TEST RESEARCH, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022 AND 2021

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Test Research, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Test Research, Inc. (the "Company") and its subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the consolidated financial statements'* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Valuation of inventories

Description

Refer to Note 4(12) for accounting policies adopted for the valuation of inventories, Note 5 for critical accounting estimates and assumptions related to the valuation of inventories, and Note 6(4) for details of inventories. As of December 31, 2022, inventory and allowance for valuation losses are NT$1,618,130 thousand and NT$152,595 thousand, respectively.

The Group is primarily engaged in the design, manufacture, sales, repairs and maintenance of automated inspection and testing equipment, and inventories are stated at the lower of cost and net realisable value. Management considers the rapidly changing technology and the short life cycle of electronic products in evaluating inventories. For inventories that are over a certain aging and individually identified obsolete or slow-moving items, the net realisable value is determined based on inventory aging and the market demand of such items in the future for a specific period, which are based on sales, obsolescence and the inventory quality. As the amount of inventory is significant, involves numerous items, and the valuation of inventory requires critical judgement and a high degree of uncertainty in estimation, we considered the valuation of inventory a key audit matter.

How our audit addressed the matter

Our audit procedures performed in respect of the above key audit matter included the following:

1. Understanding the industry and operations of the Group, and assessing the reasonableness of accounting policies applied in determining the adequacy of inventory provision.

2. Understanding the inventory management processes, examining the annual physical count plan, and performing physical inventory observation to assess the effectiveness of judgement and control over obsolete or slow-moving inventory.

3. Obtaining inventory aging report and testing movements to confirm whether they are assigned to the correct aging category and are in accordance with the Group's accounting policy. We also recalculated to check the adequacy of the allowance for valuation losses.

4. Analysing and comparing the difference of inventory valuation losses between the latest two years and examining supporting evidences in relation to allowance for slow-moving inventory valuation losses, which were individually identified by the management based on the inventory clearance condition, to assess the propriety of inventory valuation losses.

Cutoff of export revenue recognition of the Company

Description

For accounting policies adopted for revenue recognition, refer to Note 4(24).

The Group recognises export revenue in accordance with the terms of the transaction with the customer. Export revenue constitutes approximately 80% of consolidated operating revenue and the period of revenue recognition is based on transaction terms of different customers. As the timing of revenue recognition is subject to management judgement based on past experience, revenue may not be recorded in the proper period. Thus, we considered the cutoff of export revenue recognition a key audit matter.

How our audit addressed the matter

Our audit procedures performed in respect of the above key audit matter included the following:

1. Understanding and assessing the effectiveness of export revenue recognition control processes.

2. Obtaining a detailed listing of export sales of the Company within a certain period before and after period end, selecting samples and assessing the completeness by agreeing the sale to supporting documentation (such as export bill of lading and proof of delivery) to ascertain whether the sale was recorded in the proper period.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Test Research, Inc. as at and for the years ended December 31, 2022 and 2021.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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

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

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

Pan, Hui-Lin	Huang, Pei-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 22, 2023

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,148,655	13	$ 1,226,378	15
1136	Current financial assets at amortised cost	6(2)	285,090	3	196,790	3
1140	Current contract assets	6(3)	1,443,713	16	1,007,996	13
1150	Notes receivable, net	6(3)	69,748	1	37,073	-
1170	Accounts receivable, net	6(3)	1,513,877	16	1,325,315	17
1200	Other receivables		37,872	-	32,136	-
130X	Inventory	6(4)	1,465,535	16	1,746,923	22
1470	Other current assets		33,618	-	35,517	-
11XX	**Total current assets**		5,998,108	65	5,608,128	70
	Non-current assets					
1600	Property, plant and equipment	6(5) and 8	3,017,829	33	2,227,309	28
1755	Right-of-use assets	6(6)	45,485	1	56,977	1
1780	Intangible assets		23,992	-	26,772	-
1840	Deferred income tax assets	6(17)	74,457	1	80,721	1
1920	Guarantee deposits paid		12,675	-	10,075	-
15XX	**Total non-current assets**		3,174,438	35	2,401,854	30
1XXX	**Total assets**		$ 9,172,546	100	$ 8,009,982	100

(Continued)

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2130	Contract liabilities - current	6(12)	$ 55,567	1	$ 76,577	1
2150	Notes payable		17,172	-	30,493	-
2170	Accounts payable		482,981	5	916,403	12
2200	Other payables	6(7)	669,984	8	354,683	5
2230	Current income tax liabilities		345,442	4	179,870	2
2280	Current lease liabilities		18,654	-	25,040	-
2300	Other current liabilities		9,707	-	7,948	-
21XX	**Total current liabilities**		1,599,507	18	1,591,014	20
	Non-current liabilities					
2550	Provisions for liabilities - non-current		15,743	-	39,920	1
2570	Deferred income tax liabilities	6(17)	224,302	3	194,168	2
2580	Non-current lease liabilities		26,537	-	31,658	-
2600	Other non-current liabilities	6(8)	39,580	-	56,931	1
25XX	**Total non-current liabilities**		306,162	3	322,677	4
2XXX	**Total liabilities**		1,905,669	21	1,913,691	24
	Equity attributable to owners of the parent					
	Share capital	6(9)				
3110	Common stock		2,362,160	26	2,362,160	29
	Capital surplus	6(10)				
3200	Capital surplus		53,290	-	53,290	1
	Retained earnings	6(11)				
3310	Legal reserve		1,533,787	17	1,415,311	18
3320	Special reserve		68,362	1	57,209	1
3350	Unappropriated retained earnings		3,297,982	36	2,276,683	28
	Other equity interest					
3400	Other equity interest		(48,704)	(1)	(68,362)	(1)
31XX	**Equity attributable to owners of the parent**		7,266,877	79	6,096,291	76
3XXX	**Total equity**		7,266,877	79	6,096,291	76
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 9,172,546	100	$ 8,009,982	100

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

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(12)	$ 6,708,832	100	$ 5,606,690	100
5000	Operating costs	6(4)(15)(16)	(2,860,203)	(43)	(2,558,849)	(46)
5950	Gross margin		3,848,629	57	3,047,841	54
	Operating expenses	6(15)(16)				
6100	Selling expenses		(967,934)	(14)	(836,385)	(15)
6200	General and administrative expenses		(186,378)	(3)	(158,851)	(2)
6300	Research and development expenses		(534,901)	(8)	(497,036)	(9)
6450	Expected credit impairment (loss) gain	12(2)	(5,934)	-	2,531	-
6000	Total operating expenses		(1,695,147)	(25)	(1,489,741)	(26)
6900	Operating profit		2,153,482	32	1,558,100	28
	Non-operating income and expenses					
7100	Interest income		9,077	-	8,065	-
7010	Other income	6(13)	23,789	1	26,080	1
7020	Other gains and losses	6(14)	269,834	4	(33,195)	(1)
7050	Finance costs		(2,334)	-	(1,548)	-
7000	Total non-operating income and expenses		300,366	5	(598)	-
7900	**Profit before income tax**		2,453,848	37	1,557,502	28
7950	Income tax expense	6(17)	(532,363)	(8)	(372,448)	(7)
8200	**Profit for the year**		$ 1,921,485	29	$ 1,185,054	21
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gain (loss) on defined benefit plan	6(8)	$ 8,956	-	($ 291)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		24,573	-	(13,941)	-
8399	Income tax relating to the components of other comprehensive (loss) income that will be reclassified to profit or loss	6(17)	(4,915)	-	2,788	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		19,658	-	(11,153)	-
8300	**Total other comprehensive income (loss) for the year**		$ 28,614	-	($ 11,444)	-
8500	**Total comprehensive income for the year**		$ 1,950,099	29	$ 1,173,610	21
	Profit attributable to:					
8610	Owners of the parent		$ 1,921,485	29	$ 1,185,054	21
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 1,950,099	29	$ 1,173,610	21
	Earnings per share (in dollars)	6(18)				
9750	Basic earnings per share		$	8.13	$	5.02
9850	Diluted earnings per share		$	8.11	$	5.01

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

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent							
			Capital Reserves		Retained Earnings				
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total equity
2021									
Balance at January 1, 2021		$ 2,362,160	$ 51,874	$ 1,416	$ 1,306,390	$ 67,270	$ 1,970,293	($ 57,209)	$ 5,702,194
Profit for the year		-	-	-	-	-	1,185,054	-	1,185,054
Other comprehensive loss for the year		-	-	-	-	-	(291)	(11,153)	(11,444)
Total comprehensive income (loss)		-	-	-	-	-	1,184,763	(11,153)	1,173,610
Appropriations of 2020 earnings	6(11)								
Legal reserve		-	-	-	108,921	-	(108,921)	-	-
Reversal of special reserve		-	-	-	-	(10,061)	10,061	-	-
Cash dividends		-	-	-	-	-	(779,513)	-	(779,513)
Balance at December 31, 2021		$ 2,362,160	$ 51,874	$ 1,416	$ 1,415,311	$ 57,209	$ 2,276,683	($ 68,362)	$ 6,096,291
2022									
Balance at January 1, 2022		$ 2,362,160	$ 51,874	$ 1,416	$ 1,415,311	$ 57,209	$ 2,276,683	($ 68,362)	$ 6,096,291
Profit for the year		-	-	-	-	-	1,921,485	-	1,921,485
Other comprehensive income for the year		-	-	-	-	-	8,956	19,658	28,614
Total comprehensive income		-	-	-	-	-	1,930,441	19,658	1,950,099
Appropriations of 2021 earnings	6(11)								
Legal reserve		-	-	-	118,476	-	(118,476)	-	-
Special reserve		-	-	-	-	11,153	(11,153)	-	-
Cash dividends		-	-	-	-	-	(779,513)	-	(779,513)
Balance at December 31, 2022		$ 2,362,160	$ 51,874	$ 1,416	$ 1,533,787	$ 68,362	$ 3,297,982	($ 48,704)	$ 7,266,877

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

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 2,453,848	$ 1,557,502
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(15)	125,571	123,081
Amortisation	6(15)	15,174	14,654
Expected credit impairment loss (gain)	12(2)	5,934	(2,531)
Interest income		(9,077)	(8,065)
Interest expense		2,334	1,548
Gain on disposal of property, plant and equipment	6(14)	(7,700)	(4,239)
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		(441,159)	(825,366)
Notes receivable		(32,675)	35,767
Accounts receivable		(189,126)	341,095
Other receivables		(4,994)	(10,483)
Inventory		225,041	(875,064)
Other current assets		1,899	(7,540)
Changes in operating liabilities			
Contract liabilities		(21,010)	52,275
Notes payable		(13,321)	13,711
Accounts payable		(433,422)	421,806
Other payables		150,252	54,380
Other current liabilities		1,759	89
Provisions for liabilities		(24,177)	(1,423)
Other non-current liabilities		(8,395)	(6,271)
Cash inflow generated from operations		1,796,756	874,926
Interest received		8,335	7,262
Interest paid		(2,334)	(1,548)
Income taxes paid		(335,546)	(289,227)
Net cash flows from operating activities		1,467,211	591,413
CASH FLOWS FROM INVESTING ACTIVITIES			
(Acquisition of) proceeds from financial assets at amortised cost		(88,300)	34,632
Acquisition of property, plant and equipment	6(19)	(667,544)	(138,506)
Proceeds from disposal of property, plant and equipment		16,342	11,821
Acquisition of intangible assets		(12,388)	(16,623)
(Increase) decrease in guarantee deposits paid		(2,600)	215
Net cash flows used in investing activities		(754,490)	(108,461)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease principal repayment		(34,383)	(27,141)
Cash dividends paid	6(11)	(779,513)	(779,513)
Net cash flows used in financing activities		(813,896)	(806,654)
Effect due to changes in exchange rate		23,452	(10,829)
Net decrease in cash and cash equivalents		(77,723)	(334,531)
Cash and cash equivalents at beginning of year		1,226,378	1,560,909
Cash and cash equivalents at end of year		$ 1,148,655	$ 1,226,378

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

TEST RESEARCH, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Test Research, Inc. (the Company) was incorporated in April 1989 under the provisions of the Company Law of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the design, assembly, manufacture, sales, repairs and maintenance of automated inspection and testing equipment.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on February 22, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018 - 2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17,’Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

B. Subsidiaries included in the consolidated financial statements:

			% of Ownership		
Name of investor	Name of subsidiary	Main business activities	December 31, 2022	December 31, 2021	Description
Test Research, Inc.	TEST RESEARCH USA INC. (TRU)	Trading	100	100	-
Test Research, Inc.	TRI TEST RESEARCH EUROPE GMBH (TRE)	Trading	100	100	-
Test Research, Inc.	TRI JAPAN CORPORATION (TRJ)	Trading	100	100	-
Test Research, Inc.	TEST RESEARCH INNOVATION MALAYSIA SDN BHD (TRM)	Trading	100	100	-
Test Research, Inc.	TRI KOREA CO., LTD. (TRK)	Trading	100	100	-

Name of investor	Name of subsidiary	Main business activities	% of Ownership December 31, 2022	% of Ownership December 31, 2021	Description
Test Research, Inc.	TRI INVESTMENTS LIMITED (TIL)	Investment holdings	100	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Shenzhen) Limited (TRI (SHENZHEN))	Manufacture and sales of test equipment	100	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Suzhou) Limited (TRI (SUZHOU))	Manufacture and sales of test equipment	100	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Shanghai) Limited (TRI (SHANGHAI))	Import and export of equipment, consulting and after-sale maintenance service of equipment	100	100	-
TEST RESEARCH INNOVATION MALAYSIA SDN BHD (TRM)	TEST RESEARCH INNOVATION VIETNAM COMPANY LIMITED (TRV)	Trading	100	100	-
TEST RESEARCH INNOVATION MALAYSIA SDN BHD (TRM)	TEST RESEARCH INNOVATION THAILAND COMPANY LIMITED (TRT)	Trading	-	-	Note

Note: TEST RESEARCH INNOVATION THAILAND COMPANY LIMITED (TRT) was established on December 23, 2022. As of December 31, 2022, the capital contribution to the subsidiary has not yet been made.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”).

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts receivable, notes receivable and contract assets

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

C. Contract assets entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services. The consideration will be received upon acceptance by the customer.

(9) Impairment of financial assets

For financial assets at amortised cost at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable (including contract assets) that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Leasing arrangements (lessor)－operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on actual operating capacity). The category by category approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	15 ~ 55 years
Machinery and equipment	2 ~ 10 years
Transportation equipment	4 ~ 5 years
Office equipment	1 ~ 10 years
Other equipment	1 ~ 30 years

(14) Leasing arrangements (lessee)－right-of-use assets/lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee;

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

(16) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(20) Provisions

Provisions (including warranties) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees’ compensation and directors’ remuneration

Employees’ compensation and directors’ remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(22) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(23) Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are resolved by the Company’s shareholders. Cash dividends are recorded as liabilities.

(24) Revenue recognition

A. Sales of goods

(a) The Group is engaged in the design, assemble, manufacture and sale of automatic inspection equipment and related products. Sales are recognised when control of the products has transferred, 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, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from these sales is recognised based on the price specified in the contract, net of the business tax, sales return and discounts. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made with a credit term of 30 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(c) The Group’s obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.

(d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sales of services

The Group provides repairs and maintenance services of automated inspection and testing equipment. Revenue from providing services is recognised in the accounting period in which the services are rendered.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(25) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group’s chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. In the process of applying the Group's accounting policies, there is no critical accounting judgment. The critical accounting estimates and assumptions is addressed below:

Valuation of inventories

The Group's inventories are stated at the lower of cost and net realisable value. The Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Management considers the rapidly changing technology and the short life cycle of electronic products in evaluating inventories. For inventories that are over a certain age and individually identified obsolete or slow-moving items, the net realisable value is determined based on inventory aging and the market demand of such items in the future for a specific period, which are based on sales, obsolescence and the inventory quality. The valuation of inventories is principally based on the demand for the products within the specified period in the future. As the valuation of inventories usually involves subjective judgment and a high degree of estimation uncertainty, there may be material changes to the valuation.

As of December 31, 2022, the carrying amount of inventories was $1,465,535.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 750	$ 452
Demand deposits	517,214	797,612
Time deposits	530,710	148,314
Short-term notes and bills	99,981	280,000
	$ 1,148,655	$ 1,226,378

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at amortised cost

	December 31, 2022	December 31, 2021
Current items:		
Time deposits maturing over three months	$ 285,090	$ 196,790

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31	
	2022	2021
Interest income	$ 5,988	$ 4,387

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(3) Notes receivable, accounts receivable and contract assets

	December 31, 2022	December 31, 2021
Notes receivable	$ 69,748	$ 37,073
Accounts receivable	$ 1,519,773	$ 1,330,647
Less: Allowance for uncollectible accounts	(5,896)	(5,332)
	$ 1,513,877	$ 1,325,315
Contract assets	$ 1,449,457	$ 1,008,298
Less: Loss allowance	(5,744)	(302)
	$ 1,443,713	$ 1,007,996

A. The ageing analysis of accounts receivable, notes receivable and contract assets that were past due but not impaired is as follows:

	December 31, 2022			December 31, 2021		
	Accounts receivable	Notes receivable	Contract assets	Accounts receivable	Notes receivable	Contract assets
Not past due	$ 1,184,391	$ 69,748	$ 1,449,457	$ 1,032,865	$ 37,073	$ 1,008,298
Past due						
Up to 60 days	220,490	-	-	186,807	-	-
61 to 90 days	41,080	-	-	29,755	-	-
91 to 180 days	44,648	-	-	46,523	-	-
181 to 365 days	22,511	-	-	32,897	-	-
Over 365 days	6,653	-	-	1,800	-	-
	$ 1,519,773	$ 69,748	$ 1,449,457	$ 1,330,647	$ 37,073	$ 1,008,298

The above ageing analysis was based on past due date.

B. As at December 31, 2022 and 2021, accounts receivable, notes receivable and contract assets were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts (including notes receivable and contract assets) with customers amounted to $1,919,349.

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were $69,748 and $37,073, and accounts receivable and contract assets were $2,957,590 and $2,333,311, respectively.

D. Information relating to credit risk of accounts receivable, notes receivable and contract assets is provided in Note 12(2).

(4) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,039,103	($ 107,130)	$ 931,973
Work in progress	90,460	(25)	90,435
Semi-finished and finished goods	455,648	(42,830)	412,818
Merchandise	32,919	(2,610)	30,309
	$ 1,618,130	($ 152,595)	$ 1,465,535

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,168,419	($ 94,524)	$ 1,073,895
Work in progress	126,543	(6)	126,537
Semi-finished and finished goods	577,487	(35,803)	541,684
Merchandise	7,191	(2,384)	4,807
	$ 1,879,640	($ 132,717)	$ 1,746,923

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2022	2021
Cost of goods sold	$ 2,829,285	$ 2,518,298
Loss on market value decline and obsolete and slow-moving inventories	19,977	22,165
Loss on physical inventory	25	58
	$ 2,849,287	$ 2,540,521

(5) Property, plant and equipment

	2022							
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction	Total
At January 1								
Cost	$ 1,166,021	$ 921,538	$ 457,585	$ 6,430	$ 227,459	$ 177,321	$ 100,667	$ 3,057,021
Accumulated depreciation	-	(267,796)	(273,525)	(3,999)	(155,330)	(129,062)	-	(829,712)
	$ 1,166,021	$ 653,742	$ 184,060	$ 2,431	$ 72,129	$ 48,259	$ 100,667	$ 2,227,309
Opening net book amount as at January 1	$ 1,166,021	$ 653,742	$ 184,060	$ 2,431	$ 72,129	$ 48,259	$ 100,667	$ 2,227,309
Additions	-	-	12,826	785	4,409	7,840	806,733	832,593
Transfers from inventories	-	-	29,968	-	18,873	7,506	-	56,347
Disposals	-	-	(7,894)	-	(732)	(16)	-	(8,642)
Depreciation charge	-	(18,098)	(34,389)	(796)	(24,134)	(16,303)	-	(93,720)
Net exchange differences	-	-	3,591	74	112	165	-	3,942
Closing net book amount as at December 31	$ 1,166,021	$ 635,644	$ 188,162	$ 2,494	$ 70,657	$ 47,451	$ 907,400	$ 3,017,829
At December 31								
Cost	$ 1,166,021	$ 921,538	$ 504,350	$ 7,433	$ 244,964	$ 190,321	$ 907,400	$ 3,942,027
Accumulated depreciation	-	(285,894)	(318,477)	(4,939)	(172,018)	(142,870)	-	(924,198)
	$ 1,166,021	$ 635,644	$ 185,873	$ 2,494	$ 72,946	$ 47,451	$ 907,400	$ 3,017,829

	2021							
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction	Total
At January 1								
Cost	$ 1,166,021	$ 921,538	$ 414,098	$ 6,752	$ 222,402	$ 164,463	$ 40	$ 2,895,314
Accumulated depreciation	-	(249,696)	(238,558)	(3,358)	(150,498)	(121,244)	-	(763,354)
	$ 1,166,021	$ 671,842	$ 175,540	$ 3,394	$ 71,904	$ 43,219	$ 40	$ 2,131,960
Opening net book amount as at January 1	$ 1,166,021	$ 671,842	$ 175,540	$ 3,394	$ 71,904	$ 43,219	$ 40	$ 2,131,960
Additions	-	-	14,020	-	9,205	14,654	100,627	138,506
Transfers from inventories	-	-	36,516	-	19,415	6,939	-	62,870
Disposals	-	-	(6,786)	(1)	(550)	(245)	-	(7,582)
Depreciation charge	-	(18,100)	(33,439)	(829)	(27,799)	(15,773)	-	(95,940)
Net exchange differences	-	-	(1,791)	(133)	(46)	(535)	-	(2,505)
Closing net book amount as at December 31	$ 1,166,021	$ 653,742	$ 184,060	$ 2,431	$ 72,129	$ 48,259	$ 100,667	$ 2,227,309
At December 31								
Cost	$ 1,166,021	$ 921,538	$ 457,585	$ 6,430	$ 227,459	$ 177,321	$ 100,667	$ 3,057,021
Accumulated depreciation	-	(267,796)	(273,525)	(3,999)	(155,330)	(129,062)	-	(829,712)
	$ 1,166,021	$ 653,742	$ 184,060	$ 2,431	$ 72,129	$ 48,259	$ 100,667	$ 2,227,309

Note: Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(6) Leasing arrangements－lessee

A. The Group leases offices and rental contracts are typically made for periods from 1 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets shall not be used as security for borrowing purposes.

B. Short-term leases pertain to leases of dormitories and company cars with a lease term of not more than 12 months.

C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Buildings	$ 45,485	$ 56,977

	Year ended December 31	
	2022	2021
	Depreciation charge	Depreciation charge
Buildings	$ 31,851	$ 27,141

D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $16,381 and $41,880, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 2,236	$ 1,548
Expense on short-term lease contracts	$ 8,436	$ 11,080
Lease expense of low-value assets	$ 309	$ 309

F. For the years ended December 31, 2022 and 2021, the Group’s total cash outflow for leases were $45,364 and $40,078, respectively.

(7) Other payables

	December 31, 2022	December 31, 2021
Salaries and bonus payable	$ 311,951	$ 219,628
Employees’ compensation and directors’ remuneration payable	57,609	35,900
Construction payable	165,049	-
Others	135,375	99,155
	$ 669,984	$ 354,683

(8) Pensions

A. Defined benefit plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 94,324	$ 117,131
Fair value of plan assets	(54,744)	(60,200)
Net defined benefit liability (shown as "other non-current liabilities")	$ 39,580	$ 56,931

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
At January 1	$ 117,131	($ 60,200)	$ 56,931
Interest expense (income)	586	(301)	285
	117,717	(60,501)	57,216
Remeasurements:			
Actuarial gain	-	(4,708)	(4,708)
Change in financial assumptions	(6,231)	-	(6,231)
Experience adjustments	1,983	-	1,983
	(4,248)	(4,708)	(8,956)
Pension fund contribution	-	(8,680)	(8,680)
Paid pension	(19,145)	19,145	-
At December 31	$ 94,324	($ 54,744)	$ 39,580

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
At January 1	$ 122,611	($ 59,700)	$ 62,911
Interest expense (income)	368	(179)	189
	122,979	(59,879)	63,100
Remeasurements:			
Actuarial gain	99	(886)	(787)
Change in financial assumptions	(2,012)	-	(2,012)
Experience adjustments	3,090	-	3,090
	1,177	(886)	291
Pension fund contribution	-	(6,460)	(6,460)
Paid pension	(7,025)	7,025	-
At December 31	$ 117,131	($ 60,200)	$ 56,931

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2022	2021
Discount rate	1.30%	0.50%
Future salary increases	3.00%	3.00%

For the years ended December 31, 2022 and 2021, future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 1,827)	$ 1,883	$ 1,623	($ 1,586)

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	($ 2,324)	$ 2,398	$ 2,053	($ 2,004)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2023 amount to $4,450.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	8,651
1-2 year(s)		14,178
2-5 years		13,117
Over 5 years		31,742
	$	67,688

B. Defined contribution plans

(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount not lower than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) Other overseas companies have a defined contribution plan in accordance with the local regulations, and contributions to endowment insurance and pension reserve are based on employees' salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) For the aforementioned pension plan, the Group recognised pension costs of $29,635 and $27,879 for the years ended December 31, 2022 and 2021, respectively.

(9) Share capital

The Company's authorised capital was $2,500,000. As of December 31, 2022, the Company's issued and outstanding capital was $2,362,160. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands):

	2022	2021
At January 1 and December 31	236,216	236,216

(10) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(11) Retained earnings

A. Under the Company's Articles of Incorporation, the dividend policy of the Company is based on the Company's future capital expenditure budget and capital requirements. Dividends shall be appropriated from accumulated distributable earnings, and the distribution amount shall not be lower than 60% of accumulated distributable earnings, of which cash dividends shall not be lower than 50% of the total dividends distributed. The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' 1osses and then 10% of the remaining amount shall be set aside as legal reserve until the amount of legal reserve is equal to the amount of total capital. After the provision or reversal of special reserve, the remaining earnings constitute the distributable earnings of the current year. The appropriation of the remaining earnings along with the unappropriated earnings of prior years shall be proposed by the Board of Directors and approved by the shareholders at the shareholders' meeting.

B. The appropriations of 2021 and 2020 earnings had been resolved at the stockholders' meeting on May 25, 2022 and July 7, 2021, respectively. Details are summarised below:

	Year ended December 31			
	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 118,476		$ 108,921	
Special reserve	$ 11,153		($ 10,061)	
Cash dividends	$ 779,513	$ 3.3	$ 779,513	$ 3.3

C. The appropriations of 2022 earnings as proposed by the Board of Directors on February 22, 2023 were as follows:

	Year ended December 31, 2022	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 193,044	
Special reserve	($ 19,658)	
Cash dividends	$ 1,062,972	$ 4.5

As of the report date, the abovementioned appropriations of 2022 earnings have not yet been resolved by the stockholders.

D. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in-capital.

E. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

(12) Sales revenue

	Year ended December 31	
	2022	2021
Revenue from contracts with customers	$ 6,708,832	$ 5,606,690

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major geographical regions.

	Year ended December 31	
	2022	2021
Asia	$ 5,628,381	$ 5,009,618
America	790,996	384,215
Europe	240,471	164,456
Others	48,984	48,401
	$ 6,708,832	$ 5,606,690

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities	$ 55,567	$ 76,577	$ 24,302

For the years ended December 31, 2022 and 2021, the Group's contract liabilities on January 1, 2022 and 2021 were realised to revenue amounting to $75,510 and $24,210, respectively.

(13) Other income

	Year ended December 31	
	2022	2021
Rental income	$ 310	$ 4,726
Other income	23,479	21,354
	$ 23,789	$ 26,080

(14) Other gains and losses

	Year ended December 31	
	2022	2021
Gains on disposal of property, plant and equipment	$ 7,700	$ 4,240
Net currency exchange gains (losses)	264,144	(37,348)
Other gains and losses	(2,010)	(87)
	$ 269,834	($ 33,195)

(15) Expenses by nature

	Year ended December 31	
	2022	2021
Employee benefit expense	$ 1,283,178	$ 1,090,390
Depreciation charges on property, plant and equipment and right-of-use assets	125,571	123,081
Amortisation charges on intangible assets	15,174	14,654
	$ 1,423,923	$ 1,228,125

(16) Employee benefit expense

	Year ended December 31	
	2022	2021
Wages and salaries	$ 1,111,560	$ 935,470
Labour and health insurance fees	95,161	83,812
Pension costs	29,920	28,068
Other personnel expenses	46,537	43,040
	$ 1,283,178	$ 1,090,390

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 2% for directors' remuneration.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at $38,022 and $23,694, respectively; while directors' remuneration was accrued at $19,587 and $12,206, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on the distributable profit of current year for the years ended December 31, 2022 and 2021 and the percentage as prescribed in the Company's Articles of Incorporation.

The employees' compensation and directors' remuneration for 2022 and 2021 amounted to $38,022 and $23,694, $19,587 and $12,206, respectively, as resolved by the Board of Directors on February 22, 2023 and February 23, 2022 were in agreement with those amounts recognised in the 2022 and 2021 financial statements, respectively.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(17) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profit for the year	$ 470,098	$ 293,840
Prior year income tax underestimation	17,001	21,358
Tax on undistributed earnings	13,781	10,542
Total current tax	500,880	325,740
Deferred tax:		
Origination and reversal of temporary differences	31,483	46,708
Total deferred tax	31,483	46,708
Income tax expense	$ 532,363	$ 372,448

(b) The income tax expense (benefit) relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2022	2021
Currency translation differences	$ 4,915	($ 2,788)

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2022	2021
Income tax calculated by applying statutory rate to the profit before tax	$ 522,447	$ 370,874
Effect from investment tax credits	(20,866)	(30,326)
Prior year income tax underestimation	17,001	21,358
Tax on undistributed earnings	13,781	10,542
Income tax expense	$ 532,363	$ 372,448

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Provision for contingent service cost/warranty	$ 7,285	($ 4,738)	$ -	$ 2,547
Unrealised foreign exchange loss	181	(181)	-	-
Unrealised gross profit	20,867	2,466	-	23,333
Allowance for uncollectible accounts	1,316	443	-	1,759
Allowance for inventory valuation losses	26,905	4,068	-	30,973
Unrealised reserve for lending product and rework	698	(8)	-	690
Accrued pension liabilities	11,385	(3,470)	-	7,915
Unused compensated absences	4,847	71	-	4,918
Currency translation differences	6,241	-	(4,915)	1,326
Others	996	-	-	996
	$ 80,721	($ 1,349)	($ 4,915)	$ 74,457
-Deferred tax liabilities:				
Unrealised exchange gain	$ -	($ 5,738)	$ -	($ 5,738)
Recognised investment income accounted for under equity method	(176,538)	(29,329)	-	(205,867)
Book-tax difference of depreciation charges on fixed assets	(17,619)	4,939	-	(12,680)
Others	(11)	(6)	-	(17)
	($ 194,168)	($ 30,134)	$ -	($ 224,302)

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Provision for contingent service cost/warranty	$ 7,419	($ 134)	$ -	$ 7,285
Unrealised foreign exchange loss	5,317	(5,136)	-	181
Unrealised gross profit	29,671	(8,804)	-	20,867
Allowance for uncollectible accounts	2,202	(886)	-	1,316
Allowance for inventory valuation losses	24,560	2,345	-	26,905
Unrealised reserve for lending product and rework	849	(151)	-	698
Accrued pension liabilities	11,893	(508)	-	11,385
Unused compensated absences	4,475	372	-	4,847
Currency translation differences	3,453	-	2,788	6,241
Others	781	215	-	996
	$ 90,620	($ 12,687)	$ 2,788	$ 80,721
-Deferred tax liabilities:				
Recognised investment profit accounted for under equity method	($ 136,920)	($ 39,618)	$ -	($ 176,538)
Book-tax difference of depreciation charges on fixed assets	(23,121)	5,502	-	(17,619)
Others	(106)	95	-	(11)
	($ 160,147)	($ 34,021)	$ -	($ 194,168)

The Group had no significant unused tax losses not recognised as deferred tax assets and deductible temporary differences.

D. The Company’s income tax returns through 2020 have been assessed and approved by the Tax Authority.

(18) Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,921,485	236,216	$ 8.13
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	652	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,921,485	236,868	$ 8.11

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,185,054	236,216	$ 5.02
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	459	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,185,054	236,675	$ 5.01

As employees' compensation could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would increase from employees' stock compensation issuance in the calculation of the weighted-average number of common shares outstanding during the reporting year, taking into account the dilutive effect of stock compensation on potential common shares.

(19) Supplemental cash flow information

	Year ended December 31	
	2022	2021
Purchase of property, plant and	$ 832,593	$ 138,506
Less: Ending balance of payable on equipment	(165,049)	-
Cash paid during the year	$ 667,544	$ 138,506

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's shares are widely held. The Company d/oes not have an ultimate parent and ultimate controlling party.

(2) Key management compensation

	Year ended December 31	
	2022	2021
Salaries and other short-term employee benefits	$ 72,151	$ 51,177
Post-employment benefits	1,382	1,335
	$ 73,533	$ 52,512

A. Salaries and other short-term employee benefits include regular wages, special responsibility allowances, various bonuses, service execution fees, directors' remuneration and employees' compensation, etc.

B. Post-employment benefits represent pension costs.

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2022	December 31, 2021	Purpose
Property, plant and equipment			
- Land	$ 577,252	$ 577,252	Security for lines of credit
- Buildings and structures	53,446	55,283	"
	$ 630,698	$ 632,535	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

On May 6, 2021, the Company entered into a contract with Lee Ming Construction Co., Ltd. for the construction of the second-phase plant on its own land in Guishan Dist Huaya Section as approved by the Board of Directors on May 5, 2021. The total price of the construction was $1,828,800 (tax included). As of December 31, 2022, the Company has paid $747,065 and the amount billed but not yet paid amounted to $165,049.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On February 22, 2023, the Board of Directors resolved the following items:

A. Appropriations of earnings as described in Note 6(11) C.

B. In order to expand to new markets in Mexico, provide services to Taiwanese customers and engage in business activities on behalf of the head office, such as acting as a liaison office, and providing consulting and after-sale services, the Company plans to establish an overseas stronghold in Mexico. The Chairman has been authorised to handle the establishment of a new company (including investment structure and stronghold types) with a total investment of up to USD 500 thousand in accordance with domestic and local regulations.

12. OTHERS

(1) Capital management

The Group's main objectives when managing capital are to ensure solid and good capital ratio in order to support operations and to provide maximum returns for shareholders. The Group manages and adjusts capital structure based on economic situation and debt ratio, and achieves the purpose of maintaining and adjusting capital structure possibly by adjusting dividend payment or shares issuance.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	$ 1,148,655	$ 1,226,378
Financial assets at amortised cost	285,090	196,790
Contract assets	1,443,713	1,007,996
Notes receivable	69,748	37,073
Accounts receivable	1,513,877	1,325,315
Other receivables	37,872	32,136
Guarantee deposits paid	12,675	10,075
	$ 4,511,630	$ 3,835,763
Financial liabilities		
Financial liabilities at amortised cost		
Notes payable	$ 17,172	$ 30,493
Accounts payable	482,981	916,403
Other payables	669,984	354,683
	$ 1,170,137	$ 1,301,579
Lease liabilities (including current portion)	$ 45,191	$ 56,698

B. Financial risk management policies

The Group adopts an overall risk management and control system to identify and measure a variety of financial risks including market risk, credit risk, liquidity risk and cash flow interest rate risk. This allows the management of the Group to effectively control and measure market risk, credit risk, liquidity risk and cash flow interest risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB, JPY and EUR. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022					
				Sensitivity Analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit of loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 65,584	30.71	$ 2,014,088	1%	$ 20,141	$ -
RMB:NTD	30,348	4.41	133,773	1%	1,338	-
Financial liabilities						
Monetary items						
USD:NTD	$ 3,457	30.71	$ 106,153	1%	$ 1,062	$ -
RMB:NTD	5,208	4.41	22,959	1%	230	-
EUR:NTD	371	32.72	12,152		122	-
JPY:NTD	236,672	0.23	55,003	1%	550	-
USD:KRW	1,287	1,249.90	39,521	1%	395	-

	December 31, 2021					
				Sensitivity Analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit of loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 46,876	27.68	$ 1,297,528	1%	$ 12,975	$ -
RMB:NTD	92,710	4.34	402,732	1%	4,027	-
JPY:NTD	52,305	0.24	12,579	1%	126	-
Financial liabilities						
Monetary items						
USD:NTD	$ 3,667	27.68	$ 101,503	1%	$ 1,015	$ -
RMB:NTD	3,933	4.34	17,085	1%	171	-
JPY:NTD	148,124	0.24	35,624	1%	356	-

iii. Total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to $264,144 and ($37,348), respectively.

Price risk

The Group has no equity instruments held for trading; thus, the Group has no price risk.

Cash flow and fair value interest rate risk

The Group has no borrowings; thus, the Group has no cash flow and fair value interest rate risk.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets stated at amortised cost.

ii. The Group's credit risk management policy is that for banks and financial institutions, only institutions with good credit rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. In accordance with the internal management policy of the Group, if the contract payments were past due over 120 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. In accordance with the internal management policy of the Group, the default occurs when the contract payments are past due over 365 days.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments.

vi. The Group classifies customer's accounts receivable and contract assets in accordance with credit risk on trade. The Group applies the modified approach using the provision matrix based on the loss rate methodology to estimate expected credit loss.

vii. The Group writes off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii. The Group's notes receivable had no significant loss allowance. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. On December 31, 2022 and 2021, the provision matrix and loss rate methodology is as follows:

Both Group A and Group B that exceeded credit facilities:

	Not past due	1~60 days past due	61~90 days past due	91~180 days past due	181~365 days past due	Over 365 days past due	Total
December 31, 2022							
Expected loss rate	0.03%	1.50%	15.00%	25.00%	40.00%	60%-100%	
Total book value	$ 1,098,891	$ 60,158	$ 15,443	$ 14,620	$ 9,087	$ 6,469	$ 1,204,668
Loss allowance	330	677	1,699	1,928	1,540	-	6,174

	Not past due	1~60 days past due	61~90 days past due	91~180 days past due	181~365 days past due	Over 365 days past due	Total
December 31, 2021							
Expected loss rate	0.03%	1.50%	15.00%	25.00%	40.00%	60%-100%	
Total book value	$ 469,058	$ 3,606	$ 14	$ 248	$ 12,303	$ 175	$ 485,404
Loss allowance	141	54	2	62	4,921	175	5,355

Group B:

	December 31, 2022	December 31, 2021
Expected loss rate	0.03%	0.03%
Total book value	$ 1,764,562	$ 1,853,541
Loss allowance	5,466	279

Group A: Customers excluding Group B.

Group B: Domestic and foreign clients that have good operating conditions, high degree of financial transparency, the payment status of past transactions is normal and rated with optimized internal credit rating. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. The expected default rate used was 0.03%.

ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable and contract assets are as follows:

	2022		
	Accounts receivable	Contract assets	Total
At January 1	$ 5,332	$ 302	$ 5,634
Provision for impairment	492	5,442	5,934
Effect of exchange rate changes	72	-	72
At December 31	$ 5,896	$ 5,744	$ 11,640

	2021		
	Accounts receivable	Contract assets	Total
At January 1	$ 10,585	$ 55	$ 10,640
Provision for impairment	-	248	248
Reversal of provision for impairment	(2,779)	-	(2,779)
Effect of exchange rate changes	(2,474)	(1)	(2,475)
At December 31	$ 5,332	$ 302	$ 5,634

(c) Liquidity risk

i. Cash flow forecasting is performed and aggregated by the Group’s treasury. Surplus cash held by the operating entities over and above balance required for working capital management are invested in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

ii. The table below analyses the Group’s non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities: December 31, 2022	Less than 1 year	Over 1 year
Notes payable	$ 17,172	$ -
Accounts payable	482,981	-
Other payables	669,984	-
Lease liabilities	26,935	31,891

Non-derivative financial liabilities:		
December 31, 2021	Less than 1 year	Over 1 year
Notes payable	$ 30,493	$ -
Accounts payable	916,403	-
Other payables	354,683	-
Lease liabilities	30,496	23,489

(3) Fair value information

A. The Group has no financial instruments measured at fair value by valuation method.

B. The carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including contract assets), other receivables, guarantee deposits paid, notes payable, accounts payable and other payables are approximate to their fair values.

(4) Other matter

In response to the Covid-19 outbreak and the government's various pandemic prevention measures, the Group provided the applications of work from home for employees, and employees were advised to avoid movement between different sites as much as possible. Also, the Group has implemented several prevention control measures such as conducting meetings online and managing related issues accordingly. The pandemic had no significant impact on the Group's operations and business for the year ended December 31, 2022.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loan to others: Refer to table 1.

B. Provisions of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Refer to table 2.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to Table 3 to 4.

(4) Major shareholders information

Major shareholders information: Refer to Table 7.

14. SEGMENT INFORMATION

(1) General information

The Group is primarily engaged in the design, assembly, manufacture, sales, repairs and maintenance of automated inspection and testing equipment. The Group operates business only in a single industry. The Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The accounting policies of the operating segments and the Group are the same. The Group uses the operating profit as the measurement for operating segment profit and the basis of performance assessment.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision maker for the reportable segments is as follows:

	Year ended December 31	
	2022	2021
Revenue from external customers	$ 6,708,832	$ 5,606,690
Segment profit	$ 2,153,482	$ 1,558,100

(4) Reconciliation for segment income (loss)

Net profit (loss) of segments reported to the chief operating decision maker is measured in a manner consistent with revenues and expenses in the income statement. A reconciliation of segment profit (loss) to profit (loss) before tax and discontinued operations is provided as follows:

	Year ended December 31	
	2022	2021
Reportable segments income	$ 2,153,482	$ 1,558,100
Unallocated profit or loss:		
Non-operating income and expenses	300,366	(598)
Income before tax from continuing operations	$ 2,453,848	$ 1,557,502

(5) Information on products and services

External customer revenue mainly arose from design, assembly and manufacture of automatic inspection equipment and sales and repair business.

Details of revenue are as follows:

	Year ended December 31	
	2022	2021
Sales revenue	$ 6,551,067	$ 5,441,929
Sales of services	157,765	164,761
Total	$ 6,708,832	$ 5,606,690

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 1,424,634	$ 2,864,173	$ 936,197	$ 2,078,395
Asia	4,203,747	207,617	4,073,421	223,629
America	790,996	8,809	384,215	889
Europe	240,471	6,707	164,456	8,145
Others	48,984	-	48,401	-
Total	$ 6,708,832	$ 3,087,306	$ 5,606,690	$ 2,311,058

(7) Major customer information

There are no customers accounting for more than 10% of the Group’s operating revenues for the years ended December 31, 2022 and 2021.

Test Research, Inc. and Subsidiaries

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
1	TRI Electronic (Shanghai) Limited	TRI Electronic (Suzhou) Limited	Other receivables	Yes	$ 27,036	$ 26,448	$ 26,448	4.75%	Short-term financing	$ -	Additional operating capital	$ -	None	$ -	$ 726,688	$ 1,453,375	Note

Note: The Board of Directors resolved to amend TRI Electronic (Shanghai) Limited's policy “Procedures for Provision of Loans” and the policy as follows:
Ceiling on total loans to others: 50% of the creditor's net worth. For business transactions, if for short-term financing purpose, the ceiling on loans shall not exceed 40% of the creditor's net worth. Limit to a single party is RMB 4 million. However, limit on loans for financing granted by and to subsidiaries with the same ultimate parent which directly or indirectly holds 100% of its voting shares shall not exceed 20% of parent company's net worth. Ceiling to the aforementioned single party shall not exceed 10% of parent company's net worth.

Test Research, Inc. and Subsidiaries

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

							If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:						
Real estateacquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
Test Research, Inc.	Test Research Linkou plant	May 5, 2021	$ 1,828,800	Based on the contract schedule (Note)	LEE MING CONSTRUCTION CO., LTD.	None	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and price negotiation	Expansion of future business and operational needs	None

Note: As of December 31, 2022, the Company has paid $747,065 (including the payment amounting to $677,570 for the year ended December 31, 2022) and the amount which has been billed but not yet paid amounted to $165,049.

Test Research, Inc. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Test Research, Inc.	TRI Electronic (Shenzhen) Limited	Second-tier subsidiary	Sales	$ 483,533	8%	90-120 days after acceptance and same with the third parties	30% to 60% of the standard price offered to third parties	90-120 days after acceptance and same with the third parties	Accounts receivable $50,969	2%	None
TRI Electronic (Shenzhen) Limited	Test Research, Inc.	Parent company	Purchases	483,533	100%	90-120 days after acceptance	Determined by the parent company	90-120 days after acceptance	Accounts payable $50,969	75%	None
Test Research, Inc.	TRI Electronic (Suzhou) Limited	Second-tier subsidiary	Sales	379,898	6%	90-120 days after acceptance and same with the third parties	30% to 60% of the standard price offered to third parties	90-120 days after acceptance and same with the third parties	Accounts receivable $80,349	3%	None
TRI Electronic (Suzhou) Limited	Test Research, Inc.	Parent company	Purchases	379,898	100%	90-120 days after acceptance	Determined by the parent company	90-120 days after acceptance	Accounts payable $80,349	95%	None

Test Research, Inc. and Subsidiaries

Significant inter-company transactions during the reporting period

Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transactions: General ledger account	Transactions: Amount (Note 4)	Transactions: Transaction terms	Transactions: Percentage of consolidated total operating revenues or total assets
0	Test Research, Inc.	TRI Electronic (Suzhou) Limited	1	Sales revenue	$ 379,898	Note 3	6
0	Test Research, Inc.	TRI Electronic (Shenzhen) Limited	1	Sales revenue	483,533	Note 3	7
0	Test Research, Inc.	TRI JAPAN CORPORATION	1	Sales revenue	10,237	Note 3	-
0	Test Research, Inc.	TRI KOREA CO., Ltd.	1	Sales revenue	42,731	Note 3	1
0	Test Research, Inc.	TRI Electronic (Suzhou) Limited	1	Accounts receivable	80,349	Note 3	1
0	Test Research, Inc.	TRI Electronic (Shenzhen) Limited	1	Accounts receivable	50,969	Note 3	1
0	Test Research, Inc.	TRI KOREA CO., Ltd.	1	Accounts receivable	39,521	Note 3	-
1	TRI Electronic (Shanghai) Limited	TRI Electronic (Suzhou) Limited	3	Other receivables	26,448	Note 5	-
2	TRI Electronic (Shenzhen) Limited	Test Research, Inc.	2	Service revenue	69,641	Notes 6 and 7	1
3	TRI Electronic (Suzhou) Limited	Test Research, Inc.	2	Service revenue	97,431	Notes 6 and 7	1
1	TRI Electronic (Shanghai) Limited	Test Research, Inc.	2	Service revenue	10,392	Notes 6 and 7	-
4	TEST RESEARCH USA, INC.	Test Research, Inc.	2	Service revenue	46,007	Notes 6 and 7	1
5	TRI TEST RESEARCH EUROPE GMBH	Test Research, Inc.	2	Service revenue	36,804	Notes 6 and 7	1
6	TRI JAPAN CORPORATION	Test Research, Inc.	2	Service revenue	16,064	Notes 6 and 7	-
7	TRI MALAYSIA SDN. BHD	Test Research, Inc.	2	Service revenue	14,796	Notes 6 and 7	-
8	TEST RESEARCH INNOVATION VIETNAM COMPANY LIMITED	Test Research, Inc.	2	Service revenue	19,629	Notes 6 and 7	-

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following two categories:
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Selling prices to the parent company and the Mainland China investees are determined based on 30% to 60% of the standard sales price. The credit term is 90 to 120 days after acceptance and was the same with the third parties.

Note 4: Only related party transactions in excess of $10,000 are disclosed. Corresponding transactions from the other side are not disclosed.

Note 5: Loans to others.

Note 6: Companies signed agency agreements with subsidiaries and second-tier subsidiary, and the subsidiaries and second-tier subsidiary act as product sales agent.

Note 7: Commission revenue was based on agency contract, others were based on agreed conditions.

Note 8: The above inter-company transactions between companies within the Group are eliminated when preparing consolidated financial statements.

Test Research, Inc. and Subsidiaries
Information on investees
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2022					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December, 2022	Footnote
Test Research, Inc.	TRI INVESTMENTS LIMITED	Samoa	Investment holding	$ 219,811	$ 219,811	6,724,109	100	$ 1,102,835	$ 115,610	$ 116,043	None
Test Research, Inc.	TEST RESEARCH USA, INC.	United States	Trading	61,299	61,299	1,518,935	100	64,518	(175)	(175)	None
Test Research, Inc.	TRI TEST RESEARCH EUROPE GMBH	Germany	Trading	17,679	17,679	-	100	12,800	(120)	(120)	Note
Test Research, Inc.	TRI JAPAN CORPORATION	Japan	Trading	10,750	10,750	720	100	18,092	5,132	5,132	None
Test Research, Inc.	TRI MALAYSIA SDN. BHD	Malaysia	Trading	2,066	2,066	1,000,000	100	38,042	18,153	18,153	None
Test Research, Inc.	TRI KOREA CO., Ltd.	South Korea	Trading	10,591	10,591	80,000	100	21,568	7,611	7,611	None
TRI MALAYSIA SDN. BHD	TEST RESEARCH INNOVATION VIETNAM COMPANY LIMITED	Vietnam	Trading	4,153	4,153	-	100	16,024	10,596	10,596	None

Note: A limited liability company.

Test Research, Inc. and Subsidiaries

Information on investments in Mainland China - Basic information

Year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022 (Note 3)	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income recognised by the Company for the year ended December 31, 2022 (Note 2(2)C)	Book value of investments in Mainland China as of December 31, 2022 (Note 5)	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
TRI Electronic (Shenzhen) Limited	Manufacture and sales of test equipment	$ 93,666	2	$ 23,033	$ -	$ -	$ 23,033	$ 43,792	100	$ 35,764	$ 736,869	$ -	
TRI Electronic (Suzhou) Limited	Manufacture and sales of test equipment	79,506	2	61,420	-	-	61,420	72,829	100	72,166	284,853	-	
TRI Electronic (Shanghai) Limited	Import and export of equipment, consulting and after-sale maintenance service of equipment	119,769	2	119,769	-	-	119,769	(1,011)	100	(988)	81,113	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022 (Note 3)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
Test Research, Inc.	$ 204,222	$ 273,746	$ 4,360,126

Note 1: Investment methods are classified into the following three categories:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (Reinvested through TRI INVESTMENTS LIMITED)

(3) Based on the investees' financial statements which were not reviewed by audiors.

Note 2: In the 'Investment income (loss) recognised by the Company for the twelve months ended December 31, 2022' column:

(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A. The financial statements were audited by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B. The financial statements were audited by R.O.C. parent company's CPA.

C. Others.

Note 3: The amount was originally denominated in USD and was translated to NTD at the exchange rate (1:30.71) prevailing at the balance sheet date.

Note 4: The highest of $80,000, 60% of the stockholder's equity and 60% of consolidated net assets.

Note 5: Including net changes of realised and unrealised profit from sales.

Test Research, Inc. and Subsidiaries

Major shareholders information

December 31, 2022

Table 7

Name of major shareholders \ Shares	Number of shares held	Ownership (%)
Chieh-Yuan, Chen	37,889,235	16.04%
Mei-Hsing, Yeh	17,338,054	7.33%
Der-Hsin Investment Co., Ltd.	13,464,174	5.69%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.
The share capital reflected in the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data is disclosed as a separate account of the client which was set by the trustee.
As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10%, in accordance with the Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information on reported share equity of insider, please refer to the Market Observation Post System.