financial instruments not measured at fair value

a) Non-derivative financial instruments

If the quoted prices in active markets are available, the market price is established as the fair value.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments held by the Company are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

Financial instruments without an active market are classified according to their fair value categories and attributes: equity instruments without public quoted prices, which uses the market comparable company method, estimation basis being the earnings before tax, depreciation, amortization and interest, comparable to other listed company's multiplier. The estimation has been adjusted for the discounting effect due to the lack of market liquidity of the security.

Derivative financial instruments: Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Reconciliation of Level 3 fair values

For the years ended December 31, 2022 and 2021, total gains and losses that were included in "other gains and losses" and "unrealized gains and losses from financial assets at fair value through other comprehensive income" were as follows:

	Fair value through profit or loss	Fair value through other comprehensive income
Opening balance, January 1, 2022	$ 312,193	40,669
Recognized in profit or loss	(20,792)	-
Recognized in other comprehensive income	-	(33,123)
Ending Balance, December 31, 2022	**$ 291,401**	**7,546**

(Continued)

MIN AIK TECHNOLOGY CO., LTD.
Notes to the Financial Statements

		Fair value through profit or loss	Fair value through other comprehensive income
Opening balance, January 1, 2021	$	338,611	93,775
Recognized in profit or loss		(26,418)	-
Recognized in other comprehensive income		-	(53,106)
Ending Balance, December 31, 2021	**$**	**312,193**	**40,669**

The above total gains and losses for the years ended December 31, 2022 and 2021 were listed under "other gains and losses" and "unrealized gains and losses from financial assets at fair value through other comprehensive income".

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

The Company's financial instruments that use Level 3 inputs to measure fair value are derivative financial assets. The financial assets' fair value is using third-party pricing information. The unobservable inputs are not set up as the Company measures fair value, therefore, the quantified information of significant unobservable inputs is not disclosed.

Most of the Company's fair values are classified as Level 3 that only a single significant unobservable input. Besides, the only equity instrument investments without active markets have multiple significant unobservable inputs, and they are independent of each other.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss – equity investments without an active market	Comparable Listed Company Method	· Enterprise Value to Revenue (2022:3.34) · Enterprise Value to EBITDA margin(2022:16.24; 2021:21.91) · Enterprise Value to EBIT margin(2021:23.77) · Price-to-Earning Ratio(2021:38.9) · Price-Book Ratio(2022:3.24; 2021:2.9) · Lack of discount on market liquidity (2022 and 2021: 21%)	· The higher the discount on market liquidity, the lower the fair value · The higher the multiplier, the higher the fair value.

(Continued)

MIN AIK TECHNOLOGY CO., LTD.
Notes to the Financial Statements

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss – equity investments without an active market	Comparable Transaction Method	· Enterprise Value to Revenue (2022:2.4) · Enterprise Value to EBITDA margin(2022:19.13; 2021:19.03) · Enterprise Value to EBIT margin(2021:23.89) · Price-to-Earning Ratio(2021:36.26) · Price-Book Ratio(2022:2.64; 2021:2.47) · Lack of discount on market liquidity (2021 and 2020: 21%)	· The higher the discount on market liquidity, the lower the fair value · The higher the multiplier, the higher the fair value.
Financial assets at fair value through other comprehensive income – equity investments without an active market	Comparable Company Method	· Enterprise Value to Revenue(2022:0.87; 2021:3.58) · Price-Book(2022:1.23; 2021:0.98) · Lack of discount on market liquidity (2022:33%; 2021: 32%)	· The higher the discount on market liquidity, the lower the fair value · The higher the multiplier, the higher the fair value.
	Comparable Transaction Method	· Enterprise Value to Revenue (2022: 2.02; 2021:2.62) · Price-Book(2022:2.34; 2021:3.44) · Lack of discount on market liquidity (2022:33%; 2021: 32%)	· The higher the discount on market liquidity, the lower the fair value · The higher the multiplier, the higher the fair value.

5) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The method to derive at the fair value of financial instruments is reasonable but could yield different outcomes when using different multipliers. For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possibilities of alternative assumptions would have the following effects:

	Data	Change upper or lower	Other comprehensive income: Favour-able	Other comprehensive income: Unfavour-able
December 31, 2022				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	multiplier	lower 0.25	-	(898)
	multiplier	upper 0.25	1,479	-

(Continued)

	Data	Change upper or lower	Other comprehensive income Favour-able	Other comprehensive income Unfavour-able
December 31, 2021				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	multiplier	lower 0.5	-	(2,205)
	multiplier	upper 0.5	3,438	-

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(t) Financial risk management

(i) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the board of directors.

(ii) The Company is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note presents information on exposure to each of the above risks and on the objectives, policies, and processes as for measuring and managing risk. For detailed information, please refer to 6(s).

MIN AIK TECHNOLOGY CO., LTD.
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(u) Capital management

The Company manages capital to safeguard the capacity to continue to operate. The management uses the asset-liability ratio to manage capital. This ratio is debt divided by assets. Debt is derived from the loans, accounts payable, expense payable and other liabilities. As of December 31, 2022 and 2021, the Company's asset-liability ratios were 41% and 47%, respectively. As of December 31, 2022 and 2021, there were no changes in the Company's approach to capital management.

(v) Investing and financing activities affecting non-current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2022 and 2021 as each, were as follows:

(i) For acquisition of right-of-use assets, please refer to notes 6(h).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes: Changes in lease payments	Non-cash changes: Others	December 31, 2022
Long-term borrowings	$ -	84,861	-	-	84,861
Short-term borrowings (including current portion of long-term borrowings)	609,984	(111,651)	-	-	498,333
Lease liabilities	66,162	(34,058)	1,811	-	33,915
Total liabilities from financing activities	**$ 676,146**	**(60,848)**	**1,811**	**-**	**617,109**

	January 1, 2021	Cash flows	Non-cash changes: Foreign exchange movement and others	Non-cash changes: Others	December 31, 2021
Short-term borrowings (including current portion of long-term borrowings)	$ 543,900	66,084	-	-	609,984
Lease liabilities	1,677	(33,041)	103,531	(6,005)	66,162
Total liabilities from financing activities	**$ 545,577**	**33,043**	**103,531**	**(6,005)**	**676,146**

MIN AIK TECHNOLOGY CO., LTD.
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(7) Related-party transactions:

(a) Names and relationship with related parties

The following are entities that have had transaction with related party during the periods covered in the financial statements.

Name of related party	Relationship with the Company
Min Aik Precision Industrial Co,. Ltd (MAP)	An associate
ABLYTEK CO., LTD. (ABLYTEK)	An associate
Amould Plastic Technologies (SUZHOU) Co., Ltd (AMOULD)	An associate
Min Aik Technology USA Inc. (MAUS)	The Company's subsidiaries
Green Far TECHNOLOGY LTD. (Green Far)	The Company's subsidiaries
GemInnovative Technology Co., Ltd. (GIT)	The Company's subsidiaries
Min Aik Technology (M) Sdn. Bhd.(MAM)	The Company's indirect Subsidiaries
Min Aik Technology (Suzhou) Co., Ltd (MAY)	The Company's indirect Subsidiaries
MATC Technology (M) Sdn. Bhd. (MATC)	The Company's indirect Subsidiaries
Min Aik Automation (Suzhou) Co., Ltd (MAA)	The Company's indirect Subsidiaries
Key management personnel	Key management personnel of the Company

(b) Significant transactions with related parties

(i) Operating income

The amounts of significant sales by the Company to related parties and the resulting accounts receivable were as follows:

	Sales		Accounts receivable – related party	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
MAP	$ 166	826	-	-

The credit terms were 30 to 120 days for related parties, but may be adjusted depending on the demand for funds of the related party. The general credit terms for counterparties other than related parties are about 2 to 3 months after delivery. The sales prices were not significantly different from those for third-party customers.

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(ii) Purchases

The amounts of purchases by the Company from related parties were as follows:

	Purchases 2022	Purchases 2021
Subsidiary company:		
MAM	$ 1,075,703	1,494,682
MAY	501,160	523,218
MATC	235,002	381,995
Other	648	1,627
Associate	168,249	187,134
	$ 1,980,762	2,588,656

	The payables to related parties December 31, 2022	The payables to related parties December 31, 2021
Subsidiary company:		
MAM	$ 646,203	1,092,301
MAY	113,104	139,302
Other	17,396	12,409
Associate	60,253	80,164
	$ 836,956	1,324,176

The amount of the above-mentioned, the Company's purchase from related parties in 2002 and 2021 has deducted the amount of materials provided by the Company. In 2022 and 2021, the purchase amount of substitute subsidiaries were $116,082 thousand and $99,547 thousand, respectively. Due to the purchase transaction on behalf of the Company, the Company's other payables to suppliers (under other current liabilities) on December 31, 2022 and 2021 were $2 thousand and $39 thousand, respectively.

The credit terms were 120 days for related parties, but they may be adjusted depending on the demand for funds of the related party. The general credit terms for counterparties other than related parties are L/C, T/T, or 60~120 days after goods are received. The purchase price is negotiated by the parties.

MIN AIK TECHNOLOGY CO., LTD.
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(iii) Sales of labor services to releated parties

1) Inspection revenue

	Amounts	
	2022	**2021**
Subsidiaries		
GIT	$ 19,656	22,714
MAM	9,903	9,252
Other	2,201	4,855
Associate		
MAP	3,425	5,363
	$ 35,185	**42,184**

	Other account receivable – related party	
	December 31, 2022	**December 31, 2021**
Subsidiaries		
GIT	$ 11,742	11,856
MAM	8,055	5,008
Other	490	229
Associate		
MAP	1,564	2,571
	$ 21,851	**19,664**

(iv) Property transactions

In 2021, the Company purchased equipment from its related party amounting to $11,481 thousand. As of December 31, 2021, the unpaid amount is $9,113 thousand, which listing as an account payable-related party. There were no transactions in 2022.

(v) Guarantees and endorsements

To meet the needs of the subsidiary’s development, the company endorses and guarantees it, the amounts of guarantees were as follows:

	December 31, 2022	**December 31, 2021**
Guarantees	**$ 35,000**	**153,294**

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MIN AIK TECHNOLOGY CO., LTD.
Notes to the Financial Statements

(vi) Loans to related parties

The loans to related parties were as follows:

		December 31, 2021
Associates	$	19,000
Less: Allowance for losses		(19,000)
	$	**-**

The associate was abolished in November 2021, and was administratively enforced by the Ministry of Justice to distribute the creditors' rights in February 2022. After the associate has done so, the Company only received the amount of $468 thousand as enforcement fees, which the Company claimed to be insufficient. In March 2022, the other receivables and provision for losses were written off, resulting in the other receivables of uncollected interest amounting to $1,207 thousand to be recognized as impairment loss.

(c) Transaction of key management personnel

Key management personnel compensation comprise:

		2022	2021
Post-employment benefits		35,874	29,582
Termination benefits		422	294
	$	**36,296**	**29,876**

(8) Assets pledged as security:

The carrying values of pledged assets were as follows:

Pledged assets	Object		December 31, 2022	December 31, 2021
Time deposit (classified under other receivable)	Bank loans and guarantee for credit line	**$**	**12,000**	**193,874**

(9) Commitments and contingencies:

(a) Unrecognized commitments of the Company were as follows:

		December 31, 2022	December 31, 2021
Acquisition of property, plant and equipment	**$**	**2,595**	**10,970**

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MIN AIK TECHNOLOGY CO., LTD.
Notes to the Financial Statements

(b) Guarantee notes issued as collateral for applying for a credit line were as follows:

	December 31, 2022	December 31, 2021
Guarantee notes issued	$ 1,382,260	1,061,080

(c) The Company's bank endorsement and guarantee that provided for the subsidiary, please refer to note 7.

(10) Losses due to major disasters:None

(11) Subsequent Events:None

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2022			2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	122,042	127,588	249,630	144,931	134,336	279,267
Labor and health insurance	14,414	11,324	25,738	14,340	10,604	24,944
Pension	4,421	5,476	9,897	4,707	5,242	9,949
Remuneration of directors	-	6,012	6,012	-	10,325	10,325
Others	9,151	7,977	17,128	8,249	10,194	18,443
Depreciation and amortization	52,390	14,478	66,868	57,576	14,846	72,422

The number of the Company's employees and the additional information of employee benefits were as follows:

	2022	2021
Employees	352	368
Non concurrently as employees of directors	6	6
Average of employee benefit expenses	$ 874	919
Average of employee salary expenses	$ 721	771
Adjustment of employee salary expenses	(6.49)%	15.25 %
Remuneration of supervisor	$ -	-

The Company compensation policies are as follows:

The salary for each employee is based on the Company's salary management regulations, which include the fixed salary, allowances, and the variable pay, as well as performance bonuses and special dividends. The rewards are given according to the seniority, rank, and work performance, etc.

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In addition to referring to the employee remuneration policy, the remuneration is determined by the Company's overall operating performance, the individual performance, contribution to the Company's operations, special achievements, and peer salary levels.

The company does not have a supervisor. The director's remuneration includes remuneration and business execution expenses, which are distributed according to the company's articles of association and released after the resolution of the board of directors.

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balanceof financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 3)
													Item	Value		
0	The Company	Ablytek	Other receivable due from related parties	Yes	19,000	-	-	3%	Short-term financing	-	Working turnover	-	Note 4	-	569,161	1,138,323
1	MUS	MUM	Other receivables due from related parties	Yes	15,048	-	-	1%	Short-term financing	-	Working turnover	-	-	-	569,161	1,138,323

Note 1: The highest amounts were approved by the Board of Directors.

Note 2: The short term financing available for purposes shall not exceed 20% of the lending company's net worth in the latest financial statements.

Note 3: The total amount available for lending purposes shall not exceed 40% of the lending company's net worth in the latest financial statements.

Note 4: The associate was abolished in November 2021, and was administratively enforced by the Ministry of Justice to distribute the creditors' rights in February 2022. After the associate has done so, the Company claimed to be insufficient. In March 2022, the other receivables and provision for losses were written off, resulting in the other receivables of uncollected interest amounting to $1,207 thousand to be recognized as impairment loss.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and/ endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Green Far	Subsidiary of the Company	Note 1	153,294	35,000	31,597	-	1.23 %	5,691,618	Y	N	N

Note 1: Except for the Company's subsidiaries, in which the Company directly or indirectly holds 100% of their shares, the guarantee amounts given to them shall not exceed 10% of the Company's net worth in the latest financial statements.

Note 2: The highest balance for guarantees can not exceed 2 time the Compnay's net worth in the latest financial statement.

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MIN AIK TECHNOLOGY CO., LTD.
Notes to Consolidated Financial Statements

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Note
The Company	United 3 to 5 years trigger EMD term fund trust	NO	Non-current financial assets at fair value through profit and loss	20	5,469	- %	5,469	
〃	Archers Inc.	〃	〃	4,500	-	13.89 %		
〃	LBO	〃	〃	165	-	0.72 %	-	
〃	HDDisk	〃	〃	833	-	12.50 %	-	
〃	DAS	〃	〃	5,079	291,401	16.13 %	291,401	
					$ 296,870			
〃	Tascent, Inc.	〃	Non-current financial assets at fair value through other comprehensive income	4,500	$ 7,546	5.14 %	7,546	

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

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

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

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

Name of company	Related party	Nature of relationship	Transaction details Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Transactions with terms different from others Unit price	Payment terms	Notes/Accounts receivable (payable) Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	MAM	The subsidiary held 100 percentage shares by MAS	Purchase	1,075,703	41 %	Note 1	-	The general credit terms are about 2 to 4 months	(646,203)	(67)%	
MAM	The Company	The subsidiary held 100 percentage shares by MAS	(Sale)	(1,075,703)	(99) %	〃	-	〃	646,203	99%	
The Company	MATC	The subsidiary held 80 percentage shares by Synergy	Purchase	235,002	9 %	〃	-	〃	(17,396)	(2)%	
MATC	The Company	The subsidiary held 80 percentage shares by Synergy	(Sale)	(235,002)	(96) %	〃	-	〃	17,396	94%	
The Company	MAY	The subsidiary held 100 percentage shares by Synergy	Purchase	501,160	24 %	〃	-	〃	(113,104)	(12)%	
MAY	The Company	The subsidiary held 100 percentage shares by Synergy	(Sale)	(501,160)	(76) %	〃	-	〃	113,104	69%	

(Continued)

MIN AIK TECHNOLOGY CO., LTD.
Notes to Consolidated Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	MAP	The Company held 38.13 percentage shares of the invested company	Purchase	168,249	6 %	〃	-	-	(60,253)	(6)%	
MAM	MAP	The Company held 38.13 percentage shares of the invested company	Purchase	155,575	17 %	〃	-	〃	(8,775)	(10)%	
GIT	MAY	The subsidiary held 100 percentage shares by Synergy	Purchase	142,564	96 %	〃	-	〃	(45,251)	(99)%	
MAY	GIT	The Company held 100 percentage shares of the invested company	(Sale)	(142,564)	(18) %	〃	-	〃	45,251	28%	

Note 1: Payment term given to related parties is 120 days; any further adjustment on the term will have to be agreed by both parties.

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

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Allowance for bad debts
					Amount	Action taken		
MAM	The Company	The subsidiary held 100 percentage shares by MAS	646,203	1.24	344,409	Receipt according to fund status	94,865	-
MAY	The Company	The subsidiary held 100 percentage shares of Synergy	113,104	3.97	-	-	81,652	-

Note 1: Until Feburary 28, 2023.

(ix) Trading in derivative instruments:None

(b) Information on investees:

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of wnership	Carrying value			
The Company	MAS	Singapore	Market development and customer service	353,522	353,522	18,564	100.00 %	1,586,177	1,312	1,033	
The Company	Synergy	Samoa	Holding company	883,384	883,384	22,057	100.00 %	469,356	(6,094)	(4,522)	
The Company	MATH	Thailand	Manufacturing and sale of machinery components	433,606	433,606	262	100.00 %	58,462	(3,857)	(3,857)	
The Company	MAUS	USA	Information collection on hardware	968	968	30	100.00 %	3,354	(503)	(503)	
The Company	Good Master	Caymen	Holding company	239,894	239,894	7,490	100.00 %	23,115	(1,224)	(1,224)	
The Company	Green far	Taiwan	Energy	12,000	12,000	1,200	100.00 %	17,361	1,506	1,506	
The Company	GIT	Taiwan	Holding company	5,000	5,000	500	100.00 %	28,800	16,619	16,619	
The Company	MAP Tech.	Singapore	Manufacturing of electronic parts and components	260,791	260,791	66,913	46.60 %	-	(417)	-	
The Company	MAP	Taiwan	Manufacturing and sales solar mold	553,837	535,942	29,357	38.13 %	760,465	161,828	63,773	
The Company	Ablytek	Samoa	Holding company	209,885	209,885	16,229	27.05 %	-	-	-	

(Continued)

MIN AIK TECHNOLOGY CO., LTD.
Notes to Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2022	Original investment amount December 31, 2021	Balance as of December 31, 2022 Shares (thousands)	Balance as of December 31, 2022 Percentage of wnership	Balance as of December 31, 2022 Carrying value	Net income (losses) of investee	Share of profits/losses of investee	Note
MAS	MAM	Malaysia	Sale and retail of electronic materials	333,937	333,937	60,000	100.00 %	1,551,868	2,510	2,510	
Synergy	MATC	Malaysia	Sale and retail of electronic materials	406,648	406,648	17,707	80.00 %	46,600	(93,267)	(74,613)	
Good Master	MUS	Singapore	Holding company	239,201	239,201	11,800	69.41 %	23,112	(1,764)	(1,224)	
MUS	MUM	Malaysia	Sale and retail of electronic materials	347,134	347,134	35,996	100.00 %	126	7,027	4,877	

(c) Information on investment in mainland China:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows Outflow	Investment flows Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 1)	Book value (Note 1)	Accumulated remittance of earnings in current period
MAY	Manufacturing sale of machinery components and customer service	400,857 (USD12,000 thousands)	Indirect investment through third area	385,168 (USD11,512 thousands)	-	-	385,168 (USD11,512 thousands)	70,893	100%	70,893	519,032	-
MAA	Manufacturing sale of automation equipment	91,270 (USD3,000 thousands)	Indirect investment through third area	91,270 (USD3,000 thousands)	-	-	91,270 (USD3,000 thousands)	(2,374)	100%	(2,374)	(96,293)	-

Note 1: The investment income (loss) were based on financial statements audited by the auditor of the Company.

(ii) Limitation on investment in Mainland China:

(In Thousands)

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
479,610	520,548	1,707,485

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in " Information on significant transactions" and "Business relationships and significant intercompany transactions".

(d) Major shareholders:

The major shareholders information is based on the last business day of the end of each quarter by TDCC (Taiwan Depository & Clearing Corporation), which calculated that the total number of ordinary shares and special shares registration of non-physical securities (including treasury shares) that have been reached more than 5%. The Consolidated Company does not disclose the information of major shareholders, because there are no shareholders holding more than 5% of the shares.

(14) Segment information:

Please refer to the Company's consolidated financial statements for the year ended December 31, 2022 for details.

MIN AIK TECHNOLOGY CO., LTD.

Statement of cash and cash equivalents

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Foreign amount	Exchange rate	Amount
Cash on hand and petty cash			$ 1,258
Cash in banks:			
Check deposits			71
Demand deposits			37,419
Time deposits			9,213
Foreign currency deposits:			
USD	6,231 thousand	30.71	191,369
SGD	32 thousand	22.88	724
			$ 240,054

Statement of notes and accounts receivable

Customer Name	Description	Amount
Western Digital (Thailand) Company	Operating revenues	$ 306,316
Leica Instruments (Singapore) Pte Ltd	〃	56,637
Western Digital (Singapore)	〃	51,258
GROUP UP Industrial Co., Ltd.	〃	26,510
Others (Less than 5% for each customer)		76,739
		517,460
Less: Loss allowance		(3,533)
Total		**$ 513,927**

MIN AIK TECHNOLOGY CO., LTD.

Statement of inventories

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net realizable value
Merchandise	$ 64,246	76,340
Finished goods	115,090	125,356
Work in process	56,337	89,305
Raw materials	117,149	106,447
Subtotal	352,822	**397,448**
Less: Allowance for inventory valuation and obsolescence	(28,808)	
	$ 324,014	

Statement of other current assets

December 31, 2022

Item	Description	Amount
Prepayment for purchases		$ 187,278
Prepayment for mold		10,678
Others (less than 5% for each item)		13,961
Total		**$ 211,917**

MIN AIK TECHNOLOGY CO., LTD.

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

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Additions		Reduce		Other adjustments		Ending Balance			
Name of investee	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Percentage of holding shares	Amount	Pledged of guaranteed
DAS	5,079	$ 312,193	-	-	-	-	-	(20,792)	5,079	16.13 %	291,401	none
United 3 to 5 years trigger EMD term fund trust	20	5,745	-	-	-	-	-	(276)	20	- %	5,469	none
		$ 317,938		**-**		**-**		**(21,068)**			**296,870**	

MIN AIK TECHNOLOGY CO., LTD.

Statement of financial assets measured at fair value through other comprehensive income - non-current

From January 1 to December 31, 2022

(Expressed in thousands of New Taiwan Dollars / Shares)

	Beginning Balance		Additions		Disposal		Ending Balance				
Name of Investee	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Fair value	Cumulative impairemnt	Pledged of guaranteed	Note
TASCENT, INC	4,500	$ 40,669	-	-	-	(33,123)	4,500	7,546	Not-applicable	none	

MIN AIK TECHNOLOGY CO., LTD.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

	Beginning balance		Addition		Decrease		Others adjustments		Ending balance			Market value	Guarantee
Investee Name	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	% of Ownership	Amount	or net asset value	or pledged
Min Aik International Development Pte. Ltd.	18,564	$ 1,503,238	-	-	-	-	-	82,939	18,564	100.00 %	1,586,177	1,586,419	none
Synergy Technology Industrial Co., Ltd.	27,322	464,626	-	-	5,265	-	-	4,730	22,057	100.00 %	469,356	469,345	〃
Min Aik Technology (Thailand) Co., Ltd.	262	58,338	-	-	-	-	-	124	262	100.00 %	58,462	58,456	〃
Min Aik Technology USA Inc.	30	3,482	-	-	-	-	-	(128)	30	100.00 %	3,354	3,375	〃
Good Master Holding Co., Ltd.	7,490	21,707	-	-	-	-	-	1,408	7,490	100.00 %	23,115	23,115	〃
Green Far TECHNOLOGY LTD.	1,200	19,066	-	-	-	(3,211)	-	1,506	1,200	100.00 %	17,361	17,361	〃
GemInnovative Technology Co., Ltd.	500	46,116	-	-	-	(33,935)	-	16,619	500	100.00 %	28,800	28,800	〃
MAP Technology Holdings Pte. Ltd.	66,913	-	-	-	-	-	-	-	66,913	46.60 %	-	3,478	〃
Min Aik Precision Industrial Co., Ltd.	28,728	671,075	629	17,895	-	(20,353)	-	91,848	29,357	38.13 %	760,465	880,710	〃
ABLYTEK CO., LTD	16,229	-	-	-	-	-	-	-	16,229	27.05 %	-	-	〃
Total		$ 2,787,648		17,895		(57,499)		199,046			2,947,090	3,071,059	

Note 1: Please refer to notes 6(f) and 13 to this parent company only financial statement for details.

MIN AIK TECHNOLOGY CO., LTD.

Statement of changes in property, plant and equipment

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(g) to this parent company only financial statement for details.

Statement of changes in right-of-use assets

For the year ended December 31, 2022

Please refer to note 6(h) to this parent company only financial statement for details.

MIN AIK TECHNOLOGY CO., LTD.

Statement of short-term borrowings

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Creditor	Description	Amount	Term of contract	Interst rate	Credit lines	Pledged or guaranteed
Hua Nan Commercial Bank	Short-term loan	50,000	2022.12.30~2023.1.19	2.0106%	150,000	Time deposit
Shin Kong Bank	〃	45,000	2022.12.3~2023.1.3	1.64%	Shared 100,000	None
〃	〃	25,000	2022.12.19~2023.3.19	1.79%	〃	None
China CITIC Bank International	〃	150,000	2022.12.29~2023.1.18	1.60%	200,000	None
JIH SUN International Bank	〃	50,000	2022.12.26~2023.1.26	1.8626%	60,000	None
Land Bank of Taiwan	〃	50,000	2022.12.27~2023.6.21	1.97%	150,000	None
Taishin International Bank	〃	40,000	2022.12.21~2023.1.31	1.90%	Shared 200,000	None
		$ 410,000				

Statement of trade payables

Item	Descritption	Amount
ANSONIC TECHNOLOGY CO., LTD.	Operating cost	$ 18,551
INJECTION INDUSTRIAL CO., LTD.	〃	8,173
LI YIN (HONG KONG) TECHONLOGY	〃	7,897
Deawae Enterprise Co., Ltd.	〃	6,693
Other (individual amount not exceeding 5%)	〃	88,192
Total		**$ 129,506**

MIN AIK TECHNOLOGY CO., LTD.

Statement of long-term borrowings

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Creditor	Description	Amount	Term of contract	Interst rate	Credit lines	Pledged or guaranteed
Taishin International Bank	Letter of credit	$ 52,500	2022.12.20~2024.9.20	1.93%	Shared 200,000	None
Panhsin Bank	〃	47,500	2022.12.25~2024.7.25	2.08%	110,000	None
Bank of Shanghai	〃	73,194	2022.12.25~2025.7.25	2.175%	85,000	None
Less: Long-term loans due to within one year		(88,333)				
		$ 84,861				

Statement of lease liabilities

Item	Description	Terms of contracts	Interest rate	Ending balance	Note
Building and equipment	Office and Factory equipment	2020.3.1~2023.12.31	0.95%	$ 33,806	
Transportation equipment	Official car	2021.6.1~2023.5.31	0.95%	109	
				$ 33,915	
Within one year				**$ 33,915**	

MIN AIK TECHNOLOGY CO., LTD.

Statement of other current liabilities

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Salary and bonus payable		$ 38,900
Temporary credit	Collect customer money, temporarily	21,646
Payable	Labor and health insurance expense, etc.	29,550
Advance received for payment and mold payment		29,703
Provisions for employee benefits		10,448
Other (individual amount not exceeding 5%)		9,659
		$ 139,906

Statement of operating revenue

For the year ended December 31, 2022

Item	PCS	Amount
VCM	24,791 thousand	$ 1,107,276
EHD	471 thousand	634,333
COVER	12,145 thousand	247,370
HDD	51,169 thousand	241,616
OEM	359 thousand	163,300
CSA/ RAMP	2,892 thousand	105,620
Other		480,214
Total		**$ 2,979,729**

MIN AIK TECHNOLOGY CO., LTD.

Statement of operating costs

For the year ended December 31, 2022

(In thousands of New Taiwan Dollars)

Item	Amount
Cost of self-produced goods:	
Raw material on January 1, 2022	$ 103,631
Add: Purchases	318,917
Less: Raw material on December 31, 2022	(117,149)
Sale of raw material	(41,389)
Raw material used	264,010
Direct labor	65,888
Manufacturing overhead	192,247
Manufacturing cost	522,145
Add: Work-in-process on January 1, 2022	60,848
Less: Work-in-process on December 31, 2022	(56,337)
Other	(7,424)
Cost of finished goods	519,232
Add: Finished goods on January 1, 2022	109,511
Less: Finished goods on December 31, 2022	(115,090)
Other	(18,994)
Cost of goods sold	494,659
Cost of product:	
Beginning inventory	54,932
Add: Purchase	2,207,343
Less: purchase of goods on December 31, 2022	(64,246)
Other	(788)
Cost of sales from purchasing	2,197,241
Add: Cost of raw materials, work-in-process and materials sold	40,987
Inventory price recovery benefit and scrap loss	13,159
Lower than normal capacity unallocated fixed manufacturing overhead	41,669
Other	(812)
Operating Cost	**$ 2,786,903**

MIN AIK TECHNOLOGY CO., LTD.

Statement of operating expenses

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development Expenses	Research and development Expenses
Salary expenses	$ 22,221	48,619	56,748	-
Import and export costs	15,204	-	76	-
Commission expense	6,240	-	-	-
Processing fee	4,360	-	288	-
Inspection fee	5,128	-	634	-
Depreciation	2,975	2,949	7,453	-
Service charges	769	9,641	1,083	-
Remuneration of directors	-	6,012	-	-
Impairment loss	-	-	-	722
Other (Note)	13,727	28,159	26,569	-
Total	**$ 70,624**	**95,380**	**92,851**	**722**

Note: individual amount not exceeding 5%.