Triocean Industrial Corporation Co., Ltd. And Subsidiaries

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

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Triocean Industrial Corporation Co., Ltd. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Triocean Industrial Corporation Co., Ltd. and Subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours,

Triocean Industrial Corporation Co., Ltd.

By

Dai Wan Shiung Ching Co., Ltd. Chen Chi-Yu

Chairman

March 23, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the shareholders
Triocean Industrial Corporation Co., Ltd.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as of December 31, 2022 and 2021, their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matter

The key audit matter is which that, in our professional judgment, is most significant to our review of the Consolidated Financial Statements of The Group for 2022. Such matter has been considered in the process of examining the consolidated financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on the matter individually.

The following is the description of the key audit matter in the Consolidated Financial Statements of The Group for 2022:

<u>Accuracy of Revenue Recognition for Construction Projects</u>

After the acquisition of Shang Ting Co., Ltd., The Group is currently focusing on construction engineering business. The accounting policy for revenue recognition of construction projects is described in Note 4 and is measured by the cost input method to determine the degree of completion of performance obligations, which is the proportion of actual input costs to expected total costs.

The accounting treatment of construction contracts involves significant accounting estimates and judgments by management, so the accuracy of revenue recognition for construction projects is one of the key audit matters.

The main audit procedures performed by the accountant are as follows:

1. Evaluate the completeness and accuracy of management's estimates of total contract costs.
2. Selectively review contracts awarded and input costs, and verify the accuracy of the degree of completion of performance obligations and revenue recognition for construction projects.

Impairment Assessment of Goodwill

The goodwill of The Group mainly comes from the acquisition of Shang Ting Co., Ltd. When management assesses whether goodwill is impaired, the estimated recoverable amount of cash-generating units, which include the allocated goodwill, is based on the value in use. When management evaluates the value in use of the aforementioned assets, they take into account factors such as projected revenue growth and profitability in the future operational outlook and calculate the weighted average cost of capital as the discount rate. Since these assumptions involve subjective judgments by management and may be affected by future project acceptance and the construction industry market conditions, they have a high degree of estimation uncertainty. Therefore, the accountant considers the impairment assessment of The Group's goodwill as one of the key audit matters for this year.

1. Obtain management's impairment assessment for cash-generating units and understand the process and basis for management's estimates of projected revenue growth rates and profit margins in their future operational outlook.
2. Evaluate the professional competence, qualifications, and objectivity of the external valuation specialists used by management.
3. Assess the reasonableness of management's execution of goodwill impairment testing, including evaluating the goodwill impairment testing report issued by external valuation specialists and engaging our firm's financial advisory experts to assess key valuation parameters, key assumptions, and the appropriateness of the value in use.

Emphasis of matter

As described in Note III of the consolidated financial statements, The Group changed its accounting policy for investment properties from January 1, 2022. The subsequent measurement has been changed from the cost model to the fair value model. As a result, the Company retrospectively applied this accounting policy and adjusted the affected items in prior financial statements. This has not led the accountants to modify their audit opinion.

Others

Triocean Industrial Corporation Co., Ltd. has prepared parent company only financial statements for the years 2022 and 2021, and the accountant has issued unqualified audit reports with an emphasis-of-matter paragraph on file for reference.

Responsibilities of management and directors for the consolidated financial statements

Management’s responsibility is to prepare the consolidated financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the International Financial Reporting Standards, International Accounting Standards, Interpretation, and Interpretation Announcement recognized and announced the effectiveness by Financial Supervisory Commission as well as maintain necessary internal control related to the preparation of the consolidated financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

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

The responsibilities of the governing body (including the audit committee) include overseeing the financial reporting process of The Group.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with GAAS 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 in the basis of these consolidated financial statements.

As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls 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 internal control effectiveness of The Group.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
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 ability of The Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause The Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial

statements (including the relevant notes), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. We have obtained sufficient and appropriate evidence to audit the consolidated financial information of The Group to express an opinion on the Consolidated Financial Statements. We are responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on The Group.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiency in internal controls that we identify during our audit).

We have also provided the governing body with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence, and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant’s independence.

We have determined the key audit matter for the audit of the Consolidated Financial Statements of The Group for the year ended December 31, 2022 from the communications we have had with the governing body. We identified such matter in our auditor’s report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, we decided not to communicate those matters in our auditor’s report because we reasonably could expect the negative effect of such communication to outweigh the public interest.

The engagement partners on the reviews resulting in this independent auditor's review report are Chen-Li Chen and Kai-Ning Hsu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(In Thousands of New Taiwan Dollars)

		Dec. 31, 2022		Dec. 31, 2021(restated)	
Code	Assets	Amount	%	Amount	%
	Current assets				
1100	Cash (Note IV and VI)	$ 253,649	9	$ 283,190	12
1110	Financial assets measured at FVTPL - current (Note IV and VII)	-	-	30,045	1
1140	Contract assets - current (Note IV, XXIV and XXXI)	297,706	11	184,190	8
1150	Notes receivable (Note IV, X, XXIV and XXXI)	-	-	24,906	1
1170	Accounts receivable(Note IV, X, XXIV and XXXI)	-	-	17,000	1
1200	Other receivables	202	-	105	-
1220	Current income tax assets (Note IV and XXVI)	190	-	73	-
1410	Advance payment	99,923	4	20,394	1
1460	Assets (or disposal groups) held for sale (Note XI)	29,646	1	-	-
1476	Other financial assets - current (Note IV, IX and XXXII)	724,266	26	470,416	19
1479	Other current assets	4,203	-	742	-
11XX	Total current assets	1,409,785	51	1,031,061	43
	Non-current assets				
1517	Financial assets measured at FVTOCI－non-current (Note IV and VIII)	31,500	1	32,860	1
1600	Property, plant and equipment (Note IV, XIII and XXXII)	100,512	4	101,089	4
1755	Right-of-use assets (Note IV and XIV)	37,415	1	25,511	1
1760	Net investment property (Note III, IV, XV and XXXII)	721,010	26	730,880	30
1805	Goodwill(Note IV and XVI)	428,702	16	428,702	18
1821	Other intangible assets (Note IV and XVII)	11,195	-	49,550	2
1840	Deferred tax assets (Note IV and XXVI)	12,831	1	7,754	-
1980	Other financial assets - non-current (Note IV, IX and XXXII)	8,116	-	17,898	1
1995	Other non-current assets	14	-	14	-
15XX	Total non-current assets	1,351,295	49	1,394,258	57
1XXX	Total assets	$ 2,761,080	100	$ 2,425,319	100
Code	Liabilities and Equity				
	Current liabilities				
2100	Short-term loans (Note XVIII and XXXII)	$ 456,340	16	$ 667,911	28
2130	Contract liabilities - current (Note IV and XXIV)	132,450	5	9,304	-
2150	Notes payable (Note XX)	56,730	2	31,927	1
2170	Accounts payable (Note XX and XXXI)	98,747	4	30,515	1
2200	Other payables (Note XXI)	26,972	1	16,684	1
2220	Other payables－Related parties (Note XXXI)	213,025	8	-	-
2230	Current income tax liabilities (Note IV and XXVI)	18,597	1	13,861	1
2250	Provision for liabilities - current (Note IV and XXII)	1,701	-	8	-
2260	Liabilities directly related to disposal group held for sale (Note XI)	1,114	-	-	-
2280	Lease liabilities - current (Note IV and XIV)	10,314	-	3,140	-
2321	Corporate bonds payable - current (Note IV and XIX)	-	-	288,393	12
2322	Long-term borrowings due within one operating cycle (Note XVIII and XXXII)	218,490	8	54,216	2
2399	Other current liabilities	2,105	-	10,337	-
21XX	Total current liabilities	1,236,585	45	1,126,296	46
	Non-current liabilities				
2500	Financial liabilities measured at FVTPL (Note IV, VII and XXXI)	232,725	9	219,750	9
2540	Long-term loans (Note XVIII and XXXII)	410,140	15	10,113	-
2550	Provision for liabilities – non-current (Note IV and XXII)	38,166	1	17,029	1
2570	Deferred income tax liabilities (Note III, IV and XXVI)	33,899	1	41,459	2
2580	Lease liabilities - non-current (Note IV and XIV)	27,235	1	22,861	1
2620	Other payables－Related parties (Note XXXII)	-	-	213,025	9
2645	Deposits received	5,566	-	5,624	-
25XX	Total non-current liabilities	747,731	27	529,861	22
2XXX	Total liabilities	1,984,316	72	1,656,157	68
	Equity attributable to the owners of the Company (Note XXIII)				
3100	Common stock capital	249,881	9	249,881	11
3200	Capital reserves	7,340	-	7,340	-
3350	Accumulated deficit	(23,774)	(1)	(27,491)	(1)
3400	Other equity	543,317	20	539,432	22
3XXX	Total liabilities	776,764	28	769,162	32
	Total liabilities and equity	$ 2,761,080	100	$ 2,425,319	100

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

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Losses) Per Share)

		For the Year Ended December 31			
		2022		2021(restated)	
Code		Amount	%	Amount	%
4000	Operating revenue (Note IV, XXIV and XXXI)	$ 1,169,012	100	$ 601,943	100
5000	Operating cost (Note IV, XXV and XXXI)	1,060,821	90	476,721	79
5900	Gross profit	108,191	10	125,222	21
	Operating expense (Note XI and XXV)				
6100	Promotion expense	-	-	14	-
6200	Administration expense	115,121	10	114,921	19
6000	Total operating expenses	115,121	10	114,935	19
6900	Net operating profit (loss)	(6,930)	-	10,287	2
	Non-operating revenue/expense (Note XI and XXV)				
7100	Interest income	2,863	-	952	-
7010	Other income	32,116	3	8,765	2
7020	Other gains and losses	(13,713)	(1)	(9,468)	(2)
7050	Financial costs	(16,773)	(2)	(12,637)	(2)
7000	Total non-operating revenue/expense	4,493	-	(12,388)	(2)
7900	Net profit (loss) before tax	(2,437)	-	(2,101)	-
7950	Income tax expense (benefit) (Note IV and XXVI)	(5,720)	-	3,456	1
8000	Net profit (loss) from continuing operations	3,283	-	(5,557)	(1)
8100	Net profit (loss) from discontinued operations (Note 11)	434	-	(21,791)	(4)
8200	Net income (loss)	3,717	-	(27,348)	(5)
	Other comprehensive income				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8312	Revaluation surplus on property	$ -	-	$ 578,200	96

Code		For the Year Ended December 31			
		2022		2021(restated)	
		Amount	%	Amount	%
8316	Unrealized gains (losses) from investments in equity instruments measured at FVTOCI	(1,359)	-	(7,557)	(1)
8349	Income tax related to the items which were not reclassified	-	-	(21,803)	(4)
		(1,359)	-	548,840	91
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	6,555	1	(16,198)	(3)
8399	Income tax related to components of other comprehensive income	(1,311)	-	3,240	1
		5,244	1	(12,958)	(2)
8300	Other comprehensive income (net of tax) for the year	3,885	1	535,882	89
8500	Total comprehensive income in the fiscal year	$ 7,602	1	$ 508,534	84
8600	Net income (loss) attributable to				
8610	The owners of the Company	$ 3,717	-	($ 27,348)	(5)
8700	The total comprehensive income attributable to				
8710	The owners of the Company	$ 7,602	1	$ 508,534	(84)
	Earnings (loss) per share (Note XXVII)				
	From continuing and discontinued operations				
9750	Basic	$ 0.15		($ 1.09)	
9850	Diluted	$ 0.15		($ 1.09)	
	From continuing operations				
9710	Basic	$ 0.13		($ 0.22)	
9810	Diluted	$ 0.13		($ 0.22)	

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

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

					Other equity items				
Code		Common stock capital	Additional paid-in capital	Accumulated deficit	Exchange difference on translation of the financial statements of foreign operations	Unrealized gains or losses of the financial assets measured at FVTOCI	Revaluation surplus on property	Total	Total equity
A1	Balance as of Jan. 1, 2021	$860,528	$ 7,340	($610,647)	$ 652	$ 2,755	$ -	$ 3,407	$260,628
F1	Capital reduction to offset losses	(610,647)	-	610,647	-	-	-	-	-
D1	Net loss for the year 2021 (restated)	-	-	(27,348)	-	-	-	-	(27,348)
D3	Other comprehensive income after tax, 2021(restated)	-	-	-	(12,958)	(7,557)	556,397	535,882	535,882
D5	The total comprehensive income in 2021(restated)	-	-	(27,348)	(12,958)	(7,557)	556,397	535,882	508,534
Q1	Disposal of equity instruments measured at FVTOCI	-	-	(143)	-	143	-	143	-
Z1	Balance as of Dec. 31, 2021	249,881	7,340	(27,491)	(12,306)	(4,659)	556,397	539,432	769,162
D1	Net income for 2022	-	-	3,717	-	-	-	-	3,717
D3	Other comprehensive income after tax, 2022	-	-	-	5,244	(1,359)	-	3,885	3,885
D5	The total comprehensive income in 2022	-	-	3,717	5,244	(1,359)	-	3,885	7,602
Z1	Balance as of Dec. 31, 2022	$249,881	$ 7,340	($ 23,774)	($ 7,062)	($ 6,018)	$556,397	$543,317	$776,764

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

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

Code		For the Year Ended December 31 2022	2021 (restated)
	Cash flow from operating activities		
	Pre-tax net profit (loss)		
A00010	Pre-tax net profit (loss) from continuing operations	($ 2,437)	($ 2,101)
A00020	Pre-tax net profit (loss) from discontinued operations	434	(11,806)
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	19,236	22,638
A20200	Amortization expense	37,920	25,299
A20300	(Reversal of) expected credit loss	(159)	6
A20400	Net loss on financial assets and liabilities at FVTPL	14,316	31,837
A20900	Financial costs	16,773	12,665
A21200	Interest income	(2,863)	(952)
A21300	Dividend income	(2,584)	(2,654)
A22500	Profit on the disposal of property, plant and equipment	(722)	(27,413)
A22800	Loss on the disposal of intangible assets	590	-
A23200	Gain on the disposal of investment accounted for using the equity method	(2,730)	-
A24500	Provision for liabilities	22,923	12,850
A24600	Loss (gain) from adjustments to fair value of investment properties	14,670	(2,187)
A29900	Other items	-	(137)
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(113,516)	(163,466)
A31130	Notes receivable	24,906	(9,979)
A31150	Accounts receivable	17,159	11,585
A31180	Other receivables	(97)	4,848
A31200	Inventory	-	26,334
A31230	Advance payment	(79,664)	(6,336)
A31240	Other current assets	(3,681)	(154)
A32125	Contract liabilities	123,146	7,537
A32130	Notes payable	24,803	14,565
A32150	Accounts payable	$ 68,232	($ 31,057)
A32180	Other payables	10,964	(8,175)
A32200	Provision for liabilities	(93)	(162)
A32230	Other current liabilities	(8,147)	3,929
A33000	Cash generated from (used in) operations	179,379	(92,486)
A33100	Interest received	2,863	952
A33200	Dividends received	2,584	2,654
A33300	Interest paid	(15,828)	(8,584)
A33500	Income tax paid	(3,608)	(1,015)
AAAA	Net cash inflow (outflow) from operating activities	165,390	(98,479)
	Cash flow from investing activities		

Code		For the Year Ended December 31 2022	2021 (restated)
B00010	Acquisition of financial assets measured at FVTOCI	-	(830)
B00100	Acquisition of financial assets measured at FVTPL	-	(29,078)
B00020	Disposal of financial assets measured at FVTOCI	-	1,893
B00200	Disposal of financial assets measured at FVTPL	4,209	66,197
B02200	Net cash outflow for the acquisition of subsidiaries	-	(80,000)
B02300	Net cash inflows from disposal of subsidiary	2,074	-
B02700	Purchase of property, plant and equipment	(7,852)	(841)
B02800	Proceeds from the disposal of property, plant, and equipment	3,038	55,054
B04500	Acquisition of intangible assets	(155)	(829)
B05400	Acquisition of investment properties	(4,800)	(6,363)
B06500	Decrease (increase) in other financial assets	(244,068)	28,933
BBBB	Net cash inflow (outflow) from investing activities	(247,554)	34,136
	Cash flow from financing activities		
C00100	Increase in short-term loans	372,400	1,295,558
C00200	Decrease in short-term loans	(583,971)	(1,204,122)
C01300	Repayment of corporate bonds	(288,900)	-
C01600	Long-term borrowings	711,656	64,600
C01700	Repayment of long-term borrowings	(147,355)	(271)
C00500	Increase in short-term notes payable	-	-
C03100	Increase (decrease) in deposits received	(58)	5,624
C04020	Repayment of lease principal	(6,191)	(5,414)
CCCC	Net cash inflow from financing activities	$ 57,581	$ 155,975
DDDD	Effect of exchange rate changes on cash	(32)	(689)
EEEE	Net increase (decrease) in cash	(24,615)	90,943
E00100	Beginning balance of cash	283,190	192,247
E00212	Cash included in disposal group held for sale	(4,926)	-
E00200	Ending balance of cash	$ 253,649	$ 283,190

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

Triocean Industrial Corporation Co., Ltd. And Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended 31 December 2022 and 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. GENERAL INFORMATION

Triocean Industrial Corporation Co., Ltd. , completed the change on July 14, 2021, hereinafter referred to as "the Company." The Company and the entities controlled by the Company are collectively referred to as the "consolidated companies". The Company was established in October, 1968, in Taipei, originally engaged in the weaving, dyeing, processing, buying, and selling of various fiber textiles. The Company's board of directors subsequently decided in November, 2020, to cease the production of textile business and change the company's registered address to Kaohsiung. The Company completed the disposal of equipment and inventory at the Taoyuan factory in September, 2021, and terminated the bedding business. Currently, the main focus is on the construction business.

In August, 2011, the Board of Directors resolved to relocate the Company to No. 360, Jiabao Rd., Dashe Dist., Kaohsiung City.

The Company's shares have been listed on the TPEX, since January , 1999. The shares were then listed on the TWSE starting from September, 2000.

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

II. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 23, 2023.

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

(1) First-time Adoption of New Accounting Policy

The management of the consolidated companies believes that the fair value model provides more reliable and relevant information. Therefore, on December 26, 2022, the board of directors resolved to change the accounting policy on January 1, 2022, and the investment properties were subsequently measured using the fair value model.

The impact for 2022 is summarized as follows:

Effect on assets, liabilities and equity

	Dec. 31, 2022
	Adjustments to fair value measurement of investment property
Increase in investment property	$569,001
Increase in assets	$569,001
Increase in deferred income tax liabilities	$ 21,803
Increase in liabilities	$ 21,803
Decrease in retained earnings	($ 9,199)
Increase in other equity	556,397
Increase in equity	$547,198

Effect on consolidated profit or loss

	2022
	Adjustments to fair value measurement of investment property
Other gains and losses - Decrease in depreciation	$ 2,305
Increase in fair value adjustment loss on investment property	(14,670)
Decrease in net income and total comprehensive income	(12,365)
The decrease in net income and total comprehensive income is attributable to:	
Owners of the Company	($ 12,365)

Effect on earnings per share

	2022
From continuing and discontinued operations	
Increase in basic and diluted earnings per share	($ 0.50)
From continuing operations	
Increase in basic and diluted earnings per share	($ 0.50)

The impact for 2021 is summarized as follows:

Effect on assets, liabilities and equity

Dec. 31, 2021	Amount before restatement	Adjustments to fair value measurement of investment property	Amount after restatement
Investment property	$ 149,514	$ 581,366	$ 730,880

Dec. 31, 2021	Amount before restatement	Adjustments to fair value measurement of investment property	Amount after restatement
Total asset impact	$149,514	$581,366	$730,880
Deferred income tax liabilities	$ 19,656	$ 21,803	$ 41,459
Total effect of liabilities	$ 19,656	$ 21,803	$ 41,459
Accumulated loss	($ 30,657)	$ 3,166	($ 27,491)
Other equity	(16,965)	556,397	539,432
Total equity impact	($ 47,622)	$559,563	$511,941

Effect on consolidated profit or loss

	2021 Adjustments to fair value measurement of investment property
Other gains and losses - Decrease in depreciation	$ 979
Increase in gain from fair value adjustment of investment property	2,187
Increase in net income	3,166
Items not reclassified to profit or loss	
Revaluation surplus on property 增加	578,200
Decrease in income taxes related to items that are not reclassified	(21,803)
Increase in other comprehensive income after tax	556,397
Increase in total consolidated profit and loss	$559,563
The increase in net income is attributable to:	
Owners of the Company	$ 3,166
The increase in total consolidated profit or loss is attributable to:	
Owners of the Company	$559,563

Effect on earnings per share

	2021
From continuing and discontinued operations	
Increase in basic and diluted earnings per share	$ 0.13
From continuing operations	
Increase in basic and diluted earnings per share	$ 0.13

(2) Initial application of the Financial Supervisory Commission (hereinafter referred to as the "FSC") approved and effective International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC), and Interpretation Bulletins (SIC) (hereinafter referred to as "IFRSs")

The application of the amended FSC-approved and effective IFRSs will not result in significant changes to the merged company's accounting policies.

(3) FSC-approved IFRSs applicable in 2023 (presumably in the Taiwan calendar, which corresponds to 2023 in the Gregorian calendar)

New/amended/revised standards and interpretations	Effective date published by IASB
Amendments to IAS 1 - "Disclosure of Material Accounting Policy Information"	Jan. 1, 2023(Note 1)
Amendments to IAS 8 - "Definition of Accounting Estimates"	Jan. 1, 2023(Note 2)
Amendments to IAS 12 - "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	Jan. 1, 2023(Note 3

Note 1: This revision applies to reporting periods beginning on or after January 1, 2023.

Note 2: This revision applies to accounting estimate changes and accounting policy changes occurring during reporting periods beginning on or after January 1, 2023.

Note 3: Except for the temporary differences related to deferred income taxes recognized for lease and decommissioning obligations as of January 1, 2022, this revision applies to transactions occurring on or after January 1, 2022.

As of the date of issuance of this consolidated financial report, the Company has evaluated other criteria and interpretations and concluded that they will not have a significant impact on its financial condition and financial performance.

(4) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New/amended/revised standards and interpretations	Effective date published 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.
Amendments to IFRS 16 - "Lease Liability in a Sale and Leaseback"	Jan. 1,2024(Note 1)

New/amended/revised standards and interpretations	Effective date published by IASB (Note 1)
IFRS 17 “Insurance Contracts”	Jan. 1,2023
Amendments to IFRS 17	Jan. 1,2023
Amendments to IFRS 17 - “Initial Application of IFRS 17 and IFRS 9 — Comparative Information”	Jan. 1,2023
Amendments to IAS 1 - “Classification of Liabilities as Current or Non-current”	Jan. 1,2024
Amendments to IAS 1 - “Non-current Liabilities with Covenants”	Jan. 1,2024

Note 1: Unless otherwise stated, the above new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: The seller and lessee should retrospectively apply the amendments to IFRS 16 to sale and leaseback transactions entered into after the initial application of IFRS 16.

As of the date of adoption of this consolidated financial statements, the Consolidated Company is still evaluating the impact of the amendments to other standards and interpretations on the financial position and financial performance, which will be disclosed when the evaluation is completed.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and issued by the FSC.

(2) Basis of Preparation

Apart from financial instruments measured at fair value, investment properties, and contingent consideration for the acquisition of subsidiaries, these consolidated financial statements are prepared on a historical cost basis.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

(3) Standard in determining whether the asset or liability are current or non-current

Current assets include:

1. assets held mainly for transaction purposes;
2. assets to be realized within 12 months of the asset balance sheet; and
3. cash and cash equivalents (but not including cash used to exchange or clear liability within 12 months of the asset balance sheet).

Current liabilities include:

1. liabilities held mainly for transaction purposes;
2. liabilities due for payment within 12 months after the balance sheet date; and
3. the business entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Assets or liabilities not classified within the above definitions will be classified as non-current assets and liabilities.

The consolidated company is engaged in the construction engineering sector, with a business cycle longer than one year. Therefore, assets and liabilities related to construction business are classified as current or non-current based on the normal operating cycle.

(4) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries), and the consolidated statement of comprehensive income includes the operating income or loss of the acquired or disposed subsidiaries for the period from the date of acquisition or up to the date of disposal. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. The total comprehensive income of the subsidiaries is attributed to the owners of the Company and non-controlling interests, even if non-controlling interests become a loss balance as a result.

See Note XII and Table 7 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

(5) Corporate Merger

Corporate mergers are handled through the acquisition method. Acquisition-related costs are expensed in the period when they are incurred and the services are obtained.

Goodwill is measured as the excess of the total of the fair value of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree on the acquisition date, over the net amount of the identifiable assets acquired and liabilities assumed on the acquisition date.

When the consideration transferred in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its fair value on the acquisition date and is recognized as part of the consideration transferred in exchange for the acquiree. Changes in the fair value of the contingent consideration, if they relate to the measurement period, are retrospectively adjusted to the acquisition cost and correspondingly adjust goodwill. Measurement period adjustments refer to adjustments arising from additional information about facts and circumstances that existed at the acquisition date and are made during the "measurement period" (which must not exceed one year from the acquisition date).

Subsequent treatment of changes in the fair value of contingent consideration that are not measurement period adjustments depends on the classification of the contingent consideration. Other contingent considerations are measured at fair value on subsequent balance sheet dates, with changes in fair value recognized in profit or loss.

If the measurement of identifiable assets acquired and liabilities assumed in a business combination is not yet complete, they are recognized at provisional amounts on the balance sheet date, and retrospective adjustments or recognition of additional assets or liabilities are made during the measurement period to reflect new information about facts and circumstances that existed on the acquisition date.

(6) Foreign currency

When preparing financial statements, each entity translates transactions in currencies other than the functional currency of the entity (foreign currencies) into the functional currency at the exchange rates prevailing on the transaction dates.

Monetary items denominated in foreign currencies are translated at the closing rate at each balance sheet date. Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss in the period in which they occur.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates ruling at the dates of transactions and are not retranslated.

For the purpose of preparing consolidated financial statements, assets and liabilities of foreign operations (including subsidiaries that operate in countries or currencies different from those of the Company) are translated into New Taiwan Dollars at the exchange rates prevailing on each balance sheet date. Income and expense items are translated at the average exchange rate for the period and the resulting exchange differences are included in other comprehensive income.

(7) Property, plant and equipment

Property, plant, and equipment are recognized by cost, and then measured by cost less accumulated depreciation and accumulated impairment.

Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Consolidated Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss when property, plant, and equipment are derecognized.

(8) Investment property

Investment property refers to real estate held for earning rental income, capital appreciation, or both. Investment property also includes land held for a purpose that has not yet been determined.

Owned investment properties are initially measured at cost (including transaction costs). Leased investment properties are initially measured at cost (including the initial measurement amount of the lease liability, initial direct costs of lease payments made before the lease commencement date, and the estimated cost of restoring the underlying asset, less the received lease incentives).

From January 1, 2022, the accounting policy for subsequent measurement of investment properties in the consolidated company has changed from the cost model to the fair value model. All investment properties are subsequently measured using the fair value model, with changes in fair value recognized in profit or loss during the period in which they occur.

When property, plant, and equipment are reclassified as investment property after the cessation of self-use, the difference between the carrying amount and the fair value is recognized in other comprehensive income.

When an investment property is disposed of, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(9) Goodwill

Goodwill acquired in a business combination is recognized at its amount on the acquisition date as a cost and is subsequently measured at cost less accumulated impairment losses.

For impairment testing purposes, goodwill is allocated to the cash-generating units or groups of cash-generating units (referred to as "cash-generating units") of the combined entity that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually (and whenever there is an indication that the unit may be impaired) by comparing the carrying amount of the unit, including goodwill, with its recoverable amount. If the goodwill allocated to a cash-generating unit was acquired in a business combination during the year, the unit should be tested for impairment before the end of that year. If the recoverable amount of the cash-generating unit to which goodwill has been allocated is less than its carrying amount, an impairment loss is first applied to reduce the carrying amount of the allocated goodwill, and then to reduce the carrying amounts of the other assets in the unit based on their respective proportions. Any impairment loss is recognized directly as a current-period loss. Goodwill impairment losses cannot be reversed in subsequent periods.

When disposing of an operation within a cash-generating unit to which goodwill has been allocated, the amount of goodwill related to the disposed operation is included in the carrying amount of the operation to determine the gain or loss on disposal.

(10) Intangible assets

1. Separately acquired

   Separately acquired intangible assets with finite useful lives are initially measured at cost and are subsequently measured at cost less accumulated amortization. Intangible assets are amortized over their useful lives on a straight-line basis or in a pattern reflecting the expected consumption of future economic benefits, and the estimated useful lives, residual values, and amortization methods are reviewed at least at each year-end, with the effects of changes in accounting estimates being applied prospectively. Indefinite-lived intangible assets are reported at cost less accumulated impairment losses.

2. Acquired in a merger

   Intangible assets acquired in a merger are recognized at their fair value on the acquisition date and are accounted for separately from goodwill. The subsequent measurement of these intangible assets is the same as that of separately acquired intangible assets.

3. Derecognition

   When an intangible asset is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized as a gain or loss in the current year's profit or loss.

(11) Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets (excluding goodwill)

At each balance sheet date, the Consolidated Company assesses whether there is any indication that property, plant and equipment, right-of-use assets, investment properties and intangible assets may be impaired. If there is any indication of impairment, the recoverable amount of the asset is estimated, and if the recoverable amount of an individual asset cannot be estimated, the

Consolidated Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is an indication of impairment.

The recoverable amount is the higher fair value less selling cost and use value. If the recoverable amount of an individual asset or cash generating unit is less than its carrying amount, the carrying amount of the asset or cash generating unit shall be reduced to its recoverable amount, with the impairment loss recognized in profit or loss.

When the following recoverable amount increases, the carrying amount of the asset or cash generating unit increases to the amount that can be recovered after the revision. However, the increased carrying amount shall not exceed that (minus amortization or depreciation) determined by the asset or cash generating unit where the impairment loss was not recognized in the previous year. The reversal of impairment loss is recognized in profit or loss.

(12) Non-current assets held for sale

When the carrying amount of a disposal group is expected to be primarily recovered through a sale transaction rather than through continuing use, it is classified as held for sale. A disposal group that meets this classification must be immediately available for sale in its current condition, and its sale must be highly probable. The sale is considered highly probable when the appropriate management level commits to a plan to sell the asset, and the sale transaction is expected to be completed within one year from the classification date.

If control of a subsidiary will be lost upon sale, all assets and liabilities of the subsidiary are classified as held for sale, regardless of whether non-controlling interests are retained in the former subsidiary after the sale.

Disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and depreciation ceases for such assets.

(13) Financial instruments

Financial assets and financial liabilities are recognized in the Consolidated Statement of Financial Position when the Consolidated Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets and financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

   The transaction practice of the financial assets adopts accounting recognition and de-recognition on the transaction day.

   (1) Measurement types

   The types of financial assets held by the Consolidated Company are financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income.

   A. Financial assets measured at FVTPL

   Financial assets measured at FVTPL includes financial assets mandatorily measured at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instruments not designated as measured at FVTOCI, and investments in debt instruments that do not qualify for classification as measured at amortized cost or measured at FVTOCI.

   Financial assets measured at FVTPL are measured at fair value, with dividends and interest generated recognized in other income, and gains or losses from remeasurement recognized in other gains and losses. For the method of determining fair value, please refer to Note 30.

   B. Financial assets at amortized cost

   The Consolidated Company's investments in financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

   a. they are held within an operating model whose objective is to hold the financial assets to collect the contractual cash flows; and

b. the contractual terms give rise to cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss after initial recognition, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets.

A credit-impaired financial asset is one for which the issuer or the debtor has experienced significant financial difficulties, defaulted, it is probable that the debtor will declare bankruptcy or other financial reorganization, or an active market for the financial asset has disappeared due to financial difficulties.

C. Investment in equity instruments measured at FVTOCI

At initial recognition, the Consolidated Company has an irrevocable option to designate investments in equity instruments that are not held for trading and for which there is contingent consideration recognized by the acquirer of the business combination to be measured at FVTOCI.

Investments in equity instruments measured at FVTOCI are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. On disposal of investments, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

Dividends on investments in equity instruments measured at FVTOCI are recognized in profit or loss when the right to receive payments from the Consolidated Company is established, unless it is clear that the dividend represents a partial recovery of the cost of the investment.

(2) Impairment of financial assets and contract assets

The Consolidated Company assesses impairment losses on financial assets measured at amortized cost (including accounts receivable) and contract assets at each balance sheet date based on expected credit losses.

Accounts receivable and contract assets are recognized as an allowance for loss based on expected credit losses during the period of duration. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If not, they are recognized as an allowance for loss based on expected credit losses over 12 months, and if so, based on expected credit losses over the duration period.

Expected credit losses represent the weighted-average credit losses based on the risk of default. 12-month expected credit losses represent the expected credit losses arising from possible defaults of financial instruments within 12 months after the reporting date. The 12-month expected credit losses represent the expected credit losses arising from all possible defaults of the financial instruments during the 12-month period after the reporting date.

For internal credit risk management purposes, the consolidated company determines that the following situations represent default on a financial asset, without considering any collateral held:

A. Internal or external information indicates that the debtor is no longer able to repay the debt.

B. The debt is overdue by a certain number of days, unless there is reasonable and verifiable information indicating that a later default criterion is more appropriate.

All impairment losses on financial assets are reduced through an allowance account against their carrying amount.

(3) Derecognition of financial assets

The Consolidated Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets have lapsed or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

When a financial asset measured at amortized cost is derecognized in its entirety, the difference between its carrying amount and the consideration received is recognized in profit or loss. When an equity investment measured at fair value through other comprehensive income is derecognized in its entirety, accumulated gains and losses are directly transferred to retained earnings and are not reclassified to profit or loss.

2. Equity instruments

Debts and equity instruments issued by the Consolidated Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Consolidated Company are recognized at the amount of the acquisition price less direct issuance costs.

3. Financial liability

(1) Subsequent measurement

Except for the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

<u>Financial liabilities measured at FVTPL</u>

Financial liabilities measured at FVTPL include those held for trading and those designated as measured at fair value through profit or loss

Financial liabilities held for trading are measured at fair value, and related gains or losses are recognized in other gains and losses.

For the method of determining fair value, please refer to Note XXVII.

(2) Derecognition of financial liability

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

4. Convertible bonds

The components of compound financial instruments (convertible bonds) issued by the Consolidated Company are classified as financial liabilities and equity, respectively, on initial recognition, based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument and is measured at amortized cost using the effective interest method until the date of conversion or maturity. Liability components that are embedded in non-equity derivatives are measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the fair value of the compound instrument as a whole less the fair value of the liability component determined separately and is recognized in equity, net of the income tax effect, and is not subsequently measured. When the conversion right is exercised, the related liability component and the amount in equity are transferred to equity and capital surplus - issue premium. If the conversion right of the convertible bonds is not executed on the maturity date, the amount recognized in equity will be transferred to capital surplus - issue premium.

Transaction costs related to the issuance of convertible bonds are allocated to the liability (included in the carrying amount of the liability) and equity components (included in equity) of the instrument in proportion to the total apportioned price.

(14) Provision for liabilities

The amount recognized as provision for liabilities is the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risk and uncertainty of the obligation. Provision for liabilities is measured at the discounted value of the estimated cash flows from the settlement of the obligation.

<u>Warranty</u>

Warranty obligations under construction contracts are recognized based on management's best estimate of the expenditures required to settle the consolidated company's obligations at the time the related construction warranty revenue is recognized.

<u>Contingent liabilities acquired in a business combination:</u>

Contingent liabilities assumed in a business combination, if they arise from past events and represent current obligations with a reliably measurable fair value, are recognized at their fair value as the initial measurement amount on the acquisition date. On subsequent balance sheet dates, such contingent liabilities are measured at their amortized amounts. However, if it is assessed to be highly probable that the current obligation amount will have to be paid, the subsequent measurement is based on the higher of the current obligation amount and the amortized amount.

(15) Income recognition

The Consolidated Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

1. Service Revenue:

   Service revenue comes from the processing of various fibers and the procurement of engineering materials on behalf of clients. Related revenue is recognized when the services are provided.

2. Construction Revenue:

   For real estate construction contracts in which the property is under the control of the customer during the construction process, the consolidated company recognizes revenue over time. Since the costs incurred in construction are directly related to the degree of completion of the contract obligations, the consolidated company measures the progress of completion based on the proportion of actual costs incurred to the total estimated costs. The consolidated company recognizes contract assets during the construction process and reclassifies them as accounts receivable upon invoicing. If the amount of payments received for the work exceeds the recognized revenue, the difference is recognized as a contract liability. The retention amounts withheld by the customer according to the contract terms aim to ensure that the company fulfills all contract obligations and are recognized as contract assets before the consolidated company has completed its performance.

   If the outcome of the performance obligations cannot be reliably measured, construction revenue is recognized only to the extent of the costs incurred that are expected to be recoverable.

(16) Lease

The Consolidated Company assesses whether a contract is a lease at the contract inception date.

For contracts that include lease and non-lease components, the consolidated company allocates the consideration in the contract based on relative standalone prices and handles them separately.

The consolidated company, as a lessor, classifies the lease as an operating lease when the lease terms do not transfer substantially all the risks and rewards of ownership to the lessee.

Under operating leases, lease payments are recognized as income on a straight-line basis over the term of the relevant lease. The original direct cost incurred in acquiring an operating lease is added to the carrying amount of the subject asset and recognized as an expense on a straight-line basis over the lease term.

When the Consolidated Company is a lessee, the lease payments for leases of low-value assets and short-term leases that qualify for recognition exemptions are recognized as expenses on a straight-line basis over the lease term. For all other leases, the right-of-use assets and lease liabilities are recognized at the lease commencement date.

The right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The right-of-use assets are presented separately in the consolidated balance sheet.

The right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease obligations are measured initially at the present value of the lease payments. If the implied interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If the rate is not readily determinable, the lessee’s incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is amortized over the lease term. If there is a change in future lease payments due to changes in the lease period or in the index or rate used to determine the lease payments, the Consolidated Company remeasures the lease liability and adjusts the right-of-use asset accordingly, but if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the balance sheet.

(17) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an eligible asset are included as part of the cost of the asset until substantially all activities necessary to bring the asset to its intended use or sale condition have been completed.

Investment income earned on temporary investments of specific borrowings made to fund qualifying capital expenditure is deducted from the borrowing costs that are eligible for capitalization.

Except as described above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(18) Employee benefits

1. Short-term employee benefits

   The liability related to short-term employee benefits is measured as the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

   Defined benefit pension plans are recognized as expenses over the period of service of the employees.

(19) Income tax

Income tax expense is the sum of current income taxes and deferred income taxes.

1. Current income tax

   The Consolidated Company determines the current income (loss) in accordance with the regulations of each jurisdiction in which it files income tax returns and calculates the income tax payable (recoverable) accordingly.

   The income tax on undistributed earnings under the Income Tax Act of the ROC is recognized in the year of the resolution of the shareholders' meeting.

   The adjustment of income tax payable in the previous year shall be included in the current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities on the books and the basis for the calculation of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when it is probable that there will be taxable income available to offset the temporary differences and loss carryforwards.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced for those where it is no longer probable that there will be sufficient taxable income to allow all or part of the assets to be recovered. Deferred tax assets not previously recognized as such are also reviewed at each balance sheet date and the carrying amount is increased for those where it is probable that taxable income will be available to recover all or part of the assets.

Deferred tax assets and liabilities are measured by the tax rate of the expected liabilities settlement or assets realization in the current period, according to the tax rate and the tax law which have been legalized or substantively legalized on the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the way in which the Consolidated Company is expected to recover or pay off the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred tax

Current and deferred income taxes are recognized in the income statement, but current and deferred income taxes related to items recognized in other comprehensive income are recorded in other comprehensive income.

V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When the Consolidated Company adopts an accounting policy, management must make relevant judgments, estimates, and assumptions of relevant information that is difficult to obtain from other sources based on historical experience and other relevant factors.

The consolidated company has incorporated the economic impact of the COVID-19 pandemic into its significant estimates, and management will continuously review the estimates and underlying assumptions. If the revisions to estimates only affect the current period, they are recognized in the current period; if the adjustments to accounting estimates affect both the current and future periods, they are recognized in both the current and future periods.

(1)Impairment of goodwill

When determining whether goodwill is impaired, the value in use of the cash-generating units (CGUs) to which goodwill is allocated must be estimated. To calculate the value in use, management should estimate the expected future cash flows generated by the CGUs and determine the appropriate discount rate for calculating the present value. If actual cash flows are lower than expected, or changes in facts and circumstances result in downward revisions of future cash flows or upward revisions of discount rates, significant impairment losses may arise.

(2) Construction contracts

The recognition of profit or loss on construction contracts is based on the percentage of completion method, with revenues and costs recognized based on the degree of completion of contract activities. The percentage of completion is measured by the proportion of contract costs incurred to date to the estimated total contract costs. Since the estimation of total costs and contract items is determined by management's assessment and judgment on the nature of different projects, anticipated contract amounts, project duration, engineering implementation, and construction methods, it may affect the calculation of the percentage of completion and project profit or loss.

VI. Cash

	Dec. 31, 2022	Dec. 31, 2021
Cash	$ 2,185	$ 1,715
Bank Deposit	251,464	281,475
	$253,649	$283,190

The consolidated company's counterparties are financial institutions with good credit quality, and the consolidated company deals with multiple financial institutions to diversify credit risk, so no expected credit losses are assessed.

VII. Financial instruments measured at FVTPL

	Dec. 31, 2022	Dec. 31, 2021
Financial assets - current		
Mandatorily measured at FVTPL		
Non-derivative Financial assets		
Stocks of listed domestic companies or traded over the counter	$ -	$ 25,300
Fund Beneficiary Certificate	-	4,745
	$ -	$ 30,045

	Dec. 31, 2022	Dec. 31, 2021
Financial liability – non-current		
Non-derivative financial liability		
Contingent consideration (Note XXVIII)	$232,725	$219,750

VIII. Financial assets measured at fair value through other comprehensive income - non-current

	Dec. 31, 2022	Dec. 31, 2021
Investments in equity instruments measured at fair value through other comprehensive income or loss		
Stocks of listed domestic companies or traded over the counter	$ 31,500	$ 32,860

The aforementioned ordinary shares are designated as measured at fair value through other comprehensive income due to their medium to long-term strategic investment purposes.

IX. Other Financial Assets

	Dec. 31, 2022	Dec. 31, 2021
Restricted bank deposit	$596,582	$449,296
Refundable deposits	135,800	39,018
	732,382	488,314
Less: Other financial assets - current	(724,266)	(470,416)
Other financial assets - non-current	$ 8,116	$ 17,898

As of December 31 in 2021 and 2022, the restricted bank deposit annual interest rates were 0.40% to 1.44% and 0.02% to 0.28%, respectively.

The consolidated company's transaction counterparties and performance obligors are all reputable financial institutions with no significant concerns about performance, and thus there is no significant credit risk expected.

For information on collateral for the consolidated company's other financial assets, please refer to Note 33.

X. Notes receivable and accounts receivable

	Dec. 31, 2022	Dec. 31, 2021
Notes receivable		
Total carrying amount measured at amortized cost	$ -	$ 24,906
Less: allowance for loss	-	-
	$ -	$ 24,906
Generated from operating activities	$ -	$ 24,706
Generated from non-operating activities	-	200
	$ -	$ 24,906
Accounts receivable		
Total carrying amount measured at amortized cost	$ -	$ 17,159
Less: allowance for loss	-	(159)
	$ -	$ 17,000

To mitigate credit risk, the Consolidated Company’s management assigns a dedicated team to determine credit limits, approve credit facilities and other monitoring procedures to ensure that appropriate actions have been taken to collect overdue receivables. In addition, the Consolidated Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible receivables. Accordingly, the

Consolidated Company's management believes that the credit risk of the Consolidated Company has been significantly reduced.

The consolidated company adopts the simplified approach under IFRS 9 to recognize the provision for expected credit losses on accounts receivable based on lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix, which considers customers' past default history and current financial conditions, as well as GDP forecasts. The consolidated company's accounts receivable for the 2022 mainly come from government contract projects outsourced by related parties, with no expected credit impairment. Due to the consolidated company's historical credit loss experience showing no significant differences in loss patterns among different customer groups, the provision matrix has not been further divided into customer groups and only sets expected credit loss rates based on the overdue days of accounts receivable.

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

The following table details the loss allowance of accounts receivable based on the Consolidated Company's allowance matrix:

Dec. 31, 2021

	Not past due	1-30 days past due	31-60 days past due	61-90 days past due	91-120 days past due	Over 120 days past due	Total
Expected credit losses(%)	0~0.23	0~0.48	0~10.54	0~25.14	33.33~100	16.67~100	
Total carrying amount	$ 41,888	$ -	$ -	$ -	$ -	$ 177	$ 42,065
Allowance for loss (lifetime expected credit losses)	-	-	-	-	-	(159)	(159)
Amortized cost	$ 41,888	$ -	$ -	$ -	$ -	$ 18	$ 41,906

Information on the changes in the allowance for losses on receivables is as follows:

	2022	2021
Beginning balance	$ 159	$ 4,693
(Reversal of) loss for the year	(159)	6
Actual elimination for the year	-	(4,540)
Ending balance	$ -	$ 159

XI. DISPOSAL GROUP HELD FOR SALE

(1) Non-operating unit

Due to the impact of the COVID-19 pandemic, the company's department store business has been severely hit, leading to a sharp decline in revenue. The Taoyuan factory ceased production entirely in November of year 2020, as approved by the board of directors, and the related equipment and inventory were disposed of by September of year 2021. The bedding sales business ceased operations starting from September 15th of year 2021.

Profit or loss for the year - non-operating unit:

	2022	2021
Operating revenue	$ -	$ 54,937
Operating cost	-	(30,779)
Gross profit	-	24,158
Promotion expense	-	(37,765)
Administration expense	-	(4,074)
Expected credit reversal benefit (impairment loss)	159	(6)
Net operating profit (loss)	159	(17,687)
Non-operating revenue/expense	275	5,881
Net profit before tax (loss)	434	(11,806)
Income tax expense	-	(9,985)
Profit or loss for the period	434	(21,791)
Profit and loss of the discontinued unit belongs to The Company's owner	$ 434	($ 21,791)
Net cash inflow (outflow) from operating activities	$ 275	($ 23,117)
Net cash inflows from investing activities	-	4,117
Net cash outflow in financing activities	-	(2,716)
Net cash inflow (outflow)	$ 275	($ 21,716)

(2) Disposal group held for sale

On December 26, 2022, the Consolidated Company's board of directors passed resolutions to sell 100% of the equity of its subsidiary, Shanghai Lifestyle Enterprise Inc., to a non-related party, and 100% of the equity of its subsidiary, Zhou Ting Property Co., Ltd., to a related party, Hung Ting Enterprise Co., Ltd. The transactions were completed in February 2023.

As of December 31, 2022, the consolidated company has reclassified the assets and liabilities of its subsidiary as held for sale and presented them separately in the consolidated balance sheet. The main categories of assets and liabilities held for sale are as follows:

	Dec. 31, 2022		
	Zhou Ting Property Co., Ltd.	Shanghai Lifestyle Enterprise Inc.	Total
Cash	1,765	3,161	4,926
Financial assets measured at FVTPL - current	24,495	-	24,495
Other assets	-	225	225
Total amount of disposal group held for sale	$ 26,260	$ 3,386	$ 29,646
Liabilities directly related to disposal group held for sale	$ 120	$ 994	$ 1,114

XII. SUBSIDIARIES.

The consolidated financial statements were prepared based on the information of the following companies:

Name of the Investment Company	Name of Subsidiary	Nature of Business	Percentage of shareholdings Dec. 31, 2022	Percentage of shareholdings Dec. 31, 2021	Remark
The Company	Sanlong Investment Co. (Sanlong Investment)	General Investment	-	100	Note 1
	Tri Ocean Textile (Thailand) Co., Ltd. (Tri Ocean Textile (Thailand))	Manufacture, processing and trading of textile products	100	100	
	Zhou Ting Property Co., Ltd. (Zhou Ting Property, formerly known as Tri Ocean Dream Factory Co., Ltd.)	Wholesale and sale of building materials	100	100	Note 2
	Shanghai Lifestyle Enterprise Inc.	Furniture trading	100	100	Note 3
	Shang Ting Co. (Shang Ting)	Integrated manufacturing	100	100	Note 4
	Triocean Energy Co., Ltd. (Triocean Energy)	Manufacture of power generation, transmission and distribution machinery	-	100	Note 5

Note 1: The Company and Sanlong Investment, for the purpose of integrating group resources and simplifying organizational structure, have already passed a

resolution by the Board of Directors on April 22, 2022, with May 1, 2022, as the merger base date, to carry out a simplified merger. After the merger, the Company continues to exist, while Sanlong Investment ceases to exist, with its assets and liabilities assumed by the Company.

Note 2: Tir Ocean Dream changed its name to Zhou Ting Property Co., Ltd. in February 2021 and reduced its capital and returned share capital by $26,000 thousand in the same year in December. Subsequently, for the purpose of improving group management efficiency and reducing group operating costs, the Company resolved to sell 100% of its equity in Zhou Ting Property Co., Ltd. through a Board of Directors resolution on December 26, 2022.

Note 3: Shanghai Lifestyle Enterprise Inc. reduced its capital and returned share capital by RMB 2,800 thousand in January 2022 and has completed the company change registration. For the purpose of improving group management efficiency and reducing group operating costs, the Company resolved to sell 100% of its equity in Shanghai Lifestyle Enterprise Inc. through a Board of Directors resolution on December 26, 2022.

Note 4: The Company acquired 100% of the shares in Shang Ting Co. from Hung Hung-Chang and Jiang Yu-Lian in December 2020 for a total consideration of $775,750 thousand. As of December 31, 2022, and 2021, $330,000 thousand has been paid. The remaining balance of $213,025 thousand was agreed to be deferred to December 2023 (recorded as other payables - related parties) at the end of 2021, and an additional $232,725 thousand will be paid after the seller assists Shang Ting Co. in obtaining new project contracts up to the agreed amount by December 31, 2022, with a further deferral to December 2024. As of the date of approval for issuance of the consolidated financial statement, the new project contracts have reached the agreed amount.

In December 2022 and May 2021, the Company completed capital increases of $150,000 thousand and $100,000 thousand, respectively, and has completed the necessary company registration changes.

Note 5: The Company established Triocean Energy Co., Ltd. in March 2021 with an initial investment of $2,000 thousand, holding 100% of the shares. In May 2021, the Company further invested $3,000 thousand in cash. To improve the group's management efficiency and reduce its operating costs, the board of directors resolved on April 22, 2022, to sell 100% of the shares in the subsidiary, Triocean Energy Co., Ltd., to an unrelated party. The transaction was completed in April 2022. For information on the disposal of the subsidiary, please refer to Note XXVIII.

XIII. PROPERTY, PLANT AND EQUIPMENT

(1) The breakdown of property, plant and equipment is as follows:

2022

	Self-owned land	Buildings	Machinery and Equipment	Transportation equipment	Office Equipment	Other equipment	Total
Cost							
Balance on Jan. 1, 2022	$ 30,215	$177,596	$420,483	$ 5,316	$ 5,167	$ 13,366	$652,143
Add	-	-	289	1,874	3,244	2,445	7,852
Disposal	-	-	-	(2,592)	(209)	(1,291)	(4,092)
Reclassify to disposal group for sale	-	-	-	-	(21)	-	(21)
Net exchange difference	2,080	12,638	27,866	9	311	861	43,765
Balance on Dec.31, 2022	32,295	190,234	448,638	4,607	8,492	15,381	699,647
Accumulated depreciation and impairment							
Balance on Jan. 1, 2022	6,478	152,344	371,512	4,245	4,726	11,749	551,054
Depreciation expense	-	7,048	3,812	240	459	1,136	12,695
Disposal	-	-	-	(379)	(106)	(1,291)	(1,776)
Reclassify to disposal group for sale	-	-	-	-	(16)	-	(16)
Net exchange difference	464	11,158	24,450	8	310	788	37,178
Balance on Dec.31, 2022	6,942	170,550	399,774	4,114	5,373	12,382	599,135
Dec.31, 2022-net	$ 25,353	$ 19,684	$ 48,864	$ 493	$ 3,119	$ 2,999	$100,512

2021(restated)

	Self-owned land	Buildings	Machinery and Equipment	Transportation equipment	Office Equipment	Other equipment	Total
Cost							
Balance on Jan. 1, 2021	$ 137,786	$ 369,671	$ 880,397	$ 5,336	$ 13,005	$ 101,370	$ 1,507,565
Add	-	-	-	-	369	-	369
Reassessment	408,659	169,541	-	-	-	-	578,200
Disposal	(20,927)	(12,840)	(403,197)	-	(7,573)	(86,256)	(530,793)
Transferred to investment real estate	(491,069)	(323,053)	-	-	-	-	(814,122)
Net exchange difference	(4,234)	(25,723)	(56,717)	(20)	(634)	(1,748)	(89,076)
Balance on Dec. 31, 2021	30,215	177,596	420,483	5,316	5,167	13,366	652,143
Accumulated depreciation and impairment							
Balance on Jan. 1, 2021	7,417	261,016	819,869	4,011	12,619	97,772	1,202,704
Depreciation expense	-	10,580	3,918	253	291	1,717	16,759
Disposal	-	(6,037)	(303,367)	-	(6,961)	(66,728)	(383,093)
Transferred to investment real estate	-	(91,792)	-	-	-	-	(91,792)
Exclusion of impairment loss	-	(111)	(99,830)	-	(590)	(19,528)	(120,059)
Net exchange difference	(939)	(21,312)	(49,078)	(19)	(633)	(1,484)	(73,465)
Balance on Dec. 31, 2021	6,478	152,344	371,512	4,245	4,726	11,749	551,054
Dec.31, 2021-net	$ 23,737	$ 25,252	$ 48,971	$ 1,071	$ 441	$ 1,617	$ 101,089

(2) The Consolidated Company's property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings	20 years
Machinery and Equipment	3-20 years
Transportation equipment	2-10 years
Office Equipment	2-5 years
Other equipment	2-5 years

(3) In order to revitalize assets, improve financial structure, and enrich operating capital, the company rented out Taoyuan properties in August, 2021 and reclassify them as investment properties (Note 15). Subsequently, in November, 2022, the board of directors resolved to sell the investment properties and planned to negotiate the subsequent sale matters at a price no less than a specific amount.

XIV. LEASE AGREEMENT

(1) Right-of-use assets

	Dec. 31, 2022	Dec. 31, 2021
Right-of-use assets		
Carrying amount		
Land and Buildings	$ 29,604	$ 20,844
Transportation equipment	7,811	4,667
	$ 37,415	$ 25,511

	2022	2021
Right-of-use assets-add	$ 38,938	$ 24,516
Disposal of right-to-use assets	$ 20,493	$ 9,150
Right-of-use assets-Depreciation expense		
Land and Buildings	$ 2,465	$ 1,368
Transportation equipment	4,076	4,511
	$ 6,541	$ 5,879

Apart from the early termination of the lease for the office in Neihu and the warehouse in Luzhu in March, 2021, there were no significant subleases or impairment incidents for the company's right-of-use assets in 2022 and 2021.

The consolidated company leases an office building from a related party for office use; please refer to Note 32.

(2) Lease liabilities

	Dec. 31, 2022	Dec. 31, 2021
Lease liabilities Carrying amount		
Current	$ 10,314	$ 3,140
Non-current	$ 27,235	$ 22,861

The discount rate range for the Lease liabilities is as follows.

	Dec. 31, 2022	Dec. 31, 2021
Land and Buildings	1.08~1.98	1.43~2.1
Transportation equipment	0.87~2.10	1.33~1.62

(3) Important Tenant Activities and Terms

The consolidated company leases land, buildings, and transportation equipment for use as offices, official vehicles, and for its subsidiary, Triocean Energy Co., Ltd., to set up solar photovoltaic power generation systems. The lease term ranges from 2 to 20 years. At the end of the lease term, the consolidated company has no preferential purchase rights for the leased land, buildings, and transportation equipment.

The right-of-use asset for land has been removed from the books after the sale of the subsidiary TRIOCEAN ENERGY shares in April, 2022.

(4) Other leasing information

	2022	2021
Total cash outflow from leases		
Short-term lease expenses	$ 3,369	$ 3,458
Lease expenses of low-value assets	$ 2,225	$ 305
Variable lease payment expense not included in the measurement of lease liabilities	$ -	$ 13,560
Total amount of cash (outflow) from lease	($ 12,140)	($ 22,996)

XV. INVESTMENT PROPERTY

Dec. 31, 2022	Land	Building	Total
Measured at fair value	$ 499,749	$ 221,261	$ 721,010

Dec. 31, 2021(restated)	Land	Building	Total
Measured at fair value	$497,204	$233,676	$730,880

The investment properties of the consolidated company, which consist of land and buildings leased to unrelated parties in August, 2021, were reclassified from real estate, plants, and equipment.

The total amount of lease payments to be received in the future for the investment properties leased under operating leases is as follows:

	Dec. 31, 2022	Dec. 31, 2021
The 1st year	$ 25,725	$ 25,725
The 2nd year	25,725	25,725
The 3rd year	25,725	25,725
The 4th year	20,367	25,725
The 5th year	-	20,368
Investment real estate rental commitments	$ 97,542	$123,268

Investment property measured at fair value

	Land	Building	Total
Balance on Jan. 1, 2022 (restated)	$497,204	$233,676	$730,880
Add	-	4,800	4,800
Gain (loss) on changes in fair value	2,545	(17,215)	(14,670)
Balance on Dec.31, 2022	$499,749	$221,261	$721,010
Balance on Jan. 1, 2021	$ -	$ -	$ -
From property, plant and equipment	491,069	231,261	722,330
Add	-	6,363	6,363
Benefit from changes in fair value	6,135	(3,948)	2,187
Balance on Dec.31, 2021 (restated)	$497,204	$233,676	$730,880

Investment properties are measured at fair value on a recurring basis, and their fair value was appraised in December of the 111th year by Wang Fu-sheng and Chen Ming-chuan, appraisers from the Jingrui Real Estate Appraisal Joint Office, who hold real estate appraiser qualifications in our country. The appraised fair values for the land and buildings as of December 31, 2021 and 2022 were 721,010 thousand and 730,880 thousand, respectively.

The aforementioned fair value measurement has taken into account the uncertainty of market fluctuations due to the subsequent developments of the COVID-19 pandemic.

The fair value of investment properties is evaluated using the income approach, with key assumptions as follows: when the estimated future net cash inflows increase or the discount rate decreases, the fair value will increase.

	Dec. 31, 2022	Dec. 31, 2021
Estimated future cash inflows	$990,626	$948,159
Estimated future cash outflows	71,842	68,381
Estimated future net cash inflows	$918,784	$879,778
Discount rate(%)	2.71	2.08

The rental market rates for the area where the investment properties are located are approximately 430 to 530 per ping, while the rental market rates for comparable properties in the market are approximately 433 to 522 per ping.

The investment properties are currently leased under operating leases, generating rental income of 26,236 thousand and 5,528 thousand in 2022 and 12021, respectively. The expected future cash inflows from the investment properties include rental income, security deposit interest income, and the disposal value at the end of the period. The rental income is estimated based on the company's current lease contracts and considering the future annual rent growth rate, with the income analysis period being 10 years; the security deposit interest income is estimated using the average one-year fixed deposit rate of the five major banks; the disposal value at the end of the period is estimated using the direct capitalization method of the income approach. The expected future cash outflows from the investment properties include land value tax, property tax, insurance premiums, maintenance fees, and management fees, which are estimated based on the current expenditure levels and considering the future adjustments of the announced land prices and tax rates stipulated in the property tax regulations.

The discount rate is determined by adding 3 basis points to the Chunghwa Post Co., Ltd.'s 2-year fixed deposit rate and adding a risk premium related to the investment properties.

Please refer to Note 32 for the amount of investment properties set as collateral for loans.

XVI. GOODWILL

	2022	2021
Costs		
Beginning balance	$480,157	$480,157
Reclassify to disposal group for sale	(51,455)	-
Ending balance	$428,702	$480,157
Accumulated Impairment Loss		
Beginning balance	$ 51,455	$ 51,455
Reclassify to disposal group for sale	(51,455)	-
Ending balance	$ -	$ 51,455
Year-end net	$428,702	$428,702

The adjustments to the related items in the balance sheet are as follows:

The consolidated company conducted an impairment assessment on the recoverable amount of goodwill as of the end of the financial reporting period, using the use value as the calculation basis for the recoverable amount. For the calculation of the use value in 2022, the estimated future cash flows of the cash-generating unit for the next five years were used as the basis for estimation, and a 10% annual discount rate was applied to reflect specific risks of the relevant cash-generating unit. As of 2022, the assessed recoverable amount was still greater than the carrying amount, and therefore no impairment loss was recognized.

XVII. OTHER INTANGIBLE ASSETS

2022

	Contract Value	License	Software	Trademark Rights	Patents	Total
Cost						
Balance on Jan. 1, 2022	$ 63,000	$ 11,000	$ 5,080	$ 73,979	$ 12	$153,071
Add	-	-	155	-	-	155
Deletion of accounts	-	-	(1,395)	-	(12)	(1,407)
Reclassify to disposal group held for sale	-	-	-	(23,519)	-	(23,519)
Balance on Dec.31, 2022	$ 63,000	$ 11,000	$ 3,840	$ 50,460	$ -	$128,300
Accumulated amortisation						
Balance on Jan. 1, 2022	$ 25,200	$ -	$ 4,330	$ 73,979	$ 12	$103,521
Deletion of accounts	-	-	(805)	-	(12)	(817)
Amortization expense	37,800	-	120	-	-	37,920
Reclassify to disposal group held for sale	-	-	-	(23,519)	-	(23,519)
Balance on Dec.31, 2022	$ 63,000	$ -	$ 3,645	$ 50,460	$ -	$117,105
Dec.31, 2022-net	$ -	$ 11,000	$ 195	$ -	$ -	$ 11,195

2021

	Contract Value	License	Software	Trademark Rights	Patents	Total
Cost						
Balance on Jan. 1, 2021	$ 63,000	$ 11,000	$ 4,251	$ 73,979	$ 12	$152,242
Single acquisition	-	-	829	-	-	829
Balance on Dec.31, 2021	$ 63,000	$ 11,000	$ 5,080	$ 73,979	$ 12	$153,071
Accumulated amortisation						
Balance on Jan. 1, 2021	$ -	$ -	$ 4,231	$ 73,979	$ 12	$ 78,222
Amortization expense	25,200	-	99	-	-	25,299
Balance on Dec.31, 2021	$ 25,200	$ -	$ 4,330	$ 73,979	$ 12	$103,521
Dec.31, 2021-net	$ 37,800	$ 11,000	$ 750	$ -	$ -	$ 49,550

The consolidated company's construction permit has an indefinite useful life and is not subject to amortization; apart from contract value being amortized based on expected benefits, other intangible assets are amortized on a straight-line basis over the following useful lives:

PC software	1-5 years
Trademark Rights	4.4-10 years
Patents	3 years

XVIII. Loan

(1) Short-term loans

	Dec. 31, 2022	Dec. 31, 2021
Guaranteed Loans	$456,340	$667,911

The interest rate ranges for short-term borrowings at the balance sheet date were as follows:

	Dec. 31, 2022	Dec. 31, 2021
Bank loans(%)	1.86~2.75	0.81~1.80

(2) Long-term loans

	Dec. 31, 2022	Dec. 31, 2021
Guaranteed loans from the Credit Insurance Fund	$ 27,996	$ 16,729
Guaranteed Loans	600,634	47,600
Less: Long-term loans due within one business cycle	(218,490)	(54,216)
Long-term loans	$410,140	$ 10,113
Guaranteed loans from the Credit Insurance Fund		
Annual Interest Rate (%)	2.34~3.18	1.00~2.55
Maturity Period	Jul., 2024~ Nov., 2026	Nov.,2026
Guaranteed Loans		
Annual Interest Rate (%)	2.00~2.89	2.00
Maturity Period	Dec., 2023~ Aug., 2025	Dec., 2023

XIX. BONDS PAYABLE

	Dec. 31, 2021
Domestic guaranteed convertible bonds	$288,393

The company issued a 3-year domestic secured convertible bond of 300,000 thousand NTD at 101% of the face value on January 30, 2019. The face annual interest rate is 0%, with a net amount of 294,229 thousand NTD (deducting transaction costs of 8,771 thousand NTD). The maturity date is January 30, 2022, which has already been repaid. The convertible bond was secured by Taiwan Cooperative Bank.

Bondholders were allowed to convert the bonds into ordinary shares of the company from May 1, 2019, three months after the issue date, until the maturity date of January 30, 2022. The initial conversion price was set at 29.99 NTD per share. Due to cash capital increase and capital reduction to offset losses, the conversion price was adjusted to 80.41 NTD as of December 31, 2021.

This convertible bond includes liability and equity components. The equity component is expressed as capital reserve - share options under the equity item. The liability component's original effective interest rate was 1.42%. The option derivative instrument is measured at fair value through profit or loss.

Issue price (deducting transaction costs of 8,771 thousand NTD)	$294,229
Equity component (deducting transaction costs of 226 thousand NTD allocated to equity)	(7,622)
Financial assets measured at fair value through profit or loss - redemption option	873
Liability component on the issuance date	287,480
Interest calculated at an effective interest rate of 1.42%	11,636
Convertible bonds payable converted into ordinary shares	(10,723)
Liability component as of December 31, 2021	$288,393

XX. NOTES PAYABLE AND ACCOUNTS PAYABLE

	Dec. 31, 2022	Dec. 31, 2021
Notes payable		
Generated from operating activities	$ 56,730	$ 31,927
Accounts payable (including related parties, Note XXXI)		
Generated from operating activities	98,747	30,515

The amount of construction retentions payable in accounts payable related to construction contracts was 38,974 thousand NTD and 14,096 thousand NTD as of December 31, 2022 and 2021, respectively. The construction retentions do not accrue interest and will be paid upon the end of the individual contract's retention period. This retention period is the company's normal operating cycle, which usually exceeds 1 year. For more information on construction contracts, please refer to Note 24.

XXI. OTHER PAYABLES

	Dec. 31, 2022	Dec. 31, 2021
Salaries, bonuses and unused vacation payables	$ 12,822	$ 8,392
Labor costs payable	2,297	2,299

	Dec. 31, 2022	Dec. 31, 2021
Lease payable	5,710	-
Others	6,143	5,993
	$ 26,972	$ 16,684

XXII. PROVISION FOR LIABILITIES

	2022	2021
Beginning balance	$ 17,037	$ 4,349
New for the year	22,923	12,850
Used during the year	(93)	(162)
Ending balance	39,867	17,037
Minus: Provision for liabilities -current	(1,701)	(8)
Provision for liabilities – non-current	$ 38,166	$ 17,029

XXIII. EQUITY

(1) Share Capital

Common share

	Dec. 31, 2022	Dec. 31, 2021
Number of shares (in thousands of shares)	99,000	99,000
Authorized share capital	$990,000	$990,000
Number of issued and fully paid shares (in thousands of shares)	24,988	24,988
Share capital of issued shares	$249,881	$249,881

The issued ordinary shares have a par value of 10 NTD per share, with each share entitled to one voting right and the right to receive dividends.

To improve the financial structure, the company made a resolution at the shareholders' general meeting on July 1,2021 to reduce capital by 610,647 thousand NTD to offset losses, canceling 61,065 thousand shares of ordinary stock. The capital reduction ratio was 70.96%, and the base date for capital reduction was August 25, 2021. The change registration has been completed.

As of December 31, 2022 and 2021, the total number of issued shares, including privately placed ordinary shares, was 14,353 thousand shares, and the public offering process has not yet been carried out. Information on past private placements of ordinary shares is as follows:

Private Placement Date	Number of private placement (capital reduction) (in thousands of shares)	Private Placement Amount
Jul. 20, 2012	5,000	$ 40,000
Dec. 5, 2012	2,150	28,595
Sep. 30, 2013	5,000	75,500
Dec. 28, 2015	2,500	29,750
Mar. 31, 2017	2,223	20,007
Sep. 1, 2017	(7,445)	$ -
Dec. 4, 2020	40,000	226,400
Aug. 25, 2021	(35,075)	-
Total	14,353	$420,252

(2) Capital reserves

	Dec. 31, 2022	Dec. 31, 2021
May be used to make good losses, to make cash payments or to increase capital (Note)		
Lapsed convertible bond warrants	$ 7,340	$ 7,340

Note: This type of capital reserve can be used to offset losses, or it can be used to distribute cash or increase share capital when the company has no losses. However, when increasing share capital, it is limited to a certain ratio of the paid-in share capital each year.

(3) Retained Earnings and Dividend Policy

If the company has a profit in its annual financial statements, it shall pay taxes and dues according to the law, make up for accumulated losses, and then allocate 10% as statutory surplus reserves. The remaining amount shall be allocated or reversed as special surplus reserves according to legal regulations. If there is still a balance, it will be combined with accumulated undistributed earnings, and the board of directors will propose a profit distribution plan to be submitted to the shareholders' meeting for resolution to distribute dividends to shareholders. For policies on the distribution of employee and director remuneration, please refer to Note 25(6) regarding employee remuneration and director remuneration.

In accordance with the company's articles of association, the distribution of earnings can be in the form of cash dividends or stock dividends. The distribution of earnings prioritizes cash dividends but may also be distributed as stock dividends, provided that the ratio of stock dividends does not exceed 50% of the total dividend amount. If the company has no distributable earnings for the current year or if the earnings are significantly lower than the actual distributed earnings of the previous year, or based on the company's financial, business, and operational factors, all or part of the surplus may be distributed according to laws, regulations, or the competent authority's provisions.

The company's 2021 and 2020s' loss allocation proposals were respectively approved by the shareholders' meetings held on June 8, 2022, and July 1, 2021.

The loss allocation proposal for 2022 has been approved by the board of directors, and is pending the resolution of the shareholders' meeting expected to be held in June 2023.

(4) Other equity interest items

1. Exchange differences on translation

	2022	2021
Beginning balance	($ 12,306)	$ 652
Generated in the fiscal year		
Translation differences of foreign operating institutions	6,555	(16,198)
Income tax on foreign operating entities	(1,311)	3,240
Ending balance	($ 7,062)	($ 12,306)

2. Financial assets measured at fair value through other comprehensive income Unrealized gains or losses

	2022	2021
Beginning balance	($ 4,659)	$ 2,755
Generated in the fiscal year		
Unrealized gain or loss	(1,359)	(7,557)
Transfer of cumulative gain or loss on disposal of equity instruments to Retained earnings	-	143
Ending balance	($ 6,018)	($ 4,659)

3. Revaluation surplus on property

	2022	2021(restated)
Beginning balance	$556,397	$ -
Revaluation surplus on property	-	578,200
Related Income Taxes	-	(21,803)
Ending balance	$556,397	$556,397

XXIV. INCOME

	2022	2021
Income from customer contracts		
Product sales revenue	$ -	$ 54,937
Engineering Revenue	1,169,012	601,943
	1,169,002	656,880
Less: Operating income from discontinued operations	-	(54,937)
	$1,169,012	$ 601,943

(1) Contract balance

	Dec. 31, 2022	Dec. 31, 2021	Jan. 1, 2021
Notes receivable (Note X)	$ -	$ 24,706	$ 14,927
Accounts receivable (Note X)	$ -	$ 17,000	$ 28,591
Contract assets			
Engineering Construction	$277,250	$174,252	$ 20,724
Reservation receivable for works	20,456	9,938	-
	$297,706	$184,190	$ 20,724
Contract liabilities			
Engineering and Construction	$132,450	$ 9,304	$ -
Product Sales	-	-	1,767
	$132,450	$ 9,304	$ 1,767

The changes in contract assets and contract liabilities mainly result from the difference between the timing of fulfilling performance obligations and the timing of customer payments.

The contract asset credit risk management adopted by the consolidated company is the same as that of accounts receivable; please refer to Note 10.

(2) Breakdown of customer contract revenue

For revenue breakdown information, please refer to Note 36.

(3) Customer contracts not yet fully completed

As of December 31st of year 2022 and year 2021, the transaction prices allocated to the unfulfilled performance obligations of the consolidated company were 3,747,582 thousand and 959,047 thousand, respectively. It is expected to be completed by the end of 2026 and gradually recognize revenue.

XXV. NET PROFIT BEFORE INCOME TAX

(1) Other income

	2022	2021
Dividend income	$ 2,584	$ 2,654
Rental income	26,236	5,851
Others	3,571	2,848
	32,391	11,353
Less: Other income from discontinued operations	-	(2,588)
	$ 32,116	$ 8,765

(2) Other profits and losses

	2022	2021(restated)
Gain on the disposal of property, plant and equipment	$ 722	$ 27,413
Disposal of interests in subsidiaries accounted for using the equity method (Note 28)	2,730	-
Losses on financial instruments measured at fair value through profit or loss	(14,316)	(31,837)
Foreign exchange loss	12,856	(3,373)
Adjustments to fair value gain or loss on investment property	(14,670)	3,166
Other expenses	(1,035)	(1,516)
	(13,713)	(6,147)
Less: Other gains and losses attributable to the discontinued operations	-	(3,321)
	($ 13,713)	($ 9,468)

(3) Financial costs

	2022	2021(restated)
Interest on Borrowings	$ 18,988	$ 8,328
Interest on Convertible Bonds	507	4,069
Lease liabilities interest	355	259
Other interest	37	9
Less: Included under contract assets	(3,114)	(-)

	2022	2021(restated)
	16,773	12,665
Less: Finance costs attributable to discontinued operations	-	(28)
	$ 16,773	$ 12,637

Interest capitalization rate (%)		
Contract assets	2.00~2.89	-

(4) Depreciation and Amortization

	2022	2021
Property, plant and equipment	$ 12,695	$ 16,759
Right-of-use assets	6,541	5,879
Intangible assets	37,920	25,299
	57,156	47,937
Less: Depreciation and amortization of discontinued operations	-	(1,210)
	$ 57,156	$ 46,727
Depreciation expense is summarized by function		
Operating costs	$ 1,564	$ 598
Operating expenses	17,672	22,040
	19,236	22,638
Less: Depreciation expense for discontinued operations	-	(1,210)
	$ 19,236	$ 21,428
Amortization expense is aggregated by function		
Operating expenses	$ 37,920	$ 25,299

(5) Employee benefits expenses

	2022	2021
Short-term employee benefits	$ 85,567	$ 75,927
Benefits after retirement		
Defined contribution plan	3,962	3,004
	89,529	78,931

	2022	2021
Less: Employee benefits expense for units that have ceased operations.	-	(17,360)
	$ 89,529	$ 61,571

	2022	2021
Aggregated by function		
Operating costs	$ 54,817	$ 22,509
Operating expenses	34,712	56,422
	89,529	78,931
Less: Employee benefits for units that have ceased operations.	-	(17,360)
	$ 89,529	$ 61,571

(6) Compensation to employees and compensation to directors

The company allocates employee compensation and director compensation based on the pre-tax profit of the current year, deducting employee and director compensation at no less than 1% and no more than 1%, respectively. However, when the company has accumulated losses, it should reserve an amount for compensation first and then allocate employee compensation and director compensation according to the aforementioned ratio.

For year 2022 and 2021, as there were still losses to be compensated, no employee compensation and director compensation were estimated.

If there are still changes in the amount after the release date of the annual consolidated financial statements, they will be treated as accounting estimate changes and adjusted in the following year.

For 2021 and 2020, the board of directors resolved not to distribute employee compensation and director compensation.

For information on employee compensation and director compensation resolutions of the company's board of directors for 2022 and 2021, please visit TWSE MOPS.

(7) Foreign currency exchange gains (losses)

	2022	2021
Total foreign currency exchange gains	$ 20,949	$ 2,714
Total foreign currency exchange losses	(8,093)	(6,087)
Net foreign currency exchange gain or loss	12,856	(3,373)

	2022	2021
Less: Foreign currency translation gains and losses attributable to discontinued operations	-	20
	$ 12,856	($ 3,353)

XXVI. INCOME TAX

(1) Income tax recognized in profit or losses

The major components of income tax expense (benefit) are as follows:

	2022	2021(restated)
Current income tax		
Generated in the fiscal year	$ 8,228	$ 12,029
Additional tax on undistributed earnings	-	487
Adjustments for the prior year	-	130
Deferred income tax		
Generated in the fiscal year	(13,948)	1,585
Adjustments for the prior year	-	(790)
Income tax expense recognized in profit or losses(gain)	(5,720)	13,441
Less: Income tax on discontinued operations	-	(9,985)
	($ 5,720)	$ 3,456

The adjustment of accounting income to income tax expense (benefit) is as follows:

	2022	2021
Net loss before income tax for continuing and discontinued operations	($ 2,003)	($ 13,907)
Income tax on net loss before tax at statutory rate	($ 401)	($ 2,782)
Non-deductible expenses and deductible income for tax purposes	(1,907)	(2,816)

	2022	2021
Unappropriated retained earnings levy	-	487
Unrecognized Temporary differences can be subtracted	5,953	7,087
Unrecognized (recognizable) loss carryforwards	(9,365)	10,732
Prior year adjustments	-	(660)
Others	-	1,393
Income tax expense recognized in profit or losses (gain)	(5,720)	13,441
Less: Income tax on discontinued operations	-	(9,985)
	($ 5,720)	$ 3,456

(2) Income tax recognized in other comprehensive income

	2022	2021
Deferred income tax		
Generated in the fiscal year		
Revaluation surplus on property	$ -	($21,803)
Translation of financial statements of foreign operating companies	(1,311)	3,240
	($ 1,311)	$ 17,563

(3) Income tax assets in the current period

	Dec.31, 2022	Dec.31, 2021
Income tax assets in the current period		
Tax refund receivable	$ 190	$ 73

(4) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2022

	Beginning balance (restated)	Recognized in profit or losses	Recognized in other Consolidated profit or loss	Ending balance
Deferred tax assets				
Temporary differences				
Unrealized exchange loss	$ 681	($ 681)	$ -	$ -
Unrealized interests in subsidiaries	176	(19)	-	157
Guaranteed liabilities	3,799	4,175	-	7,974
Translation of financial statements of foreign operating entities	3,077	-	(1,311)	1,766
Other	-	2,934	-	2,934
Unrealized interests in subsidiaries	21	(21)	-	-
	$ 7,754	$ 6,388	($ 1,311)	$ 12,831
Deferred income tax liabilities				
Temporary differences				
Provision for land appreciation tax	$ 33,899	$ -	$ -	$ 33,899
Unrealized benefits	7,560	(7,560)	-	-
	$ 41,459	($ 7,560)	$ -	$ 33,899

2021

	Beginning balance (restated)	Recognized in profit or losses	Recognized in other Consolidated profit or loss	Ending balance
Deferred tax assets				
Temporary differences				
Loss on decline in value of inventories	$ 9,122	($ 9,122)	$ -	$ -
Allowance for bad debts	844	(844)	-	-
Unrealized exchange loss	244	437	-	681
Unrealized interests in subsidiaries	195	(19)	-	176
Guaranteed liabilities	79	3,720	-	3,799
Translation of financial statements of foreign operating entities	(163)	-	3,240	3,077
Other	27	(6)	-	21
	$ 10,348	($ 5,834)	$ 3,240	$ 7,754
Deferred income tax liabilities				
Temporary differences				
Provision for land appreciation tax	$ 12,096	$ -	$ 21,803	$ 33,899
Unrealized benefits	12,600	(5,040)	-	7,560
	$ 24,696	($ 5,040)	$ 21,803	$ 41,459

(5) Deferred tax assets not recognized in the consolidated balance sheet for deductible temporary differences and unused tax loss carryforwards.

	Dec.31, 2022	Dec.31, 2021
Deductible temporary differences	$ -	$ 20,972
Loss carryforwards	144,806	164,133
	$144,806	$185,105

(6) Information related to unused tax loss carryforwards:

As of December 31, 2022, the information on tax loss carryforwards is as follows:

Undeducted tax credits	Due year
$ -	2022
3,683	2023
8,460	2024
13,575	2025
46,186	2026
7,936	2027
9,083	2028
14,115	2029
30,816	2030
10,952	2031
$144,806	

(7) Income tax assessment status

The company and the domestic subsidiaries' profit-seeking enterprise income tax declaration cases have been assessed by the tax collection authorities up to the fiscal year 2020, with no significant differences between the assessment results and the declared amounts.

XXVII. EARNINGS (LOSS) PER SHARE

The net profit (loss) for the current year and the weighted average number of common shares used to calculate the earnings (loss) per share of the continuing operating unit are as follows:

Net income (loss) for the year

	2022	2021(restated)
Net income (loss) for the year attributable to owners of the Company	$ 3,717	($27,348)

	2022	2021(restated)
Less: Net income (loss) for the year from discontinued operations for the purpose of basic earnings (loss) per share of discontinued operations	434	(21,791)
Net income (loss) for the year used to calculate basic and diluted earnings (loss) per share for continuing operations	$ 3,283	($ 5,557)

Number of shares

Unit: Thousands of shares

	2022	2021
Weighted-average number of common shares for basic and diluted earnings (loss) per share calculations	24,988	24,988

If the consolidated company's outstanding convertible bonds are converted, as there was a net loss after tax for the fiscal year 2021, they have an anti-dilutive effect and are therefore not included in the calculation of diluted earnings (loss) per share.

XXVIII. DISPOSAL OF SUBSIDIARY

The consolidated company disposed of Triocean Energy Co., Ltd. in April , 2022, and lost control over it.

(1) Consideration received

	Triocean Energy Co., Ltd.
Cash	$ 6,230

(2) Analysis of assets and liabilities related to the loss of control

	Triocean Energy Co., Ltd.
Current assets	
Cash	$ 4,156
Other current assets	135
Non-current assets	
Right-of-use assets	20,427
Current liabilities	
Other current liabilities	(85)
Non-Current liabilities	
Lease liabilities	(21,133)
Net assets disposed	$ 3,500

(3) Gain from the disposal of the subsidiary

	Triocean Energy Co., Ltd.
Consideration received	$ 6,230
Net assets disposed of	(3,500)
Gain on disposal	$ 2,730

(4) Net cash inflow from the disposal of the subsidiary

	Triocean Energy Co., Ltd.
Consideration received in cash	$ 6,230
Less: Cash balance disposed	(4,156)
	$ 2,074

XXIX. CAPITAL RISK MANAGEMENT

The consolidated company conducts capital management to ensure that, under the premise of continuing operations of companies of the Group, the debt and equity amounts are optimized to maximize shareholder equity.

The consolidated company's main management level reviews the capital structure periodically according to the economic environment and business considerations. Based on the recommendations of the main management level and in compliance with legal provisions, the consolidated company will balance its overall capital structure through capital market financing and bank financing, among other methods.

XXX. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments that are not measured at fair value

The consolidated company's management believes that the carrying amounts of financial assets and financial liabilities, excluding the payable corporate bonds measured at fair value, are close to their fair values.

Dec. 31, 2021

		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost					
Convertible bonds	$288,393	$ -	$288,813	$ -	$288,813

The aforementioned Level 2 fair value measurement is determined based on a binomial tree convertible bond valuation model.

(2) Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value hierarchy

Dec. 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income				
Investments in equity instruments				
Domestic Listed (Over-the-Counter) Stocks	$ 31,500	$ -	$ -	$ 31,500
Financial liabilities measured at FVTPL				
Contingent consideration (Note XII)	$ -	$ -	$ 232,725	$ 232,725

Dec. 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets measured at FVTPL				
Domestic listed stocks and fund beneficiary certificates	$ 30,045	$ -	$ -	$ 30,045
Financial assets measured at fair value through other comprehensive income				
Investments in equity instruments				
Domestic Listed (Over-the-Counter) Stocks	$ 32,860	$ -	$ -	$ 32,860
Financial liabilities measured at FVTPL				
Contingent consideration (Note XII)	$ -	$ -	$ 219,750	$ 219,750

There are no transfers between Level 1 and Level 2 fair value measurements in fiscal 2022 and 2021.

2. Reconciliation of Level 3 fair value measurements of financial instruments

The only financial liability measured at Level 3 fair value for subsequent measurement by the consolidated company is the contingent consideration related to the acquisition of the Shang Ting Co.. The valuation losses related to the contingent consideration recognized in 2022 and 2021 were 12,975 thousand and 11,750 thousand, respectively.

3. Level 2 fair value measurement techniques and inputs

Financial instruments	Evaluation techniques and input values
Derivative instruments - Convertible bond redemption option	Binomial tree convertible bond valuation model: The fair value is assessed based on observable stock prices, risk-free interest rates, and risk discount rates at the end of the period.

4. Level 3 fair value measurement techniques and inputs

Financial instruments	Evaluation techniques and input values
Contingent consideration contract	The fair value is assessed by discounting according to the agreement terms and data on payment risk interest rates and credit risk discount rates.

(3) Types of financial instruments

	Dec. 31, 2022	Dec. 31, 2021
Financial assets		
Financial assets measured at FVTPL		
Mandatorily measured at FVTPL	$ -	$ 30,045
Financial assets measured at amortized cost (Note 1)	986,233	813,515
Financial assets measured at FVTOCI		
Investments in equity instruments	31,500	32,860
Financial liability		
Financial liabilities measured at FVTPL	232,725	219,750
Measured at amortized cost (Note 2)	1,473,188	1,310,016

Note 1: The balance includes financial assets measured at amortized cost, such as cash, notes receivable, accounts receivable, other receivables, and other financial assets.

Note 2: The balance includes financial liabilities measured at amortized cost, such as short-term borrowings, notes payable, accounts payable, other payables (including related parties), corporate bonds payable, and deposit guarantees, but does not include the amount of short-term employee benefits payable.

(4) Financial Risk Management Objectives and Policies

The main financial instruments of the consolidated company include accounts receivable, accounts payable, lease liabilities, and borrowings. The consolidated company's financial management department supervises and manages the financial risks related to the company's operations through internal risk reporting that analyzes the extent and degree of exposure to risks. These risks include market risks (including exchange rate risk, interest rate risk, and other price risks), credit risks, and liquidity risks.

1. Market Risk

The main market risks borne by the consolidated company's operating activities are foreign currency exchange rate risk and interest rate risk.

There has been no change in the consolidated company's exposure to market risks related to financial instruments and the ways in which it manages and measures such exposures.

(1) Exchange Rate Risk

On the balance sheet date, the carrying amount of monetary assets denominated in non-functional currencies, please refer to Note 34.

<u>Sensitivity Analysis</u>

The consolidated company is mainly affected by fluctuations in the US dollar exchange rate.

The table below illustrates the sensitivity analysis of the consolidated company when the exchange rate of the New Taiwan Dollar (functional currency) against related currency increases or decreases by 1%.

The sensitivity analysis includes foreign currency monetary items circulating on each balance sheet date, and the positive numbers in the table indicate that when the functional currency appreciates/depreciates against the US dollar by 1%, it will increase/decrease the pre-tax net profit (loss) amount.

	USD Impact	
	2022	2021
Gain and loss	$ -	($ 1,150)

(2) Interest rate risk

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

	Dec. 31, 2022	Dec. 31, 2021
Fair value interest rate risk		
Financial liability	$ 176,416	$ 329,394
Cash flow rate risk		
Financial assets	852,969	730,768
Financial liability	946,103	717,240

Sensitivity Analysis

For floating-rate assets and liabilities, the consolidated company uses a variation rate of 100 basis points when reporting interest rate risk to the main management level. If the interest rate on the balance sheet date increases/decreases by 100 basis points (1%), with all other variables remaining unchanged, the consolidated company's pre-tax net profit (loss) for 2022 and 2021 will increase/decrease by approximately 931 thousand and 135 thousand dollars, respectively. The main reason is the company's floating-rate bank borrowings and deposits.

(3) Other Price Risks

The consolidated company is exposed to equity price risk due to investments in listed equity securities. The consolidated company's management mitigates risk by holding different risk portfolios.

Sensitivity Analysis

The following sensitivity analysis is based on the equity price exposure on the balance sheet date.

If equity prices rise/fall by 5%, the net profit (loss) after tax for 2021 will increase/decrease by 1,502 thousand New Taiwan dollars due to the increase/decrease in the fair value of financial assets measured at fair value through profit or loss.

If equity prices rise/fall by 5%, the other comprehensive income for 2022 and 2021 will increase/decrease by 1,575 thousand and 1,643 thousand New Taiwan dollars, respectively, due to the increase/decrease in the fair value of financial assets measured at fair value through other comprehensive income.

2. Credit Risk

Financial assets are potentially affected by the consolidated company's counterparties or other parties not fulfilling their contractual obligations, including the concentration of credit risk, the composition of elements, and the contract amount of the financial instruments the company engages in. The credit risk of the consolidated company's financial assets is assessed based on the contracts with a positive fair value on the balance sheet date. The credit risk amount of the financial assets held by the company is approximately equal to the carrying value.

The credit risk of the consolidated company's public construction projects is mainly concentrated in government agencies, and the expected credit risk is not significant.

3. Liquidity Risk

As of December 31, 2022, the consolidated company has utilized a short-term bank financing limit of 1,084,970 thousand New Taiwan dollars, and the unused limit is 410,625 thousand dollars.

The table below illustrates the remaining contractual maturity analysis of the consolidated company's non-derivative financial liabilities with agreed repayment periods, based on the earliest possible date the consolidated company may be required to repay, and compiled using the undiscounted cash flows of financial liabilities, including cash flows of interest and principal.

Dec. 31, 2022

	Request pay-as-you-go or less than 1 month	1-3 months	3 months to 1 year	1-5 years
Non-derivative financial liability				
No interest-bearing liabilities	$ 106,457	$ 246,859	$ 37,131	$ 243,318
Fixed-rate liabilities	$ 307	$ 614	$ 3,068	$ 140,631
Variable rate liabilities	$ 1,780	$ 3,563	$ 482,276	$ 488,058
Lease liabilities	$ 983	$ 1,968	$ 7,881	$ 27,978

Dec. 31, 2021

	Request pay-as-you-go or less than 1 month	1-3 months	3 months to 1 year	1-5 years
Non-derivative financial liability				
No interest-bearing liabilities	$ 44,929	$ 12,503	$ 13,302	$ 451,374
Fixed-rate liabilities	$ 288,923	$ 15,021	$ -	$ -
Variable rate liabilities	$ 453	$ 102,171	$ 556,426	$ 62,488
Lease liabilities	$ 371	$ 617	$ 2,207	$ 6,423

Further information on the maturity analysis of lease liabilities is as follows:

	Within 1 year	1-5 years	5-10 years	10-15 years	More than 15 years
Lease liabilities	$ 3,195	$ 6,423	$ 5,847	$ 5,847	$ 10,039

The consolidated company's management has implemented measures to improve finances and reduce losses. On July 1, 2021, the shareholders' general meeting approved a resolution to offset losses of 610,647 thousand dollars through capital reduction. The capital reduction base date was August 25, 2021, and the change registration was completed. In addition to leasing out the Taoyuan factory site and receiving financial support from shareholders, the company is still actively promoting the following operations:

(1) Financial

A. Continuously negotiate and increase credit limits with financial institutions to meet the needs of new business operations.

B. Extend the repayment of investment funds until December, 2023, reducing the pressure on fund repayment.

(2) Operational

A. Actively expand construction projects and wholesale building materials business, and control costs to generate group profits.

B. Actively dispose of the Taoyuan factory site and Thailand subsidiary's property to increase the group's operating funds.

C. Integrate group resources and simplify organizational structure through mergers, capital reductions, and sales of subsidiaries, to reduce group operating costs.

XXXI. TRANSACTION WITH RELATED PARTIES

The transactions, account balances, income, and expenses between the company and its subsidiaries have been fully eliminated during the consolidation process, and therefore, they are not disclosed in this note.

Transactions between the consolidated company and other related parties are as follows:

(1) Name of related party and its Relationships

Name of related party	Relationship with the consolidated company
Hung Hung-Chang	Substantial related parties
Chiang Yu-Lien	Substantial related parties
Lien Chuang Co.	Substantial related parties
Long Ting Cement Corporation	Substantial related parties
Jia Jie Biomedical Co., Ltd.	Substantial related parties

(2) Operating revenue

Construction Contracting

1. 2022

Name of related party	Total contract price	Project revenue recognized for the year	Accumulated revenue from recognized projects	Pre-receipt of project payments
Lien Chuang Co.	$ 85,424	$ 42,065	$ 83,495	$ 85,424

2. 2021

Name of related party	Total Contract Price	Project revenue recognized for the year	Accumulated revenue from recognized projects	Pre-receipt of project payments
Lien Chuang Co.	$ 70,716	$ 41,430	$ 41,430	$ 10,208

The total contract price of the engineering contract with a related party is negotiated by both parties and billed according to the construction progress of the project. The payment conditions are equivalent to those of unrelated parties.

(3) Contract assets and liabilities

Accounting item	Type of related party	Dec. 31, 2022	Dec. 31, 2021
Contract assets	Lien Chuang Co.	$ -	$ 31,758
Contract liabilities	Lien Chuang Co.	$ 1,929	$ -

The total contract price of the engineering contract with a related party is negotiated by both parties and billed according to the construction progress of the project. The payment conditions are equivalent to those of unrelated parties.

(4) Receivables and payables from related parties

Accounting item	Type of related party	Dec. 31, 2022	Dec. 31, 2021
Accounts receivable	Substantial related parties	$ -	$ 49
Accounts payable	Substantial related parties	$ 40	$ -
Other payables	Hung Hung-Chang	$ 255,450	$ 255,450
	Chiang Yu-Lien	190,300	190,300
		445,750	445,750
Recognized as other payables		(213,025)	(213,025)
Less: Valuation adjustments		-	(12,975)
Financial liabilities measured at FVTPL－non-current		$ 232,725	$ 219,750

Other payables to related parties mainly include payables for the acquisition of subsidiary shares by related parties. This includes contingent consideration recognized at fair value as of the acquisition date, which is recorded as non-current financial liabilities measured at fair value through profit or loss.

For more detailed information on the aforementioned other payables and contingent consideration agreements, please refer to Note 12.

(5) Tenancy Agreement－2022

Accounting item	Type of related party/Name	Dec. 31, 2022
Acquisition of right-of-use assets	Substantial related parties	
	Lien Chuang Co.	$ 29,604

Accounting item	Type of related party/Name	Dec. 31, 2021
Lease liabilities - current	Substantial related parties	
	Lien Chuang Co.	$ 6,178
Lease liabilities – non-current	Substantial related parties	
	Lien Chuang Co.	23,502
		$ 29,680

Accounting item	Type of related party/Name	2022
Interest on lease liabilities	Substantial related parties	
	Lien Chuang Co.	$ 162

Accounting item	Type of related party/Name	Dec. 31, 2022
Guaranteed deposits on deposit (included in other financial assets - non-current)	Substantial related parties	
	Lien Chuang Co.	$ 1,100

In September, 2022, the consolidated company leased the Lien Chuang Building from a substantial related party, Lien Chuang Co., for office use. The rent is based on the rental level of similar assets and is paid monthly according to the lease agreement as a fixed lease payment.

(6) Endorsement guarantee

As of December 31, 2022 and 2021, Chairman Chen Chi-Yu and substantial related party Hung Hung-Chang provided endorsement guarantees for the consolidated company's borrowings.

(7) Other related party transactions

Accounting item	Type of related party/Name	2022
Other Fees	Substantial related parties	$ 236

(8) Compensation of the management

	2022	2021
Salaries, bonuses, special expenses and bonuses	$ 13,685	$ 14,597

The remuneration of directors and other key management personnel is determined by the Remuneration Committee based on individual performance and market trends.

XXXII. PLEDGED ASSETS

The following assets of the consolidated company have been provided as collateral for financing, project performance bonds, and tender deposits:

	Dec. 31, 2022	Dec. 31, 2021(restated)
Other Financial Assets	$ 653,464	$ 482,108
Investment property	721,010	730,880
	$1,374,474	$1,212,988

XXXIII. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to the other notes described, the consolidated company's significant commitments and contingencies as of the balance sheet date are as follows:

As of December 31, 2022 and 2021, due to contracted projects, the bank provided performance guarantees amounting to 834,458 thousand dollars and 243,468 thousand dollars, respectively.

XXXIV. INFORMATION ON FOREIGN CURRENCY ASSETS WITH SIGNIFICANT EFFECT－DECEMBER 31, 2021

The information below is expressed in a foreign currency other than the company's functional currency, and the disclosed exchange rate refers to the exchange rate at which the foreign currency is converted into the functional currency. Significant foreign currency assets are as follows:

	Foreign currency	Exchange Rate	Carrying amount
Dec. 31 2021			
Foreign currency assets			
Monetary items			
USD	4,154	27.69 (USD:NTD)	$115,024

For the consolidated company's significant realized and unrealized foreign currency exchange gains and losses, please refer to Note 25(7) on foreign currency exchange (loss) gains.

XXXV. SEPARATELY DISCLOSED ITEMS

(1) Information on major transactions (2) Transfer of investment business

1. Financing provided to others: Table 1.
2. Endorsements/guarantees provided: Table 2.
3. Marketable securities held: Table 3.
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 4.
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 5.
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.
10. Other: Business relationships and significant transaction details and amounts between the parent company and its subsidiaries, and among the subsidiaries themselves: Table 6.
11. Information on investees: Table 7.

(3) Information on investments in mainland China

1. Names of invested companies in Mainland China, main business items, paid-in capital, investment methods, capital remittance status, shareholding ratios, investment gains and losses, book value of investment at the end of the period, repatriated investment gains and losses, and investment limits in Mainland China: Table 8.
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: None.
   (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 receivables at the end of the period.
   (3) The amount of property transactions and the amount of the resultant gains or losses.

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

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

(6) 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.

(4) Information of major shareholders: The name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder of shareholders with ownership of 5% or greater: Table 9.

XXXVI. DEPARTMENT INFORMATION

For significant realized and unrealized foreign exchange gains and losses affecting our company, please refer to Note 23 (7) on foreign exchange (loss) gains.

	Triocean Co.	Shang Ting Co.	Other Company	Adjustments and eliminations	Total
Revenue from external customers	$ 37,506	$ 1,131506	$ -	$ -	$1,162,012
Inter-department revenue	47,550	-	-	(47,550)	-
Consolidated revenue	$ 85,056	$ 1,131506	$ -	($ 47,550)	$1,162,012
Income before income tax of continuing business units	($ 4,571)	$ 17,589	($ 15,455)	$ -	($ 2,437)

2021(restated)

	Triocean Co.	Shang Ting Co.	Other Company	Adjustments and eliminations	Total
Revenue from external customers	$ 13,124	$ 588,819	$ -	$ -	$ 601,943
Inter-department revenue	71,653	7,160	-	(78,813)	-
Consolidated revenue	$ 84,777	$ 595,979	$ -	($ 78,813)	$ 601,943
Income before income tax of continuing business units	($ 20,195)	$ 47,558	($ 29,464)	$ -	($ 2,101)

(2) Total departmental assets and liabilities

	Dec. 31, 2022	Dec. 31, 2021(restated)
Departmental Assets		
Triocean Co.	$1,569,263	$1,681,816
Shang Ting Co.	1,107,745	537,351
Other Companies	84,072	206,152
Total Consolidated Assets	$2,761,080	$2,425,319
Departmental liabilities		
Triocean Co.	$1,341,643	$1,439,628
Shang Ting Co.	642,477	193,515
Other companies	196	23,014
Total Consolidated Liabilities	$1,984,316	$1,656,157

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES

LENDING OF FUNDS TO OTHERS

YEAR 2022

TABLE 1

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Number (Note 1)	Lending Company	Borrower	Accounting Title	Related Party	Maximum balance during the period (Note 2)	Ending balance (Note 3)	Actual expenditure	Interest rate range	Nature of funds lent	Transaction amount	Reason for short-term funding requirement	Provision for bad debt	Collateral		Lending limit for individual borrower	Total lending limit	Remark
													Name	Value			
1	Shang Ting Co.	Triocean Industrial Corporation Co., Ltd.	Other receivables — Related Party	Y	$ 80,000	$ -	$ -	-	Short-term financing	$ -	Business Turnover	$ -	-	$ -	$ 211,525	$ 211,525	
2	Shang Ting Co.	Tri Ocean Textile (Thailand) Co., Ltd	Other receivables — Related Party	Y	8,941	8,941	2,672	4	Short-term financing	-	Business Turnover	-	-	-	211,525	211,525	

Note 1: The amount of loan from subsidiaries to individual funds is limited to 40% of the net worth of the company to which the funds are loaned.

Note 2: The total amount of funds loaned by the Company and its subsidiaries to others shall not exceed 40% of the net worth of the company from which the funds were loaned.

Note 3: Offset during the preparation of consolidated financial statements.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

YEAR 2022

TABLE 2

Unit: Unless otherwise specified, the unit is in thousands of New Taiwan Dollars

Number	Endorser	Endorsee		Endorsement and guarantee limit for a single company	Maximum balance for the period	Ending balance	Actual expenditure	Endorsement and guarantee amount by assets	Ratio of cumulative endorsement/ guarantee amount to net worth as stated in the latest financial statements (%)	Maximum limit of endorsement and guarantee (Note 2)	Endorsement and guarantee from parent to subsidiary	Endorsement and guarantee from subsidiary to parent	Endorsement and guarantee for Mainland China	Remark
		Company name	Relationship											
0	Triocean Industrial Corporation Co., Ltd.	Shang Ting Co.	Subsidiary	$ 1,165,146	$ 13,275	$ -	$ -	$ -	-	$ 1,553,528	Y	N	N	

Note 1: The total endorsement guarantee limit for the Company and its subsidiaries for a single enterprise shall not exceed 50% of the Company's net worth. However, the Company's endorsement guarantee limit for subsidiaries with more than 50% shareholding is not subject to the aforementioned ratio, but the maximum shall not exceed 1.5 times the net worth; the total cumulative endorsement guarantee amount for the Company and its subsidiaries for a single enterprise shall not exceed 1.5 times the Company's net worth.

Note 2: The total cumulative endorsement guarantee amount that the Company and its subsidiaries can provide to external parties shall not exceed 2 times the Company's net worth.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

TABLE 3

Unit: NT$1,000

Holding Company	Marketable Securities Type/Name and Issuer	Relationship with the Holding Company	Line Item	At the End of Period				Remark
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note)	
Triocean Industrial Corporation Co., Ltd.	Stock							
	DACOME INTERNATIONAL LTD.	none	Financial assets at fair value through other comprehensive income or loss - non-current	1,182,000	$ 31,500	3.52	$ 31,500	
Zhou Ting Property Co., Ltd.	Stock							
	KUO TOONG INTERNATIONAL CO., LTD.	none	Disposal Group for sale	1,150,000	$ 24,495	0.46	$ 24,495	

Note: The market price of the listed company is based on the closing price on December 31, 2022.

Triocean Industrial Corporation Co., Ltd. And Subsidiaries

The cumulative amount of purchase or sale of the same marketable securities reaches at least NT$300 million or 20% of the paid-in capital.

Year 2022

TABLE 4

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buying and selling companies	Type and Name of Marketable Securities	Financial statement account	Counterparty	Relationship	At the beginning of the year		Buy		Sale				Year End(note 1)	
					Shares	Amount (restated)	Shares	Amount	Shares	Amount	Cost	Disposal (loss) gain	Shares	Amount
Triocean Industrial Corporation Co., Ltd.	Common Stock Stocks													
	Shang Ting Co.	Investments accounted for using the equity method	note 2	Subsidiaries	35,000,000	$ 862,252	15,000,000	$ 150,000	-	$ -	$ -	$ -	50,000,000	$ 965,598

Note 1: The investment amount under the equity method includes investment gains and losses recognized under the equity method and related adjustment items for equity method investments.

Note 2: It involves a cash capital increase.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

YEAR 2022

TABLE 5

Unit: Unless otherwise specified, the unit is in thousands of New Taiwan Dollars

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Remark
			Purchase (Sale)	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Shang Ting Co.	The Company	Parent Company	Operating Costs	$ 101,044	9	30~60 days	note 1	-	($ 4,946)	(3)	note 2、3

Note 1: SHANG TING Co. procures raw materials and subcontracts engineering projects through our company. As there are no other similar transactions, it is impossible to compare. Some of the company's revenue is recorded as net amount.

Note 2: Excluded are receivables (payables) generated from non-sales and non-purchases.

Note 3: It has already been offset when preparing the consolidated financial statements.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

YEAR 2022

TABLE 6

Unit: Unless otherwise specified, the unit is in thousands of New Taiwan Dollars

No.	Company Name	Counterparty	Flow of Transaction	Transaction Details			
				Item	Amount	Transaction Terms	Percentage of Transaction Amount to Consolidated Operating Revenue or Total Assets
0	The Company	SHANG TING Co.	Parent to Subsidiary	Operating income	$ 47,550	note 1	4.00
0	The Company	SHANG TING Co.	Parent to Subsidiary	Accounts receivable	4,946	note 2	-
0	The Company	SHANG TING Co.	Parent to Subsidiary	Management services revenue	25,888	note 3	2.00
0	The Company	SHANG TING Co.	Parent to Subsidiary	Other receivables	2,374	note 3	-
1	SHANG TING Co.	The Company	Subsidiary to parent company	Prepayments for construction work	47,143	note 1	2.00
1	SHANG TING Co.	Tri Ocean Textile (Thailand) Co., Ltd	Subsidiary to parent company	Other receivables	2,672	note 4	-

Note 1: SHANG TING Co. procures and subcontracts engineering projects through our company. As there are no other similar transactions, it is impossible to compare. Some of the company's revenue is recorded as net amount.

Note 2: Payment terms are not significantly different from those of general customers.

Note 3: The parent company charges for management services based on actual costs incurred.

Note 4: The principal and interest of loans between subsidiaries are involved. Please refer to Table 1.

Note 5: The transactions between the parent and subsidiary companies have been eliminated when preparing the consolidated statements.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES

YEAR 2022

TABLE 7

Unit: NTD thousands

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Profit or Loss of the Investee	Investment Profit or Loss Recognized (Note 1)	Remark
				December 31, 2022	December 31, 2021 (restated)	Number of Shares	Percentage of Ownership	Carrying Amount (Note 1)			
Triocean Industrial Corporation Co., Ltd.	Sanlong Investment Co.	Kaohsiung City	General Investment	$ -	$ 65,959	-	-	$ -	($ 30)	($ 30)	Note 3
	Tri Ocean Textile (Thailand) Co., Ltd.	Thailand	Manufacture, processing and trading of textile products	390,478	390,478	9,372,500	100.00	92,637	(14,898)	(14,898)	
	Zhou Ting Property Co., Ltd.	Kaohsiung City	Wholesale and sale of building materials	56,200	56,200	5,620,000	100.00	26,140	(366)	(366)	
	Shanghai Lifestyle Enterprise Inc.	China	Furniture trading	112,088	124,237	2,528,000	100.00	2,392	369	369	
	Shang Ting Co.	Pingtung County	Integrated manufacturing	1,001,025	851,025	50,000,000	100.00	965,598	13,964	(12,307)	Note 2
	Triocean Energy Co., Ltd.	Kaohsiung City	Manufacture of power generation, transmission and distribution machinery	-	5,000	-	-	-	(540)	(540)	Note 4

Note 1: It has already been offset when preparing the consolidated financial statements.

Note 2: The recognized investment gains and losses this period include the elimination of unrealized gains and losses and the amortization of the difference between investment costs and the net value of equity.

Note 3: Our company and Sanlong Investment Co. have set May 1, 2022 as the merger base date and carried out a simplified merger. After the merger, our company is the surviving company, and Sanlong Investment Co. is the dissolved company. Its assets and liabilities are generally assumed by our company.

Note 4: The company resolved to dispose of the 100% stake in the subsidiary Triocean Energy Co., Ltd. on April 22, 2022 through the board of directors' resolution and completed the transaction and transfer of control on April 29, 2022.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

YEAR 2022

TABLE 8

Unit: Unless otherwise specified, the unit is in thousands of New Taiwan Dollars

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Profit (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Profit or Loss Recognized (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022	Remark
					Outward	Inward							
Shanghai Lifestyle Enterprise Inc.	Furniture Buying and Selling	$ 124,237	note 1	$ 124,237	$	($ 12,149)	$ 112,088	$ 369	100.00	$ 369	$ 2,392	$ -	

Name of the Investment Company	Accumulated Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Committee, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Committee, MOEA
Shanghai Lifestyle Enterprise Inc.	$ 112,088	$ 112,088	$ 466,059

Note 1: Direct investment in Mainland China.

Note 2: Recognized in the financial statements audited by the Taiwan parent company's certified public accountant.

Note 3: The calculated limit is 776,764 thousand dollars x 60% = 466,059 thousand dollars.

Note 4: Capital reduction and remittance to the parent company have been reviewed and filed by the Investment Committee on March 14, 2022.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS

DEC. 31, 2022

TABLE 9

Name of Major Shareholder	Shares	
	Number of Shares Held	Percentage of Ownership (%)
SHUN MEI INDUSTRY Co.	11,324,859	45.32
Dai Wan Shiung Ching Co., Ltd.	2,087,657	8.35

Note: The major shareholder information in this table is calculated by the central securities depository based on the last business day of the quarter, taking into account the common shares and preferred shares held by the shareholders that have completed the dematerialized registration and delivery (including treasury shares), totaling 5% or more. The share capital recorded in the consolidated financial statements of the company and the actual number of shares that have completed the dematerialized registration and delivery may differ due to differences in calculation bases or other reasons.