TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022 AND 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

TAIWAN FU HSING INDUSTRIAL CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Additionally, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Taiwan Fu Hsing Industrial Co., Ltd.

Representative: LIN, DUAN-ZHANG

March 8, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000375

To the Board of Directors and Shareholders of Taiwan Fu Hsing Industrial Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Taiwan Fu Hsing Industrial Co., Ltd. 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, based on our audits and the report of other auditors (please refer to the *Other matter* section), 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 the Standards on Auditing of 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 Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other auditors, we believe that the audit evidence we have obtained are sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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:

Cut-off of export sales revenue recognition

Description

Please refer to Note 4(28) for accounting policies on revenue recognition.

The Group is primarily engaged in export. The sales revenue should be recognised when the entity has transferred to the buyer the control of the goods based on the terms of sales orders, contracts or other agreements. As the procedures for the timing of revenue recognition involves checking of sales situation and relevant documents, and those procedures were performed manually, it may have a significant effect on the appropriateness of revenue recognition near the end of the reporting period. Thus, we consider the cut-off of export sales revenue recognition as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

A. We understood, assessed and tested the design and the execution of internal controls on revenue recognition; and

B. We performed cut-off tests on export sales revenue for a certain period around balance sheet date, verified corroboration of sales revenue recognition, assessed the timing of revenue recognition based on trade terms to ensure the appropriateness of sales revenue recognition.

Allowance for inventory valuation losses

Description

Please refer to Note 4(13) for accounting policies on inventory valuation, Note 5 for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(5) for details of inventory valuation.

The Group recognised inventories at the lower of cost and net realisable value. As there are many types of inventory, the net realisable value which was used in the individual identification and valuation of obsolete or damage inventory, involved subjective judgement and uncertainty of estimation. Thus, we consider the allowance for inventory valuation losses as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

A. We assessed the reasonableness of provision policies and procedures on allowance for inventory valuation losses, including inventory clearance, the reasonableness of obsolete inventory, and the consistency of accounting estimates; and

B. We verified that the information on the inventory valuation loss statement was consistent with its policies, randomly checked individual inventory number and inventory clearance, and then assessed the appropriateness of allowance for inventory valuation losses.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain subsidiaries which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT$69,483 thousand and NT$58,899 thousand, constituting 0.75% and 0.67% of the consolidated total assets as at December 31, 2022 and 2021, respectively, and the operating revenue amounted to NT$16,736 thousand and NT$20,547 thousand, constituting 0.18% and 0.21% of the consolidated total operating revenue for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of Taiwan Fu Hsing Industrial Co., Ltd. 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 in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

6. Obtain sufficient 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.

Wang, Kuo-Hua	Wu, Chien-Chih

For and on behalf of PricewaterhouseCoopers, Taiwan
March 8, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Assets	Notes	December 31, 2022			December 31, 2021		
				AMOUNT	%		AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$	2,439,034	27	$	2,019,319	23
1110	Financial assets at fair value through profit or loss - current	6(2)		136,718	1		42,376	-
1136	Current financial assets at amortised cost, net	6(3) and 8		50,582	1		75,494	1
1150	Notes receivable, net	6(4)		36,927	-		46,682	-
1170	Accounts receivable, net	6(4)		1,422,112	15		1,775,837	20
130X	Inventories	6(5)		1,234,644	13		1,547,997	18
1476	Other current financial assets			12,868	-		14,563	-
1479	Other current assets, others	6(6)		139,381	2		142,144	2
11XX	**Current Assets**			5,472,266	59		5,664,412	64
	Non-current assets							
1517	Non-current financial assets at fair value through other comprehensive income	6(7)		498,594	6		382,952	4
1600	Property, plant and equipment	6(8) and 8		3,017,461	33		2,539,747	29
1755	Right-of-use assets	6(9)		77,335	1		32,888	1
1780	Intangible assets	6(10)		25,136	-		26,469	-
1840	Deferred income tax assets	6(24)		86,410	1		106,381	1
1980	Other non-current financial assets	8		12,632	-		15,387	-
1990	Other non-current assets, others	6(11)		18,387	-		55,154	1
15XX	**Non-current assets**			3,735,955	41		3,158,978	36
1XXX	**Total assets**		$	9,208,221	100	$	8,823,390	100

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TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2150	Notes payable		$ 7,082	-	$ 10,290	-
2170	Accounts payable		965,321	10	1,374,094	16
2200	Other payables	6(12)	730,463	8	566,738	6
2230	Current income tax liabilities		140,713	1	78,838	1
2399	Other current liabilities, others	6(13) and 8	48,859	1	60,011	1
21XX	**Current Liabilities**		1,892,438	20	2,089,971	24
	Non-current liabilities					
2540	Long-term borrowings	6(13) and 8	359,389	4	379,878	4
2570	Deferred income tax liabilities	6(24)	162,900	2	135,947	2
2580	Non-current lease liabilities		42,159	-	-	-
2640	Accrued pension liabilities	6(14)	45,535	1	104,674	1
25XX	**Non-current liabilities**		609,983	7	620,499	7
2XXX	**Total Liabilities**		2,502,421	27	2,710,470	31
	Equity attributable to owners of parent					
	Share capital					
3110	Share capital - common stock	6(15)	1,884,521	20	1,884,521	21
	Capital surplus					
3200	Capital surplus	6(16)	567,114	6	567,114	7
	Retained earnings	6(17)				
3310	Legal reserve		1,268,103	14	1,199,351	14
3320	Special reserve		193,516	2	207,950	2
3350	Unappropriated retained earnings		2,819,680	31	2,388,090	27
	Other equity interest					
3400	Other equity interest	6(18)	(87,897)	(1)	(193,516)	(3)
31XX	**Equity attributable to owners of the parent**		6,645,037	72	6,053,510	68
36XX	Non-controlling interest		60,763	1	59,410	1
3XXX	**Total equity**		6,705,800	73	6,112,920	69
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance	11				
3X2X	**Total liabilities and equity**		$ 9,208,221	100	$ 8,823,390	100

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

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(19)	$ 9,530,920	100	$ 9,686,119	100
5000	Operating costs	6(5)(10)(14)(22)(23) and 7	(7,682,843)	(80)	(7,997,919)	(83)
5900	Net operating margin		1,848,077	20	1,688,200	17
	Operating expenses	6(10)(14)(22)(23) and 7				
6100	Selling expenses		(286,389)	(3)	(319,720)	(3)
6200	General and administrative expenses		(462,859)	(5)	(397,204)	(4)
6300	Research and development expenses		(195,582)	(2)	(208,681)	(2)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	1,045	-	1,014	-
6000	Total operating expenses		(943,785)	(10)	(924,591)	(9)
6900	Operating profit		904,292	10	763,609	8
	Non-operating income and expenses					
7100	Interest income		29,071	-	15,459	-
7010	Other income	6(20)	35,838	-	127,063	1
7020	Other gains and losses	6(21)	242,137	3	(87,020)	(1)
7050	Finance costs	6(13)	(6,125)	-	(5,881)	-
7000	Total non-operating income and expenses		300,921	3	49,621	-
7900	**Profit before income tax**		1,205,213	13	813,230	8
7950	Income tax expense	6(24)	(290,659)	(3)	(139,377)	(1)
8200	**Profit for the year**		$ 914,554	10	$ 673,853	7

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TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(14)	$ 35,512	-	$ 24,733	-
8316	Unrealised gain or loss on financial assets at for value through other comprehensive income	6(7)(18)	59,937	1	30,199	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	(7,102)	-	(4,945)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		88,347	1	49,987	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(18)	45,914	-	(15,493)	-
8300	**Total other comprehensive income for the year**		$ 134,261	1	$ 34,494	-
8500	**Total comprehensive income for the year**		$ 1,048,815	11	$ 708,347	7
	Profit, attributable to:					
8610	Owners of the parent		$ 909,759	10	$ 667,479	7
8620	Non-controlling interest		4,795	-	6,374	-
			$ 914,554	10	$ 673,853	7
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 1,043,812	11	$ 701,960	7
8720	Non-controlling interest		5,003	-	6,387	-
			$ 1,048,815	11	$ 708,347	7
	Earnings per share	6(25)				
9750	Total basic earnings per share		$	4.83	$	3.54
9850	Total diluted earnings per share		$	4.70	$	3.46

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

TAIWAN FU HSING INDUSTRIAL CO. LTD. 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									
				Retained Earnings			Other equity interest				
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
Year ended December 31, 2021											
Balance at January 2021		$1,884,521	$ 567,114	$1,117,684	$ 262,532	$2,217,625	($ 212,814)	$ 4,864	$5,841,526	$ 121,907	$5,963,433
Net income for 2021		-	-	-	-	667,479	-	-	667,479	6,374	673,853
Other comprehensive income (loss) for 2021	6(7)(18)	-	-	-	-	19,788	(15,506)	30,199	34,481	13	34,494
Total comprehensive income (loss)		-	-	-	-	687,267	(15,506)	30,199	701,960	6,387	708,347
Distribution of 2020 earnings:											
Legal reserve		-	-	81,667	-	(81,667)	-	-	-	-	-
Special reserve		-	-	-	(54,582)	54,582	-	-	-	-	-
Cash dividends	6(17)	-	-	-	-	(489,976)	-	-	(489,976)	-	(489,976)
Cash dividends distributed to non-controlling interest		-	-	-	-	-	-	-	-	(2,650)	(2,650)
Change in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	(66,234)	(66,234)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(7)(18)	-	-	-	-	259	-	(259)	-	-	-
Balance at December 31, 2021		$1,884,521	$ 567,114	$1,199,351	$ 207,950	$2,388,090	($ 228,320)	$ 34,804	$6,053,510	$ 59,410	$6,112,920
Year ended December 31, 2022											
Balance at January 2022		$1,884,521	$ 567,114	$1,199,351	$ 207,950	$2,388,090	($ 228,320)	$ 34,804	$6,053,510	$ 59,410	$6,112,920
Net income for 2022		-	-	-	-	909,759	-	-	909,759	4,795	914,554
Other comprehensive income for 2022	6(7)(18)	-	-	-	-	28,410	45,706	59,937	134,053	208	134,261
Total comprehensive income		-	-	-	-	938,169	45,706	59,937	1,043,812	5,003	1,048,815
Distribution of 2021 earnings:											
Legal reserve		-	-	68,752	-	(68,752)	-	-	-	-	-
Special reserve		-	-	-	(14,434)	14,434	-	-	-	-	-
Cash dividends	6(17)	-	-	-	-	(452,285)	-	-	(452,285)	-	(452,285)
Change in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	(3,650)	(3,650)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(7)(18)	-	-	-	-	24	-	(24)	-	-	-
Balance at December 31, 2022		$1,884,521	$ 567,114	$1,268,103	$ 193,516	$2,819,680	($ 182,614)	$ 94,717	$6,645,037	$ 60,763	$6,705,800

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

TAIWAN FU HSING INDUSTRIAL CO. LTD. 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	Year ended December 31 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,205,213	$ 813,230
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit gain	12(2)	(1,045)	(1,014)
Net gain on financial assets or liabilities at fair value through profit or loss	6(21)	5,265	(2,261)
Depreciation expense	6(8)(9)(22)	191,819	189,867
Amortization expense	6(10)(22)	25,597	45,528
Dividend income		(25,900)	(13,285)
Interest income		(29,071)	(15,459)
Interest expense		6,125	5,881
Gain on disposal of investments	6(21)	(901)	(65,317)
Loss on disposal of property, plant and equipment	6(21)	7,251	395
Impairment loss on property, plant and equipment	6(8)(21)	-	92,728
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		(98,706)	521,561
Notes receivable		9,755	(13,892)
Accounts receivable		365,063	(11,082)
Inventories		326,901	(366,778)
Other financial assets - current		1,896	(1,905)
Other current assets - others		(3,843)	(12,434)
Changes in operating liabilities			
Notes payable		(3,208)	2,087
Accounts payable		(418,694)	2,885
Other payables		69,233	(86,935)
Other current liabilities - others		(13,232)	9,426
Net defined benefit liability, non-current		(94,651)	(59,658)
Cash inflow generated from operations		1,524,867	1,033,568
Dividends received		25,900	13,285
Interest received		27,814	15,740
Interest paid		(6,125)	(5,881)
Income tax paid		(198,543)	(255,576)
Net cash flows from operating activities		1,373,913	801,136

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TAIWAN FU HSING INDUSTRIAL CO. LTD. 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 INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 162,456)	($ 200,908)
Proceeds from disposal of financial assets at amortised cost		187,368	259,091
Acquisition of financial assets at fair value through other comprehensive income		(55,789)	(13,093)
Proceeds from disposal of financial assets at fair value through other comprehensive income		84	1,263
Proceeds from disposal of subsidiaries		-	87,031
Acquisition of property, plant and equipment	6(26)	(519,685)	(84,409)
Increase in prepaid equipment		(31,513)	(81,522)
Proceeds from disposal of property, plant and equipment		13,216	3,220
Acquisition of intangible assets	6(10)	(275)	(950)
Decrease in other financial assets - non current		2,818	160
Increase in other non-current assets -others		(1,631)	(6,468)
Net cash flows used in investing activities		(567,863)	(36,585)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long-term debt	6(27)	(21,071)	(21,381)
Cash dividends paid	6(17)	(452,285)	(489,976)
Cash dividends distributed to non-controlling interest		(3,650)	(2,650)
Net cash flows used in financing activities		(477,006)	(514,007)
Effect of exchange rate changes on cash and cash equivalents		90,671	36,520
Net increase in cash and cash equivalents		419,715	287,064
Cash and cash equivalents at beginning of year	6(1)	2,019,319	1,732,255
Cash and cash equivalents at end of year	6(1)	$ 2,439,034	$ 2,019,319

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

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Taiwan Fu Hsing Industrial Co., Ltd. (the ‘Company’) was incorporated as a company limited by shares on November 23, 1957. The Company is engaged in the sales and manufacture of door locks and related accessories and furniture.

The Company has been a listed company since March 15, 1995.

The main activities of the Company and its subsidiaries (collectively referred herein as the ‘Group’) are provided in Note 4(3).

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 8, 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 and the 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 the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment 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 (including structured 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.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture.Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2022	December 31, 2021	Description
The Company	Fortress Industrial Co., Ltd.	Sales and manufacture of door locks, transom closers and floor springs	100	100	
	Master United Investment Group Ltd.	Investment holdings	100	100	
	Formflex Enterprise Co., Ltd.	Investment holdings	100	100	
	Fu Hsing Americas Inc.	Sales of door locks and related accessories	100	100	
	Arctek Industrial Co., Ltd.	Sales and manufacture of transom closers and floor springs	70	70	
	Hundure Technology Co., Ltd.	Manufacturing and sales of electrical control equipment and electrical security fire surveillance system	Note 1	Note 1	
	Techform Industrial Co., Ltd.	Processing of hardware products	100	100	
	Sunion Technology Co., Ltd.	Sales and manufacture of electronic lock parts	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021	Description
Fortress Industrial Co., Ltd.	Fortress Door Control Product (Changshu) Co., Ltd.	Manufacturing of products related to door closers	100	100	Note 2
Arctek Industrial Co., Ltd.	Rui Sheng Industrial Co., Ltd.	Sales and manufacture of transom closers and floor springs	70	70	
Master United Investment Group Ltd.	Ziyong Hardware Products (Taicang) Co., Ltd.	Sales and manufacture of door locks and related accessories	100	100	
Ziyong Hardware Products (Taicang) Co., Ltd.	Arctek Security Technologies (Shanghai) Co., Ltd.	Sales and manufacture of transom closers and floor springs	100	100	
Formflex Enterprise Co., Ltd.	Formflex Metal Industrial (Changshu) Co., Ltd.	Sales and manufacture of high quality hardware parts	100	100	
	Fortune Industrial Ltd.	Investment holdings	51	51	
Fortune Industrial Ltd.	Changshu Fortune Packing Material Co., Ltd.	Sales and manufacture of packing materials and plastic products	100	100	Note 3

Note 1: On August 4, 2021, the Company sold 54% of shares in the subsidiary, Hundure Technology Co., Ltd. Therefore, the Company lost control over the subsidiary and recognised the remaining investment in the former subsidiary (shown as non-current financial assets at fair value through other comprehensive income) at the fair value. The Company recognised gain of $63,996, which was recognised in the statement of comprehensive income within other gains and losses. Details of supplemental cash flow information are provided in Note 6(26).

Note 2: On June 20, 2022, the shareholders resolved to terminate operation and deregister Fortress Door Control Product (Changshu) Co., Ltd. The related procedures are still in process.

Note 3: On October 20, 2022, the shareholders resolved to terminate operation and deregister Changshu Fortune Packing Material Co., Ltd. The related procedures are still in process.

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"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation 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 re-translated 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) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses 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 jointly controlled entities 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) Classification of current and non-current items

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 pay off 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 fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(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 fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) 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.

(10) Accounts receivable and notes receivable

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.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and 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 or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) 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 process comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated expenses necessary to make the sale.

(14) Investments accounted for under the equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

C. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(15) 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 balance sheet date. 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	25 ～ 55 years
Machinery and equipment	4 ～ 15 years
Molds	2 ～ 8 years
Other equipment	2 ～ 11 years

(16) 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; and

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

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.

(17) Intangible assets

A. Goodwill arises in a business combination accounted for by applying the acquisition method.

B. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

C. Patent are initially recorded at cost and are amortised on a straight-line basis over its estimated useful life.

(18) Impairment of non-financial assets

A. 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. Except for goodwill, when the circumstances or reasons for recognizing 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.

B. The recoverable amounts of goodwill that have not yet been available for use shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20) 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.

(21) Derecognition of financial liabilities

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

(22) 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.

(23) Non-hedge derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(24) Provisions

Provisions 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, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(25) 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 expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses 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 defined benefit net 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) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

ii. Remeasurement 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. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' bonus and directors' remuneration

Employees' remuneration and directors' remuneration are recognised as expenses and liabilities, 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. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) <u>Income tax</u>

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 income 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 income 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 income tax is provided on temporary differences arising on investments in subsidiaries and associates, 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 income 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 income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income 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 income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported 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. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(27) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's Board of Directors. Stock dividends are recorded as stock dividends to be distributed in the Company's financial statements in the period in which they are resolved by the Company's shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

Sales of goods

A. The Group manufactures and sells door locks and related accessories and furniture. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer based on the agreed terms, the customer has full discretion over the usage of the products, and there is no unfulfilled obligation. 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. The products are often sold with sales discounts based on aggregate sales over a one-year period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts. Accumulated experience is used to estimate and provide for the sales discounts using the expected value method. A refund liability (shown as 'other payables') is recognised for expected sales discounts payable to customers in relation to sales made until the end of the reporting period.

C. The Group's obligation to provide a refund 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.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements 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. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As 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. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2022, the carrying amount of inventories was $1,234,644.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash:		
Cash on hand and petty cash	$ 879	$ 1,019
Checking and demand deposits	1,265,651	856,938
	1,266,530	857,957
Cash equivalents:		
Time deposits	1,172,504	1,161,362
	$ 2,439,034	$ 2,019,319

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. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

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

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

Item	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value		
Listed (TSE and OTC) stcocks	$ 33,542	$ 27,082
Beneficiary certificates	110,275	14,275
	143,817	41,357
Valuation adjustment	(7,099)	1,019
	$ 136,718	$ 42,376

A. The information on financial assets at fair value through profit or loss recognised in net gains and losses is provided in Note 6(21).

B. The Group has no financial assets at fair value through profit or loss pledged to others.

C. Information relating to credit risk of financial asset at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items:		
Restricted bank deposits	$ 5,835	$ 4,891
Time deposits with original maturity date	44,747	70,603
	$ 50,582	$ 75,494

A. Interest income from time deposits is recognised under interest income from bank deposits.

B. 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 financial assets at amortised cost held by the Group was $50,582 and $75,494, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. 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 with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 36,927	$ 46,682
Less: Allowance for bad debts	-	-
	$ 36,927	$ 46,682
Accounts receivable	$ 1,422,789	$ 1,777,556
Less: Allowance for bad debts	(677)	(1,719)
	$ 1,422,112	$ 1,775,837

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

	December 31, 2022		December 31, 2021	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 36,927	$ 1,298,413	$ 46,682	$ 1,711,344
Past due:				
Up to 30 days	-	120,769	-	60,627
31 to 60 days	-	2,794	-	3,738
61 to 90 days	-	17	-	539
91 to 180 days	-	756	-	268
181 to 360 days	-	40	-	-
Over 360 days	-	-	-	1,040
	$ 36,927	$ 1,422,789	$ 46,682	$ 1,777,556

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to $1,830,740.

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 and accounts receivable were $1,459,039 and $1,822,519, respectively.

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

(5) Inventories

	December 31, 2022		
	Cost	Allowance	Book value
Raw materials	$ 160,259	($ 9,481)	$ 150,778
Work in process	486,673	(75,153)	411,520
Finished goods	709,340	(36,994)	672,346
	$ 1,356,272	($ 121,628)	$ 1,234,644

	December 31, 2021		
	Cost	Allowance	Book value
Raw materials	$ 210,651	($ 7,415)	$ 203,236
Work in process	654,905	(96,514)	558,391
Finished goods	804,856	(18,486)	786,370
	$ 1,670,412	($ 122,415)	$ 1,547,997

The cost of inventories recognised as expense for the years ended December 31, 2022 and 2021 was $7,682,843 and $$7,997,919, respectively, including the amount of $787, that the Group reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold because the related inventories were scrapped or sold in 2022, as well as the amount of $36,008, of cost of sales recognised for writing down the inventory cost to net realisable value in 2021.

(6) Other assets-current

	December 31, 2022	December 31, 2021
Prepayments	$ 83,543	$ 94,968
Business tax refund receivable	40,059	38,438
Other current assets	15,779	8,738
	$ 139,381	$ 142,144

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

Item	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Listed (TSE and OTC) stocks	$ 323,275	$ 267,547
Unlisted stocks	80,602	80,602
	403,877	348,149
Valuation adjustment	94,717	34,803
	$ 498,594	$ 382,952

A. The Group has elected to classify investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $498,594 and $382,952 as at December 31, 2022 and 2021, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2022	2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 59,937	$ 30,199
Cumulative losses reclassified to retained earnings due to derecognition	($ 24)	($ 259)
Dividend income recognised in profit or loss held at end of year	$ 22,563	$ 10,873

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 financial assets at fair value through other comprehensive income held by the Group was $498,594 and $382,952, respectively.

D. The Group has no financial assets at fair value through other comprehensive income pledged to others.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Molds	Others	Construction in progress and prepayments for equipment	Total
At January 1, 2022							
Cost	$ 972,203	$ 1,303,279	$ 1,317,601	$ 107,255	$ 260,697	$ 14,646	$ 3,975,681
Accumulated depreciation and impairment	-	(482,642)	(728,155)	(56,788)	(168,349)	-	(1,435,934)
	$ 972,203	$ 820,637	$ 589,446	$ 50,467	$ 92,348	$ 14,646	$ 2,539,747
2022							
Opening net book amount as at January 1	$ 972,203	$ 820,637	$ 589,446	$ 50,467	$ 92,348	$ 14,646	$ 2,539,747
Additions	-	509,877	41,558	19,889	23,087	18,178	612,589
Transfers from prepayments for business facilities	-	-	46,493	8,607	1,799	6,858	63,757
Depreciation charge	-	(39,720)	(95,823)	(29,033)	(26,279)	-	(190,855)
Disposals - cost	-	(9,654)	(245,665)	(21,541)	(21,658)	-	(298,518)
Disposals - accumulated depreciation	-	7,294	235,192	19,660	15,905	-	278,051
Net exchange differences	1,515	6,918	1,739	1,725	628	165	12,690
Closing net book amount as at December 31, 2022	$ 973,718	$ 1,295,352	$ 572,940	$ 49,774	$ 85,830	$ 39,847	$ 3,017,461
At December 31, 2022							
Cost	$ 973,718	$ 1,815,170	$ 1,170,118	$ 116,254	$ 267,360	$ 39,847	$ 4,382,467
Accumulated depreciation and impairment	-	(519,818)	(597,178)	(66,480)	(181,530)	-	(1,365,006)
	$ 973,718	$ 1,295,352	$ 572,940	$ 49,774	$ 85,830	$ 39,847	$ 3,017,461

	Land	Buildings and structures	Machinery	Molds	Others	Construction in progress and prepayments for equipment	Total
At January 1, 2021							
Cost	$ 1,070,061	$ 1,360,944	$ 1,234,508	$ 100,560	$ 287,666	$ 28,163	$ 4,081,902
Accumulated depreciation and impairment	-	(461,136)	(570,638)	(60,777)	(179,880)	-	(1,272,431)
	$ 1,070,061	$ 899,808	$ 663,870	$ 39,783	$ 107,786	$ 28,163	$ 2,809,471
2021							
Opening net book amount as at January 1	$ 1,070,061	$ 899,808	$ 663,870	$ 39,783	$ 107,786	$ 28,163	$ 2,809,471
Additions	-	737	29,415	21,514	12,651	18,811	83,128
Transfers from prepayments for business facilities	-	-	94,274	14,021	2,781	(32,265)	78,811
Depreciation charge	-	(38,500)	(101,684)	(24,773)	(23,964)	-	(188,921)
Impairment loss	-	-	(90,522)	-	(2,206)	-	(92,728)
Disposals - cost	-	(10,704)	(34,423)	(28,299)	(31,499)	-	(104,925)
Disposals - accumulated depreciation	-	10,294	31,656	28,645	30,715	-	101,310
Disposal of subsidiaries (Note)	(97,458)	(38,810)	(1,925)	-	(3,690)	-	(141,883)
Net exchange differences	(400)	(2,188)	(1,215)	(424)	(226)	(63)	(4,516)
Closing net book amount as at December 31, 2021	$ 972,203	$ 820,637	$ 589,446	$ 50,467	$ 92,348	$ 14,646	$ 2,539,747
At December 31, 2021							
Cost	$ 972,203	$ 1,303,279	$ 1,317,601	$ 107,255	$ 260,697	$ 14,646	$ 3,975,681
Accumulated depreciation and impairment	-	(482,642)	(728,155)	(56,788)	(168,349)	-	(1,435,934)
	$ 972,203	$ 820,637	$ 589,446	$ 50,467	$ 92,348	$ 14,646	$ 2,539,747

Note: For information on supplemental cash flow information, please refer to Note 6 (26) C.

A. No borrowing costs was capitalized for the years ended December 31, 2022 and 2021.

B. The significant components of buildings include main plants and renovations, which are depreciated 40～55 and 10～25 years, respectively.

C. Information on property, plant and equipment pledged to others as collaterals, please refer to Note 8.

D. As the subsidiaries in Asia assessed that there is a decrease in the Group's expected future inflow of certain machinery and equipment, the recoverable amount of the above assets was less than its carrying amount. Accordingly, impairment loss of $92,728 was recognized for the years ended December 31, 2022 and 2021. As of December 31, 2022 and 2021, the Group recognised the accumulated impairment amounting to $0 and $93,885, respectively.

(9) Lease transactions－lessee

A. In December 2022, the Group leased the national land of Pingtung Technology Industrial Park from Pingtung Export Processing Zone Administration, Ministry of Economic Affairs, and rental contracts are made for periods of 10 years. In addition, the Group's subsidiary paid consideration for certain 50-year land use rights that were obtained from a local government in the People's Republic of China. The rental contract was determined based on mutual agreement and did not impose special covenants or agreements.

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

	December 31, 2022	December 31, 2021
Land	$ 77,335	$ 32,888
	2022	2021
Land-Depreciation charge	$ 964	$ 946

C. For the year ended December 31, 2022, the additions to right-of-use assets were $44,852; there was no such issue for the year ended December 31, 2021. In addition, the Group has no significant cash outflow for lease for the years ended December 31, 2022 and 2021.

(10) Intangible assets

	Goodwill	Software	Patent	Total
At January 1, 2022				
Cost	$ 68,903	$ 18,477	$ 1,615	$ 88,995
Accumulated amortization and impairment	(45,233)	(16,347)	(946)	(62,526)
	$ 23,670	$ 2,130	$ 669	$ 26,469
2022				
At January 1	$ 23,670	$ 2,130	$ 669	$ 26,469
Additions	-	275	-	275
Amortization charge	-	(1,291)	(323)	(1,614)
Net exchange differences	-	6	-	6
December 31	$ 23,670	$ 1,120	$ 346	$ 25,136
December 31, 2022				
Cost	$ 68,903	$ 18,440	$ 1,615	$ 88,958
Accumulated amortization and impairment	(45,233)	(17,320)	(1,269)	(63,822)
	$ 23,670	$ 1,120	$ 346	$ 25,136

	Goodwill	Software	Patent	Total
At January 1, 2021				
Cost	$ 126,539	$ 18,608	$ 1,727	$ 146,874
Accumulated amortization and impairment	(102,869)	(13,858)	(623)	(117,350)
	$ 23,670	$ 4,750	$ 1,104	$ 29,524
2021				
At January 1	$ 23,670	$ 4,750	$ 1,104	$ 29,524
Additions	-	912	38	950
Amortization charge	-	(3,529)	(323)	(3,852)
Transaction of disposal of subsidiaries (Note 1)	-	-	-	-
Reclassification (Note 2)	-	-	(150)	(150)
Net exchange differences	-	(3)	-	(3)
December 31	$ 23,670	$ 2,130	$ 669	$ 26,469
December 31, 2021				
Cost	$ 68,903	$ 18,477	$ 1,615	$ 88,995
Accumulated amortization and impairment	(45,233)	(16,347)	(946)	(62,526)
	$ 23,670	$ 2,130	$ 669	$ 26,469

Note 1: The Group sold 54% of shares in the subsidiary –Hundure Technology Co., Ltd. on August 4, 2021 and therefore lost control over the subsidiary (please refer to Note 4(3) B note 1), which included goodwill and accumulated impairment loss amounting to $57,636.

Note 2: The reclassification was included in other non- current assets- others.

A. Details of amortization on intangible assets are as follows:

	For the years ended December 31,			
	2022		2021	
Operating costs	$	431	$	580
Administrative expenses		743		2,353
Research and development expenses		440		919
	$	1,614	$	3,852

B. No borrowing costs was capitalized for the years ended December 31, 2022 and 2021.

C. Goodwill

Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets estimated by the management covering a five-year period, including the considered gross profit rate, growth rate and discount rate.

The management determines expected gross profit margin based on prior performances and expectations to market development. Weighted-average growth rate adopted is in agreement with expectations stated in the industry report. The discount rate adopted is pretax rate and reflects specific risks of related operating segments.

D. The Group has no intangible assets pledged to others.

E. As of December 31, 2022 and 2021, the Group's balance of accumulated impairment was $45,233.

(11) Other non-current assets-other

	December 31, 2022		December 31, 2021	
Prepayment for business facilities	$	8,856	$	41,102
Other non-current assets		9,531		14,052
	$	18,387	$	55,154

(12) Other payables

	December 31, 2022	December 31, 2021
Salaries and bonus	$ 374,197	$ 331,145
Payable on construction and equipment	98,275	5,371
Refund liabilities	68,436	62,973
Directors' remuneration	20,060	14,470
Labor and health insurance payable	19,156	19,852
Employee benefits	7,741	14,739
Others	142,598	118,188
	$ 730,463	$ 566,738

(13) Long-term borrowings ／ Long-term borrowings, current portion (recorded as 'other current liabilities')

Type of borrowings	Borrowing period and repayment term	Collateral	December 31, 2022
Long-term bank borrowings			
Secured borrowings	From December 2018 to October 2038, the principal payments and the interests are both paid monthly.	Land, buildings and structures	$ 258,216
Unsecured borrowings	From October 2018 to October 2038, the principal payments and the interests are both paid monthly.		122,098
			380,314
	Less : Long-term borrowings, current portion (recorded as 'other current liabilities'-others)		(20,925)
			$ 359,389
	Interest rate range		1.69%~1.815%

Type of borrowings	Borrowing period and repayment term	Collateral	December 31, 2021	
Long-term bank borrowings				
Secured borrowings	From December 2018 to October 2038, the principal payments and the interests are both paid monthly.	Land, buildings and structures	$	272,544
Unsecured borrowings	From October 2018 to October 2038, the principal payments and the interests are both paid monthly.			128,841
				401,385
	Less : Long-term borrowings, current portion (recorded as 'other current liabilities'-others)		(	21,507)
			$	379,878
	Interest rate range			1.19%~1.47%

Interest expense recognised in profit or loss amounted to $5,890 and $5,371 for the years ended December 31, 2022 and 2021, respectively.

(14) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, 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 Law. 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 and its domestic subsidiaries contribute monthly an amount equal to 2% 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 and its domestic subsidiaries 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 and its domestic subsidiaries will make contributions to cover the deficit by next March.

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

	December 31, 2022		December 31, 2021	
Present value of funded obligations	$	375,489	$	407,244
Fair value of plan assets	(	329,954)	(	302,570)
Net defined benefit liability	$	45,535	$	104,674

(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
Year ended December 31, 2022			
Balance at January 1	$ 407,244	($ 302,570)	$ 104,674
Current service cost	1,815	-	1,815
Interest expense (income)	2,851	(2,118)	733
	411,910	(304,688)	107,222
Remeasurements:			
Return on plan assets	-	(22,832)	(22,832)
Change in population assumptions	1,928	-	1,928
Change in financial assumptions	(12,328)	-	(12,328)
Experience adjustments	(2,280)	-	(2,280)
	(12,680)	(22,832)	(35,512)
Pension fund contribution	-	(26,175)	(26,175)
Paid pension	(23,741)	23,741	-
Balance at December 31	$ 375,489	($ 329,954)	$ 45,535

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2021			
Balance at January 1	$ 469,569	($ 315,974)	$ 153,595
Current service cost	2,660	-	2,660
Interest expense (income)	1,381	(929)	452
	473,610	(316,903)	156,707
Remeasurements:			
Return on plan assets	-	(4,591)	(4,591)
Change in population assumptions	268	-	268
Change in financial assumptions	(11,384)	-	(11,384)
Experience adjustments	(9,026)	-	(9,026)
	(20,142)	(4,591)	(24,733)
Pension fund contribution	-	(13,305)	(13,305)
Paid pension	(17,972)	17,972	-
Disposal of subsidiaries (Note)	(28,252)	14,257	(13,995)
Balance at December 31	$ 407,244	($ 302,570)	$ 104,674

Note: For information on supplemental cash flow information, please refer to Note 6 (26) C.

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' 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 securitization 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 and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan asset 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:

	For the years ended December 31,	
	2022	2021
Discount rate	1.20%~1.30	0.70%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 5th 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%
Effect on present value of defined benefit obligation				
December 31, 2022	($ 5,745)	$ 5,931	$ 5,067	($ 4,940)
December 31, 2021	($ 6,908)	$ 7,142	$ 6,143	($ 5,982)

The sensitivity analysis above was arrived at 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.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to $11,714.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 6~10 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	$	106,133
Within 2 years		31,533
Within 3 years		25,100
Within 4 years		26,594
Within 5 years		20,868
Within 6 to 10 years		88,494
	$	298,722

B. (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, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 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) Ziyong Hardware Products (Taicang) Co., Ltd., Arctek Security Technologies (Shanghai) Co., Ltd, Formflex Metal Industrial (Changshu) Co., Ltd.,Fortress Door Control Product (Changshu) Co., Ltd. and Changshu Fortune Packing Material Co., Ltd. have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were $66,643 and $66,967, respectively.

(15) Share capital

A. As of December 31, 2022 and 2021, the Company's authorized capital was $2,424,000, consisting of 242,400 thousand shares of common stock (of which 10 million shares are reserved for the issuance of stock warrants and preferred shares with stock warrants and corporate bonds with stock warrants), at a par value of $10 (in dollars) per share. One share has a voting right, and total shares issued amounted to 188,452 thousand shares.

B. The beginning and ending amount of the Company's outstanding common stocks were both 188,452 thousand shares.

(16) 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 Law 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.

(17) Retained earnings

A Where the Company accrues profit every year, after paying all regulatory taxes and dues, 10% of the earnings should be set aside as legal reserve until the amount of legal reserve is equal to the amount of total capital. And set aside or reverse special reserve as required by the regulations when necessary.

When the Company appropriates special reserve in accordance with the laws, an equivalent amount of special reserve shall be set aside from the undistributed earnings of the prior year based on the insufficiency of the cumulative decrease of equity of the prior year before the earnings distribution. If it is insufficient to be set aside, the current post-tax profit plus the amount other than the current post-tax profit are included in the appropriation of the current unappropriated earnings.

After the provision or reversal of special reserve as required by the regulations, the appropriation of the remaining earnings along with the unappropriated earnings of prior years as accumulated distributable earnings for shareholders shall be proposed by the Board of Directors and approved by the shareholders.

The appropriation shall be proposed by the Board of Directors and resolved by the shareholders if the Company distributes dividends and bonus, legal reserve and capital surplus, in whole or in part, by issuing new shares; the appropriation shall be authorised to the Board of Directors, upon approval adopted by the majority vote at its meeting attended by two-thirds of the total number of directors, and then reported to the shareholders, if dividends and bonus, legal reserve and capital surplus, in whole or in part, are distributed in the form of cash.

The Company's dividend distribution policy aligns with the future development plan by taking into account of factors such as investment environment, capital needs, domestic and overseas competition, along with the consideration of shareholders' interest. Each year the dividend must not be less than 30% of earnings. The dividend and bonus can be distributed in cash or shares, among which the cash dividend must not be less than 50% of the appropriated dividend.

B. 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.

C. (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.

In accordance with the abovementioned rules, the special reserve appropriated as a result of the Company's choice of reclassifying provision for land revaluation increment to retained earnings as of December 31, 2022 and 2021 were both $48,991.

D. On May 27, 2022 and July 2, 2021, the shareholders resolved that distribution of dividends for ordinary shares and total dividends were $2.4 (in dollars) per share and $452,285, $2.6 (in dollars) per share and $489,976, respectively. On March 8, 2023, the Board of Directors proposed to distribute dividends of NT$2.9 (in dollars) per share totaling $546,511.

(18) Other equity items

	2022		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1,	($ 228,320)	$ 34,804	($ 193,516)
Revaluation	-	59,937	59,937
Revaluation transferred to retained earnings - gross	-	(24)	(24)
Currency translation differences:			
—Exchange differences on translation of net assets in foreign operations	45,706	-	45,706
At December 31,	($ 182,614)	$ 94,717	($ 87,897)

	2021		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1,	($ 212,814)	$ 4,864	($ 207,950)
Revaluation	-	30,199	30,199
Revaluation transferred to retained earnings - gross	-	(259)	(259)
Currency translation differences:			
－Exchange differences on translation of net assets in foreign operations	(15,506)	-	(15,506)
At December 31,	($ 228,320)	$ 34,804	($ 193,516)

(19) Operating revenue

The Group derives revenue all from contracts with customers and mainly from the transfer of goods at a point in time in the following major product lines and geographical regions:

	2022		
External customer region	Asia segment	US segment	Total
US	$ 6,926,492	$ 126,360	$ 7,052,852
Asia	1,549,667	-	1,549,667
Europe	481,445	-	481,445
Other	446,956	-	446,956
	$ 9,404,560	$ 126,360	$ 9,530,920

	2021		
External customer region	Asia segment	US segment	Total
US	$ 6,654,310	$ 158,000	$ 6,812,310
Asia	1,954,824	-	1,954,824
Europe	517,488	-	517,488
Other	401,497	-	401,497
	$ 9,528,119	$ 158,000	$ 9,686,119

(20) Other income

On August 3, 2021, the Group's Board of Directors resolved to purchase the land. However, the real estate purchase and sale agreement was subsequently terminated with the consent of mutual parties, and the seller returned the Group’s deposit and paid a default fine for terminating the contract totaling $100 million.

(21) Other gains and losses

	For the years ended December 31,	
	2022	2021
Net currency exchange loss	$ 268,964	($ 53,605)
Gain on disposal of investments	901	65,317
Impairment loss on property, plant and equipment	-	(92,728)
Loss on disposal of property, plant and equipment	(7,251)	(395)
Net gain on financial assets at fair value through profit or loss	(5,265)	2,261
Other losses	(15,212)	(7,870)
	$ 242,137	($ 87,020)

(22) Expenses by nature

	For the years ended December 31,	
	2022	2021
Employee benefit expense	$ 1,731,223	$ 1,805,898
Depreciation charges on property, plant and equipment	190,855	188,921
Depreciation charges on right-of-use assets	964	946
Amortisation	25,597	45,528
	$ 1,948,639	$ 2,041,293

(23) Employee benefit expense

	For the years ended December 31,	
	2022	2021
Wages and salaries	$ 1,457,030	$ 1,517,435
Labor and health insurance fees	127,613	132,983
Pension costs	69,191	70,079
Other personnel expenses	77,389	85,401
	$ 1,731,223	$ 1,805,898

A. According to the Articles of Incorporation of the Company, when distributing earnings, the ratio of distributable profit of the current year shall not be lower than 5% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration. If a company has accumulated deficit, earnings should be channeled to cover losses.

Employees' compensation (bonus) can be distributed in the form of shares or cash. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive aforementioned stock or cash. The requirements are determined by the Chairman of Board of Directors.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at $198,540 and $167,911, respectively; while directors' remuneration was accrued at $19,500 and $14,100, respectively. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2022, the Board of Directors estimated the employees' compensation and directors' remuneration based on the Company's Articles of Incorporation and operating performance level. The employees' compensation and directors' remuneration resolved by the Board of Directors were $198,540 and $19,500, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.

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.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31, 2022	For the years ended December 31, 2021
Current tax:		
Current tax on profits for the year	$ 248,059	$ 188,406
Tax on unappropriated earnings	9,512	15,148
Prior year income tax over estimation	(6,734)	(1,080)
Total current tax	250,837	202,474
Deferred tax:		
Origination and reversal of temporary differences	39,822	(63,097)
Income tax expense	$ 290,659	$ 139,377

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

	For the years ended December 31, 2022	For the years ended December 31, 2021
Remeasurement of defined benefit obligations	$ 7,102	$ 4,945

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31, 2022	For the years ended December 31, 2021
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 305,469	$ 166,856
Effect of amount not allowed to be recognised under the regulations	(17,588)	(41,547)
Additional tax on undistributed earnings	9,512	15,148
Prior year income tax over estimation	(6,734)	(1,080)
Income tax expense	$ 290,659	$ 139,377

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

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

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Net defined benefit liability	$ 20,935	($ 4,730)	($ 7,102)	$ 9,103
Loss on obsolete and slow-moving and market price decline of inventories	20,979	129	-	21,108
Accrued unused compensated absences	5,662	-	-	5,662
Accrued sales returns and discounts	12,595	1,093	-	13,688
Unrealised exchange loss	1,318	4,378	-	5,696
Impairment loss on non-financial assets	23,468	(23,468)	-	-
Others	10,589	5,537	-	16,126
Tax losses	10,835	4,192	-	15,027
	106,381	(12,869)	(7,102)	86,410
Deferred tax liabilities:				
Revaluation increments	(41,619)	-	-	(41,619)
Investment income	(92,938)	(28,116)	-	(121,054)
Others	(1,390)	1,163	-	(227)
	(135,947)	(26,953)	-	(162,900)
	($ 29,566)	($ 39,822)	($ 7,102)	($ 76,490)

	2021				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Transaction of disposal of subsidiaries	December 31
Deferred tax assets:					
Temporary differences:					
Net defined benefit liability	$ 30,719	($ 2,040)	($ 4,945)	($ 2,799)	$ 20,935
Loss on obsolete and slow-moving and market price decline of inventories	12,739	8,769	-	(529)	20,979
Accrued unused compensated absences	5,662	-	-	-	5,662
Accrued sales returns and discounts	18,004	(5,409)	-	-	12,595
Unrealised exchange loss	2,480	(660)	-	(502)	1,318
Impairment loss on non-financial assets	-	23,468	-	-	23,468
Others	5,822	4,767	-	-	10,589
Tax losses	12,286	(1,451)	-	-	10,835
	87,712	27,444	(4,945)	(3,830)	106,381
Deferred tax liabilities:					
Revaluation increments	(41,619)	-	-	-	(41,619)
Investment income	(129,442)	36,504	-	-	(92,938)
Others	(539)	(851)	-	-	(1,390)
	(171,600)	35,653	-	-	(135,947)
	($ 83,888)	$ 63,097	($ 4,945)	($ 3,830)	($ 29,566)

D. Expiration dates of unused net operating loss carryforward and amounts of unrecognised deferred tax assets are as follows:

	December 31, 2022			
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
Subsidiary-Techform Industrial Co., Ltd.				
2019	$ 61,658	$ 2,069	$ 2,069	2029
Subsidiary-Arctek Security Technologies (Shanghai) Co., Ltd.				
2017~2022	46,982	46,982	46,982	2022~2027
Subsidiary-Ziyong Hardware Products (Taicang) Co., Ltd.				
2021~2022	60,110	60,110	-	2026~2027
Total	$ 168,750	$ 109,161	$ 49,051	

December 31, 2021				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
Subsidiary-Techform Industrial Co., Ltd.				
2019	$ 61,658	$ 20,862	$ 3,627	2029
Subsidiary-Arctek Security Technologies (Shanghai) Co., Ltd.				
2017~2021	39,717	39,717	39,717	2022~2026
Subsidiary-Ziyong Hardware Products (Taicang) Co., Ltd.				
2021	34,374	34,374	4,821	2026
Total	$ 101,375	$ 60,579	$ 43,344	

E. As of the report date, the Company's income tax returns through 2020 have been assessed and approved by the Tax Authority. There were no disputes between the Company and the Tax Authority.

(25) Earnings per share

	For the year ended December 31, 2022		
	Amount	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	$ 909,759	188,452	$ 4.83
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 909,759	188,452	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	5,183	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 909,759	193,635	$ 4.70

	For the year ended December 31, 2021		
	Amount	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	$ 667,479	188,452	$ 3.54
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 667,479	188,452	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	4,450	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 667,479	192,902	$ 3.46

(26) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2022	2021
Increase in property, plant and equipment	$ 612,589	$ 83,128
Add: Opening balance of payable on construction and equipment (Note)	5,371	6,652
Less: Ending balance of payable on construction and equipment (Note)	(98,275)	(5,371)
Cash paid for purchases of property, plant and equipment	$ 519,685	$ 84,409

Note: Recorded as ‘other payables’.

B. Financing activities with no cash flow effects:

	For the years ended December 31,	
	2022	2021
Prepayments for equipment being converted to property, plant and equipment	$ 63,757	$ 78,811
Increase in right-of-use assets	$ 44,852	$ -
Less: Increase in lease liabilities	(44,852)	-
	$ -	$ -
Long-term borrowings, current portion (recorded as 'other current liabilities'-others)	$ 20,925	$ 21,507

C. The Group sold 54% of shares in the subsidiary –Hundure Technology Co., Ltd. on August 4, 2021 and therefore lost control over the subsidiary (please refer to Note 4(3)note 1). The details of the consideration received from the transaction (including cash and cash equivalents) and assets and liabilities relating to the subsidiary are as follows:

	At August 4, 2021
Consideration received	
Cash	$ 160,953
Carrying amount of assets and liabilities of the subsidiary	
Cash	$ 73,922
Notes receivable, net	4,500
Accounts receivable, net	27,513
Inventories	46,049
Other current assets, others	2,428
Property, plant and equipment	141,883
Deferred income tax assets	3,830
Other non-current financial assets	2,413
Other non-current assets, others	141
Accounts payable	(22,444)
Other payables	(11,379)
Current income tax liabilities	(80)
Other current liabilities, others (Note)	(8,629)
Long-term borrowings	(64,639)
Net defined benefit liability, non-current	(13,995)
Total assets	$ 181,513
Net cash inflow from losing control of subsidiaries	$ 87,031

Note: (including current portion of $ 4,536)

(27) Changes in liabilities from financing activities

	At January 1, 2022	Changes in cash flow from financing activities	Change in other non-cash items (Note 2)	At December 31, 2022
Long-term borrowings (Note 1)	$ 401,385	($ 21,071)	$ -	$ 380,314
Lease liability (Note 1)	-	-	44,852	44,852
	$ 401,385	($ 21,071)	$ 44,852	$ 425,166

	At January 1, 2021	Changes in cash flow from financing activities	Change in other non-cash items (Note 2)	At December 31, 2021
Long-term borrowings (Note 1)	$ 491,941	($ 21,381)	($ 69,175)	$ 401,385

Note 1: The long-term borrowings (including current portion) and lease liability (shown as other current liabilities, others).

Note 2: Please refer to Note 6 (26) for details of the Company's losing control over its subsidiaries.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Hundure Technology Co., Ltd.	The Company is this company's key management; this company was originally a subsidiary of the Company; however, the Company lost its control over the company since certain equity interests of the company were disposed in August 2021.
Taiwan Fu Hsing Culture & Education Foundation	Other related party

(2) Significant related party transactions

A. Purchases:

	For the years ended December 31, 2022	2021
Purchases of goods:		
Hundure Technology Co., Ltd.	$ 6,318	$ 8,801

B. For the years ended December 31, 2022 and 2021, the Group donated cash amounting to $8,680 and $9,179, respectively, to Taiwan Fu Hsing Culture & Education Foundation, for cultural education promotion and enterprise social responsibility.

(3) Key management compensation

	For the years ended December 31,			
	2022		2021	
Salaries and other short-term employee benefits	$	77,246	$	69,206
Post-employment benefits		664		664
	$	77,910	$	69,870

8. PLEDGED ASSETS

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

	Book value				
Pledged asset	December 31, 2022		December 31, 2021		Purpose
Restricted bank deposits (shown as "Current financial assets at amortised cost")	$	5,835	$	4,891	Guarantee and performance guarantee for trading of derivate financial products
Land		172,605		172,605	Collateral for long-term borrowings
Net value of buildings and structure		478,920		490,057	Collateral for long-term borrowings
Refundable deposits (recorded as 'other financial assets-non-current')		-		3,149	Guarantee for imports and derivative financial products
	$	657,360	$	670,702	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Unused letters of credit:

	December 31, 2022		December 31, 2021	
Purchase of materials and equipment	$	30,000	$	22,406

(2) Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2022		December 31, 2021	
Property, plant and equipment	$	129,037	$	71,963

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 8, 2023, the Board of Directors of the Company resolved the following items:

(1) Details of the appropriation of earnings for 2022 are provided in Note 6(17).

(2) In order to cooperate with the Company's long-term operating plan, the Company planned to establish subsidiaries and manufacturing bases in Southeast Asia and invested in installments with the estimated investment amount within USD 45 million.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain the capital needed for expanding and upgrading plants and equipment, the Group's management shall ensure that there are necessary financial resources and operating plans to support operations, capital expenditures, research and development expenses, debt repayment and dividend payment in the next 12 months.

The Group uses debt ratio to control capital. The Group's policy is to maintain a stable debt ratio and the ratios are as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 2,502,421	$ 2,710,470
Total assets	$ 9,208,221	$ 8,823,390
Debt ratio	27%	31%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022		December 31, 2021	
Financial assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$	136,718	$	42,376
Financial assets at fair value through other comprehensive income				
Designation of equity instrument	$	498,594	$	382,952
Financial assets at amortised cost / Loans and receivables				
Cash and cash equivalents	$	2,439,034	$	2,019,319
Financial assets at amortised cost - current		50,582		75,494
Notes receivable		36,927		46,682
Accounts receivable		1,422,112		1,775,837
Other financial assets (current and non-current)		25,500		29,950
	$	3,974,155	$	3,947,282

	December 31, 2022		December 31, 2021	
Financial liabilities				
Financial liabilities at amortised cost				
Notes payable	$	7,082	$	10,290
Accounts payable		965,321		1,374,094
Other accounts payable		730,463		566,738
Long-term borrowings (including current portion)		380,314		401,385
	$	2,083,180	$	2,352,507
Lease liability	$	44,852	$	-

B. Financial risk management policies

In order to control effectively and decrease financial risk, the directors of the Group focus on identifying, evaluating and hedging market uncertainties to minimise potential adverse effects from markets on the Group’s financial performance. The risk includes market risk (including foreign exchange risk, interest rate risk and other price risk); credit risk and liquidity risk. Risk management is carried out by related segments under approved policies.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. In order to prevent decrease in value of assets denominated in foreign currencies and estimated future cash flows fluctuation by foreign currency exchange, the Group hedges currency risk through derivative financial instruments (including forward exchange agreements). These derivative financial instruments assist in decreasing foreign currency fluctuation but cannot eliminate the impact.

ii. The Group's strategic investment is to hold certain investments in foreign operations, thus, the Group does not hedge the investment.

iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). 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		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 65,170	$ 30.71	$ 2,001,371
USD:RMB	36,678	6.96	1,126,381
RMB:NTD	26,532	4.42	117,271
AUD:NTD	1,538	20.83	32,037
Non-monetary items			
Investments accounted for using equity method			
USD:NTD	61,313	30.71	1,897,617
Financial liabilities			
Monetary items			
USD:NTD	15,601	30.71	479,107
USD:RMB	770	6.96	23,647
RMB:NTD	6,859	4.42	30,317

	December 31, 2021		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 62,896	$ 27.68	$ 1,740,961
USD:RMB	36,827	6.38	1,019,371
RMB:NTD	31,671	4.34	137,452
AUD:NTD	2,804	20.08	56,304
EUR:NTD	914	31.32	28,626
Non-monetary items			
Investments accounted for using equity method			
USD:NTD	62,532	27.68	1,735,616
Financial liabilities			
Monetary items			
USD:NTD	16,195	27.68	448,278
USD:RMB	2,638	6.38	73,020
RMB:NTD	16,940	4.34	73,520

iv. Total exchange 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 $268,964 and $53,605, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	For the year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 20,014	$ -
USD:RMB	1%	11,264	-
RMB:NTD	1%	1,173	-
AUD:NTD	1%	320	-
Non-monetary items			
Investments accounted for using using equity			
USD:NTD	1%	-	18,976
Financial liabilities			
Monetary items			
USD:NTD	1%	4,791	-
USD:RMB	1%	236	-
RMB:NTD	1%	303	-

	For the year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 17,410	$ -
USD:RMB	1%	10,194	-
RMB:NTD	1%	1,375	-
AUD:NTD	1%	563	-
EUR:NTD	1%	286	-
Non-monetary items			
Investments accounted for using using equity			
USD:NTD	1%	-	17,356
Financial liabilities			
Monetary items			
USD:NTD	1%	4,483	-
USD:RMB	1%	730	-
RMB:NTD	1%	735	-

Price risk

i. The Group’s equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, it is expected that significant price risk would not happen as the Group had assessed the bearable price risk at the time of investing and managed with proper authorisation.

ii. The Group’s investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $6,836 and $2,119, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $24,930 and $19,148, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Interest rate risk

The Group's long-term borrowing are floating-rate debt, therefore the effective interest rate of its long-term borrowings will vary according to changes in market interest rates, creating fluctuations in future cash flows. If the market interest rate decreases by 100 basis points, the cash outflows for the years ended December 31, 2022 and 2021, will decrease by $3,803 and $4,014, respectively.

(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 debt instruments stated at amortised cost.

ii. The Group's treasury measures and control credit risk of deposits with banks, fixed investment income and other financial instruments. The Group's clients and performing parties are banks with good credit quality or financial institutions and companies with investment, thus, the possibility of default is remote and the credit risk is insignificant.

iii. The Group manages their credit risk taking into consideration the entire group's concern. To maintain quality of accounts receivable, the Group has established procedures relating to credit risk management. Individual customers' risk assessment considers several factors that may influence the customers' ability to pay, such as the customer's financial position, historical transactions and current economic situation. Individual risk limits are set based on internal or external ratings in accordance with limits set by the sales department. The utilisation of credit limits is regularly monitored. When appropriate, the Company applies certain credit enhancement tools, such as collecting sales revenue in advance to reduce credit risk of specific customers.

iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

v. As of December 31, 2022 and 2021, the Group assesses the default possibility of accounts receivable for its customers: The provision for not past due and up to 30 days past due both was 0.01% and 0.10%, respectively; The provision for 31 to 360 days past due was 25%～50%; And the provision for past due over a year was 100%. In addition, as of December 31, 2022 and 2021, the Group's balance of receivables past due over 31 days constitutes 0.25% and 0.31%, respectively, of total receivables.

vi. As of December 31, 2022 and 2021, notes and accounts receivables from the Group's top 3 customers constituted 70% and 67% of the Group's total notes and accounts receivables, respectively. The credit concentration risk of the remaining accounts receivable is relatively insignificant.

vii. 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;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

viii. Movements in relation to the Group applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

	2022	
	Accounts receivable	Notes receivable
At January 1	$ 1,719	$ -
Reversal of impairment loss	(1,045)	-
Others	3	-
At December 31	$ 677	$ -

	2021	
	Accounts receivable	Notes receivable
At January 1	$ 3,082	$ 15
Reversal of impairment loss	(1,014)	-
Others	(349)	(15)
At December 31	$ 1,719	$ -

For provisioned loss in 2022 and 2021, the impairment gains arising from customer contracts is $1,045 and $1,014, respectively.

(c) Liquidity risk

The objectives for managing liquidity risk are maintaining cash and deposits needed for operations, high liquidity marketable securities and adequate borrowing credits to ensure the Company is financially flexible.

The table below analyses the Group’s non-derivative financial liabilities and net-settled or gross-settled 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 and to the expected maturity date for derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows.

	December 31, 2022			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Notes payable	$ 7,082	$ -	$ -	$ -
Accounts payable	965,321	-	-	-
Other payables	730,463	-	-	-
Long-term borrowings (including current portion)	27,654	27,654	82,963	299,588
Lease liability	3,413	3,413	10,238	35,650
	$1,733,933	$ 31,067	$ 93,201	$ 335,238

Derivative financial liabilities: None

	December 31, 2021			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Notes payable	$ 10,290	$ -	$ -	$ -
Accounts payable	1,374,094	-	-	-
Other payables	566,738	-	-	-
Long-term borrowings (including current portion)	26,519	26,519	79,480	313,809
	$1,977,641	$ 26,519	$ 79,480	$ 313,809

Derivative financial liabilities: None

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivative instruments is included in Level 2.

Level 3:Unobservable inputs for the asset or liability. The fair value of the Group's investment in certain derivative instruments, equity investment without active market and investment property is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other financial assets, notes payable, accounts payable, other payables and long-term borrowings (including current portion) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 136,718	$ -	$ -	$ 136,718
Financial assets at fair value through other comprehensive income				
Equity securities	470,272	-	28,322	498,594
	$ 606,990	$ -	$ 28,322	$ 635,312

Liabilities: None

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 42,376	$ -	$ -	$ 42,376
Financial assets at fair value through other comprehensive income				
Equity securities	351,130	-	31,822	382,952
	$ 393,506	$ -	$ 31,822	$ 425,328

Liabilities: None

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

ii. Except for financial instruments with active markets, when assessing non-standard and low-complexity financial instruments, for example, forward exchange contract and forward contract on raw materials, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	2022	2021
	Equity securities	Equity securities
At January 1	$ 31,822	$ 13,500
Disposal of the remaining investment of the subsidiaries' partial shares (Note)	-	18,322
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	(3,500)	-
At December 31	$ 28,322	$ 31,822

Note : The Company sold 54% of shares in the subsidiary –Hundure Technology Co., Ltd. on August 4, 2021 and therefore lost control over the subsidiary (please refer to Note 4(3)B note 1).

F. The Group's treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3 periodically, which is to evaluate and measure the fair value of financial instruments.

H. The Group's equity securities for fair value measurements being categorised within Level 3 are investments in unlisted companies evaluated by net asset value method.

(4) Other matters

Due to Covid-19 outbreak and the government's epidemic prevention measures, the Group has implemented relevant contingency measures and keeps in contact closely with suppliers and customers to adjust the import strategy and arrange the schedule of delivery. The Covid-19 did not have a significant impact to the Group's operations and financial condition. The Group continued monitoring the development of the pandemic situation, and adjusted the strategy immediately in response.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision 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): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 3.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 4.

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: Please refer to table 5.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 6.

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

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

(4) Major shareholders information

Names, number of shares and ownership of shareholders whose equity interest is greater than 5%: Please refer to table 11.

14. SEGMENT INFORMATION

(1) General information

In order to respond to objectives of providing services to clients, upgrading overall competition and globalization, except in Taiwan, the Company established operating bases in Mainland China and America to provide high speed and quality services. Management has determined the reportable operating segments based on reporting information used for normal performance management and strategic decisions reviewed and implemented, and the two geographical reportable operating segments are Asia and America.

(2) Measurement of segment information

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:

	For the year ended December 31, 2022			
	Asia	America	Adjustment and elimination	Total
Revenue from external customers	$ 9,404,560	$ 126,360	$ -	$ 9,530,920
Inter-segment revenue	3,084,697	58,505	(3,143,202)	-
Total segment revenue	$ 12,489,257	$ 184,865	($ 3,143,202)	$ 9,530,920
Reportable segment profit or loss	$ 859,721	$ 20,337	$ 24,234	$ 904,292
Segment income:				
Depreciation and amortization	$ 214,933	$ 2,483	$ -	$ 217,416

	For the year ended December 31, 2021			
	Asia	America	Adjustment and elimination	Total
Revenue from external customers	$ 9,528,119	$ 158,000	$ -	$ 9,686,119
Inter-segment revenue	3,690,303	44,410	(3,734,713)	-
Total segment revenue	$ 13,218,422	$ 202,410	($ 3,734,713)	$ 9,686,119
Reportable segment profit or loss	$ 744,410	$ 3,448	$ 15,751	$ 763,609
Segment income:				
Depreciation and amortization	$ 233,020	$ 2,375	$ -	$ 235,395

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment profit or loss to the profit before tax and discontinued operations for the years ended December 31, 2022 and 2021 is provided as follows:

	For the years ended December 31,	
	2022	2021
Reportable segments profit and loss	$ 904,292	$ 763,609
Dividend income	25,900	13,285
Net currency exchange (gain) loss	268,964	(53,605)
Gain on disposal of investments	901	65,317
Net gain on financial assets and liabilities at fair value through profit or loss	(5,265)	2,261
Impairment loss on property, plant and equipment	-	(92,728)
Revenue from default penalty	-	100,000
Others	10,421	15,091
Profit before tax and continued operations	$ 1,205,213	$ 813,230

The amounts provided to the Chief Operating Decision-Maker with respect to total assets are measured in a manner consistent with that of the financial statements.

(5) Information on products and services

Revenue from external customers is mainly from sales of metalwork doors.

(6) Geographical information

Revenue from external customers:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Revenue	Non-current assets	Revenue	Non-current assets
America	$ 7,052,852	$ 78,224	$ 6,812,310	$ 72,833
Asia	1,549,667	3,072,727	1,954,824	2,596,812
Others	928,401	-	918,985	-
	$ 9,530,920	$ 3,150,951	$ 9,686,119	$ 2,669,645

For the geographical information, revenue is based on the location of customers. Non-current assets include fixed assets, intangible assets, and other assets (excludes financial instruments and deferred income tax assets) and non-current assets based on the location of assets.

(7) Major customer information

	For the years ended December 31,					
	2022			2021		
	Revenue		Segment	Revenue		Segment
C	$	3,319,456	Asia and America	$	2,539,869	Asia and America
B		2,172,329	Asia		2,356,322	Asia
E		547,487	Asia		937,878	Asia
	$	6,039,272		$	5,834,069	

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Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during 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		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Formflex Metal Industrial (Changshu) Co., Ltd.	Arctek Security Technologies (Shanghai) Co., Ltd.	Other receivabes-related parties	Y	139,184	70,496	70,496	2.00	Note 1(2)	-	Operating turnover	-	None	-	187,717	281,576	Note 2

Note 1:The code represents the nature of loans as follows:

(1) Business relationship.

(2) Short-term financing.

Note 2:In accordance with the Investee’s policy for granting loans, limit on loans granted to a single party is described as follows:

(1) For business relationship, the total amount shall not exceed 20% of the net assets value; the limit amount for single party shall not exceed the amount of transaction.

(2) For short-term financing, the total amount shall not exceed 10% of the net assets value; the limit amount for single party shall not exceed 50% of the net assets value.

(3) Between the subsidiaries controlled by the same parent company for the business needs short-term financing, the total amount shall not exceed 30% of the net assets value; the limit amount for single party shall not exceed 20% of the net assets value.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Taiwan Fu Hsing Industrial Co., Ltd.	Beneficiary certificates - Taishin 1699 Money Market Fund	None	Financial assets at fair value through profit or loss - current	6,974,362	$ 96,003	Note 2	$ 96,003	
	Beneficiary certificates - Yuanta/P-shares Taiwan Dividend Plus ETF	None	Financial assets at fair value through profit or loss - current	500,000	12,700	Note 2	12,700	
	Stocks - Huaku Development Co., Ltd.	None	Financial assets at fair value through profit or loss - current	50,000	4,450	Note 2	4,450	
	Stocks - Formosa Advanced Technologies Co., Ltd.	None	Financial assets at fair value through profit or loss - current	110,000	4,213	Note 2	4,213	
	Stocks - Pegatron Corporation	None	Financial assets at fair value through profit or loss - current	66,000	4,191	Note 2	4,191	
	Stocks - Chicony Electronics Co., Ltd.	None	Financial assets at fair value through profit or loss - current	35,000	3,021	Note 2	3,021	
	Stocks - Chipbond Technolgy Corporation	None	Financial assets at fair value through profit or loss - current	50,000	2,870	Note 2	2,870	
	Stocks - Zeng Hsing Industrial Co., Ltd.	None	Financial assets at fair value through profit or loss - current	20,000	2,380	Note 2	2,380	
	Stocks - ITE Tech. Inc.	None	Financial assets at fair value through profit or loss - current	32,000	2,346	Note 2	2,346	
	Stocks - Dynapack International Technolgy Corporation	None	Financial assets at fair value through profit or loss - current	25,000	1,825	Note 2	1,825	
	Stocks - Hiyes International Co., Ltd.	None	Financial assets at fair value through profit or loss - current	24,200	1,539	Note 2	1,539	
	Stocks - Syncmold Enterprise Corp.	None	Financial assets at fair value through profit or loss - current	20,000	1,180	Note 2	1,180	
	Stocks - Fine Blanking & Tool Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	7,552,867	290,030	9.98	290,030	
	Stocks - Advanced International Multitech Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,115,000	105,814	Note 2	105,814	
	Stocks - Min Aik Precision Industrial Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,077,000	32,310	Note 2	32,310	
	Stocks - Excelsior Medical Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	367,500	24,843	Note 2	24,843	
	Stocks - Hundure Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	990,390	18,322	9.51	18,322	
	Stocks - King Chou Marine Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	350,000	13,475	Note 2	13,475	
	Stocks - Sunsino Development Associate Inc.	None	Financial assets at fair value through other comprehensive income - non-current	833,406	5,000	Note 2	5,000	
	Stocks - NCKU Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,300,000	5,000	8.33	5,000	
	Stocks - Launch Technologies Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	50,000	3,800	Note 2	3,800	
	Stocks - Saint Pin Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	251,835	-	Note 2	-	
	Stocks - Nailermate Enterprise Corp.	None	Financial assets at fair value through other comprehensive income - non-current	39	-	Note 2	-	
	Stocks - Sing Bee Enterprise Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	511,928	-	Note 2	-	
	Stocks - Tsu Yung Enterprise Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	400,000	-	Note 2	-	
	Stocks - MAP TECHNOLOGY HOLDINGS LIMITED	None	Financial assets at fair value through other comprehensive income - non-current	7,853,941	-	5.47	-	
	Stocks - Hwa Nan Co., Ltd.	Note 1	Financial assets at fair value through other comprehensive income - non-current	85,891	-	15.85	-	
	Stocks - Ofis International Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	720,000	-	Note 2	-	
	Stocks - Melten Connected Healthcare Inc.	None	Financial assets at fair value through other comprehensive income - non-current	1,111,111	-	Note 2	-	

Note 1: Same board chairman.
Note 2: It is not disclosed as the ownership does not exceed 5%.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD

					Balance as at January 1, 2022		Addition		Disposal				Balance as at December 31, 2022	
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Taiwan Fu Hsing Industrial Co., Ltd.	Beneficiary certificates - Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	$ -	85,851,766	$ 1,178,000	78,877,404	$ 1,082,371	$ 1,082,000	$ 371	6,974,362	$ 96,000
	Beneficiary certificates - Union Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	54,013,466	722,000	54,013,466	722,195	722,000	195	-	-
	Beneficiary certificates - Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	20,717,929	338,000	20,717,929	338,054	338,000	54	-	-
Fortress Industrial Co., Ltd.	Beneficiary certificates - Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	54,555,995	748,000	54,555,995	748,228	748,000	228	-	-

Company Name

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

Year ended December 31, 2022

Table 4

Expressed in thousands of NTD

Real estate acquired by	Real estate acquired	Date of the event	Currency	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below: 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
Taiwan Fu Hsing Indurstrial Co., Ltd.	Plant	2022.9.27 (Note 1)	NTD	$ 506,216	$ 414,973 (Note 2)	Dyna Rechi Co.,Ltd.	A non-related party	-	-	-	$ -	Negotiated and by reference to the appraisal report	Operational needs	Note 3

Note 1: On August 3, 2021, the Boards of Directors of the Company resolved to purchase land and plants for operational expansion; on September 27, 2022, the Company entered into a real estate agreement and paid the consideration based on the agreement.

Note 2: The transfer of the plant had been registered on December 16, 2022, and the final payment of $91,243 was settled on January 4, 2023.

Note 3: As stipulated in the real estate agreement, if the buyer is still unable to obtain the zone entry permit within six months from the date of applying for the zone entry, which regarded as neither of the parties is imputed, the real estate agreement can be terminated unconditionally by either party.

Taiwan Fu Hsing Industrial Co., Ltd. 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 5

Expressed in thousands of NTD

			Transaction				Differences in transaction terms compared to thrid party transations		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
Taiwan Fu Hsing Indurstrial Co., Ltd.	Formflex Metal Industrial (Changshu) Co., Ltd.	Indirectly-owned subsidiary	Purchases	$ 1,601,162	34	Agreement	Note	Note	($ 288,044)	(44)	
	Techform Industrial Co., Ltd.	Subsidiary	Purchases	525,661	11	Agreement	Note	Note	(40,753)	(6)	
	Sunion Technology Co., Ltd.	Subsidiary	Purchases	173,558	4	Agreement	Note	Note	(17,678)	(3)	
Fortress Industrial Co., Ltd.	Arctek Industrial Co., Ltd.	Affiliated company	Purchases	223,230	21	Agreement	Note	Note	(48,549)	(24)	
Formflex Metal Industrial (Ch	Taiwan Fu Hsing Indurstrial Co., Ltd.	Parent company	(Sales)	(1,601,162)	(100)	Agreement	Note	Note	288,044	99	
Techform Industrial Co., Ltd.	Taiwan Fu Hsing Indurstrial Co., Ltd.	Parent company	(Sales)	(525,661)	(77)	Agreement	Note	Note	40,753	45	
Sunion Technology Co., Ltd.	Taiwan Fu Hsing Indurstrial Co., Ltd.	Parent company	(Sales)	(173,558)	(90)	Agreement	Note	Note	17,678	87	
Arctek Industrial Co., Ltd.	Fortress Industrial Co., Ltd.	Affiliated company	(Sales)	(223,230)	(68)	Agreement	Note	Note	48,549	81	

Note: The above sales were based on agreements with the companies and there were no material differences with general transactions.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2022

Table 6

Expressed in thousands of NTD

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Formflex Metal Industrial (Changshu) Co., Ltd.	Taiwan Fu Hsing Industrial Co., Ltd.	Parent company	$ 288,044	5.49	$ -	-	$ 118,704	$ -

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

Transactions amount between the parent company and subsidiaries or between subsidiaries reaching $10 million is provided below and descriptions are disclosed in Note 2, and the same transaction is disclosed only once.

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Taiwan Fu Hsing Industrial Co., Ltd.	Formflex Metal Industrial (Changshu) Co., Ltd.	1	Purchases	$ 1,601,162	Agreement	16.80%
		”	”	Purchases	288,044	Agreement	3.13%
		”	”	Accounts payable - related parties	15,821	Agreement	0.17%
		Techform Industrial Co., Ltd.	1	Other payables - related parties	525,661	Agreement	5.52%
		”	”	Sales	40,753	Agreement	0.44%
		Sunion Technology Co., Ltd.	1	Operating expense	173,558	Agreement	1.82%
		”	”	Accounts receivable - related parties	17,678	Agreement	0.19%
		Ziyong Hardware Products (Taicang) Co., Ltd.	1	Other payables - related parties	73,310	Agreement	0.77%
		FU HSING AMERICAS INC.	1	Purchases	40,069	Agreement	0.42%
		”	”	Accounts payable - related parties	58,356	Agreement	0.61%
		”	”	Purchases	13,616	Agreement	0.15%
1	Fortress Industrial Co., Ltd.	Arctek Industrial Co., Ltd.	3	Purchases	223,230	Agreement	2.34%
		”	”	Accounts payable - related parties	48,549	Agreement	0.53%
		”	”	Purchases	12,462	Agreement	0.13%
		Fortress Door Control Product (Changshu) Co., Ltd.		Service revenue	82,802	Agreement	0.87%
		Rui Sheng Industrial Co.,Ltd.	3	Purchases	12,683	Agreement	0.13%
2	Techform Industrial Co., Ltd.	Ziyong Hardware Products (Taicang) Co., Ltd.	3	Sales	52,116	Agreement	0.55%
		”	”	Purchases	44,401	Agreement	0.47%
3	Ziyong Hardware Products (Taicang) Co., Ltd.	Formflex Metal Industrial (Changshu) Co., Ltd.	3	Sales	51,005	Agreement	0.54%
4	Formflex Metal Industrial (Changshu) Co., Ltd.	Arctek Security Technologies (Shanghai) Co., Ltd.	3	Other receivables - related parties (Loans to)	70,496	Agreement	0.77%
		Changshu Fortune Packing Material Co., Ltd.	3	Purchases	22,629	Agreement	0.24%
5	Rui Sheng Industrial Co., Ltd.	Arctek Industrial Co., Ltd.	3	Sales	32,790	Agreement	0.34%
		”	”	Accounts payable - related parties	14,196	Agreement	0.15%

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 three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries

Information on investees

Year ended December 31, 2022

Table 8

Expressed in thousands of NTD

				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 31, 2022	Footnote
Taiwan Fu Hsing Industrial Co., Ltd.	Formflex Enterprise Co., Ltd.	SAMOA	Investment holdings	$ 741,744	$ 741,744	23,704,000	100	$ 861,712	$ 37,791	$ 37,566	Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	Techform Industrial Co., Ltd.	Taiwan	Processing of hardware products	800,000	800,000	80,000,000	100	780,061	35,357	34,883	Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	Fortress Industrial Co., Ltd.	Taiwan	Sales and manufacture of door locks, transom closers and floor springs	410,231	410,231	39,930,000	100	678,144	40,015	40,408	Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	Master United Investment Group Ltd.	British Virgin Islands	Investment holdings	538,240	538,240	1,560,000	100	698,580	14,084	17,000	Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	Fu Hsing Americas Inc.	U.S.A	Sales of door locks and related accessories	11,263	11,263	300,000	100	130,995	5,121	5,181	Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	Arctek Industrial Co., Ltd.	Taiwan	Sales and manufacture of transom closers and floor springs	65,200	65,200	5,838	70	84,455	11,490	7,914	Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	Sunion Technology Co., Ltd.	Taiwan	Sales and manufacture of electronic lock parts	29,000	29,000	4,100,000	100	58,372	15,622	15,622	
Arctek Industrial Co., Ltd.	Rui Sheng Industrial Co., Ltd.	Taiwan	Sales and manufacture of transom closers and floor springs	14,000	14,000	756,000	70	26,270	6,278	-	Note 2
Formflex Enterprise Co., Ltd.	Fortune Industrial Ltd.	SAMOA	Investment holdings	6,698	6,698	204,000	51	12,451	2,005	-	Note 2

Note 1: The difference of the investee company’s gain (loss) in the current year and the Company’s investment gain (loss) recognized was the unrealized gain (loss) arising from intercompany transactions.
Note 2: Those amounts have been included in the investment income (loss) of the Company on the investees accounted for under the equity method.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2022

Table 9

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	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	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Formflex Material Industrial (Changshu) Ltd.	Sales and manufacture of architectural door and locks and related accessories	$ 735,090	(2)	$ 735,090	$ -	$ -	$ 735,090	$ 129,702	100	$ 129,702	$ 938,587	$ 686,717	Note 2
Ziyong Hardware Products (Taicang) Co., Ltd.	Sales and manufacture of door locks and related accessories and furniture	512,839	(2)	520,957	-	-	520,957	14,083	100	14,083	676,274	346,665	Note 2
Fortress door control product (Changshu) Co., Ltd.	Manufacturing of products related to door closers	90,750	(1)	90,750	-	-	90,750	(24,353)	100	(24,353)	49,321	-	Note 2、Note 5
ChangShu Fortune Packing Material Co., Ltd.	Sales and manufacture of packing materials and plastic	13,133	(2)	6,698	-	-	6,698	(4,212)	51	(2,148)	10,509	-	Note 2、Note 6
Arctek Security Technologies (Shanghai) Co., Ltd.	Sales and manufacture of transom closers and floor springs	107,746	(3)	-	-	-	-	(7,487)	100	(7,487)	(57,363)	-	Note 2

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA	Footnote
Taiwan Fu Hsing Industrial Co., Ltd.	$ 1,262,745	$ 1,262,745	$ 4,023,480	Note 3
Fortress Industrial Co., Ltd.	90,750	90,750	451,085	Note 4

Note 1：Investment methods are classified into the following 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: reinvest in Mainland China through MASTER UNITED INVESTMENT GROUP LTD., FORMFLEX ENTERPRISE CO., LTD., and FORTUNE INDUSTRIAL LTD.

(3) Others: The Company invested in Arctek Security Technologies (Shanghai) Co., Ltd. not using its capital but through indirect investment where the earnings of Ziyong Hardware Products (Taicang) Co., Ltd., the Company’s investee in Mainland China, were used to invest in Arctek Security Technologies (Shanghai) Co., Ltd.

Note 2: The investment gain/loss was measured based on audited financial statements of investee.

Note 3: Limit amount prescribed by the Jing-Shen-Zi Letter No. 09704604680 of Ministry of Economic Affairs, dated August 29, 2008, and is calculated based on 60% of the Company’s consolidated net assets.

Note 4: Calculated based on 60% of the Company’s consolidated net assets.

Note 5: On June 20, 2022, the shareholders resolved to terminate operation and deregister Fortress Door Control Product (Changshu) Co., Ltd. The related procedures are still in process.

Note 6: On October 20, 2022, the shareholders resolved to terminate operation and deregister Changshu Fortune Packing Material Co., Ltd. The related procedures are still in process.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries

Significant transactions , either directly or indirectly through a third area, with investee companies in the Mainland Area

Year ended December 31, 2022

Table 10

Expressed in thousands of NTD

		Sale (purchase)		Property transaction		Accounts receivable (payable)		Other receivables		Provision of endorsements/guarantees or collaterals		Financing			
Purchaser/seller	Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2022	%	Amount	%	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022	Interest rate	Interest during the year ended December 31, 2022
Taiwan Fu Hsing Industrial Co., Ltd.	Formflex Material Industrial (Changshu) Co., Ltd.	($ 1,601,162)	(34)	$ 3,212	29	($ 303,865)	(25)	$ 72	3	$ -	-	$ -	$ -	-	$ -
Taiwan Fu Hsing Industrial Co., Ltd.	Ziyong Hardware Products (Taicang) Co., Ltd.	(73,310)	(2)	-	0	(5,339)	(1)	-	0	-	-	-	-	-	-
Techform Industrial Co., Ltd.	Ziyong Hardware Products (Taicang) Co., Ltd.	52,116	8	-	0	6,330	7	-	0	-	-	-	-	-	-
Techform Industrial Co., Ltd.	Ziyong Hardware Products (Taicang) Co., Ltd.	(44,401)	(9)	-	0	(6,244)	(12)	-	0	-	-	-	-	-	-
Fortress Industrial Co., Ltd.	Fortress Door Control Product (Changshu) Co., Ltd.	(82,802)	(8)	-	0	-	0	-	0						

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries
Major shareholders information
December 31,2022

Table 11

Name of major shareholders	Shares: Number of shares held	Shares: Ownership (%)
HSBC Depository BNP Paribas Wealth Management (Singapore)	11,261,000	5.97%
Fubon Life Insurance Co., Ltd.	10,886,000	5.77%
Fu Chih Investment Development Co.,Ltd.	10,091,307	5.35%
Fiuding Investment Trust Co.,Ltd.	9,428,254	5.00%

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 which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include 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. The information on the reported share equity of insider is provided in the "Market Observation Post System".

Note 3: The preparation principle of this table uses the shareholders' register as of the book closure date for the shareholders' special meeting (no need buy-to-cover short sales) to calculate the distribution of the balance of each unsecured transaction.

Note 4: Ownership (%) = total shares held by the shareholder/total shares transferred in dematerialised form.

Note 5: Total shares transferred in dematerialised form (including treasury shares) amounted to 188,452,170 shares=188,452,170 common shares + 0 preference shares.