Sinmag Equipment Corporation

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinmag Equipment Corporation

Opinion

We have audited the accompanying financial statements of Sinmag Equipment Corporation (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the report of other auditors (refer to the other matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 based on our audits and the report of other auditors.

Key Audit Matters

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

Key audit matter of the Company's financial statements for the year ended December 31, 2022 is stated as follows:

Occurrence of Sales Revenue

The Company has thousands of customers. The total revenue of major customers (excluding related parties) accounted for 38% of the total operating revenue. Due to the impact of novel coronavirus pneumonia and group policy changes for the year ended December 31, 2022, the total operating revenue has declined compared with last year; however, operating revenue from some major customers has increased, which resulted in a significant impact on the financial performance of the Company. Therefore, we deemed the validity of the occurrence of sales revenue coming from major customers with a high level of volatility in the total operating revenue and abnormal accounts receivable turnover rate as a key audit matter. Refer to the accounting policies related to revenue recognition in Note 4 to the financial statements.

The following audit procedures were performed in response to the abovementioned key audit matter:

1. We obtained an understanding of the design and implementation of the internal controls related to the recognition of sales revenue, and we designed the appropriate audit procedures of internal controls related to the occurrence of sales revenue and confirmed and evaluated the effectiveness of the design and implementation of the Company's internal controls.

2. We selected samples of sales transactions, reviewed sales orders, bills of lading or signed documents, invoices and receipts and confirmed confirm the occurrence of sales revenue.

3. We compared the changes in sales revenue, gross profit margin, trade receivables turnover days and credit conditions of the abovementioned major customers between the current and the previous year, and we evaluated the reasonableness of the changes.

Other Matter

We did not audit the financial statements of LBC Bakery Equipment Inc. for the year ended December 31, 2021, a subsidiary included in the financial statements of the Company, but such financial statements were prepared using a different financial reporting framework and audited by other auditors in accordance with auditing standards generally accepted in the United States of America. We have applied audit procedures on the conversion adjustments to the financial statements of LBC Bakery Equipment Inc., which conform to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Our opinion, insofar as it relates to the amounts included for LBC Bakery Equipment Inc. prior to these conversion adjustments, is based solely on the report of other auditors and additional audit procedures to meet the relevant requirements of the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. The investments accounted for using the equity method of LBC Bakery Equipment Inc. constituted 9% (NT$263,899 thousand), of the total assets as of December 31, 2021, and share of profit or loss of subsidiaries constituted 8% (NT$45,296 thousand), of profit before income tax from continuing operations for the year then ended.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chiang-Hsun Chen and Chao-Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 29, 2023

<u>*Notice to Readers*</u>

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

SINMAG EQUIPMENT CORPORATION

BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 262,075	9	$ 68,993	2
Financial assets at amortized cost - current (Notes 4, 7 and 8)	-	-	66	-
Notes receivable (Notes 4, 9 and 21)	7,654	1	4,783	-
Trade receivables (Notes 4, 9 and 21)	36,112	1	139,482	5
Trade receivables from related parties (Notes 4, 21 and 29)	6,154	-	99,081	3
Other receivables (Notes 4 and 9)	353	-	470	-
Inventories (Notes 4 and 10)	65,824	2	79,576	3
Prepayments (Note 15)	947	-	1,703	-
Total current assets	379,119	13	394,154	13
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 7, 8 and 30)	50	-	50	-
Investments accounted for using the equity method (Notes 4, 11, 25 and 29)	2,462,614	82	2,461,272	82
Property, plant and equipment (Notes 4, 12, 16, 26 and 30)	110,915	4	104,631	3
Right-of-use assets (Notes 4 and 13)	158	-	537	-
Other intangible assets (Notes 4 and 14)	48	-	64	-
Deferred tax assets (Notes 4 and 23)	26,220	1	49,243	2
Net defined benefit assets - non-current (Notes 4 and 19)	6,154	-	-	-
Other non-current assets (Notes 4 and 15)	1,974	-	147	-
Total non-current assets	2,608,133	87	2,615,944	87
TOTAL	$ 2,987,252	100	$ 3,010,098	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16 and 30)	$ 76,500	3	$ 240,000	8
Contract liabilities (Notes 4 and 21)	4,681	-	9,420	-
Notes payable	704	-	31,745	1
Notes payable to related parties (Note 29)	-	-	570	-
Trade payables	26,316	1	6,953	-
Trade payables to related parties (Note 29)	14,846	1	139,192	5
Other payables (Note 17)	38,523	1	51,251	2
Current tax liabilities (Notes 4 and 23)	132,528	4	35,755	1
Provisions - current (Notes 4 and 18)	131	-	131	-
Lease liabilities - current (Notes 4 and 13)	159	-	379	-
Total current liabilities	294,388	10	515,396	17
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16, 26, and 30)	10,119	-	2,674	-
Deferred tax liabilities (Notes 4 and 23)	93,250	3	83,058	3
Lease liabilities - non-current (Notes 4 and 13)	-	-	159	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	-	-	5,921	-
Total non-current liabilities	103,369	3	91,812	3
Total liabilities	397,757	13	607,208	20
EQUITY (Notes 4 and 20)				
Share capital				
Ordinary shares	502,302	17	502,302	17
Capital surplus	206,827	7	77,765	2
Retained earnings				
Legal reserve	586,956	20	586,956	20
Special reserve	191,235	6	159,572	5
Unappropriated earnings	1,226,352	41	1,267,530	42
Total retained earnings	2,004,543	67	2,014,058	67
Other equity	(124,177)	(4)	(191,235)	(6)
Total equity	2,589,495	87	2,402,890	80
TOTAL	$ 2,987,252	100	$ 3,010,098	100

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

(With Deloitte & Touche auditors' report dated March 29, 2023)

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 21 and 29)				
Sales	$ 446,208	95	$ 1,100,239	98
Service revenue	21,620	5	22,992	2
Total operating revenue	467,828	100	1,123,231	100
OPERATING COSTS				
Cost of goods sold (Notes 10, 22 and 29)	(360,868)	(77)	(971,324)	(87)
Service cost	(3,348)	(1)	(3,618)	-
Total operating costs	(364,216)	(78)	(974,942)	(87)
GROSS PROFIT	103,612	22	148,289	13
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	(4,394)	(1)	(16,702)	(1)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	16,702	4	11,699	1
REALIZED GROSS PROFIT	115,920	25	143,286	13
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	(50,151)	(11)	(54,657)	(5)
General and administrative expenses	(44,549)	(10)	(68,286)	(6)
Research and development expenses	(6,690)	(1)	(7,709)	(1)
Expected credit gain (Notes 4 and 9)	9,025	2	492	-
Total operating expenses	(92,365)	(20)	(130,160)	(12)
PROFIT FROM OPERATIONS	23,555	5	13,126	1
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 22)				
Interest income	2,663	1	59	-
Other income	139	-	337	-
Other gains and losses	15,420	3	(5,429)	-
Finance costs	(2,160)	-	(1,296)	-
Share of profit or loss of subsidiaries, associates and joint ventures	446,725	95	563,705	50
Total non-operating income and expenses	462,787	99	557,376	50

(Continued)

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	$ 486,342	104	$ 570,502	51
INCOME TAX EXPENSE (Notes 4 and 23)	(149,773)	(32)	(60,335)	(6)
NET PROFIT FOR THE YEAR	336,569	72	510,167	45
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	12,222	3	(6,936)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(2,444)	(1)	1,387	-
	9,778	2	(5,549)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	83,823	18	(39,578)	(4)
Income tax relating to items that may be reclassified subsequently to profit or loss	(16,765)	(4)	7,915	1
	67,058	14	(31,663)	(3)
Other comprehensive income (loss) for the year, net of income tax	76,836	16	(37,212)	(3)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 413,405	88	$ 472,955	42
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	$ 6.70		$ 10.16	
Diluted	$ 6.68		$ 10.12	

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

(With Deloitte & Touche auditors' report dated March 29, 2023) (Concluded)

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity	
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2021	$ 502,302	$ 75,738	$ 552,755	$ 160,753	$ 1,136,995	$ (159,572)	$ 2,268,971
Changes in percentage of ownership interests in subsidiaries (Note 20)	-	2,027	-	-	-	-	2,027
Appropriation of 2020 earnings (Note 20)							
Legal reserve	-	-	34,201	-	(34,201)	-	-
Reversal of special reserve	-	-	-	(1,181)	1,181	-	-
Cash dividends distributed by the Company	-	-	-	-	(341,063)	-	(341,063)
Net profit for the year ended December 31, 2021	-	-	-	-	510,167	-	510,167
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	(5,549)	(31,663)	(37,212)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	504,618	(31,663)	472,955
BALANCE AT DECEMBER 31, 2021	502,302	77,765	586,956	159,572	1,267,530	(191,235)	2,402,890
Changes in percentage of ownership interests in subsidiaries (Notes 20 and 25)	-	129,062	-	-	-	-	129,062
Appropriation of 2021 earnings (Note 20)							
Special reserve	-	-	-	31,663	(31,663)	-	-
Cash dividends distributed by the Company	-	-	-	-	(351,612)	-	(351,612)
Net profit for the year ended December 31, 2022	-	-	-	-	336,569	-	336,569
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	9,778	67,058	76,836
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	346,347	67,058	413,405
Other (Note 29)	-	-	-	-	(4,250)	-	(4,250)
BALANCE AT DECEMBER 31, 2022	$ 502,302	$ 206,827	$ 586,956	$ 191,235	$ 1,226,352	$ (124,177)	$ 2,589,495

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

(With Deloitte & Touche auditors' report dated March 29, 2023)

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 486,342	$ 570,502
Adjustments for:		
Expected credit gain on receivables	(9,025)	(492)
Depreciation expense	2,809	3,286
Amortization expense	16	70
Finance costs	2,160	1,296
Share of profit of subsidiaries, associates and joint ventures	(446,725)	(563,705)
Interest income	(2,663)	(59)
Write-downs of inventories	728	3,632
Loss on disposal of property, plant and equipment	-	4,790
Loss on disposal of subsidiary	-	63
Recognition of provisions	113	360
Unrealized gain on the transactions with subsidiaries, associates and joint ventures	4,394	16,702
Realized gain on the transactions with subsidiaries associates and joint ventures	(16,702)	(11,699)
Net (gain) loss on foreign currency exchange	(7,569)	459
Changes in operating assets and liabilities		
Notes receivable	(2,871)	6,743
Trade receivables	112,154	(60,207)
Trade receivables from related parties	92,927	(38,850)
Other receivables	206	(284)
Inventories	13,024	(17,002)
Prepayments	756	448
Contract liabilities	(4,739)	4,892
Notes payable	(31,041)	16,966
Notes payable from related parties	(570)	70
Trade payables	19,363	225
Trade payables from related parties	(124,364)	69,524
Other payables	(12,654)	12,656
Provisions	(113)	(360)
Net defined benefit liabilities - non-current	147	(1,931)
Cash generated from operations	76,103	18,095
Interest received	2,574	59
Income tax paid	(38,994)	(52,292)
Net cash generated from (used in) operating activities	39,683	(34,138)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	-	(1)
Proceeds from disposal of financial assets at amortized cost	66	-
Acquisition of investments accounted for using the equity method	(1,340)	(244,310)
Net cash inflow on disposal of subsidiary	374,019	419

(Continued)

SINMAG EQUIPMENT CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Proceeds from the capital reduction on investments accounted for using the equity method	$ 60,882	$ 244,310
Payments for property, plant and equipment	(1,269)	(833)
Increase in other non-current assets	(1,827)	-
Decrease in other non-current assets	-	62
Dividends received from subsidiaries	232,765	298,539
Net cash generated from investing activities	663,296	298,186
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	793,372	800,000
Repayments of short-term borrowings	(956,872)	(705,000)
Repayment of the principal portion of lease liabilities	(379)	(411)
Dividends paid	(351,612)	(341,063)
Interest paid	(2,234)	(1,219)
Net cash used in financing activities	(517,725)	(247,693)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	7,828	(465)
NET INCREASE IN CASH	193,082	15,890
CASH AT THE BEGINNING OF THE YEAR	68,993	53,103
CASH AT THE END OF THE YEAR	$ 262,075	$ 68,993

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

(With Deloitte & Touche auditors’ report dated March 29, 2023) (Concluded)

1. GENERAL INFORMATION

Sinmag Equipment Corporation (the "Company") was incorporated in the Republic of China (ROC) in September 1983, and the paid-in capital was $502,302 thousand as of December 31, 2022. The Company is primarily engaged in the following businesses:

a. Wholesale of machinery;

b. Retail sale of machinery and equipment;

c. Machinery and equipment manufacturing;

d. International trade; and

e. All businesses that are not prohibited or restricted by law, except those that are subject to special approval.

The Company's shares have been listed on mainboard of the Taipei Exchange (TPEx) since December 2007.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 27, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of the above standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments 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

Note 1: Unless stated otherwise, the above new IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of the above standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

In preparing the Company’s financial statements, transactions in currencies other than the Company’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

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

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

e. Inventories

Inventories consist of raw materials, work in progress, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities

Profits or losses resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

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

i. Impairment of property, plant and equipment, right-of-use assets and other intangible assets

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

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified as financial assets at amortized cost.

- Financial assets at amortized cost

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

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, (including cash and cash equivalents, financial assets at amortized cost, receivable (including related parties and excluding tax refund receivables), and refundable deposits), are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

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

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

ii. Breach of contract, such as a default;

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. Financial asset’s aging is more than 210 days unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method except for situations where interest recognized for short-term payables is considered immaterial.

b) Derecognition of financial liabilities

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

k. Provisions

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

<u>Warranties</u>

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligations.

l. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of bakery equipment. Sales of bakery equipment are recognized as revenue when the goods are delivered to the customer because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the maintenance services of equipment.

As the Company provides maintenance services, customers simultaneously receive and consume the benefits provided by the Company's performance. Consequently, the related revenue is recognized when services are rendered.

m. Leasing

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

<u>The Company as lessee</u>

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

n. Borrowing costs

All of borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Share-based payment arrangements

Equity-settled share-based payment arrangements granted to the employees of a subsidiary

The grant by the Company of its equity instruments to the employees of a subsidiary under share-based payment arrangements is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to capital surplus - share-based payments.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, management is required to make judgements, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flows, growth rates, discount rates, profitabilities, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The management evaluated that major accounting policies, estimates and basic assumptions applied by the Company had no significant uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31 2022	December 31 2021
Cash on hand	$ 159	$ 156
Checking accounts	1,833	18,171
Demand deposits	59,243	50,666
Cash equivalents		
Time deposits with original maturities of less than 3 months	200,840	-
	$ 262,075	$ 68,993

The market rate intervals of cash in the bank at the end of the year were as follows:

	December 31 2022	December 31 2021
Bank balance (including time deposits)	0.001%-4.15%	0.001%-0.2%

7. FINANCIAL ASSETS AT AMORTIZED COST

	December 31 2022	December 31 2021
Current		
Time deposits with original maturities of more than 3 months	$ -	$ 66
Non-current		
Restricted assets - time deposits with original maturities of more than 3 months	$ 50	$ 50

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.2% and 0.79% per annum as of December 31, 2022 and 2021, respectively.

b. Refer to Note 8 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

c. Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

8. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Financial Assets at Amortized Cost

	December 31 2022	December 31 2021
Gross carrying amount	$ 50	$ 116
Less: Allowance for impairment loss	-	-
	$ 50	$ 116

The Company only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The Company's exposure and the external credit ratings are continuously monitored. The Company reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In order to minimize credit risk, the Company has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to degree of risk of default. The credit rating information may be obtained from independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information to rate the debtors.

The Company considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. As of December 31, 2022 and 2021, the Company evaluated the expected credit loss rates of its debt instrument investments as 0%.

9. NOTES RECEIVABLE, TRADE RECEIVABLES, OVERDUE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2022	**2021**
Notes receivable		
At amortized cost		
Gross carrying amount	$ 7,654	$ 4,783
Less: Allowance for impairment loss	-	-
	$ 7,654	$ 4,783
Trade receivables		
At amortized cost		
Gross carrying amount	$ 37,474	$ 146,877
Less: Allowance for impairment loss	(1,362)	(7,395)
	$ 36,112	$ 139,482
Overdue receivables		
At amortized cost		
Gross carrying amount	$ 2,710	$ 5,708
Less: Allowance for impairment loss	(2,710)	(5,708)
	$ -	$ -
Other receivables		
Tax refund receivables	$ 76	$ 21
Interest receivables	89	-
Others	188	449
	$ 353	$ 470

a. Notes receivable

The average credit period for notes receivable is 60-120 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for notes receivable at an amount equal to lifetime ECLs. The expected credit losses on notes receivable are estimated by reference to the past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate. As of December 31, 2022 and 2021, the rate of expected credit loss of notes receivable was 0%.

The overdue aging analysis of the Company's notes receivable is as follows:

	December 31	
	2022	**2021**
Not past due	$ 7,654	$ 4,783

b. Trade receivables

The average credit period of sales of goods was 90 days. No interest was charged on trade receivables that were past due. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due days from the invoice date is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2022

	Up to 60 Days	61 to 120 Days	121 to 180 Days	181 to 240 Days	Over 241 Days	Total
Expected credit loss rate	3.42%	4.46%	21.31%	-	-	
Gross carrying amount	$ 29,715	$ 7,751	$ 8	$ -	$ -	$ 37,474
Loss allowance (Lifetime ECLs)	(1,015)	(345)	(2)	-	-	(1,362)
Amortized cost	$ 28,700	$ 7,406	$ 6	$ -	$ -	$ 36,112

December 31, 2021

	Up to 60 Days	61 to 120 Days	121 to 180 Days	181 to 240 Days	Over 241 Days	Total
Expected credit loss rate	4.17%	4.89%	13.38%	99.71%	100%	
Gross carrying amount	$ 75,701	$ 64,073	$ 6,927	$ 153	$ 23	$ 146,877
Loss allowance (Lifetime ECLs)	(3,159)	(3,133)	(927)	(153)	(23)	(7,395)
Amortized cost	$ 72,542	$ 60,940	$ 6,000	$ -	$ -	$ 139,482

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 7,395	$ 9,899
Less: Net remeasurement of loss allowance	(6,027)	(2,504)
Less: Amounts written off	(6)	-
Balance at December 31	$ 1,362	$ 7,395

c. Overdue receivables

The Company measures the loss allowance for overdue receivables at an amount equal to lifetime ECLs. The expected credit losses on overdue receivable are estimated by reference to the past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate. As of December 31, 2022 and 2021, the rate of expected credit loss of overdue receivables was 100%.

The movements of the loss allowance of overdue receivables were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 5,708	$ 3,696
Add: Net remeasurement of loss allowance	-	2,012
Less: Net remeasurement of loss allowance	(2,998)	-
Balance at December 31	$ 2,710	$ 5,708

d. Other receivables

Other receivables consist of tax refund receivables, Interest receivables, advances to employees, etc. The Company adopted a policy of only dealing with entities that have good credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

The Company considers the current financial condition of debtors in order to assess, whether there has been a significant increase in credit risk on other receivables since initial recognition and measures the expected credit loss. As of December 31, 2022 and 2021, the rate of expected credit loss of other receivables was 0%.

10. INVENTORIES

	December 31	
	2022	**2021**
Merchandise	$ 7,652	$ 6,496
Finished goods	14,323	21,392
Work in progress	17,338	19,274
Raw materials	25,201	30,673
Inventory in transit	1,310	1,741
	$ 65,824	$ 79,576

The nature of the cost of goods sold was as follows:

	For the Year Ended December 31	
	2022	**2021**
Cost of inventories sold	$ 360,054	$ 967,641
Inventory write-downs	728	3,632
Unallocated production overhead	86	51
	$ 360,868	$ 971,324

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	December 31	
	2022	**2021**
Lucky Union Limited	$ 2,462,614	$ 2,108,678
Sinmag Equipment (Thailand) Co., Ltd. (Note 3)	-	88,695
Benchmark Service Co., Ltd. (Note 1)	-	-
LBC Bakery Equipment Inc. (Note 2)	-	263,899
	$ 2,462,614	$ 2,461,272

Name of Subsidiary	Proportion of Ownership and Voting Rights December 31 2022	2021
Lucky Union Limited	100.00%	100.00%
Sinmag Equipment (Thailand) Co., Ltd. (Note 3)	-	100.00%
Benchmark Service Co., Ltd. (Note 1)	-	-
LBC Bakery Equipment Inc. (Note 2)	-	97.24%

Note 1: In June 2020, Benchmark Service Co., Ltd. was incorporated in Thailand. However, considering the Group's policy, the board of directors resolved on March 18, 2021 to liquidate Benchmark Service Co., Ltd. and to handle deregistration, and the relevant procedures were completed in August 2021.

Note 2: After undertaking structural reorganization in April 2021, the Company directly held LBC Bakery Equipment Inc. In addition, the Company bought back 158,000 treasury shares in April 2021, and the shares of LBC Bakery Equipment Inc. held by the Company increased from 82.82% to 97.24%. In addition, Sinmag Limited converted the preference shares into ordinary shares in January 2022, and the shares of LBC Bakery Equipment Inc. held by the Company decreased from 97.24% to 94.26%, the shares of LBC Bakery Equipment Inc. held by Sinmag Limited increased from 0% to 3.07%. Refer to Note 25 for further information on partial acquisition or disposal of subsidiaries. In addition, after undertaking structural reorganization in May 2022, Sinmag Equipment (China) Co., Ltd. directly held LBC Bakery Equipment Inc.

Note 3: After undertaking structural reorganization in May 2022, Sinmag Equipment (China) Co., Ltd. directly held Sinmag Equipment (Thailand) Co., Ltd.

Refer to Tables 4 and 5 for the details of the subsidiaries indirectly held by the Company.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Property Under Construction (Note 16)	Total
Cost							
Balance at January 1, 2022	$ 71,915	$ 48,053	$ 19,122	$ 428	$ 1,746	$ 2,674	$ 143,938
Additions	-	-	541	-	728	7,445	8,714
Balance at December 31, 2022	$ 71,915	$ 48,053	$ 19,663	$ 428	$ 2,474	$ 10,119	$ 152,652
Accumulated depreciation							
Balance at January 1, 2022	$ -	$ 20,799	$ 16,550	$ 385	$ 1,573	$ -	$ 39,307
Depreciation expense	-	1,642	645	43	100	-	2,430
Balance at December 31, 2022	$ -	$ 22,441	$ 17,195	$ 428	$ 1,673	$ -	$ 41,737
Carrying amount at December 31, 2022	$ 71,915	$ 25,612	$ 2,468	$ -	$ 801	$ 10,119	$ 110,915
Cost							
Balance at January 1, 2021	$ 71,915	$ 58,012	$ 21,135	$ 428	$ 1,746	$ -	$ 153,236
Additions	-	819	14	-	-	2,674	3,507
Disposals	-	(10,778)	(2,134)	-	-	-	(12,912)
Reclassification (Note)	-	-	107	-	-	-	107
Balance at December 31, 2021	$ 71,915	$ 48,053	$ 19,122	$ 428	$ 1,746	$ 2,674	$ 143,938

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Transpor-tation Equipment	Office Equipment	Property Under Construction (Note 16)	Total
Accumulated depreciation							
Balance at January 1, 2021	$ -	$ 25,013	$ 17,854	$ 300	$ 1,386	$ -	$ 44,553
Disposals	-	(5,988)	(2,134)	-	-	-	(8,122)
Depreciation expense	-	1,774	830	85	187	-	2,876
Balance at December 31, 2021	$ -	$ 20,799	$ 16,550	$ 385	$ 1,573	$ -	$ 39,307
Carrying amount at December 31, 2021	$ 71,915	$ 27,254	$ 2,572	$ 43	$ 173	$ 2,674	$ 104,631

(Concluded)

Note: Reclassified from inventories to property, plant and equipment.

The property, plant and equipment used by the Company are not leased under operating leases.

No impairment assessment was performed for the years ended December 31, 2022 and 2021 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	20-50 years
Others	10-15 years
Machinery and equipment	8 years
Transportation equipment	5 years
Office equipment	5 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 30.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Buildings	$ 158	$ 537
Additions to right-of-use assets	$ -	$ 758
Depreciation charge for right-of-use assets		
Buildings	$ 379	$ 410

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 159	$ 379
Non-current	$ -	$ 159

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	1.00%	1.00%-1.15%

c. Material lease-in activities and terms

The Company leases buildings for the use of offices with lease term of 2 years. The Company does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 249	$ 274
Expenses relating to low-value asset leases	$ 266	$ 305
Total cash outflow for leases	$ (968)	$ (834)

The Company leases buildings which qualify as short-term leases and certain office equipment which qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments (the Company as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2022	2021
Lease commitments	$ -	$ 354

14. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2022	$ 2,790
Additions	-
Disposal	(1,030)
Balance at December 31, 2022	$ 1,760
Accumulated amortization and impairment	
Balance at January 1, 2022	$ 2,726
Amortization expense	16
Disposal	(1,030)
Balance at December 31, 2022	$ 1,712
Carrying amount at December 31, 2022	$ 48
Cost	
Balance at January 1, 2021	$ 2,790
Additions	-
Balance at December 31, 2021	$ 2,790
Accumulated amortization and impairment	
Balance at January 1, 2021	$ 2,656
Amortization expense	70
Balance at December 31, 2021	$ 2,726
Carrying amount at December 31, 2021	$ 64

Computer software is amortized on a straight-line basis over its estimated useful life of 5 years.

15. OTHER ASSETS

	December 31	
	2022	2021
Current		
Other prepayments		
Prepaid expenses	$ 947	$ 1,703

	December 31	
	2022	2021
Non-current		
Other assets		
Refundable deposits (Note)	$ 374	$ 147
Prepayments for equipment	1,600	-
	$ 1,974	$ 147

(Concluded)

Note: The Company considers the historical default rates of each credit rating supplied by external rating agencies and the current financial condition of debtors to estimate 12-month or lifetime expected credit losses. As of December 31, 2022 and 2021, the Company evaluated the expected credit loss rates of its refundable deposits as 0%.

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Secured borrowings (Note 30)		
Bank loans	$ -	$ 90,000
Unsecured borrowings		
Line of credit borrowings	$ 76,500	$ 150,000

1) The interest rate on bank loans was 1.00% as of December 31, 2021.

2) The range of weighted average effective interest rates on bank line of credit borrowings was 1.43% and 0.88% per annum as of December 31, 2022 and 2021, respectively.

b. Long-term borrowings

	December 31	
	2022	2021
Secured borrowings (Note 30)		
Long-term borrowings - Urban regeneration (Note 26)	$ 10,119	$ 2,674

The Company participated in the "Taipei City, Da-An District, Huaisheng Section 2, No. 316, 316-2 Urban Renewal Plan" (the "Plan"). The Plan, which was implemented by the original landowner and legal building owner with "Taipei City, Da-An District, Huaisheng Section 2, No. 316, 316-2 Association" (the "Association"), was approved by the municipal authority. To assure that the Plan would be carried out as expected, the Association signed the property trust contract with the Trust Department of Hua Nan Commercial Bank (Note 30), and the Association applied the property financing arrangement to Hua Nan Commercial Bank which states that the borrowings are managed by the trust account of Hua Nan Commercial Bank. Upon completion of the project, the expense accrued from the project will be allocated proportionately to the original landowner and legal building owner based on the value of the property rights. As of December 31, 2022 and 2021, the expense allocated to the Company was $10,119 thousand and $2,674 thousand, and the borrowing rate was 2.33%-2.705% and 2.08%, respectively.

17. OTHER PAYABLES

	December 31	
	2022	2021
Payables for salaries or bonuses	$ 30,833	$ 45,146
Payables for professional service fees	1,389	421
Payables for interests	42	116
Others	6,259	5,568
	$ 38,523	$ 51,251

18. PROVISIONS

	December 31	
	2022	2021
Current		
Warranties	$ 131	$ 131

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 131	$ 131
Additional provisions recognized	113	360
Amount used	(113)	(360)
Balance at December 31	$ 131	$ 131

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties in sale of goods contracts. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 6.57% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

	December 31	
	2022	**2021**
Present value of defined benefit obligation	$ 32,381	$ 48,210
Fair value of plan assets	(38,535)	(42,289)
(Surplus) deficit	(6,154)	5,921
Asset ceiling	-	-
Net defined benefit (assets) liabilities	$ (6,154)	$ 5,921

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities**
Balance at January 1, 2021	$ 58,241	$ (57,325)	$ 916
Service cost			
Current service cost	240	-	240
Net interest expense (income)	290	(292)	(2)
Recognized in profit or loss	530	(292)	238

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (670)	$ (670)
Actuarial loss - changes in demographic assumptions	1,286	-	1,286
Actuarial (gain) - changes in financial assumptions	(599)	-	(599)
Actuarial loss - experience adjustments	6,919	-	6,919
Recognized in other comprehensive income	7,606	(670)	6,936
Contributions from the employer	-	(2,169)	(2,169)
Benefits paid	(18,167)	18,167	-
Balance at December 31, 2021	$ 48,210	$ (42,289)	$ 5,921
Balance at January 1, 2022	$ 48,210	$ (42,289)	$ 5,921
Service cost			
Current service cost	110	-	110
Net interest expense (income)	301	(264)	37
Recognized in profit or loss	411	(264)	147
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,885)	(3,885)
Actuarial (gain) - changes in financial assumptions	(2,774)	-	(2,774)
Actuarial (gain) - experience adjustments	(5,563)	-	(5,563)
Recognized in other comprehensive income	(8,337)	(3,885)	(12,222)
Benefits paid	(7,903)	7,903	-
Balance at December 31, 2022	$ 32,381	$ (38,535)	$ (6,154)

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	**2021**
Discount rate(s)	1.500%	0.625%
Expected rate(s) of salary increase	2.500%	2.500%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2022	**2021**
Discount rate(s)		
0.25% increase	$ (732)	$ (1,194)
0.25% decrease	$ 758	$ 1,238
Expected rate(s) of salary increase		
0.25% increase	$ 737	$ 1,194
0.25% decrease	$ (716)	$ (1,159)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	**2021**
Expected contributions to the plans for the next year	$ -	$ -
Average duration of the defined benefit obligation	9.2 years	10 years

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	**2021**
Number of shares authorized (in thousands)	60,000	60,000
Shares authorized	$ 600,000	$ 600,000
Number of shares issued and fully paid (in thousands)	50,230	50,230
Shares issued	$ 502,302	$ 502,302

The Company reserved 2,100 thousand ordinary shares authorized for employee share options.

b. Capital surplus

	December 31 2022	December 31 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Arising from issuance of ordinary shares	$ 74,811	$ 74,811
Arising from the difference between consideration received and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	927	927
	75,738	75,738
May only be used to offset a deficit**		
Changes in percentage of ownership interests in subsidiaries (Note 25)	131,089	2,027
	$ 206,827	$ 77,765

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

** Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

The shareholders of the Company held their regular meeting on May 31, 2022 and resolved the amendments to the Company's Articles of Incorporation (the "Articles").

Under the dividends policy as set forth in the amended Articles, where the Company made a profit after considering taxes expenses in a fiscal year, the profit shall be first utilized for offsetting losses of previous years (including the adjustment of unappropriated profit), setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with beginning undistributed retained earnings (including the adjustment of unappropriated profit) shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

In the event of a shortfall in "cumulative net increases in fair value measurement of investment properties from the prior period" and "cumulative net debit balance reserves from the prior period" when the Company sets aside a portion of distributable earnings for special reserve, it shall first set aside an equal amount of special reserve from undistributed earnings from the previous period. If any shortfall remains, the Company shall make an allocation from the undistributed earnings of the current period that also take account of net profit plus other items of the current period.

In accordance with Article 240 of the Company Law or Article 241 of the Company Law, if the Company used dividend bonus, legal reserve, capital surplus to distribute as cash dividends, the board of directors shall be authorized to resolve the proposal by the vote of at least half of the directors present, provided the number of directors present shall be at least two-thirds of the entire board of directors, and report the distribution to the shareholders' meeting.

As the Company is in the growing stage, in determining the Company's dividend distribution policy, the Company's board of directors considers the current and future investment environment, capital needs for future expansions, domestic and international competition and capital budget, and also takes into account shareholder's benefits and the balance between dividend distributions and the Company's long-term financial plans. A dividend distribution plan is proposed annually by the board of directors and passed for resolution in the shareholders' meeting.

The Company shall, considering financial, operational and managerial factors, distribute no less than 20% of unappropriated earnings to shareholders as dividends and bonuses, in the form of cash or share dividends, whilst cash dividends should not be lower than 20% of total bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 22(g).

Under the dividends policy as set forth in the Articles before the amendments, where the Company made a profit after considering taxes expenses in a fiscal year, the profit shall be first utilized for offsetting losses of previous years (including the adjustment of unappropriated profit), setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with beginning undistributed retained earnings (including the adjustment of unappropriated profit) shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

As the Company is in the growing stage, in determining the Company's dividend distribution policy, the Company's board of directors considers the current and future investment environment, capital needs for future expansions, domestic and international competition and capital budget, and also takes into account shareholder's benefits and the balance between dividend distributions and the Company's long-term financial plans. A dividend distribution plan is proposed annually by the board of directors and passed for resolution in the shareholders' meeting.

The Company shall, considering financial, operational and managerial factors, distribute no less than 20% of unappropriated earnings to shareholders as dividends and bonuses, in the form of cash or share dividends, whilst cash dividends should not be lower than 20% of total bonuses to shareholders.

Under Article 237 of the Company Law, an appropriation of 10% of the amount of net income plus the items other than net income are included in the unappropriated earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset the deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2021 and 2020 which were approved in the shareholders' meetings on May 31, 2022 and August 13, 2021, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2021	**2020**
Legal reserve	$ -	$ 34,201
Drawdown (reversal) of special reserve	$ 31,663	$ (1,181)
Cash dividends	$ 351,612	$ 341,063
Cash dividends per share (NT$)	$ 7	$ 6.79

The appropriation of earnings for 2022, was proposed by the Company's board of directors on March 27, 2023. The appropriation and dividends per share were as follows:

	Appropriation of Earnings
	For the Year Ended December 31, 2022
Reversal of special reserve	$ (67,058)
Cash dividends	$ 301,381
Cash dividends per share (NT$)	$ 6

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 19, 2023.

d. Special reserve

	December 31	
	2022	2021
Appropriation in respect of:		
Debit to other equity items	$ 136,902	$ 105,239
First-time adoption of IFRSs	54,333	54,333
	$ 191,235	$ 159,572

e. Other equity items

Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ (191,235)	$ (159,572)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	79,573	(39,641)
Related income tax	(15,915)	7,928
Reclassification adjustments		
Disposal of foreign operations (Notes 22 and 29)	4,250	63
Related income tax	(850)	(13)
Other comprehensive income recognized for the year	67,058	(31,663)
Balance at December 31	$ (124,177)	$ (191,235)

21. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from the sale of goods	$ 446,208	$ 1,100,239
Revenue from the rendering of services	21,620	22,992
	$ 467,828	$ 1,123,231

a. Contract information

1) Revenue from the sale of goods

The main operating revenue of the Company was from sales of bakery equipment. Goods are sold at their respective fixed amounts as agreed in the contracts.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from providing the maintenance services of equipment.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable (Note 9)	$ 7,654	$ 4,783	$ 11,526
Trade receivables (Note 9)	36,112	139,482	79,221
Trade receivables from related parties (Note 29)	6,154	99,081	60,677
	$ 49,920	$ 243,346	$ 151,424
Contract liabilities			
Sale of goods	$ 4,681	$ 9,420	$ 4,528

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	For the Year Ended December 31	
	2022	2021
From contract liabilities at the start of the year		
Sale of goods	$ 8,466	$ 4,275

c. Disaggregation of revenue

	For the Year Ended December 31	
	2022	**2021**
Type of goods or services		
Sale of goods	$ 446,208	$ 1,100,239
Rendering of services	21,620	22,992
	$ 467,828	$ 1,123,231

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2022	**2021**
Bank deposits	$ 2,663	$ 59

b. Other income

	For the Year Ended December 31	
	2022	**2021**
Others	$ 139	$ 337

c. Other gains and (losses)

	For the Year Ended December 31	
	2022	**2021**
Loss on disposal of property, plant and equipment	$ -	$ (4,790)
Net foreign exchange gains (losses)	15,425	(206)
Loss on disposal of subsidiaries (Note 20)	-	(63)
Others	(5)	(370)
	$ 15,420	$ (5,429)

d. Finance costs

	For the Year Ended December 31	
	2022	**2021**
Interest on bank loans	$ 2,157	$ 1,293
Interest on lease liabilities	3	3
	$ 2,160	$ 1,296

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	$ 1,211	$ 1,402
Operating expenses	1,598	1,884
	$ 2,809	$ 3,286
An analysis of amortization by function		
Selling and marketing expenses	$ 14	14
General and administrative expenses	2	9
Research and development expenses	-	47
	$ 16	$ 70

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits	$ 102,512	$ 130,713
Post-employment benefits		
Defined contribution plans	3,475	3,877
Defined benefit plans (see Note 19)	147	238
	3,622	4,115
Total employee benefits expense	$ 106,134	$ 134,828
An analysis of employee benefits expense by function		
Operating costs	$ 36,724	$ 38,120
Operating expenses	69,410	96,708
	$ 106,134	$ 134,828

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees and remuneration of directors at rates of 2%-10% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and the remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2022 and 2021, which have been approved by the Company's board of directors on March 27, 2023 and March 15, 2022, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Compensation of employees	2.20%	2.93%
Remuneration of directors	1.34%	1.32%

Amount

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Compensation of employees	$ 11,092	$ 17,479
Remuneration of directors	6,759	7,857

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company’s board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or (losses) on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	$ 36,942	$ 13,644
Foreign exchange losses	(21,517)	(13,850)
Net foreign exchange gains (losses)	$ 15,425	$ (206)

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 143,562	$ 68,666
Income tax on unappropriated earnings	6,067	-
Adjustments for prior years	2,517	1,305
Withholding tax credits from overseas profits of the current year	(16,379)	(32,696)
	135,767	37,275
Deferred tax		
In respect of the current year	14,006	23,060
Income tax expense recognized in profit or loss	$ 149,773	$ 60,335

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	$ 486,342	$ 570,502
Income tax expense calculated at the statutory rate	$ 97,268	$ 114,100
Unrecognized deductible temporary differences - share of (profit) loss of subsidiaries accounted for equity method	(19,078)	(22,587)
Nondeductible expenses in determining taxable income	-	1
Tax effect of earnings of subsidiaries	79,378	212
Income tax on unappropriated earnings	6,067	-
Adjustments for prior years' tax	2,517	1,305
Withholding tax credits from overseas profits of the current year	(16,379)	(32,696)
Income tax expense recognized in profit or loss	$ 149,773	$ 60,335

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Current tax	$ -	$ -
Deferred tax		
In respect of the current year		
Translation of foreign operations	15,915	(7,928)
Remeasurement of defined benefit plans	2,444	(1,387)
Arising from income and expenses reclassified from equity to profit or loss		
On disposal of foreign operations	850	13
Total income tax recognized in other comprehensive income	$ 19,209	$ (9,302)

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	$ 132,528	$ 35,755

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Unrealized loss on inventories	$ 5,560	$ 147	$ -	$ 5,707
Allowance for impairment loss	2,127	(1,402)	-	725
Unrealized gain on the transactions with subsidiaries	3,341	(2,462)	-	879
Exchange differences on translating the financial statements of foreign operations	32,589	-	(16,765)	15,824
Defined benefit obligations	5,385	-	(2,444)	2,941
Others	241	(97)	-	144
	$ 49,243	$ (3,814)	$ (19,209)	$ 26,220
Deferred tax liabilities				
Temporary differences				
Share of profit of subsidiaries accounted for using the equity method	$ 77,753	$ 10,409	$ -	$ 88,162
Pensions	5,118	(30)	-	5,088
Others	187	(187)	-	-
	$ 83,058	$ 10,192	$ -	$ 93,250

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Unrealized loss on inventories	$ 4,834	$ 726	$ -	$ 5,560
Allowance for impairment loss	2,408	(281)	-	2,127
Unrealized gain on the transactions with subsidiaries	2,340	1,001	-	3,341
Exchange differences on translating the financial statements of foreign operations	24,674	-	7,915	32,589
Defined benefit obligations	3,998	-	1,387	5,385
Others	335	(94)	-	241
	$ 38,589	$ 1,352	$ 9,302	$ 49,243
Deferred tax liabilities				
Temporary differences				
Share of profit of subsidiaries accounted for using the equity method	$ 53,803	$ 23,950	$ -	$ 77,753
Pensions	4,731	387	-	5,118
Others	112	75	-	187
	$ 58,646	$ 24,412	$ -	$ 83,058

e. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2022 and 2021, the taxable temporary differences associated with investments in subsidiaries and branches for which no deferred tax liabilities have been recognized were $899,524 thousand and $1,048,741 thousand, respectively.

f. Income tax assessments

The tax returns through 2020 have been assessed by the tax authorities, and there is no litigation or claim regarding tax assessments against the Company.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2022	**2021**
Basic earnings per share		
From continuing operations	$ 6.70	$ 10.16
Diluted earnings per share		
From continuing operations	$ 6.68	$ 10.12

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

Net profit for the year

	For the Year Ended December 31	
	2022	**2021**
Profit for the year attributable to owners of the Company	$ 336,569	$ 510,167
Effect of potentially dilutive ordinary shares		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	$ 336,569	$ 510,167

Weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2022	**2021**
Weighted average number of ordinary shares used in the computation of basic earnings per share	50,230	50,230
Effect of potentially dilutive ordinary shares:		
Compensation of employees	156	188
Weighted average number of ordinary shares used in the computation of diluted earnings per share	50,386	50,418

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

Sinmag Limited converted the preference shares into ordinary shares in January 2022. The shares of LBC Bakery Equipment Inc. held by the Company decreased from 97.24% to 94.26%, and the shares of LBC Bakery Equipment Inc. held by Sinmag Limited increased from 0% to 3.07%.

After undertaking structural reorganization in April 2021, the Company directly held LBC Bakery Equipment Inc. In addition, the Company bought back 158,000 treasury shares in April 2021, and the shares of LBC Bakery Equipment Inc. held by the Company increased from 82.82% to 97.24%.

The above transactions were accounted for as equity transactions since the Company did not cease to have control over these subsidiaries. For details on the partial acquisition or disposal of LBC Bakery Equipment Inc., refer to Note 27 to the Company's consolidated financial statements for the year ended December 31, 2022.

26. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Company entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows for the years ended December 31, 2022 and 2021:

The Company proportioned and capitalized the construction fees from the urban regeneration project, which was conducted through the Association's application for construction loan to the Hua Nan Commercial Bank. As of December 31, 2022 and 2021, the amounts which were accounted as property under construction and long-term borrowings - Urban regeneration were $10,119 thousand and $2,674 thousand, respectively.

b. Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2022

		Cash Flows		Non-cash Changes			
	Opening Balance	Increase in Principal (Repayment)	Finance Costs	Urban Regeneration /New Leases	Finance Costs	Exchange Differences on Translating the Financial Statements	Closing Balance
Short-term borrowings	$ 240,000	$ (163,500)	$ -	$ -	$ -	$ -	$ 76,500
Long-term borrowings	2,674	-	-	7,445	-	-	10,119
Lease liabilities	538	(379)	(3)	-	3	-	159
	$ 243,212	$ (163,879)	$ (3)	$ 7,445	$ 3	$ -	$ 86,778

For the year ended December 31, 2021

		Cash Flows		Non-cash Changes			
	Opening Balance	Increase in Principal (Repayment)	Finance Costs	Urban Regeneration /New Leases	Finance Costs	Exchange Differences on Translating the Financial Statements	Closing Balance
Short-term borrowings	$ 145,000	$ 95,000	$ -	$ -	$ -	$ -	$ 240,000
Long-term borrowings	-	-	-	2,674	-	-	2,674
Lease liabilities	191	(411)	(3)	758	3	-	538
	$ 145,191	$ 94,589	$ (3)	$ 3,432	$ 3	$ -	$ 243,212

27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

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

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

Key management personnel of the Company review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued, and the amount of new debt issued or existing debt redeemed.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Company considered that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

b. Categories of financial instruments

	December 31	
	2022	**2021**
Financial assets		
Amortized cost (1)	$ 312,696	$ 313,051
Financial liabilities		
Amortized cost (2)	136,175	427,239

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, trade receivables (including related parties) and other receivables (excluding tax refund receivables) and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, long-term borrowings and payables (including related parties, excluding payables for salaries or bonuses and payables for business tax).

c. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, notes receivable, trade receivables (including related parties) and other receivables (excluding tax refund receivables), debt instruments, payables (including related parties, excluding payables for salaries or bonuses), short-term borrowings, long-term borrowings and lease liabilities. Risks on the financial instruments include market risk (such as currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Company had foreign currency denominated sales and purchases, which exposed the Company to foreign currency risk. The Company assesses the net risk position of non-functional currency denominated sales and purchases periodically and adjusts its non-functional cash position on the basis of its assessment.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Company was mainly exposed to the exchange movements in the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan Dollars (functional currency) against the relevant foreign currency. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan Dollars weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan Dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2022	**2021**
Profit or loss	$ 2,262	$ 1,047

This was mainly attributable to the exposure outstanding on USD cash and cash equivalents, receivables and payables which were not hedged at the end of the reporting period.

The Company's sensitivity to the USD increased during the current year mainly due to a decrease in USD denominated payables.

b) Interest rate risk

The Company was exposed to interest rate risk because its deposits, bank loans and lease liabilities are at both fixed and floating interest rates.

The carrying amounts of the Company’s financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 200,890	$ 116
Financial liabilities	76,659	240,538
Cash flow interest rate risk		
Financial assets	59,243	50,666
Financial liabilities	10,119	2,674

Sensitivity analysis

The sensitivity analysis below was determined based on the Company’s exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company’s pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $123 thousand and $120 thousand, respectively, which was mainly attributable to the Company’s exposure to interest rates on its variable-rate bank deposits.

The Company’s sensitivity to interest rates increased during the current period mainly due to the increase in floating interest rate bank deposits.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company’s maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The maximum amount of the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company rated its major customers based on the information supplied by independent rating agencies where available and, if not available, other publicly available financial information and its own trading records. The Company’s exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Company’s concentration of credit risk of 72% and 87% in total trade receivables as of December 31, 2022 and 2021, respectively, was related to the Company’s ten largest customers.

3) Liquidity risk

The Company's current liabilities exceeded current assets by $121,242 thousand on December 31, 2021. However, in consideration of the Company's overall cash flow and financial investment operations, the consolidated current assets exceeded consolidated current liabilities on December 31, 2021, so there was no liquidity risk from an overall perspective.

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized short-term bank loan facilities set out in (b) below.

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

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise this rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2022

	Within 3 Months	**3 Months to 1 Year**	**1-5 Years**
Short-term borrowings	$ 76,568	$ -	$ -
Non-interest bearing liabilities	49,556	-	-
Lease liabilities	96	63	-
Long-term borrowings	-	-	10,119
	$ 126,220	$ 63	$ 10,119

Additional information on the maturity analysis for lease liabilities

	Less than 1 Year	**1-5 Years**
Lease liabilities	$ 159	$ -

December 31, 2021

	Within 3 Months	3 Months to 1 Year	1-5 Years
Short-term borrowings	$ 240,420	$ -	$ -
Financial guarantee contracts	1,141	19,061	-
Non-interest bearing liabilities	184,465	100	-
Lease liabilities	96	287	159
Long-term borrowings	-	-	2,674
	$ 426,122	$ 19,448	$ 2,833

Additional information on the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	$ 383	$ 159

The amounts included above for financial guarantee contracts were the maximum amounts the Company could be required to settle under the arrangement if the full guaranteed amount is claimed by the counterparty. Based on expectations at the end of the reporting period, the Company considers that it is more likely that no amount will be payable under the arrangement.

b) Financing facilities

	December 31	
	2022	2021
Unsecured bank loan facilities, reviewed annually and payable on demand:		
Amount used	$ 76,500	$ 150,000
Amount unused	240,250	159,200
	$ 316,750	$ 309,200
Secured bank loan facilities:		
Amount used	$ -	$ 90,000
Amount unused	140,000	50,000
	$ 140,000	$ 140,000

29. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and categories

Related Party Name	Related Party Category
Lucky Union Limited	Subsidiary
Sinmag Equipment (China) Co., Ltd.	Subsidiary
LBC Bakery Equipment Inc.	Subsidiary
Sinmag Bakery Equipment Sdn. Bhd.	Subsidiary
Sinmag Equipment (Thailand) Co., Ltd.	Subsidiary
Sinmag Bakery Machine India Private Limited	Subsidiary
Tehmag Foods Corporation	Associate
San Neng Bakeware Corporation	Associate
New Order Enterprise Co., Ltd.	Associate

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Sales	Subsidiaries		
	LBC Bakery Equipment Inc.	$ 38,122	$ 302,881
	Others	47,939	163,013
		86,061	465,894
	Associates	641	886
		$ 86,702	$ 466,780

The sales prices to related parties were determined based on their costs with a margin and negotiated on a case-by-case basis, and the collection terms to related parties were 60 to 180 days within receiving the bills of lading. The sales prices to third parties were determined in accordance with mutual agreements, and the collection terms to third parties were 90 days.

c. Purchases of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Purchases	Subsidiaries		
	Sinmag Equipment (China) Co., Ltd.	$ 212,123	$ 820,588
	Associates	2,017	2,825
		$ 214,140	$ 823,413

The cost of purchases from related parties was determined based on their costs with a margin. The payment terms to related parties were 30 days to 120 days or 45 days within receiving the bills of lading. The cost of purchases from third parties were determined in accordance with mutual agreements, and the payment terms were 90 days.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Trade receivables	Subsidiaries		
	Sinmag Equipment (China) Co., Ltd.	$ 6,154	$ 6,277
	LBC Bakery Equipment Inc.	-	76,022
	Others	-	16,775
		6,154	99,074
	Associates	-	7
		$ 6,154	$ 99,081

The outstanding trade receivables from related parties are unsecured. As of December 31, 2022 and 2021, all receivables from related parties were not past due. And for the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Notes payable	Associates	$ -	$ 570
Trade payables	Subsidiaries		
	Sinmag Equipment (China) Co., Ltd.	$ 14,577	$ 139,124
	Associates	269	68
		$ 14,846	$ 139,192

The outstanding trade payables from related parties are unsecured.

f. Benchmark Service Co., Ltd. was incorporated in June 2020 with the capital of $479 thousand. However, the board of directors resolved on March 18, 2021 to liquidate Benchmark Service Co., Ltd., which was dissolved in August 2021, and the amount of shares of $419 thousand was returned to the Company.

g. The Company received cash dividends from Sinmag Equipment (Thailand) Co., Ltd. for the years ended December 31, 2022 and 2021, which amounted to $10,882 thousand and $4,234 thousand, respectively.

h. The Company received cash dividends from Lucky Union Limited for the years ended December 31, 2022 and 2021, which amounted to $221,883 thousand and $294,305 thousand, respectively.

i. The Company received the refund of capital reduction from Lucky Union Limited in the amount of $60,882 thousand in 2022 and $244,310 thousand in 2021.

j. After undertaking structural reorganization in April 2021, the Company directly held 100% equity in LBC Bakery Equipment Inc. The Company acquired investments accounted for using the equity method in the amount of $244,310 thousand. In addition, the Company bought back 158,000 treasury shares in April 2021, and the shares of LBC Bakery Equipment Inc. held by the Company increased from 82.82% to 97.24%. In addition, Sinmag Limited converted the preference shares into ordinary shares in January 2022. The shares of LBC Bakery Equipment Inc. held by the Company decreased from 97.24% to 94.26%, and the shares of LBC Bakery Equipment Inc. held by Sinmag Limited increased from 0% to 3.07%. In addition, after undertaking structural reorganization in May 2022, Sinmag Equipment (China) Co., Ltd. directly held LBC Bakery Equipment Inc. The Company disposed of investments accounted for using the equity method in the amount of $289,264 thousand. The transaction was a structural reorganization within the Group, and the relevant disposal gains and losses were transferred to capital surplus of $(11,472) thousand and retained earnings of $5,663 thousand.

k. Ximai Enterprises Management (Wuxi) Co., Ltd. was incorporated in February 2022 with a capital of $1,340 thousand.

l. After undertaking structural reorganization in May 2022, Sinmag Equipment (China) Co., Ltd. directly held Sinmag Equipment (Thailand) Co., Ltd. The Company disposed of investments accounted for using the equity method in the amount of $84,755 thousand. The transaction was a structural reorganization within the Group, and the relevant disposal gains and losses were transferred to a capital surplus of $3,648 thousand and retained earnings of $(9,913) thousand.

m. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category/Name	December 31 2022	December 31 2021
Subsidiaries		
Sinmag Bakery Equipment Sdn. Bhd.		
Amount endorsed	-	RM 6,000 thousand
Amount utilized	-	RM 3,144 thousand

n. Other transactions from related parties

Line Item	Related Party Category/Name	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Selling and marketing expenses - other expenses	Associates	$ 2	$ 22
General and administrative expenses - other expenses	Sinmag Bakery Machine India Private Limited	$ 4,546	$ 3,179
	Associates	2	-
		$ 4,548	$ 3,179

o. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 13,992	$ 24,282

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and the tariffs of imported raw material guarantees:

	December 31	
	2022	2021
Financial assets at amortized cost - non-current		
Pledged time deposits	$ 50	$ 50
Others		
Freehold land	58,715	58,715
Building	22,850	24,332
Property under construction	10,119	2,674
	$ 91,734	$ 85,771

31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Sinmag Equipment (China) Co., Ltd., the subsidiary of the Group, has applied for an initial public offering of RMB ordinary shares denoted on the Shenzhen Stock Exchange and has completed the submission of application documents for listing in December 26,2022. The Company issued “Commitments to Avoid Peer Competition” on March 15, 2023 according to the requirements of the China Securities Regulatory Commission. The content summary is as follows:

To avoid potential peer competition between the Company and Sinmag Equipment (China) Co., Ltd., the Company committed the proportion of the revenue of the Company and other enterprises controlled by the Company to export revenue (consolidated) of the issuer and set a limit to no more than 7% or the amount of export revenue not more than RMB35 million, within a reasonable range (the two standards cannot be broken at the same time).

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 7,861	30.70 (USD:NTD)	$ 241,341
Non-monetary items			
Investments accounted for using the equity method			
USD	80,215	30.70 (USD:NTD)	$ 2,462,614
Financial liabilities			
Monetary items			
USD	495	30.70 (USD:NTD)	$ 15,181

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 8,830	27.68 (USD:NTD)	$ 244,416
Non-monetary items			
Investments accounted for using the equity method			
USD	88,919	27.68 (USD:NTD)	$ 2,461,272
Financial liabilities			
Monetary items			
USD	5,046	27.68 (USD:NTD)	$ 139,669

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

	For the Year Ended December 31			
	2022		2021	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	29.7194 (USD:NTD)	$ 15,578	28.009 (USD:NTD)	$ 8

33. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided to others (none)

2) Endorsements/guarantees provided (Table 1)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (none)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 2)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (none)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (none)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (none)

9) Trading in derivative instruments (none)

b. Information on investees (Table 4)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 5)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 6):

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

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

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

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

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

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

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

SINMAG EQUIPMENT CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 4)											
0	Sinmag Equipment Corporation	Sinmag Bakery Equipment Sdn. Bhd.	(b)	Net value 50% $ 1,294,748	$ 41,714 (RM 6,000)	$ - (RM -)	$ - (RM -)	$ -	-	Net value 50% $ 1,294,748	Y	-	-	-

Note 1: The total amount of the guarantees provided by Sinmag Equipment Corporation to subsidiaries shall not exceed 50% of Sinmag Equipment Corporation’s net worth based on its most recent audited or reviewed financial statements.

Note 2: The total amount of the guarantees provided by Sinmag Equipment Corporation to individual subsidiaries shall not exceed 50% of Sinmag Equipment Corporation’s net worth based on its most recent audited or reviewed financial statements.

Note 3: The maximum amount endorsed/guaranteed during the period, limits on endorsement/guarantee given on behalf of each party and actual amount borrowed converted at the spot exchange rate as of December 31, 2022.

Note 4: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

a. A company that the Company has business relationship with.
b. The Company directly or indirectly holds over 50% ownership of the investee company.
c. A Company that directly or indirectly holds over 50% ownership of the Company.
d. In between companies where over 90% of voting shares are directly or indirectly held by the Company.
e. The Company is required to provide guarantees or endorsements for the construction project based on the construction contract.
f. Shareholder of the investee provides endorsements/guarantees to the Company in proportion to their shareholding percentages.
g. Collateral performance guarantees from companies in the same industry that entered into pre-construction home sales agreements in accordance with the Consumer Protection Act.

TABLE 2

SINMAG EQUIPMENT CORPORATION

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal					Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal (Note 2)	Other Remeasure-ments (Note 1)	Number of Shares	Amount
Sinmag Equipment Corporation and Sinmag Limited	LBC Bakery Equipment Inc.	Investments accounted for using the equity method	Sinmag Equipment (China) Co., Ltd.	From parent and sub-subsidiary to third-tier subsidiary	882,000	$ 263,899	28,682	$ 9,875 (Note 3)	910,682	$ 298,686	$ 310,531	$ -	$ 36,757	-	$ -
Sinmag Limited	Sinmag Bakery Equipment Sdn. Bhd.	Investments accounted for using the equity method	Sinmag Equipment (China) Co., Ltd.	From sub-subsidiary to third-tier subsidiary	300,000	105,325	-	-	300,000	110,297	118,083	-	12,758	-	-
Sinmag Equipment (China) Co., Ltd.	LBC Bakery Equipment Inc.	Investments accounted for using the equity method	Sinmag Equipment Corporation and Sinmag Limited	From third-tier subsidiary to parent and sub-subsidiary	-	-	910,682	298,686	-	-	-	-	64,460	910,682	363,146
	Sinmag Bakery Equipment Sdn. Bhd.	Investments accounted for using the equity method	Sinmag Limited	From third-tier subsidiary to sub-subsidiary	-	-	300,000	110,297	-	-	-	-	20,186	300,000	130,483

Note 1: The remeasurements include share of profit or loss from the investments accounted for using the equity method and remeasurement of other comprehensive income.

Note 2: The transaction was a structural reorganization within the Group, and the difference between the selling price and the book cost was to adjust capital surplus and retained earnings.

Note 3: Sinmag Limited converted the preference shares into ordinary shares in January 2022; therefore, there was no actual cash outflow.

TABLE 3

SINMAG EQUIPMENT CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transactions		Notes/Accounts Receivable (Payable)		Note
			Purchase/ (Sale)	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Sinmag Equipment Corporation	Sinmag Equipment (China) Co., Ltd.	Subsidiary	Purchase	$ 212,123	71	B/L 45 day	Note 1	Note 2	$ (14,577)	(35)	-
Sinmag Equipment (China) Co., Ltd.	Sinmag Equipment Corporation	The ultimate parent company	(Sale)	(212,123)	(7)	B/L 45 day	〃	〃	14,577	5	-
LBC Bakery Equipment Inc.	Sinmag Equipment (China) Co., Ltd.	Parent company	Purchase	288,215	79	B/L 90 day	〃	〃	(27,116)	(87)	-
Sinmag Equipment (China) Co., Ltd.	LBC Bakery Equipment Inc.	Subsidiary	(Sale)	(288,215)	(9)	B/L 90 day	〃	〃	27,116	10	-
	Wuxi New Order Control Co., Ltd.	Subsidiary	Purchase	103,300	6	Monthly payment: 30 days	〃	〃	(7,343)	(4)	-
Wuxi New Order Control Co., Ltd.	Sinmag Equipment (China) Co., Ltd.	Parent company	(Sale)	(103,300)	(100)	Monthly payment: 30 days	〃	〃	7,343	100	-

Note 1: Unit prices for related parties were determined based on their costs with a margin, unit prices for non-related parties were determined in accordance with mutual agreements.

Note 2: Open account of 90 days for non-related parties.

TABLE 4

SINMAG EQUIPMENT CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
Sinmag Equipment Corporation	Lucky Union Limited	Samoa	Holding company	$ 88,735	$ 148,277	-	100.00	$ 2,462,614	$ 434,436	$ 434,436	Notes 2 and 6
	Sinmag Equipment (Thailand) Co., Ltd.	Thailand	Selling of bakery equipment	-	74,897	-	-	-	933	(774)	Notes 2 and 5
	LBC Bakery Equipment Inc.	United States	Selling of bakery equipment	-	17,241	-	-	-	71,764	13,063	Notes 1, 2 and 4
Lucky Union Limited	Sinmag Limited	Samoa	Holding company	103,987	163,529	-	100.00	2,463,622	434,534	434,534	Notes 2 and 7
Sinmag Limited	Sinmag Bakery Equipment Sdn. Bhd.	Malaysia	Selling of bakery equipment	-	12,340	-	-	-	21,852	8,136	Notes 2 and 5
	LBC Bakery Equipment Inc.	United States	Selling of bakery equipment.	-	-	-	-	-	71,764	370	Notes 1, 2 and 4
	Sinmag Bakery Machine India Private Limited	India	Manufacturing and selling of bakery equipment	54,748	54,748	-	100.00	2,298	508	508	Note 2
Sinmag Equipment (China) Co., Ltd.	Sinmag Equipment (Thailand) Co., Ltd.	Thailand	Selling of bakery equipment.	84,759	-	20,600,000	100.00	73,336	933	1,644	Notes 2 and 5
	LBC Bakery Equipment Inc.	United States	Selling of bakery equipment.	298,686	-	910,682	97.33	363,146	71,764	56,045	Notes 1, 2 and 4
	Sinmag Bakery Equipment Sdn. Bhd.	Malaysia	Selling of bakery equipment.	110,297	-	300,000	100.00	130,483	21,852	13,228	Notes 2 and 5

Note 1: The share of profits (losses) of the investee includes the effect of realized and unrealized gross profit on intercompany transaction.

Note 2: The share of profit (loss) was recognized according to the financial statements audited by R.O.C parent company's CPA of investees for the same year.

Note 3: For information on investments in mainland China, refer to Table 5.

Note 4: Sinmag Limited converted the preference shares into ordinary shares in January 2022. The shares of LBC Bakery Equipment Inc. held by the Company decreased from 97.24% to 94.26%, and the shares of LBC Bakery Equipment Inc. held by Sinmag Limited increased from 0% to 3.07%. In addition, after undertaking structural reorganization in May 2022, Sinmag Equipment (China) Co., Ltd. directly held LBC Bakery Equipment Inc.

Note 5: After undertaking structural reorganization in May 2022, Sinmag Equipment (China) Co., Ltd. directly held Sinmag Equipment (Thailand) Co., Ltd. and Sinmag Bakery Equipment Sdn. Bhd.

Note 6: Lucky Union Limited reduced and returned its capital in the amount of US$2,050 thousand, and the procedures were completed in June 2022.

Note 7: Sinmag Limited reduced and returned its capital in the amount of US$2,050 thousand, and the procedures were completed in June 2022.

SINMAG EQUIPMENT CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds: Outward	Remittance of Funds: Inward	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
Sinmag Equipment (China) Co., Ltd. (Note 3)	Manufacturing and selling of bakery equipment	$ 1,626,034 (RMB 362,055)	b	$ 349,938 (US$ 10,594)	$ -	$ -	$ 349,938 (US$ 10,594)	$ 438,993	96.39	$ 436,062 (Note 2 b.(2))	$ 2,457,173	$ 4,408,504 (US$ 144,685)	Notes 5 and 7
Wuxi New Order Control Co., Ltd.	Manufacturing and selling of control panel and electromechanical control system	4,961 (US$ 150)	c	3,348 (US$ 104)	-	-	3,348 (US$ 104)	10,624	48.20	5,236 (Note 2 b.(2))	9,783	67,543 (US$ 2,232)	Notes 5 and 8
Ximai Enterprises Management (Wuxi) Co., Ltd.	Corporate management and investment	1,340 (US$ 47)	b	- (US$ -)	1,340 (US$ 47)	-	1,340 (US$ 47)	10	100.00	10 (Note 2 b.(2))	1,362	- (US$ -)	Notes 5 and 6
Qingdao Sheng Mai Enterprises Management Co., Ltd.	Corporate management and investment	- (RMB -)	c	- (US$ -)	-	-	- (US$ -)	-	96.39	- (Note 2 a.)	-	- (US$ -)	Note 9
Xiamen Sinmag Enterprises Management Co., Ltd.	Corporate management and investment	- (RMB -)	c	- (US$ -)	-	-	- (US$ -)	-	96.39	- (Note 2 a.)	-	- (US$ -)	Note 9

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
$354,626 (Note 4)	$1,676,146	$1,623,808

Note 1: The three methods of investing in mainland China are as follows:

a. Direct investments in mainland China.
b. Investment in mainland China through an existing company established in a third region (Lucky Union Limited and Sinmag Limited).
c. Investment through a subsidiary established in China (Sinmag Equipment (China) Co., Ltd.).

Note 2: In the column of investment gain (loss)

a. If the investment is still in preparation and there is no investment gain (loss), it will be specified.

b. The basis for recognizing investment gain (loss) is as follows:

1) Based on financial statements audited by an international accounting firm that has a business relationship with an accounting firm in the ROC.
2) Based on financial statements audited by the accounting firm of the parent company in Taiwan.
3) Others.

(Continued)

Note 3: Part of the amount reinvested in a third region.

Note 4: Repatriation of investments of $4,476,047 thousand was not deducted from the amount.

Note 5: The share of profits (losses) of the investee includes the effect of realized and unrealized gross profit on intercompany transaction.

Note 6: In February 2022, Ximai Enterprises Management (Wuxi) Co., Ltd. was incorporated in China.

Note 7: On March 15, 2022, The board of directors resolved Sinmag Limited to transfer 0.01% shares of Sinmag Equipment (China) Co., Ltd. to Ximai Enterprises Management (Wuxi) Co., Ltd., and the equity transfer procedures were completed in April 2022. Sinmag Equipment (China) Co., Ltd. was successfully transformed into a limited corporation on June 13, 2022. In addition, Sinmag Limited subscribed for additional new shares of Sinmag Equipment (China) Co., Ltd. at a percentage different from its existing ownership percentage in June 2022, reducing its continuing interest from 100% to 96.38%. The shares of Sinmag Equipment (China) Co., Ltd. held by Ximai Enterprises Management (Wuxi) Co., Ltd. remained at 0.01%.

Note 8: After undertaking structural reorganization in June 2022, Sinmag Equipment (China) Co., Ltd. directly held Wuxi New Order Control Co., Ltd., and the Company did not cease to have control over Wuxi New Order Control Co., Ltd.

Note 9: The registrations for the establishment of Qingdao Sheng Mai Enterprises Management Co., Ltd. and Xiamen Sinmag Enterprises Management Co., Ltd. were completed in May 2022, but no capital has been injected as of December 31, 2022.

(Concluded)

SINMAG EQUIPMENT CORPORATION

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

1. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

2. The amount and percentage of sales and the balance and percentage of the related payables at the end of the period:

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with General Transactions	Ending Balance	%		
Sinmag Equipment (China) Co., Ltd.	Purchase	$ 212,123	71	Cost with a margin	B/L 45 days	Note 1	$ (14,577)	(35)	$ 8,280	Note 2
	Sales	(44,618)	(10)	Cost with a margin	B/L 90 days	〃	6,154	12	4,394	Note 3
	Purchase	65,239	67	Cost with a margin	B/L 60 days	〃	-	-	7,234	Note 4
	Purchase	288,215	79	Cost with a margin	B/L 90 days	〃	(27,116)	(87)	25,346	Note 5
	Purchase	63,505	77	Cost with a margin	B/L 90 days	〃	(6,511)	(85)	13,167	Note 6
	Sales	(103,300)	(100)	Negotiated case by case	Monthly payment: 30 days	〃	7,343	100	3,708	Note 7
	Sales	(17,220)	(2)	Negotiated case by case	Monthly payment: 60 days	〃	6,004	4	-	Note 8
Wuxi New Order Control Co., Ltd.	Purchase	103,300	6	Negotiated case by case	Monthly payment: 30 days	〃	(7,343)	(4)	-	Note 9

Note 1: The payment terms for non-related parties are negotiated on a case-by-case basis, which is 90 days from end of the month of sale or purchase of goods.

Note 2: Sinmag Equipment Corporation purchased from Sinmag Equipment (China) Co., Ltd.

Note 3: Sinmag Equipment Corporation sold to Sinmag Equipment (China) Co., Ltd.

Note 4: Sinmag Bakery Equipment Sdn. Bhd. purchased from Sinmag Equipment (China) Co., Ltd.

Note 5: LBC Bakery Equipment Inc. purchased from Sinmag Equipment (China) Co., Ltd.

Note 6: Sinmag Equipment (Thailand) Co., Ltd. purchased from Sinmag Equipment (China) Co., Ltd.

Note 7: Wuxi New Order Control Co., Ltd. sold to Sinmag Equipment (China) Co., Ltd.

Note 8: LBC Bakery Equipment Inc. sold to Sinmag Equipment (China) Co., Ltd.

Note 9: Sinmag Equipment (China) Co., Ltd. purchased from Wuxi New Order Control Co., Ltd.

3. The amount of property transactions and the amount of the resultant gains or losses: None.

(Continued)

4. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
5. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.
6. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.

(Concluded)

TABLE 7

SINMAG EQUIPMENT CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sheng Chia Investment Co., Ltd.	3,105,545	6.18

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

SINMAG EQUIPMENT CORPORATION

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STATEMENT 1

SINMAG EQUIPMENT CORPORATION

STATEMENT OF CASH
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Cash		
Petty cash		$ 159
Cash in banks		
Checking accounts		1,833
Demand deposits		38,886
Foreign currency deposits	Including US$638 thousand @30.7 JPY3,324 thousand @0.2324	20,357
Cash equivalents		
Time deposits with original maturities of less than 3 months	Including US$6,200 thousand @30.7 NT$10,500 thousand	200,840
		$ 262,075

SINMAG EQUIPMENT CORPORATION

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Unrelated parties		
Sun Merry Food Co., Ltd.	Payments	$ 1,114
Butter A Lee Food Co., Ltd.	Payments	910
Leadmaster Kitchen Equipment Co., Ltd.	Payments	865
Butterfly Love Corporation	Payments	739
Sheng Mei Jin Food Co., Ltd.	Payments	660
Ji Ping Stainless Steel Co., Ltd.	Payments	487
Yusheng Food Co., Ltd.	Payments	458
Others (Note)	Payments	2,421
Less: Allowance for impairment loss		-
		$ 7,654

Note: The amount from each individual client included in others does not exceed 5% of the account balance.

SINMAG EQUIPMENT CORPORATION

STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Related parties		
Sinmag Equipment (China) Co., Ltd.	Payments	$ 6,154
Unrelated parties		
Macadams International (PTY) Ltd.	Payments	$ 17,071
Good Luck Bakery Machines	Payments	2,598
Maigas Comercial S.A.	Payments	2,591
Liang Sheng Food Co., Ltd.	Payments	2,100
Others (Note)	Payments	13,114
		37,474
Less: Allowance for impairment loss		(1,362)
		$ 36,112

Note: The amount from each individual client included in others does not exceed 5% of the account balance.

SINMAG EQUIPMENT CORPORATION

STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Unrelated parties		
Advances to employees	Advances to employees	$ 120
Interest receivable	Time deposit interest	89
Tax refund receivables	Business tax refund	76
Collections and payments	Collections and payments	25
Others		43
		$ 353

SINMAG EQUIPMENT CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	Amount		
Item	**Cost**	**Net Realizable Value**	**Note**
Raw materials	$ 46,409	$ 25,201	Allowance for loss on the decline in inventory value is recognized according to the extent of idleness and valuation at net realizable value.
Work in progress	19,872	17,338	
Finished goods	17,434	14,323	
Merchandise	9,336	7,652	
Inventory in transit	1,310	1,310	
	$ 94,361	$ 65,824	

STATEMENT 6

SINMAG EQUIPMENT CORPORATION

STATEMENT OF PREPAYMENTS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Prepayments	Professional service expense	$ 303
	Import expense	232
	Insurance expense	217
	Exhibition booth fees	100
	Others	95
		$ 947

SINMAG EQUIPMENT CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investees	Balance, January 1, 2022		Additions in Investment		Decrease in Investment		Gain (Losses) on Investments Accounted for Using the Equity Method	Exchange Differences on Translating Foreign Operations	Balance, December 31, 2022			Market Value or Net Asset Value (Note 1)		Collateral	Remarks
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	%	Amount	Unit Price (NT$)	Total Amount		
Lucky Union Limited	-	$ 2,113,422	-	$ 138,245	-	$ (283,643)	$ 434,436	$ 64,548	-	100	$ 2,467,008	-	$ 2,467,008	Nil	Note 2
Sinmag Equipment (Thailand) Co., Ltd.	20,600,000	90,903	-	-	(20,600,000)	(91,989)	(774)	1,860	-		-	-	-	Nil	Note 3
LBC Bakery Equipment Inc.	882,000	273,649	28,682	859	(910,682)	(300,736)	13,063	13,165	-		-	-	-	Nil	Note 4
Less: Unrealized gain on transactions with subsidiaries		(16,702)		(4,394)		16,702	-	-			(4,394)		-		
		$ 2,461,272		$ 134,710		$ (659,666)	$ 446,725	$ 79,573			$ 2,462,614		$ 2,467,008		

Note 1: Amount was calculated based on the audited financial statements for the year ended December 31, 2022.

Note 2: The increase of this year was mainly due to capital increase of $1,340 thousand and the adjustment of changes in the capital surplus of subsidiaries of $136,905 thousand according to the shareholding rate.

The decrease of this year was due to remeasurements of capital surplus of $(878) thousand from the preference shares converted into ordinary shares in January 2022 by Sinmag Limited, cash dividends of $(221,883) thousand distributed by investees and the proceeds from investee’s capital reduction of $(60,882) thousand.

Note 3: The decrease of this year was due to cash dividends of $(10,882) thousand distributed by investees and disposal of subsidiary of $(81,107) thousand.

Note 4: The increase of this year was mainly due to remeasurements of capital surplus of $859 thousand from the preference shares converted into ordinary shares in January 2022 by Sinmag Limited.

The decrease of this year was due to disposal of subsidiary of $(300,736) thousand.

SINMAG EQUIPMENT CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2022	Additions	Decrease	Balance, December 31, 2022
Buildings	$ 1,546	$ -	$ (788)	$ 758

SINMAG EQUIPMENT CORPORATION

STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2022	Additions	Decrease	Balance, December 31, 2022
Buildings	$ 1,009	$ 379	$ (788)	$ 600

SINMAG EQUIPMENT CORPORATION

STATEMENT OF OTHER NON-CURRENT ASSETS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Prepayments for equipment	For equipment	$ 1,600
Refundable deposits	Deposits for office rental, phone bills and security deposits on performance bonds	374
Overdue receivables		2,710
Less: Allowance for impairment loss		(2,710)
		$ 1,974

SINMAG EQUIPMENT CORPORATION

STATEMENT OF SHORT-TERM LOANS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Type	Balance, End of Year	Contract Period	Range of Interest Rates (%)	Loan Commitments	Collateral	Remark
Secured loans						
Chang Hwa Bank	$ -	2022.05.04-2023.06.30	-	$ 140,000	Note 30	The Company's short-term borrowing limit (guarantee and credit) totaled $456,750 thousand. As of December 31, 2022, the Company's unused balance of its short-term borrowings totaled $380,250 thousand.
Unsecured loans						
Chang Hwa Bank	-	2022.05.04-2023.06.30	-	136,050	Nil	
E.SUN Bank	76,500	2022.01.26-2023.01.26	1.43	150,000	Nil	
E.SUN Bank	-	2022.01.12-2023.01.12	-	30,700	Nil	
	$ 76,500			$ 456,750		

SINMAG EQUIPMENT CORPORATION

STATEMENT OF NOTES PAYABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount
Unrelated parties		
Data Systems Consulting Co., Ltd.	Payments	$ 536
Sheng Mei Jin Food Co., Ltd.	Payments	157
Others (Note)	Payments	11
		$ 704

Note: The amount of each individual vendor in others does not exceed 5% of the account balance.

SINMAG EQUIPMENT CORPORATION

STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount
Related parties		
Sinmag Equipment (China) Co., Ltd.	Payments	$ 14,577
Others (Note)	Payments	269
		$ 14,846
Unrelated parties		
Chao Sheng Elect & Mach. Co., Ltd.	Payments	$ 4,233
Spar Food Machinery Mfg. Co., Ltd.	Payments	2,544
Lian Jyi Steel Co., Ltd.	Payments	2,016
Leader Baker Machinery Industry Co., Ltd.	Payments	1,803
Ting An Food Machinery Co., Ltd.	Payments	1,424
Jong Dah Special Steel Corp.	Payments	1,370
Others (Note)	Payments	12,926
		$ 26,316

Note: The amount of each individual vendor in others does not exceed 5% of the account balance.

STATEMENT 14

SINMAG EQUIPMENT CORPORATION

STATEMENT OF CONTRACT LIABILITIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Contract liabilities	Advance receipts	$ 4,681

SINMAG EQUIPMENT CORPORATION

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Lender	Description	Borrowing Amount	Contract Term	Interest Rate (%)	Borrowing Facilities,	Pledged or Borrowed	Note
Hua Nan Commercial Bank	Collateral borrowing	$ 10,119	The term ends at the date when the Plan is finished	2.33-2.705	$ -	Note 30	The Company participated in the “Taipei City, Da-An District, Huaisheng Section 2, No. 316, 316-2 Urban Renewal Plan” (the “Plan”). The Plan was implemented by the original landowner and legal building owner with “Taipei City, Da-An District, Huaisheng Section 2, No. 316, 316-2 Association” (the “Association”), was approved by the municipal authority. To assure that the Plan would be carried out as expected, the Association signed the property trust contract with the Trust Department of Hua Nan Commercial Bank, and the Association applied the property financing arrangement to Hua Nan Commercial Bank which states that the borrowings are managed by the trust account of Hua Nan Commercial Bank. Upon completion of the project, the expense accrued from the project will be allocated proportionately to the original landowner and legal building owner based on the value of the property rights within the scope of the area as stated in the Plan. As of December 31, 2022, the expense allocated to the Company was $10,119 thousand and the borrowing rate was 2.33%-2.705%.

SINMAG EQUIPMENT CORPORATION

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount Rate	Balance, December 31, 2022
Buildings	For use as place of business operation	2021.06.20-2023.06.19	1.00%	$ 159
Less: Lease liabilities due within one year				(159)
				$ -

SINMAG EQUIPMENT CORPORATION

STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Quantity (Pieces)	Amount
Sale of goods	811 thousand	$ 446,823
Sales returns		(610)
Sales allowances		(5)
		446,208
Rendering of services		21,620
		$ 467,828

SINMAG EQUIPMENT CORPORATION

STATEMENT OF COST OF REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials, beginning of year	$ 46,845
Add: Raw material purchased	92,990
Transferred from work in progress	91,083
Transferred from finished goods	8,627
Transferred from merchandise	4,884
Less: Cost of raw materials sold	(32,897)
Transferred to expenses	(4,230)
Scrapped	(348)
Loss from physical count	(29)
Finished goods, end of year	(46,409)
Raw materials used	160,516
Direct labor	19,390
Manufacturing expenses	30,932
Manufacturing cost	210,838
Work in process, beginning of year	24,018
Add: Work in progress purchased	10,037
Transferred from research and development	28
Less: Transferred to raw materials	(91,083)
Cost of work in progress sold	(2,006)
Work in progress, end of year	(19,872)
Cost of finished goods	131,960
Finished goods, beginning of year	26,139
Less: Transferred to raw materials	(8,627)
Transferred to merchandise	(12,067)
Scrapped	(207)
Finished goods, end of year	(17,434)
Cost of goods sold - finished goods	119,764
Merchandise (including inventory in transit), beginning of year	10,383
Add: Merchandise purchased	198,081
Transferred from finished goods	12,067
Gain from physical count	1
Less: Merchandise (including inventory in transit), end of year	(10,646)
Transferred to raw materials	(4,884)
Transferred to expenses	(77)
Scrapped	(301)
Cost of merchandise sold	204,624
Cost of raw of materials and work in progress sold	34,903
Under-applied manufacturing overhead	86
Scrapped	856
Loss from physical count	28
Inventory write-downs	728
Revenue from sale of scraps	(121)
	36,480
Cost of goods sold	360,868
Service cost	3,348
Operating cost	$ 364,216

SINMAG EQUIPMENT CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Gain
Payroll and related expense	$ 29,760	$ 19,743	$ 5,301	$ -
Remuneration of directors	-	6,759	-	-
Professional service fees	67	10,964	51	-
Shipping fees	3,345	7	-	-
Insurance expense	2,988	1,844	444	-
Pacakge fees	2,786	-	-	-
Expected credit gain	-	-	-	(9,025)
Others (Note)	11,205	5,232	894	-
	$ 50,151	$ 44,549	$ 6,690	$ (9,025)

Note: The amount of each item in others does not exceed 5% of the account balance.

SINMAG EQUIPMENT CORPORATION

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

Function / Nature	2022			2021		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Employee benefits expenses						
Salary and bonus	$ 31,756	$ 54,804	$ 86,560	$ 32,993	$ 79,460	$ 112,453
Labor and health insurance	2,679	4,741	7,420	2,581	5,357	7,938
Pension	1,409	2,213	3,622	1,425	2,690	4,115
Remuneration of directors	-	6,759	6,759	-	7,857	7,857
Others	880	893	1,773	1,121	1,344	2,465
	$ 36,724	$ 69,410	$ 106,134	$ 38,120	$ 96,708	$ 134,828
Depreciation	$ 1,211	$ 1,598	$ 2,809	$ 1,402	$ 1,884	$ 3,286
Amortization	$ -	$ 16	$ 16	$ -	$ 70	$ 70

Note:

1. For the years ended December 31, 2022 and 2021, the average numbers of the Company's employees were 85 and 93, respectively, and the numbers of directors who were not employees were 6 in both years.

2. a. For the year ended December 31, 2022, the Company's average employee benefits was $1,258 thousand. (The total amount of employee benefits of current year - The total amount of remuneration of directors ÷ The numbers of employees of current year - The numbers of directors who were not employees)

   For the year ended December 31, 2021, the Company's average employee benefits was $1,459 thousand. (The total amount of employee benefits of prior year - The total amount of remuneration of directors ÷ The numbers of employees of prior year - The numbers of directors who were not employees)

   b. For the year ended December 31, 2022, the Company's average salaries was $1,096 thousand. (The total amount of salary expenses of prior year ÷ The numbers of employees of current year - The numbers of directors who were not employees)

   For the year ended December 31, 2021, the Company's average salaries was $1,293 thousand. (The total amount of salary expenses of prior year ÷ The numbers of employees of prior year - The numbers of directors who were not employees)

   c. The percentage change in the average salary expenses was (15 %). (The total amount of average salary expenses of current year - The total amount of average salary expenses of prior year ÷ The total amount of average salary expenses of prior year)

d. Remuneration policies

1) Employees’ compensation policy

- The Company’s compensation of employees mainly includes basic salary (including salary, job bonus, other welfare allowances, etc.), incentive bonus and year-end bonus, etc.

- Salary refers to salary market conditions, company’s operating conditions and organizational structure, and sets salary payment standards according to market salary conditions, overall economic and industrial climate changes, and government laws and regulations.

- Employees’ salary compensation is determined based on their academic experience, professional knowledge and technology, professional seniority experience and personal performance, and should not be based on their age, gender, race, religion, political stance, marital status, and union.

- Bonuses are issued based on the Company’s operating performance and employees’ personal performance.

- The salary standard for no work experience complies with government regulations.

2) Directors and managers’ salary remuneration policy

- Regularly review the Company’s directors and managers’ performance evaluation and remuneration policies, systems, standards and structures to ensure that the Company’s remuneration arrangements comply with relevant laws and regulations that are sufficient to attract outstanding talents.

- The performance evaluation and remuneration of directors and managers should refer to the usual level of payment in the same industry, and consider the results of individual performance evaluation, the time invested, the responsibilities assumed, the situation of achieving personal goals, the performance of other positions, the Company’s salary and remuneration for people in the same position in recent years, the Company’s short-term and long-term business goals and the Company’s financial status to evaluate the rationality of the relationship between personal performance and company’s operating performance and future risks.

- Directors and managers should not be guided to engage in behaviors that exceed the Company’s risk appetite in pursuit of salary remuneration.

- The proportion of the short-term performance of directors and senior managers and the payment timing of the variable salary shall be determined in consideration of the characteristics of the industry and the nature of the Company’s business.

- The content and amount of remuneration for directors and managers should be determined in consideration of its rationality. The decision on remuneration for directors and managers should not deviate significantly from financial performance.