IRON FORCE 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.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Iron Force Industrial Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Iron Force 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, 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 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Appropriateness of cut-off of warehouse operating revenue

Description

Refer to Note 4(26) for accounting policies on revenue recognition.

To meet the needs of some customers, the Auto Parts Division of the Group stores certain inventories in the customers’ distribution warehouses. The warehouse custodians are responsible for checking and accepting as well as custody of the inventories, and regularly send the requisition reports to the authorised personnel of the Group for checking inventory quantities. In accordance with the principle of revenue recognition, sales are recognised as revenue when the inventories are actually requested and used by the customer. The Group recognises revenue based on the requisition reports provided by the warehouse custodians of the Group and customers and verified by authorised personnel of the Group.

The distribution warehouses are located in the United States, Germany and China, contents of requisition reports provided by custodians are different and the process of revenue recognition involves manual verification. Thus, in consideration of the appropriateness of the timing of revenue recognition from warehouse sales, we considered the cut-off of warehouse operating revenue as a key audit matter for this year’s audit.

How our audit addressed the matter

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

1. For the above revenue transactions, obtained an understanding of the sales transactions, amount and terms of mutual agreements, and selected samples and tested the reconciliation of sales records between both parties.
2. Obtained the requisition reports provided by the warehouse custodians during a certain period before and after the balance sheet date and verified the reports against the relevant invoices issued and the sales revenue on the accounting records.
3. Performed confirmation procedures based on the balance of inventory quantities at the end of the year.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

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

Chen, Ching Chang　　　　　　　　Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 17, 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.

IRON FORCE INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	ASSETS	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,055,079	17	$ 1,033,791	19
1110	Financial assets at fair value through profit or loss - current	6(2)	670,199	11	525,866	10
1150	Notes receivable, net		11	-	-	-
1170	Accounts receivable, net	6(3)	1,124,281	19	817,733	15
1200	Other receivables, net		38,290	1	24,517	1
130X	Inventories	6(4)	1,058,317	17	824,211	15
1410	Prepayments		57,776	1	53,636	1
1479	Other current assets		10,179	-	11,625	-
11XX	**Total current assets**		4,014,132	66	3,291,379	61
	Non-current assets					
1600	Property, plant and equipment	6(5) and 8	1,827,663	30	1,885,348	35
1755	Right-of-use assets	6(6)	61,332	1	62,214	1
1780	Intangible assets		26,696	-	16,560	-
1840	Deferred tax assets	6(19)	71,450	1	84,676	2
1900	Other non-current assets	6(7)	111,354	2	83,115	1
15XX	**Total non-current assets**		2,098,495	34	2,131,913	39
1XXX	**Total assets**		$ 6,112,627	100	$ 5,423,292	100

(Continued)

IRON FORCE INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	LIABILITIES AND EQUITY	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(8)	$ 484,000	8	$ 400,000	8
2130	Current contract liabilities	6(16)	892	-	11,017	-
2170	Accounts payable		249,417	4	155,870	3
2200	Other payables	6(9)	300,645	5	264,969	5
2230	Current income tax liabilities		54,562	1	7,130	-
2280	Current lease liabilities		728	-	713	-
2320	Long-term liabilities, current portion	6(10)(11)	303,409	5	3,521	-
2399	Other current liabilities		20,814	-	18,145	-
21XX	**Total current liabilities**		1,414,467	23	861,365	16
	Non-current liabilities					
2530	Bonds payable	6(10)	-	-	295,726	5
2540	Long-term loans	6(11)	25,890	-	28,975	1
2570	Deferred tax liabilities	6(19)	463,912	8	387,577	7
2580	Non-current lease liabilities		768	-	1,010	-
2600	Other non-current liabilities		43,804	1	52,942	1
25XX	**Total non-current liabilities**		534,374	9	766,230	14
2XXX	**Total liabilities**		1,948,841	32	1,627,595	30
	Equity attributable to owners of parent					
	Share capital	6(13)				
3110	Common stock		757,803	12	757,803	14
	Capital surplus	6(14)				
3200	Capital surplus		813,473	13	813,473	15
	Retained earnings	6(15)				
3310	Legal reserve		668,091	11	644,117	12
3320	Special reserve		383,506	6	337,333	6
3350	Unappropriated retained earnings		1,866,812	31	1,626,476	30
	Other equity interest					
3400	Other equity interest		(325,899)	(5)	(383,505)	(7)
3XXX	**Total equity**		4,163,786	68	3,795,697	70
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 6,112,627	100	$ 5,423,292	100

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

IRON FORCE INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16)	$ 4,373,785	100	$ 3,678,578	100
5000	Operating costs	6(4)(17)	(3,237,540)	(74)	(2,860,840)	(78)
5900	Gross profit		1,136,245	26	817,738	22
	Operating expenses	6(17)				
6100	Selling expenses		(172,868)	(4)	(179,462)	(5)
6200	General and administrative expenses		(334,323)	(8)	(326,350)	(9)
6300	Research and development expenses		(162,150)	(4)	(157,610)	(4)
6450	Expected credit impairment loss		(16,308)	-	(4,067)	-
6000	Total operating expenses		(685,649)	(16)	(667,489)	(18)
6900	Operating profit		450,596	10	150,249	4
	Non-operating income and expenses					
7100	Interest income		18,473	1	10,257	-
7010	Other income	7	336	-	846	-
7020	Other gains and losses	6(18) and 7	144,644	3	73,395	2
7050	Finance costs		(8,392)	-	(6,916)	-
7000	Total non-operating income and expenses		155,061	4	77,582	2
7900	**Profit before tax**		605,657	14	227,831	6
7950	Income tax (expense) benefit	6(19)	(153,067)	(4)	10,751	-
8200	**Profit for the year**		$ 452,590	10	$ 238,582	6
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains on remeasurements of defined benefit plan	6(12)	$ 11,818	-	$ 1,453	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(19)	(2,364)	-	(291)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		72,009	2	(57,716)	(1)
8399	Income tax relating to the components of other comprehensive income	6(19)	(14,403)	-	11,544	-
8300	**Other comprehensive income (loss) for the year**		$ 67,060	2	($ 45,010)	(1)
8500	**Total comprehensive income for the year**		$ 519,650	12	$ 193,572	5
	Profit attributable to:					
8610	Owners of the parent		$ 452,590	10	$ 238,582	6
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 519,650	12	$ 193,572	5
	Earnings per share (in dollars)	6(20)				
9750	Basic earnings per share		$	5.97	$	3.14
9850	Diluted earnings per share		$	5.76	$	3.06

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

IRON FORCE 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				
	Notes	Share capital-common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total equity
Year ended December 31, 2021								
Balance at January 1, 2021		$ 757,803	$ 813,473	$ 634,321	$ 327,545	$ 1,485,885	($ 337,333)	$ 3,681,694
Profit for the year		-	-	-	-	238,582	-	238,582
Other comprehensive income (loss) for the year		-	-	-	-	1,162	(46,172)	(45,010)
Total comprehensive income (loss)		-	-	-	-	239,744	(46,172)	193,572
Appropriations of 2020 earnings	6(15)							
Legal reserve		-	-	9,796	-	(9,796)	-	-
Special reserve		-	-	-	9,788	(9,788)	-	-
Cash dividends		-	-	-	-	(79,569)	-	(79,569)
Balance at December 31, 2021		$ 757,803	$ 813,473	$ 644,117	$ 337,333	$ 1,626,476	($ 383,505)	$ 3,795,697
Year ended December 31, 2022								
Balance at January 1, 2022		$ 757,803	$ 813,473	$ 644,117	$ 337,333	$ 1,626,476	($ 383,505)	$ 3,795,697
Profit for the year		-	-	-	-	452,590	-	452,590
Other comprehensive income for the year		-	-	-	-	9,454	57,606	67,060
Total comprehensive income		-	-	-	-	462,044	57,606	519,650
Appropriations of 2021 eanings	6(15)							
Legal reserve		-	-	23,974	-	(23,974)	-	-
Special reserve		-	-	-	46,173	(46,173)	-	-
Cash dividends		-	-	-	-	(151,561)	-	(151,561)
Balance at December 31, 2022		$ 757,803	$ 813,473	$ 668,091	$ 383,506	$ 1,866,812	($ 325,899)	$ 4,163,786

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

IRON FORCE 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 OPERATING ACTIVITIES			
Profit before tax		$ 605,657	$ 227,831
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss		16,308	4,067
Depreciation	6(5)(6)(17)	207,615	230,424
Amortization	6(17)	9,897	4,578
Interest income		(18,473)	(10,257)
Loss on disposal of property, plant and equipment	6(18)	2,452	3,967
Net gain on financial assets at fair value through profit or loss	6(2)(18)	(26,322)	(24,156)
Interest expense		8,392	6,916
Impairment loss on non-financial assets	6(4)(5)	-	7,881
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(118,011)	90,095
Notes receivable		(11)	-
Accounts receivable		(322,856)	134,796
Other receivables		(13,773)	25,657
Inventories		(234,106)	(219,371)
Prepayments		(4,140)	(6,186)
Other current assets		2,716	2,462
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss		-	(777)
Current contract liabilities		(10,125)	5,787
Notes payable		-	(675)
Accounts payable		93,547	(146,609)
Other payables		24,665	(14,663)
Other current liabilities		2,669	14,197
Other non-current liabilities		(9,138)	6,926
Cash inflow generated from operations		216,963	342,890
Interest received		18,473	10,257
Income tax paid		(34,112)	(34,473)
Interest paid		(4,741)	(3,315)
Net cash flows from operating activities		196,583	315,359
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(21)	(148,651)	(178,271)
Proceeds from disposal of property, plant and equipment		1,126	23,723
Acquisition of intangible assets		-	(3,620)
Increase in other non-current assets		(15,326)	(15,187)
Net cash flows used in investing activities		(162,851)	(173,355)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loan	6(22)	84,000	-
Payments of lease liabilities	6(22)	(770)	(1,087)
Repayments of long-term debt	6(22)	(3,849)	(4,013)
Payments of cash dividends	6(15)	(151,561)	(79,569)
Net cash flows used in financing activities		(72,180)	(84,669)
Effect of exchange rate changes on cash and cash equivalents		59,736	(20,594)
Net increase in cash and cash equivalents		21,288	36,741
Cash and cash equivalents at beginning of year		1,033,791	997,050
Cash and cash equivalents at end of year		$ 1,055,079	$ 1,033,791

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

IRON FORCE INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Iron Force Industrial Co., Ltd. (the "Company") was incorporated in April 1977 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and listed on the Taiwan Stock Exchange on November 25, 2013. The Company is primarily engaged in manufacturing and trading of airbag inflators for automotive safety systems and high precision metal tubes for seatbelt retractor/pretensioner systems, and trading of display fixtures and other metal parts.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 17, 2023.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

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

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International

Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (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.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021	Description
The Company	Transtat Investment Ltd. (Transtat)	Holding company	100%	100%	-
The Company	Cortec GmbH	Sales of hangers and display fixtures	100%	100%	-
The Company	Iron Force Poland Sp. z o.o.	Producing and sales of automotive safety components	100%	100%	-
Transtat	Zhejiang Iron Force Metal Products Co., Ltd.	Producing and sales of hangers and display fixtures	100%	100%	-
Transtat	Huzhou Iron Force Metal Products Co., Ltd.	Producing and sales of automotive safety components	100%	100%	-
Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	Producing and sales of hangers and display fixtures	100%	100%	-
Cortec GmbH	Cortec Verwaltungs GmbH	Management consulting company	100%	100%	-

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 NTD, which is the parent 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 that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

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

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

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

(7) Financial assets at 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.

(8) Accounts receivable

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

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

(9) Impairment of financial assets

For financial assets at amortised cost including accounts receviable, 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 that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

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

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on 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 applicable variable selling expenses.

(12) Property, plant and equipment

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

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

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

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

Buildings and structures	20~55 years
Machinery and equipment	2~10 years
Office equipment	3~5 years
Others	2~15 years

(13) 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 payment, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

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

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

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

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.

(14) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1~3 years.

B. Goodwill

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

(15) 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 recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill is 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.

(16) Borrowings

Borrowings comprise long-term and 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.

(17) Notes and accounts payable

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

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

(18) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group' s common shares by exchanging a fixed amount of cash for a fixed number of common shares) and call options. The Group classifies the bonds payable upon issuance as a financial asset or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options are recognised initially at net fair value as 'financial assets at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on the balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets at fair value through profit or loss'.

B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(19) Derecognition of financial liabilities

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

(20) Non-hedging derivatives

A. 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.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss.

(21) Provisions

Provisions (including onerous contracts) 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.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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 plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).

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

iii. Past service costs are recognised immediately in profit or loss.

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 when it can no longer withdraw an offer of termination benefits or when it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after the balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts at the shareholders' meeting 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.

(23) Income tax

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

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

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

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

(24) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(25) Dividends

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

(26) Revenue recognition

Sales of goods

A. The Group manufactures and sells automotive safety components, display fixtures and other metal parts. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. Revenue from sales of automotive safety components, display fixtures and other metal parts is recognised based on the price specified in the contract, net of sales returns, volume discounts and sales discounts. The sales usually are made with a credit term of 90 days. As the time interval between the transfer of committed goods or services and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

C. 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.

(27) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(28) Operating segments

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

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical 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:

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

None.

(30) Critical accounting estimates and assumptions

None.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty cash and cash on hand	$ 278	$ 214
Checking accounts and demand deposits	763,477	265,323
Time deposits	174,084	729,533
Short-term notes and bills	117,240	38,721
	$ 1,055,079	$ 1,033,791

A. As of December 31, 2022 and 2021, the annual interest rate of cash equivalents was 0.83%~4.92% and 0.25%~2.70%, respectively, and the cash equivalents were highly liquid investments expiring within three months such as time deposits and short-term notes and bills.

B. 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.

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

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

Items	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	$ 12,000	$ 12,000
Structured deposits	661,817	521,303
Forward foreign exchange contracts	2,757	172
Valuation adjustment	(6,375)	(7,609)
	$ 670,199	$ 525,866

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Year ended December 31	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	($ 1,004)	($ 1,458)
Beneficiary certificates	-	703
Forward foreign exchange contracts	7,365	8,988
Structured deposits	19,961	16,013
Bonds payable – call option	-	(90)
	$ 26,322	$ 24,156

B. Details of the transactions and contract information in respect of the Company's derivative financial assets which were not accounted for under hedge accounting are as follows:

	December 31, 2022		
Financial instruments	Contract amount (notional principal) (in dollars)		Contract period
Forward foreign exchange contracts-pre-sale	USD	2,000,000	2022/09/29~2023/1/11
Forward foreign exchange contracts-pre-sale	USD	2,000,000	2022/09/30~2023/1/11
Structured deposits	RMB	50,000,000	2022/09/14~2023/1/13
Structured deposits	RMB	75,000,000	2022/10/11~2023/1/13
Structured deposits	RMB	25,000,000	2022/10/11~2023/1/13

	December 31, 2021		
Financial instruments	Contract amount (notional principal) (in dollars)		Contract period
Structured deposits	RMB	70,000,000	2021/10/12~2022/3/31
Structured deposits	RMB	50,000,000	2021/12/1~2022/3/31
Forward foreign exchange contracts-pre-sale	EUR	1,000,000	2021/12/31~2022/4/6

(a) The Group entered into forward foreign exchange contracts to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(b) The structured instruments signed by the Group are principal-protected floating-income transactions to obtain exchange rate spreads.

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

(3) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 1,145,844	$ 822,988
Less: Allowance for uncollectible accounts	(21,563)	(5,255)
	$ 1,124,281	$ 817,733

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

	December 31, 2022	December 31, 2021
Not past due	$ 973,180	$ 759,385
Up to 30 days	84,545	49,243
31 to 90 days	73,105	11,714
91 to 180 days	14,731	1,013
Over 181 days	283	1,633
	$ 1,145,844	$ 822,988

The above ageing analysis was based on past due date.

B. As of December 31, 2022, December 31, 2021 and January 1, 2021, the balances of accounts receivable from contracts with customers amounted to $1,145,844, $822,988, and $957,784, respectively.

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

(4) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 383,995	($ 12,680)	$ 371,315
Work in progress	81,513	(10,740)	70,773
Finished goods	552,255	(9,051)	543,204
Merchandise	93,010	(19,985)	73,025
	$ 1,110,773	($ 52,456)	$ 1,058,317

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 315,222	($ 12,459)	$ 302,763
Work in progress	61,362	(5,664)	55,698
Finished goods	420,700	(12,579)	408,121
Merchandise	72,089	(14,460)	57,629
	$ 869,373	($ 45,162)	$ 824,211

The cost of inventories recognized as expense for the year:

	For the years ended December 31	
	2022	2021
Cost of goods sold	$ 3,230,246	$ 2,856,992
Loss on decline in market value (gain from price recovery)	7,294	(4,033)
Impairment loss of non-financial assets	-	7,881
	$ 3,237,540	$ 2,860,840

The Group recognized a decrease in cost of goods sold due to an increase in the net realizable value of inventories as certain inventories which were previously provided with allowance were subsequently sold in 2021.

(5) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Office equipment	Others	Construction in progress	Total
Balance at January 1, 2022							
Cost	$ 143,323	$ 1,344,777	$ 1,501,081	$ 98,814	$ 26,796	$ 75,647	$ 3,190,438
Accumulated depreciation		(312,473)	(898,631)	(69,463)	(15,315)	-	(1,295,882)
Accumulated impairment	-	-	(9,208)	-	-	-	(9,208)
	$ 143,323	$ 1,032,304	$ 593,242	$ 29,351	$ 11,481	$ 75,647	$ 1,885,348
Balance at January 1, 2022	$ 143,323	$ 1,032,304	$ 593,242	$ 29,351	$ 11,481	$ 75,647	$ 1,885,348
Additions	-	823	66,672	3,444	8,295	48,006	127,240
Disposals	-	-	(1,426)	(72)	(20)	(2,060)	(3,578)
Reclassifications	-	(6,712)	70,179	(1,499)	9,999	(75,796)	(3,829)
Depreciation charge	-	(41,047)	(147,499)	(9,557)	(7,138)	-	(205,241)
Net exchange differences	1,497	15,164	9,114	622	113	1,213	27,723
Balance at December 31, 2022	$ 144,820	$ 1,000,532	$ 590,282	$ 22,289	$ 22,730	$ 47,010	$ 1,827,663
Balance at December 31, 2022							
Cost	$ 144,820	$ 1,359,566	$ 1,579,609	$ 96,219	$ 67,347	$ 47,010	$ 3,294,571
Accumulated depreciation	-	(359,034)	(979,975)	(73,930)	(44,617)	-	(1,457,556)
Accumulated impairment	-	-	(9,352)	-	-	-	(9,352)
	$ 144,820	$ 1,000,532	$ 590,282	$ 22,289	$ 22,730	$ 47,010	$ 1,827,663

	Land	Buildings and structures	Machinery and equipment	Office equipment	Others	Construction in progress	Total
Balance at January 1, 2021							
Cost	$ 148,255	$ 1,303,135	$ 1,286,002	$ 102,561	$ 26,059	$ 256,943	$ 3,122,955
Accumulated depreciation	-	(276,838)	(761,610)	(67,606)	(11,045)	-	(1,117,099)
Accumulated impairment	-	-	(1,291)	-	-	-	(1,291)
	$ 148,255	$ 1,026,297	$ 523,101	$ 34,955	$ 15,014	$ 256,943	$ 2,004,565
Balance at January 1, 2021	$ 148,255	$ 1,026,297	$ 523,101	$ 34,955	$ 15,014	$ 256,943	$ 2,004,565
Additions	-	53,406	68,902	18,506	1,683	44,054	186,551
Disposals	-	(959)	(4,556)	(11,059)	-	(11,116)	(27,690)
Reclassifications	-	16,722	190,308	284	78	(207,705)	(313)
Depreciation charge	-	(39,194)	(172,074)	(11,754)	(4,722)	-	(227,744)
Impairment loss (Note)	-	-	(7,881)	-	-	-	(7,881)
Net exchange differences	(4,932)	(23,968)	(4,558)	(1,581)	(572)	(6,529)	(42,140)
Balance at December 31, 2021	$ 143,323	$ 1,032,304	$ 593,242	$ 29,351	$ 11,481	$ 75,647	$ 1,885,348
Balance at December 31, 2021							
Cost	$ 143,323	$ 1,344,777	$ 1,501,081	$ 98,814	$ 26,796	$ 75,647	$ 3,190,438
Accumulated depreciation	-	(312,473)	(898,631)	(69,463)	(15,315)	-	(1,295,882)
Accumulated impairment	-	-	(9,208)	-	-	-	(9,208)
	$ 143,323	$ 1,032,304	$ 593,242	$ 29,351	$ 11,481	$ 75,647	$ 1,885,348

Note :The Group assessed that the future cash inflow of Zhejiang Iron Force Metal Products Co., Ltd.'s machinery and equipment would decrease, resulting in the estimated recoverable amount being less than the carrying amount. Therefore, the Group recognized an impairment loss of $7,881 in 2021.

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

(6) Lease agreements - lessee

A. The Group's leases include land, transportation equipment and office equipment. Rental contracts are typically made for periods of 1 to 50 years. The lease contract is negotiated individually and contains various terms and conditions. Except for the leased assets which cannot be used as security for borrowing purposes, there are no other restrictions on the lease.

B. The carrying value of the right-of-use assets and the depreciation expense recognized were as follows:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Land	$ 59,836	$ 60,491
Transportation equipment (Company vehicle)	947	1,518
Office equipment (Photocopier)	549	205
	$ 61,332	$ 62,214

	Years ended December 31,	
	2022	2021
	Depreciation expenses	Depreciation expenses
Land	$ 1,603	$ 1,595
Transportation equipment (Company vehicle)	613	920
Office equipment (Photocopier)	158	165
	$ 2,374	$ 2,680

C. The additions to right-of-use assets for the years ended December 31, 2022 and 2021 were $483 and $936, respectively.

D. The information of the profits and loss items that are related to lease contracts as follows:

	Years ended December 31,	
	2022	2021
Items affecting current profit or loss		
Interest expense on lease liability	$ 17	$ 16
Expense on short-term lease contracts	3,020	2,552
Expense on leases of low-value assets	183	409

E. The Group's total lease cash outflows were $3,990 and $4,064 for the years ended December 31, 2022 and 2021, respectively.

(7) Other non-current assets

	December 31, 2022	December 31, 2021
Prepaid equipment	$ 90,143	$ 57,728
Others	21,211	25,387
	$ 111,354	$ 83,115

(8) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 484,000	1.32~1.375%	None

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 400,000	0.68~0.73%	None

Interest expense recognised in profit or loss amounted to $4,140 and $2,928 for the years ended December 31, 2022 and 2021, respectively.

(9) Other payables

	December 31, 2022	December 31, 2021
Wages and salaries payable	$ 176,339	$ 139,935
Payable on machinery and equipment	25,206	14,202
Processing fees payable	11,641	7,297
Import / export expenses payable	6,129	8,917
Others	81,330	94,618
	$ 300,645	$ 264,969

(10) Bonds payable

	December 31, 2022	December 31, 2021
Bonds payable	$ 300,000	$ 300,000
Less: Discount on bonds payable	(629)	(4,274)
Current portion or exercise of put options	(299,371)	-
	$ -	$ 295,726

A. The terms of the second domestic unsecured convertible bonds issued by the Company in March 2020 are as follows:

	Second unsecured convertible bonds
Total issuance amount	$300,000
Coupon rate	- %
Effective rate	1.23%
Issuance period	3 years
Expiry date	March 9, 2023
Collateral	None
Put option	None
Call option	(a) Redemption at maturity: The principal is payable upon maturity. (b) Redemption in advance: The Company may repurchase the bonds outstanding in cash at the bonds' face value within 30 consecutive trading days when the closing price of the Company's common shares is above the then conversion price by 30% (including 30%) for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date; or the Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time when the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.
Conversion price (in dollars per share)	95.95
Conversion period	Starting from the date after three months of the issuance to the maturity date
Converted amount	$ -
Repurchased amount	$ -

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to $27,655 was separated from the liability component and was recognised in 'capital surplus–share options' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets at fair value through profit or loss' in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts.

(11) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2022
Loan Amortization				
Secured borrowings	Borrowing period is from April 5, 2020 to April 30, 2030, interest and principal are payable monthly	0.69%～0.80%	Note 8	$ 29,928
Less: Current portion				(4,038)
				$ 25,890

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2021
Loan Amortization				
Secured borrowings	Borrowing period is from April 5, 2020 to April 30, 2030, interest and principal are payable monthly	0.69%～0.80%	Note 8	$ 32,496
Less: Current portion				(3,521)
				$ 28,975

(12) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 3.5% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 51,966	$ 65,181
Fair value of plan assets	(23,346)	(25,211)
Net defined benefit liability (shown as 'other non-current liabilities')	$ 28,620	$ 39,970

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
At January 1	$ 65,181	($ 25,211)	$ 39,970
Current service cost	277	-	277
Interest expense (income)	476	(184)	292
	65,934	(25,395)	40,539
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,907)	(1,907)
Change in demographic assumptions	307	-	307
Change in financial assumptions	(9,028)	-	(9,028)
Experience adjustments	(1,190)	-	(1,190)
	(9,911)	(1,907)	(11,818)
Pension fund contribution	-	(100)	(100)
Paid pension	(4,056)	4,056	-
At December 31	$ 51,967	($ 23,346)	$ 28,621

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
At January 1	$ 66,015	($ 24,950)	$ 41,065
Current service cost	283	-	283
Interest expense (income)	277	(103)	174
	66,575	(25,053)	41,522
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(367)	(367)
Change in demographic assumptions	445	-	445
Change in financial assumptions	(2,694)	-	(2,694)
Experience adjustments	1,163	-	1,163
	(1,086)	(367)	(1,453)
Pension fund contribution	-	(99)	(99)
Paid pension	(308)	308	-
At December 31	$ 65,181	($ 25,211)	$ 39,970

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

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

	Years ended December 31	
	2022	2021
Discount rate	1.36%	0.73%
Future salary increases	2.19%	2.91%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 2,747)	$ 3,166	$ 3,123	($ 2,742)
December 31, 2021				
Effect on present value of defined benefit obligation	($ 4,067)	$ 4,459	$ 4,338	($ 4,003)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2023 amount to $100.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 11 years.

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

Within 1 year	$ 32,344
1-2 year(s)	4,989
2-5 years	8,691
Over 5 years	4,609
	$ 50,633

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

(b) Other overseas entities contribute to the statutory pension insurance or pension fund for their employees based on their wages and salaries in compliance with local laws and regulations. Other than the annual contributions, the entities have no further obligations.

(c) The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2022 and 2021 were $32,361 and $33,163, respectively.

(13) Share capital

A. As of December 31, 2022, the Company's authorised capital was $1,300,000, consisting of 130,000 thousand shares of ordinary stock, and the paid-in capital was $757,803 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares outstanding are as follows:

	2022	2021
At January 1 (at December 31)	75,780 thousand shares	75,780 thousand shares

(14) 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 can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(15) Retained earnings/ Events after the balance sheet date

A. Under the Company's Articles of Incorporation, the current year's profit shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, if any, to be retained or to be appropriated which shall be resolved by the stockholders at the stockholders' meeting.

B. The Company distributes dividends taking into consideration the Company's economic environment, growth phases, future demands for funds, long-term financial planning and the cash flow needs of stockholders. Dividends distribution shall be resolved by the shareholders based on current year's profit and capital position.

C. 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.

D. The appropriations of 2021 and 2020 earnings as resolved at the shareholders' meeting on June 24, 2022 and on August 27, 2021, respectively, are as follows:

	Years ended December 31,			
	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 23,974		$ 9,796	
Special reserve	46,173		9,788	
Cash dividends	151,561	$ 2.00	79,569	$ 1.05
	$ 221,708		$ 99,153	

E. Events after the balance sheet date:

The appropriations of earnings for the year ended December 31, 2022 as proposed by the Board of Directors on March 17, 2023 is as follows:

	Year ended December 31, 2022	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 46,204	
Special reserve	(57,607)	
Cash dividends	303,121	$ 4.00
	$ 291,718	

(16) Operating revenue

	Years ended December 31	
	2022	2021
Revenue from contracts with customers	$ 4,373,785	$ 3,678,578

A. Disaggregation of revenue from contracts with customers

The Group derives revenue mainly from the transfer of goods at a point in time in the following major product areas:

2022		Production area						
		Taiwan		China		Europe		Total
Sales area								
America	$	809,575	$	496,153	$	-	$	1,305,728
China		231,274		945,307		-		1,176,581
Asia (Except China)		103,008		295,227		-		398,235
Europe		448,863		237,183		665,948		1,351,994
Others		43,542		97,705		-		141,247
	$	1,636,262	$	2,071,575	$	665,948	$	4,373,785

2021		Production area						
		Taiwan		China		Europe		Total
Sales area								
America	$	768,962	$	412,280	$	-	$	1,181,242
China		144,561		849,702		-		994,263
Asia (Except China)		143,188		215,301		-		358,489
Europe		331,854		266,529		444,680		1,043,063
Others		47,429		54,092		-		101,521
	$	1,435,994	$	1,797,904	$	444,680	$	3,678,578

B. Contract liabilities

(a) The Group has recognised the following contract liabilities of revenue from contracts with customers as a result of advance sales receipts:

		December 31, 2022		December 31, 2021
Contract liabilities	$	892	$	11,017

(c) The contract liabilities at the beginning of the year which were recognised in revenue for the years ended December 31, 2022 and 2021 amounted to $11,017 and $5,230, respectively.

(17) Expenses by nature / events after the balance sheet date

	Year ended December 31, 2022		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 648,003	$ 287,720	$ 935,723
Labour and health insurance fees	50,551	26,631	77,182
Pension costs	20,504	12,426	32,930
Other personnel expenses	22,802	16,752	39,554
Depreciation charge	166,924	40,691	207,615
Amortisation charge	220	9,677	9,897

	Year ended December 31, 2021		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 584,835	$ 256,514	$ 841,349
Labour and health insurance fees	53,719	24,915	78,634
Pension costs	20,580	13,040	33,620
Other personnel expenses	22,076	13,793	35,869
Depreciation charge	183,435	46,989	230,424
Amortisation charge	179	4,399	4,578

A. In accordance with the Articles of Incorporation of the Company, if the Company has distributable profit of the current year, the Company shall distribute at not lower than 0.5% as employees' compensation in the form of shares or in cash as resolved by the Board of Directors. The Company shall distribute directors' remuneration at not more than 5% of the total distributable amount as resolved by the Board of Directors. The appropriation of employees' compensation and directors' remuneration shall be submitted to the shareholders during their meeting.

B. For the years ended December 31, 2022 and 2021, employees' compensation and directors' remuneration were accrued as follows:

	Years ended December 31	
	2022	2021
Directors' remuneration	$ 1,500	$ 2,500
Employees' compensation	8,947	8,553
	$ 10,447	$ 11,053

The aforementioned amounts were recognised in salary expenses and were accrued based on the distributable profit for the years ended December 31, 2022 and 2021 and the Company's Articles of Incorporation.

C. The directors' remuneration and employees' compensation for 2022 resolved by the Board of Directors on March 17, 2023 amounted to $1,468 and $3,000, respectively. The difference between the amounts resolved by the Board of Directors and the directors' remuneration of $1,500 and employees' compensation of $8,947 recognised in the 2022 financial statements was regarded as changes in accounting estimates and recognised in profit or loss for 2023.

D. The directors' remuneration and employees' compensation for 2021 resolved by the shareholders during their meeting on June 24, 2022 amounted to $1,145 and $1,200, respectively. The difference between the amounts resolved by the Board of Directors and the directors' remuneration of $2,500 and employees' compensation of $8,553 recognised in the 2021 financial statements was regarded as changes in accounting estimates and recognised in profit or loss for 2022.

E. 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.

(18) Other gains and losses

	Years ended December 31	
	2022	2021
Net currency exchange gains (losses)	$ 55,939	($ 13,750)
Net gains on financial instruments at fair value through profit or loss	26,322	24,156
Governments grants	13,096	33,881
Losses on disposals of property, plant and equipment	(2,452)	(3,967)
Litigation compensation loss (note)	(8,429)	-
Miscellaneous income (disbursements)	60,168	33,075
	$ 144,644	$ 73,395

Note: For the description of litigation damages, refer to Note 9(1).

(19) Income tax

A. Income tax expense (benefit)

(a) Components of income tax expense (benefit):

	Years ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	$ 73,423	$ 13,325
Prior year income tax under (over) estimation	6,850	(6,223)
Total current tax	80,273	7,102
Deferred tax:		
Origination and reversal of temporary differences	72,794	(17,853)
Income tax expense (benefit)	$ 153,067	($ 10,751)

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

	Years ended December 31	
	2022	2021
Currency translation differences	($ 14,403)	$ 11,544
Remeasurement of defined benefit asset	(2,364)	(291)

B. Reconciliation between income tax expense (benefit) and accounting profit

	Years ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	$ 167,149	$ 76,989
Tax effects disallowed by tax regulation	883	961
Tax exempt income by tax regulation	(21,528)	(202)
Effect from investment tax credits	-	(21,567)
Change in assessment of realisation of deferred tax liabilities (Note)	-	(55,962)
Change in assessment of realisation of deferred tax assets	(348)	(4,747)
Temporary differences not recognised as deferred tax assets	61	-
Prior year income tax under (over) estimation	6,850	(6,223)
Income tax expense (benefit)	$ 153,067	($ 10,751)

Note: The Company's subsidiary, Huzhou Iron Force Metal Products Co., Ltd., increased its capital through capitalisation of earnings; therefore, the deferred tax liabilities shall be reversed.

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

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
–Deferred tax assets:				
Loss on inventory	$ 4,065	$ 1,683	$ -	$ 5,748
Unrealised gain on inter-affiliate accounts	8,589	(1,224)	-	7,365
Unused compensated absences	781	1,221	-	2,002
Unrealised appropriation of pension expenses	7,921	94	(2,364)	5,651
Deferred revenue-government grants	189	(189)	-	-
Accounts receivable loss allowance	612	1,227	-	1,839
Unrealised gain or loss on financial assets	-	729	-	729
Currency translation differences	62,519	-	(14,403)	48,116
	84,676	3,541	(16,767)	71,450
–Deferred tax liabilities:				
Unrealised gain on valuation of financial assets	(710)	710	-	-
Unrealised exchange gain	(319)	(199)	-	(518)
Book-tax differences of fixed– assets depreciation	(41,612)	(1,449)	-	(43,061)
Profit or loss of investments accounted for using equity method	(344,936)	(75,397)	-	(420,333)
	(387,577)	(76,335)	-	(463,912)
	($ 302,901)	($ 72,794)	($ 16,767)	($ 392,462)

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
–Deferred tax assets:				
Loss on inventory	$ 2,519	$ 1,546	$ -	$ 4,065
Unrealised gain on inter-affiliate accounts	7,694	895	-	8,589
Unused compensated absences	781	-	-	781
Unrealised appropriation of pension expenses	8,212	-	(291)	7,921
Deferred revenue-government grants	534	(345)	-	189
Accounts receivable loss allowance	63	549	-	612
Currency translation differences	50,975	-	11,544	62,519
	70,778	2,645	11,253	84,676
–Deferred tax liabilities:				
Unrealised gain on valuation of financial assets	(1,178)	468	-	(710)
Unrealised exchange gain	(483)	164	-	(319)
Book-tax differences of fixed– assets depreciation	(34,706)	(6,906)	-	(41,612)
Profit or loss of investments accounted for using equity method	(366,418)	21,482	-	(344,936)
	(402,785)	15,208	-	(387,577)
	($ 332,007)	$ 17,853	$ 11,253	($ 302,901)

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

E. The Group’s subsidiary, Huzhou Iron Force Metal Products Co., Ltd, is a productive foreign-invested enterprise established in the People's Republic of China. It has been approved by the National Taxation Bureau as a high-tech industry enterprise and is eligible for a preferential income tax rate of 15% from December 2020 to December 2023.

(20) Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the year	$ 452,590	75,780	$ 5.97
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	$ -	150	
Domestic convertible bonds (the second)	2,916	3,127	
Profit plus all dilutive potential ordinary shares	$ 455,506	79,057	$ 5.76

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the year	$ 238,582	75,780	$ 3.14
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	$ -	126	
Domestic convertible bonds (the second)	2,953	2,982	
Profit plus all dilutive potential ordinary shares	$ 241,535	78,888	$ 3.06

(21) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31	
	2022	2021
Purchase of property, plant and equipment	$ 127,240	$ 186,551
Add: Opening balance of payable on equipment	14,202	17,417
Less: Ending balance of payable on equipment	(25,206)	(14,202)
Add: Changes in prepayments for business facilities	32,415	(11,495)
Cash paid during the year	$ 148,651	$ 178,271

(22) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Bonds payable	Long-term borrowings	Total
January 1, 2022	$ 400,000	$ 1,723	$ 295,726	$ 32,496	$ 729,945
Changes in cash flow from financing activities	84,000	(770)	-	(3,849)	79,381
Impact of changes in foreign exchange rate	-	60	-	1,281	1,341
Changes in other non-cash items	-	483	3,645	-	4,128
December 31, 2022	$ 484,000	$ 1,496	$ 299,371	$ 29,928	$ 814,795

	Short-term borrowings	Lease liabilities	Bonds payable	Long-term borrowings	Total
January 1, 2021	$ 400,000	$ 1,888	$ 292,125	$ 40,065	$ 734,078
Changes in cash flow from financing activities	-	(1,087)	-	(4,013)	(5,100)
Impact of changes in foreign exchange rate	-	(178)	-	(3,556)	(3,734)
Changes in other non-cash items	-	1,100	3,601	-	4,701
December 31, 2021	$ 400,000	$ 1,723	$ 295,726	$ 32,496	$ 729,945

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Hyphen Industrial Corp.	The Chairman of the Company and the Chairman of the entity are relatives within the second degree

(2) Significant related party transactions

	Years ended December 31	
Rent and other income	2022	2021
Other related parties	$ 1,046	$ 876

The Group’s other income from other related parties arise mainly from income from managerial services and rental income.

(3) Key management compensation

	Years ended December 31	
	2022	2021
Short-term employee benefits	$ 22,550	$ 20,528

8. Pledged Assets

The Group's assets pledged as collateral are as follows

	Carrying amount		
Asset items	December 31, 2022	December 31, 2021	Purpose
Property, Plant and Equipment-Land	$ 8,963	$ 8,581	Long-term borrowings

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

On November 20, 2021, the prosecutor of Taiwan Nantou District Prosecutors Office prosecuted the Company on the grounds that the Company violated the Article 47 of the Waste Disposal Act and the Article 57 of the Air Pollution Control Act, and the case is currently being reviewed by the Taiwan Nantou District Court. The Company has assessed the loss and liability provision (shown as 'other current liabilities'). Refer to Note 6(18).

(2) Commitments

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

	December 31, 2022	December 31, 2021
Consultation service contract	$ 16,350	$ 32,969
Property, plant and equipment	23,216	28,176
	$ 39,566	$ 61,145

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

(1) Refer to Notes 6(15) and 6(17).

(2) On March 9, 2023, the Company's second domestic unsecured convertible bonds matured. The Company expects to buy back the convertible bonds from the over-the-counter (OTC) on March 24, 2023. The face value of the convertible bonds is $300,000.

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 or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(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	$ 670,199	$ 525,866
Financial assets at amortised cost / loans and receivables		
Cash and cash equivalents	$ 1,055,079	$ 1,033,791
Notes receivable	11	-
Accounts receivable	1,124,281	817,733
Other receivables	38,290	24,517
Guarantee deposits paid (shown as other non-current assets)	4,228	6,222
	$ 2,221,889	$ 1,882,263
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 484,000	$ 400,000
Accounts payable	249,417	155,870
Other payables	300,645	264,969
Bonds payable (including due within one year)	299,371	295,726
Long-term borrowings (including due within one year)	29,928	32,496
	$ 1,363,361	$ 1,149,061
Lease liabilities	$ 1,496	$ 1,723

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts is used to hedge certain exchange rate risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and therefore bears various currency risks arising from transactions denominated in different currencies, mainly in USD, EUR, and CNY. These currency risks arise from future commercial transactions and from recognized assets, liabilities, and net investments in foreign operations.

ii. Management has set up a policy to manage the foreign exchange risk against the functional currency. Each company within the group should hedge its overall exchange rate risk through the Group's finance department. The Group’s treasury uses forward foreign exchange contracts and structured deposits to manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity’s functional currency.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

iv. The Group’s businesses involve some non-functional currency operations (the Company’s functional currency: NTD). 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: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (in thousands of NTD)
Financial assets			
Monetary items			
USD:NTD	$ 4,312	30.73	$ 132,486
EUR:NTD	2,787	32.71	91,163
RMB:NTD	15,342	4.41	67,674
USD:RMB	13,767	6.96	422,991
EUR:RMB	1,599	7.42	52,303
EUR:PLN	1,289	4.69	42,163
Financial liabilities			
Monetary items			
USD:NTD	$ 241	30.73	$ 7,405
EUR:NTD	2,290	32.71	74,906

(Foreign currency: functional currency)	December 31, 2021 Foreign currency amount (in thousands)	Exchange rate	Book value (in thousands of NTD)
Financial assets			
Monetary items			
USD:NTD	$ 4,115	27.67	$ 113,862
EUR:NTD	1,771	31.32	55,468
RMB:NTD	44,709	4.30	192,249
USD:RMB	6,065	6.38	167,819
EUR:RMB	1,692	7.22	52,993
Financial liabilities			
Monetary items			
USD:NTD	$ 97	27.67	$ 2,684
EUR:NTD	793	31.32	24,837

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

(Foreign currency: functional currency)	Year ended December 31, 2022 Sensitivity analysis Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 1,325	$ -
EUR:NTD	1%	912	-
RMB:NTD	1%	677	-
USD:RMB	1%	4,230	-
EUR:RMB	1%	523	-
EUR:PLN	1%	422	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 74	$ -
EUR:NTD	1%	749	-

	Year ended December 31, 2021		
	Sensitivity analysis		
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 1,139	$ -
EUR:NTD	1%	555	-
RMB:NTD	1%	1,922	-
USD:RMB	1%	1,678	-
EUR:RMB	1%	530	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 27	$ -
EUR:NTD	1%	248	-

The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to $55,939 and ($13,750), 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.

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

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

iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Group classifies customer's accounts receivable in accordance with credit rating of customer and customer types. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.

vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	Over 90 days past due	Total
December 31, 2022					
Expected loss rate	0.08%~0.16%	0.52%~4.30%	1.30%~11.58%	67.47%~100%	
Total book value	$ 973,180	$ 84,545	$ 73,105	$ 15,014	$ 1,145,844
Loss allowance	1,214	2,440	5,006	12,903	21,563

	Not past due	Up to 30 days past due	31~90 days past due	Over 90 days past due	Total
December 31, 2021					
Expected loss rate	0.13%~0.22%	0.52%~2.49%	1.30%~14.32%	51.05%~100%	
Total book value	$ 759,385	$ 49,243	$ 11,714	$ 2,646	$ 822,988
Loss allowance	1,298	574	1,060	2,323	5,255

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

	2022
	Accounts receivable
At January 1	$ 5,255
Provision for impairment	16,308
At December 31	$ 21,563

	2021
	Accounts receivable
At January 1	$ 1,188
Provision for impairment	4,067
At December 31	$ 5,255

(c) Liquidity risk

i. The cash flow forecasting is performed by various operating entities within the group and is summarized by the Group's treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

ii. As of December 31, 2022 and 2021, the cash flows within 1 year of short-term borrowings, notes payable, accounts payable, other payables, lease liabilities - current and long-term portion due within one year all are past due within 1 year and discounted, and are in agreement with the balance of each account in the balance sheets.

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

December 31, 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:					
Bonds payable	$ 300,000	$ -	$ -	$ -	$ -
Long-term borrowings (including due within one year)	1,058	3,174	4,231	12,694	9,535

December 31, 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:					
Bonds payable	$ -	$ -	$ 300,000	$ -	$ -
Long-term borrowings (including due within one year)	1,013	3,039	4,052	12,155	13,182

(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 stocks in open market and beneficiary certificate 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 structured investment, forward foreign exchange contracts and corporate bonds payable - call option is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment and convertible bonds-call option without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value including cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings (including current portion) are approximate to their fair values.

C. The related information on 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 on December 31, 2022 and 2021 is as follows:

(a) The related information on the nature 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	$ -	$ -	$ 280	$ 280
Structured investments	-	667,162	-	667,162
Forward foreign exchange contracts	-	2,757	-	2,757
	$ -	$ 669,919	$ 280	$ 670,199

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	$ -	$ -	$ 1,284	$ 1,284
Structured investments	-	524,410	-	524,410
Forward foreign exchange contracts	-	172	-	172
	$ -	$ 524,582	$ 1,284	$ 525,866

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

i. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the closing price. These instruments are included in level 1.

ii. The estimated fair value of forward foreign exchange contracts, investment products and structured investment are all included in level 2, which is evaluated based on the current forward exchange rate and yield.

iii. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

D. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 280	Market comparable companies	Discount for lack of marketability	0.30	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 1,284	Market comparable companies	Discount for lack of marketability	1.43	The higher the discount for lack of marketability, the lower the fair value

E. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount on liquidity	±5%	$ 6	($ 6)	$ -	$ -

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount on liquidity	±5%	$ 29	($ 29)	$ -	$ -

(4) Other matter

The COVID-19 pandemic and implementation of various epidemic prevention measures by the government have no material impact on the Group's operations, going concern and financing risks. The Group assesses that there is no significant asset impairment.

The Group's epidemic response management has complied with the relevant measures announced by the Central Epidemic Command Center and the relevant epidemic prevention regulations of the Communicable Disease Control Act.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Refer to table 1.

B. Provision of endorsements and guarantees to others: Refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Refer to table 4.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

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

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

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

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to Note 13(1) H.

(4) Major shareholders information

Major shareholders information: Refer to table 7.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the reporting departments based on the report information used in making decisions by the board of directors.

The Group provides information by region to the operational decision makers for review. Currently, the Group divides its sales order region into three main areas: Taiwan, Mainland China, and Europe. Therefore, in the operational department, Taiwan, Mainland China, and Europe are the departments to be reported.

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

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Year ended December 31, 2022				
	Taiwan	Mainland China	Europe	Adjustments and Eliminations	Consolidated
Revenue from external customers	$ 1,636,262	$ 2,071,575	$ 665,948	$ -	$ 4,373,785
Inter-segment revenue	-	-	-	-	-
Total segment revenue	$ 1,636,262	$ 2,071,575	$ 665,948	$ -	$ 4,373,785
Segment profit or loss	$ 452,590	$ 381,593	($ 4,608)	($ 376,985)	$ 452,590
Segment profit or loss:					
Depreciation expense	$ 44,098	$ 124,013	$ 39,504	$ -	$ 207,615
Income tax expense	$ 113,933	$ 36,655	$ 2,479	$ -	$ 153,067
Segment Assets:					
Non-current assets	$ 4,776,423	$ 1,088,722	$ 458,478	($ 4,296,578)	$ 2,027,045

	Year ended December 31, 2021				
	Taiwan	Mainland China	Europe	Adjustments and Eliminations	Consolidated
Revenue from external customers	$ 1,435,994	$ 1,797,904	$ 444,680	$ -	$ 3,678,578
Inter-segment revenue	3	851	-	(854)	-
Total segment revenue	$ 1,435,997	$ 1,798,755	$ 444,680	($ 854)	$ 3,678,578
Segment profit or loss	$ 238,582	$ 201,635	($ 29,231)	($ 172,404)	$ 238,582
Segment profit or loss:					
Depreciation expense	$ 41,512	$ 146,778	$ 42,134	$ -	$ 230,424
Income tax (benefit) expense	($ 17,716)	$ 6,208	$ 757	$ -	($ 10,751)
Segment Assets:					
Non-current assets	$ 4,274,796	$ 1,134,949	$ 478,951	($ 3,841,459)	$ 2,047,237

(3) Reconciliation for segment income (loss)

Sales between departments are conducted in accordance with the principle of fair value transactions. External revenues reported to the main operational decision-makers are measured consistently with the revenues in the income statement.

(4) Information on products and services

The main revenue from external customers are manufacturing and sales of hangers, display fixtures, and metal fixtures and manufacturing and sales of automotive safety components. Details are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Manufacturing and sales of hangers, display fixtures and metal fixtures	$ 853,043	$ 711,043
Manufacturing and sales of automotive safety components	3,520,742	2,967,535
	$ 4,373,785	$ 3,678,578

(5) Geographical information

Information on the Group's revenue: Refer to Note 6(16). The information on the Group's non-current assets is follows:

	Years ended December 31	
	2022	2021
	Non-current assets	Non-current assets
China	$ 1,088,722	$ 1,143,981
Taiwan	479,845	433,337
Poland	383,863	397,762
Germany	74,615	81,190
	$ 2,027,045	$ 2,056,270

(6) Information on significant customers

The information on the Group's significant customers for 2022 and 2021 is as follows:

	Years ended December 31			
	2022		2021	
	Revenue	Segment	Revenue	Segment
Group A customer	$ 1,902,617	Taiwan and China	$ 1,591,029	Taiwan and China
Group B customer	1,019,382	Taiwan and China	861,602	Taiwan and China
Group C customer	421,274	Taiwan and China	401,309	Taiwan and China

Iron Force Industrial Coporation and Subsidiaries

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower (Note 4)	Reason for short-term financing (Note 5)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 6)	Ceiling on total loans granted (Note 6)	Footnote
													Item	Value			
0	Iron Force Industrial Co., Ltd.	Iron Force Poland Sp. z o.o.	Other receivables due from related parties	Y	$ 98,130	$ 98,130	$ -	EURIBOR 12 months	2	$ -	Working capital	$ -	None	-	$ 416,379	$ 1,665,514	
1	Huzhou Iron Force Metal Products Co., Ltd	Zhejiang Iron Force Metal Products Co., Ltd	Other receivables due from related parties	Y	135,210	132,330	57,343	4.75%	2	-	Working capital	-	None	-	1,703,057	3,406,113	
1	Huzhou Iron Force Metal Products Co., Ltd	Iron Force Industrial Co., Ltd.	Other receivables due from related parties	Y	981,300	981,300	-	0.65%	2	-	Working capital	-	None	-	1,703,057	3,406,113	
1	Huzhou Iron Force Metal Products Co., Ltd	Iron Force Poland Sp. z o.o.	Other receivables due from related parties	Y	159,750	65,420	32,710	0.65%	2	-	Working capital	-	None	-	1,703,057	3,406,113	
2	Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	Other receivables due from related parties	Y	114,485	114,485	86,682	1.00%	2	-	Working capital	-	None	-	137,229	274,458	
3	Transtat Investment Ltd.	Iron Force Industrial Co., Ltd.	Other receivables due from related parties	Y	19,053	17,513	17,513	0.00%	2	-	Working capital	-	None	-	1,771,612	3,543,224	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the nature of the loan as follows:

(1) Fill in 1 for business transactions.

(2) Fill in 2 for short-term financing.

Note 4: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 5: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 6： The calculation method for limit on loans is as follow:

(1) The ceiling on total loans granted by the Company to others shall not exceed 40% of the Company's net assets. For the companies having business relationship with the Company, ceiling on total loans granted shall not exceed 10% of the Company's net assets; where the Board of Directors deems the need for short-term financing, ceiling on total loans granted shall not exceed 30% of the Company's net assets.

(2) The limit on loans granted by the Company to a single party who has business relationship with the Company shall not exceed the higher of 30% of the business transaction amount between the borrower and the Company in the most recent year or 120% of the business transaction amount in the most recent three months, and shall not exceed 10% of the Company's net assets; where the Board of Directors deems the need for short-term financing, limit on total loans granted to a single party shall not exceed 10% of the Company's net assets.

(3) For loans granted between foreign companies whose voting rights are 100% held directly and indirectly by the Company or granted to the borrower by the foreign company whose voting rights are 100% held directly and indirectly by the Company, the ceiling on total loans granted shall not exceed 100% of the creditor's net assets; limit on loans granted to a single party shall not exceed 50% of the creditor's net assets. The financing period depends on the borrower's capital needs, but it shall not exceed five years.

(4) The limit on loans to a single party by the subsidiary is 50% of its net assets, and ceiling on total loans granted is 100% of its net assets.

Iron Force Industrial Coporation and Subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/guarantor	Party being endorsed/ guaranteed: Company name	Party being endorsed/ guaranteed: Relationship with the investor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2022 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor	Ceiling on total amount of endorsements/guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/guarantees to the party in Mainland China (Note 7)	Footnote
0	Iron Force Industrial Co., Ltd.	Huzhou Iron Force Metal Products Co., Ltd	2	$ 1,040,947	$ 222,285	$ 215,075	$ -	$ -	5%	$ 2,081,893	Y	N	Y	Notes 3(1) and (2)
1	Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	4	137,229	54,848	54,848	37,824	-	1%	274,458	N	N	N	Note 3(3)
2	Huzhou Iron Force Metal Products Co., Ltd	Iron Force Industrial Co., Ltd.	2	1,703,057	901,400	882,200	-	-	21%	3,406,113	N	Y	N	Note 3(3)

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor the Group’s “Procedures for Provision of Endorsements and Guarantees” are as follows.

(1) The ceiling on total amount of endorsements/guarantees shall not exceed 50% of the Company’s net assets.

(2) The limit on endorsements and guarantees provided for a single party shall not exceed 25% of the Company’s net assets:

(2.1) For the companies having business relationship with the Company and thus being provided endorsements/guarantees, the limit on accumulated endorsement/guarantee amount is the total value of purchases, sales and other business transactions during the most recent year and shall not exceed 10% of the Company’s net assets.

(2.2) For the companies having parent-subsidiary relationship with the Company and thus being provided endorsements/guarantees, the limit on accumulated endorsement/guarantee amount shall not exceed 10% of the Company’s net assets. However, for the companies which the Company holds 100% of the voting rights directly or indirectly, endorsements and guarantees is not limited.

(3) The limit on endorsements and guarantees provided to a single party by the subsidiary is 50% of its net assets, and ceiling on total endorsements and guarantees provided is 100% of its net assets.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chariman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Iron Force Industrial Coporation and Subsidiaries

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

December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2022				
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Iron Force Industrial Co., Ltd.	Stock / MKD Technology Inc	-	Financial assets at fair value through profit or loss - current	400,000	$ 280	1%	$ 280	-
Huzhou Iron Force Metal Products Co., Ltd	RMB Structured Deposits	-	Financial assets at fair value through profit or loss - current	-	667,162	-	667,162	-

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

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Iron Force Industrial Coporation 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 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2022		Addition (Note 3)		Disposal (Notes 3 and 5)				Balance as at December 31, 2022	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal (Note 6)	Number of shares	Amount
Huzhou Iron Force Metal Products Co., Ltd	RMB Structured deposits	Financial assets at fair value through profit or loss - current	-	-	-	$ 524,410	-	$ 1,654,125	-	$ 1,521,795	$ 1,521,795	$ -	-	$ 667,162
Huzhou Iron Force Metal Products Co., Ltd	Zheshang Securities enjoy the high silver festival (interval cumulative structure) No.18 floating income voucher (customized payment)	Financial assets at fair value through profit or loss - current	-	-	-	-	-	332,845	-	332,845	-	-	-	-

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

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: The difference between sales price and book value plus gain (loss) on disposal is the transaction fee and tax.

Note 6: The investment is recorded under financial assets at fair value through profit or loss, and gains (losses) on valuation are recognised quarterly.

Note 7: The amount at the beginning of the period includes gains (losses) on valuation of the previous period, the addition in the current period is the amount of purchase cost, and the amount at the end of the period includes gains (losses) on valuation in the current period.

Iron Force Industrial Coporation and Subsidiaries

Information on investees

Year ended December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2(3))	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares (in thousands)	Ownership (%)	Book value			
Iron Force Industrial Co., Ltd.	Transtat Investment Ltd.	Hong kong	Holding company	$ 873,960	$ 873,960	25,997	100%	$ 3,539,738	$ 381,594	$ 381,594	
Iron Force Industrial Co., Ltd.	Cortec GmbH	Germany	Sales and purchases of hangers and display fixtures	27,104	27,104	750	100%	277,417	7,995	7,995	
Iron Force Industrial Co., Ltd.	Iron Force Poland Sp. z o.o.	Poland	Producing and sales of automotive safety components	658,901	658,901	1,600	100%	491,130	(12,603)	(12,603)	
Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	Germany	Producing and sales and purchases of hangers and display fixtures	889	889	-	100%	(27,500)	(3,507)	(3,507)	
Cortec GmbH	Cortec Verwaltungs GmbH	Germany	Management consulting company	881	881	-	100%	865	17	17	

Note 1: If a public company is equipped with an overseas holding company and takes parent company only financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of ‘Investee’, ‘Location’, ‘Main business activities’, Initial investment amount’ and ‘Shares held as at December 31, 2022’ should fill orderly in the Company’s (public company's) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.

(2) The ‘Net profit (loss) of the investee for the year ended December 31, 2022’ column should fill in amount of net profit (loss) of the investee for this period.

(3) The ‘Investment income (loss) recognised by the Company for the year ended December 31, 2022’ column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Iron Force Industrial Coporation and Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 4)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Taiwan to Mainland China/Amount remitted back: Remitted to Mainland China	Taiwan to Mainland China/Amount remitted back: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended 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 (Note 2)	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
Zhejiang Iron Force Metal Products Co., Ltd.	Producing and sales of hangers, display fixtures and metal fixture	$ 153,625	(2)	$ 143,346	$ -	$ -	$ 143,346	$ 22,328	100%	$ 22,328	$ 119,609	$ -	
Huzhou Iron Force Metal Products Co., Ltd.	Producing and sales of automotive safety components	1,323,019	(2)	703,149	-	-	703,149	365,426	100%	365,426	3,406,113	266,036	(Note 5)

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
Iron Force Industrial Co., Ltd.	$ 846,495	$ 846,495	$ 2,498,272

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

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

(2) Investing through Transtat Investment Ltd., an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2: Investment income (loss) was recognised based on the financial reports audited by the parent company's CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: (1) The differences between the paid-in capital of Zhejiang Iron Force Metal Products Co., Ltd. amounting to US$5,000 thousand and the accumulated amount of remittance from Taiwan amounting to US$4,734 thousand is US$266 thousand. This resulted from using dividends distribution of Huzhou Iron Force Metal Products Co., Ltd. amounting to US$400 thousand as the capital contribution to invest in Zhejiang Iron Force Metal Products Co., Ltd. and purchasing shares from the related parties at a premium price of US$ 134 thousand.

(2) The differences between the paid-in capital of Huzhou Iron Force Metal Products Co., Ltd. amounting to US$43,060 thousand and the accumulated amount of remittance from Taiwan amounting to US$22,200 thousand is US$20,860 thousand. This resulted form purchasing shares from the related parties at a premium price of US$1,140 thousand and the capital increase out of earnings of Huzhou Iron Force Metal Products Co., Ltd. in 2019 and 2021 in the amount of US$22,000 thousand.

Note 5: As of December 31, 2021, the accumulated amount of investment income remitted back to Taiwan by Huzhou Iron Force Metal Products Co., Ltd. amounted to US$8,625 thousand.

Iron Force Industrial Coporation and Subsidiaries

Major shareholders information

December 31, 2022

Table 7

	Shares	
Name of major shareholders	Name of shares held	Ownership (%)
MengChing Investment Co., Ltd.	19,386,486	25.58%
Zhengyu Investment Co., Ltd.	4,942,980	6.52%