Stock Code: 6672

Ventec International Group Co., Ltd. and Subsidiaries

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

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Notice to Reader:
For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese language report shall prevail.

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Independent Auditors' Report

To Ventec International Group Co., Ltd.,

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibility under those standards is further described in the paragraph "Auditor's responsibilities for the audit of the consolidated financial statements". We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Existence of specific revenue

The ratio of the Group's sales to specific customers in 2022 was significantly different than average of the previous period. Therefore, we considered the existence of revenue from specific customers as a key audit matter.

Refer to Note 4 on the Group's consolidated financial statements for the accounting policy of revenue recognition.

The main audit procedures performed for the authenticity of specific revenue were as follows:

1. We understood the design and implementation of internal controls and tested the operating effectiveness of revenue derived from specific customers.
2. We sample tested the transaction documents related to revenue derived from specific customers, including sales order, shipping invoices and documents.
3. We sample tested the payee, payment terms and the timing of payment receipt related to revenue derived from specific customers to verify the authenticity of revenue.

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

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

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

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

Auditor's 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 it does not guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material. Whether individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to form a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the rationality of accounting estimates and related disclosures made by the management team.
4. Conclude on the appropriateness of the management team's use of the going-concern basis of accounting which is determined on evidence obtained and whether there is uncertainty related to events or circumstances that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that an event or circumstance holds considerable uncertainty, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or circumstances may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance a statement that we follow relevant ethical requirements regarding independence, and we communicate with them all relationships that may affect our independence or other matters (including related safeguards).

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

Deloitte & Touche

CPA, Yi-Ching, Liu

CPA, Chun-Hung, Chen

Securities and Futures Commission

Approval Document No.

Jin-Guan-Zheng-Shen No. 1100356048

Securities and Futures Commission

Approval Document No.

Jin-Guan-Zheng-Shen No. 0990031652

March 14, 2023

Ventec International Group Co., Ltd.

Ventec International Group Co., Ltd.and Subsidiaries

CONSOLIDATED BALANCE SHEETS

For the Years Ended 2022 and 2021

Unit: In NT$ thousands

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 629,941	12	$ 491,638	8
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	65,123	1
1136	Financial assets at amortized cost - current (Notes 4, 8, 16, and 29)	169,141	3	180,644	3
1150	Notes receivable (Notes 4, 9, 16, 20, and 29)	101,387	2	84,351	1
1170	Trade receivables (Notes 4, 9 and 20)	1,331,056	27	2,382,890	39
1200	Other receivables (Notes 4 and 9)	30,251	1	12,995	-
1220	Current tax assets (Notes 4 and 22)	-	-	3,648	-
1310	Inventories (Notes 4, 10 and 25)	934,910	19	1,420,866	23
1410	Prepayments	56,514	1	83,979	1
1470	Other current assets	631	-	-	-
11XX	Total current assets	3,253,831	65	4,726,134	76
	Non-current assets				
1535	Financial assets at amortized cost - non-current (Notes 4 and 8)	440,939	9	65,123	1
1600	Property, plants, and equipment (Notes 4, 12, 16, 25, and 29)	999,796	20	1,058,150	17
1755	Right-of-use assets (Notes 4 and 13)	177,613	4	212,186	4
1805	Goodwill (Notes 4 and 14)	69,686	1	62,812	1
1801	Intangible assets (Notes 4, 15 and 25)	10,022	-	12,319	-
1840	Deferred tax assets (Notes 4 and 22)	28,575	1	30,630	1
1920	Refundable deposits	9,989	-	9,033	-
1990	Other non-current assets	17,031	-	16,263	-
15XX	Total non-current assets	1,753,651	35	1,466,516	24
1XXX	Total	$ 5,007,482	100	$ 6,192,650	100
Code	**Liabilities And Equity**				
	Current liabilities				
2100	Short-term borrowings (Notes 8, 9, 16, and 29)	$ 276,262	6	$ 629,274	10
2170	Trade payables	645,680	13	1,317,430	21
2200	Other payables (Notes 17 and 28)	495,385	10	646,178	11
2280	Lease liabilities - current (Notes 4 and 13)	43,830	1	42,520	1
2230	Current tax liabilities (Notes 4 and 22)	46,040	1	39,396	1
2320	Current portion of long-term borrowings (Notes 12, 16, and 29)	18,481	-	18,254	-
2399	Other current liabilities (Notes 4 and 20)	7,690	-	3,901	-
21XX	Total current liabilities	1,533,368	31	2,696,953	44
	Non-current liabilities				
2540	Long-term borrowings (Notes 12, 16, and 29)	102,461	2	120,137	2
2570	Deferred tax liabilities (Notes 4 and 22)	132,041	3	152,422	2
2580	Lease liabilities - non-current (Notes 4 and 13)	64,707	1	99,376	2
2640	Net defined benefit liabilities - non-current (Notes 4 and 18)	52,154	1	47,757	1
2670	Other non-current liabilities	29,191	-	25,430	-
25XX	Total non-current liabilities	380,554	7	445,122	7
2XXX	Total liabilities	1,913,922	38	3,142,075	51
	Equity (Notes 4, 11, 19, and 24)				
3100	Common shares	714,543	14	714,543	12
3200	Capital surplus	886,111	18	886,111	14
	Retained earnings				
3310	Legal reserve	237,252	4	154,737	2
3320	Special reserve	343,852	7	323,690	5
3350	Unappropriated earnings	1,040,900	21	1,148,122	19
3300	Total retained earnings	1,622,004	32	1,626,549	26
	Other equity				
3410	Exchange differences on translating the financial statements of foreign operations	(114,580)	(2)	(143,852)	(2)
3490	Unearned employee benefits	(14,518)	-	(32,776)	(1)
3400	Total other equity	(129,098)	(2)	(176,628)	(3)
3XXX	Total equity	3,093,560	62	3,050,575	49
	Total	$ 5,007,482	100	$ 6,192,650	100

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

Chairman: Kai-Lu Lao Manager: Chien-Jen Chung Chief Accounting Officer: Chiao-Wei Tu

Ventec International Group Co., Ltd.

Ventec International Group Co., Ltd.and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended 2022 and 2021

Unit: (In Thousands of NTD, except earnings per share, which is in NTD)

		2022		2021	
Code		Amount	%	Amount	%
4100	Sales (Notes 4, 20 and 33)	$ 5,612,825	100	$ 7,667,219	100
5110	Cost of sales (Notes 4, 10, 21 and 28)	4,028,221	72	5,342,878	70
5900	Gross profit	1,584,604	28	2,324,341	30
	Operating expenses (Notes 4, 9, 21 and 28)				
6100	Sales and marketing expenses	597,500	11	708,499	9
6200	General and administrative expenses	227,405	4	298,498	4
6300	Research and development expenses	235,334	4	237,653	3
6450	Expected credit loss (gain on reversal) recognized on trade receivables	(4,720)	-	3,225	-
6000	Total operating expenses	1,055,519	19	1,247,875	16
6900	Net operating income	529,085	9	1,076,466	14
	Non-operating income and expenses (Notes 4, 7 and 21)				
7100	Interest income	17,050	-	1,967	-
7010	Other income	17,557	-	16,702	-
7020	Other gains and losses	19,369	1	(34,460)	-
7510	Interest expense	(15,872)	-	(12,373)	-
7000	Total non-operating income and expenses	38,104	1	(28,164)	-

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Code		2022 Amount	2022 %	2021 Amount	2021 %
7900	Net income before tax	$ 567,189	10	$ 1,048,302	14
7950	Income tax expense (Notes 4 and 22)	100,762	2	220,490	3
8200	Net income for the year	466,427	8	827,812	11
	Other comprehensive income (Notes 4 and 18)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	627	-	(2,666)	-
8341	Exchange differences arising from translation to the presentation currency	299,422	6	(78,239)	(1)
		300,049	6	(80,905)	(1)
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	(270,150)	(5)	58,077	-
8300	Other comprehensive income for the year	29,899	1	(22,828)	(1)
8500	Total comprehensive income for the year	$ 496,326	9	$ 804,984	10
	Earnings per share (Note 23)				
9750	Basic	$ 6.60		$ 11.72	
9850	Diluted	$ 6.47		$ 11.51	

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

Chairman: Kai-Lu Lao Manager: Chien-Jen Chung Chief Accounting Officer: Chiao-Wei Tu

Ventec International Group Co., Ltd.

Ventec International Group Co., Ltd.and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended 2022 and 2021

Unit: In NT$ thousands

Code		Ordinary shares (Notes 4 and 19)			Retained earnings (Note 19)			Other equity items (Notes 4, 11, 19, and 24)		
		Shares (in thousands)	Amount	Capital Surplus (Notes 4, 19, and 24)	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unearned employee benefits	Total equity
A1	Balance on January 1, 2021	71,454	$ 714,543	$ 886,111	$ 117,549	$ 395,706	$ 516,802	($ 123,690)	($ 53,436)	$ 2,453,585
	Appropriation of 2020 earnings									
B1	Legal reserve	-	-	-	37,188	-	(37,188)	-	-	-
B3	Special reserve	-	-	-	-	(72,016)	72,016	-	-	-
B5	Cash dividends distributed by the Company to shareholders	-	-	-	-	-	(228,654)	-	-	(228,654)
D1	Net income for 2021	-	-	-	-	-	827,812	-	-	827,812
D3	Other comprehensive income after tax for 2021	-	-	-	-	-	(2,666)	(20,162)	-	(22,828)
D5	Total comprehensive income for 2021	-	-	-	-	-	825,146	(20,162)	-	804,984
N1	Issuance of ordinary shares under employee restricted shares	-	-	-	-	-	-	-	20,660	20,660
Z1	Balance on December 31, 2021	71,454	714,543	886,111	154,737	323,690	1,148,122	(143,852)	(32,776)	3,050,575
	Appropriation of 2021 earnings									
B1	Legal reserve	-	-	-	82,515	-	(82,515)	-	-	-
B3	Special reserve	-	-	-	-	20,162	(20,162)	-	-	-
B5	Cash dividends distributed by the Company to shareholders	-	-	-	-	-	(471,599)	-	-	(471,599)
D1	Net income for 2022	-	-	-	-	-	466,427	-	-	466,427
D3	Other comprehensive income after tax for 2022	-	-	-	-	-	627	29,272	-	29,899
D5	Total comprehensive income for 2022	-	-	-	-	-	467,054	29,272	-	496,326
N1	Issuance of ordinary shares under employee restricted shares	-	-	-	-	-	-	-	18,258	18,258
Z1	Balance on December 31, 2022	71,454	$ 714,543	$ 886,111	$ 237,252	$ 343,852	$ 1,040,900	($ 114,580)	($ 14,518)	$ 3,093,560

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

Chairman: Kai-Lu Lao　　Manager: Chien-Jen Chung　　Chief Accounting Officer: Chiao-Wei Tu

Ventec International Group Co., Ltd.
Ventec International Group Co., Ltd.and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended 2022 and 2021

Unit: In NT$ thousands

Code		2022	2021
	Cash flows from operating activities		
A10000	Net income before tax for this period	$ 567,189	$ 1,048,302
A20010	Adjustments for		
A20100	Depreciation expenses	194,241	176,629
A20200	Amortization expenses	2,603	747
A20300	Expected credit loss (gain on reversal) recognized on trade receivables	(4,720)	3,225
A20400	Net gain on financial assets and liabilities at fair value through profit or loss (FVTPL)	(558)	-
A20900	Interest expense	15,872	12,373
A21200	Interest income	(17,050)	(1,967)
A21900	Compensation cost of employee restricted shares	18,258	20,660
A22500	(Gain) loss on disposal of property, plant and equipment, net	(100)	2,282
A22900	Gain on disposal of right-of-use assets	(1)	(19)
A23800	Inventory valuation and obsolescence losses (gain on value recovery)	14,112	4,609
A24100	Loss (gain) on foreign currency exchange, net	13,925	(36,275)
A30000	Changes in operating assets and liabilities		
A31115	Financial assets at FVTPL	-	20,878
A31130	Notes receivable	(15,783)	(47,146)
A31150	Trade receivables	1,134,536	(1,014,638)
A31180	Other receivables	(17,095)	(6,612)
A31200	Inventories	502,474	(586,471)
A31230	Prepayments	31,063	(25,033)
A31240	Other current assets	(268)	-
A32110	Financial liabilities at FVTPL	-	(173)
A32150	Trade payables	(698,715)	457,215
A32180	Other payables	(161,697)	233,803
A32230	Other current liabilities	3,732	795
A32240	Net defined benefit liabilities	5,024	4,673
A33000	Cash generated from operations	1,587,042	267,857

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Code		2022	2021
A33100	Interest received	$ 17,050	$ 1,967
A33300	Interest paid	(16,096)	(12,094)
A33500	Income tax paid	(122,492)	(136,649)
AAAA	Net cash inflows from operating activities	1,465,504	121,081
	Cash flows from investing activities		
B00100	Disposal (acquisition) of financial assets at FVTPL	67,780	(65,360)
B00040	Acquisition of financial assets at amortized cost	(357,700)	(53,579)
B02200	Net cash outflow from acquisition business	-	(61,454)
B02700	Acquisition of property, plants, and equipment	(85,429)	(158,051)
B02800	Proceeds from disposal of property, plants, and equipment	1,395	1,557
B03700	(Increase) decrease in refundable deposits	(718)	806
B06800	(Increase) decrease in other non-current assets	(817)	714
BBBB	Net cash outflow from investing activities	(375,489)	(335,367)
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term borrowings	(411,854)	391,563
C01600	Proceeds from long-term borrowings	-	924
C01700	Repayments of long-term borrowings	(17,574)	(16,906)
C03100	Increase (decrease) in guarantee deposits received	(515)	195
C04020	Repayments of the principal portion of lease liabilities	(47,922)	(43,268)
C04300	Increase (decrease) in other non-current liabilities	3,783	(151)
C04500	Dividends paid to owners of the Company	(470,903)	(228,654)
CCCC	Net cash inflow (outflow) from financing activities	(944,985)	103,703
DDDD	Effects of exchange rate changes on cash and cash equivalents	(6,727)	48,996
EEEE	Net increase (decrease) in cash and cash equivalents	138,303	(61,587)
E00100	Opening balance of cash and cash equivalents	491,638	553,225
E00200	Ending balance of cash and cash equivalents	$ 629,941	$ 491,638

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

Chairman: Kai-Lu Lao Manager: Chien-Jen Chung Chief Accounting Officer: Chiao-Wei Tu

Ventec International Group Co., Ltd.

(Ventec International Group Co., Ltd.) and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

From January 1 to December 31, 2022 and 2021

(In thousands of NTD, unless stated otherwise)

1. GENERAL INFORMATION

Ventec International Group Co., Ltd. (the “Company”), a holding company of all the merged entities, was incorporated in the Cayman Islands in October 2012. The Company’s ordinary shares have been listed on Taiwan Stock Exchange since April 2019.

The Company and its subsidiaries, collectively referred to as the “Group”, mainly engaged in research and development, production and sale of copper clad laminate (CCL), aluminum-backed laminate (IMS), and prepreg.

The functional currency of the Company is U.S. dollars. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 14, 2023.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting in 2023

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

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

Note 2. The amendments are applicable to changes in accounting estimates, and changes in accounting policies that occur during annual reporting periods beginning on January 1, 2023.

Note 3. The amendments apply to transactions occurring on or after January 1, 2022, except for the temporary differences between leases and decommissioning obligations recognized in deferred income tax on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, amendments to the relevant evaluation standards and interpretations of the Group will not have a material impact on the financial position and financial performance.

c. New IFRSs is issued by International Accounting Standards Board (“IASB”) but not yet endorsed and issued by the FSC

New, Amended, and Revised Standards and Interpretations	Effective Date of IASB Issue (Note 1)
Amendments to IFRS 10 and IAS 28 “Sales or Contributions of Assets between an Investor and its Associate or Joint Venture”	Undetermined
Amendments to IFRS 16 “Lease Liabilities in Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities in Compliance with the Contract Terms”	January 1, 2024

Note 1. Unless stated otherwise, the afore mentioned new issued/revised/amended standards or interpretations shall take effect for next annual reporting periods at the beginning of their respective effective dates.

Note 2. The Seller and Lessee shall also apply the amendments to IFRS 16 in any sale leaseback transaction entered into in which IFRS 16 applies.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impacts the application of other standards and interpretations will have on the Group's financial position and financial performance. The results will be disclosed when the assessment is completed.

4. A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statements of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared based on past costs on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation which are less than the fair value of plan assets.

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

1) Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
2) Level 2 inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3) Level 3 inputs: Undetectable inputs for an asset or liability.

c. Distinguish standard of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;
2) Assets expected to be realized within 12 months after the balance sheet date; and
3) Cash and cash equivalents (unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities due to be settled within 12 months after the balance sheet date; and
3) Liabilities which do not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities (i.e., its subsidiaries) controlled by the Company. The operating profits and losses of the acquired or disposed of subsidiary companies in the current period from the acquisition date or until the disposal date have been included in the consolidated statement of comprehensive income. The financial statements of subsidiaries have been adjusted to align their accounting policies with those of the Group. All intra-group transactions, account balances, income and expenses are eliminated during preparation of consolidated financial statement. The total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 11, Tables 5 and 6 for detailed information on subsidiaries, shareholding ratio and business item.

e. Business combination

The business combination is treated by the acquisition method. Acquisition related costs are recognized to expenses in the period when costs are incurred and services are acquired.

Goodwill is measured by the fair value of the transfer consideration and identifiable assets acquired after the acquisition date.

f. Foreign currencies

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

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

Non-monetary items measured at fair value are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined, and exchange differences generated is recognized as current profit or loss.

Non-monetary items measured at historical cost in a foreign currency are translated by the exchange rate at the date of the transaction, no further conversions will be made.

When preparing the consolidated financial statements, the assets and liabilities of the Company and its foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are converted to NTD at the exchange rate of each balance sheet date. The income and expense items are converted at the average exchange rate for the period, and the resulting exchange difference is recognized as other comprehensive gains and losses and attributable to the owner and non-controlling interest of the Company respectively. The exchange differences accumulated in equity, which resulted from the translation of the assets and liabilities of the entities in the Group into the presentation currency, are not subsequently reclassified to profit or loss.

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

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

g. Inventories

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

h. Property, plants, and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

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

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis. And defer the impact of changes in applicable accounting estimates.

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

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rate to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

j. Intangible assets

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

Intangible assets acquired by the Group are recognized at the fair value of the acquisition date, and are separately recognized with goodwill, and subsequently measured in the form of intangible assets acquired separately.

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

k. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

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

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

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

l. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and derivative instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalent, notes receivable, trade receivables, other receivables, restricted bank deposit and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred: i) Significant financial difficulty of the issuer or the borrower; ii) Breach of contract, such as a default; iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

b) Impairment of financial assets

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

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

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

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

The impairment losses of all financial assets are reduced by adjusting their carrying amounts through the provision account.

c) Derecognition of financial assets

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

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

However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

The equity instruments issued by the Group are recognized at the amount obtained after deducting direct issuance costs.

3) Financial liabilities

a) Subsequent measurement

Except the derivative instruments, all financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

m. Revenue recognition

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

Revenue from the sale of goods

Revenue from the sale of goods comes from the sale of CCL, IMS and prepreg. The sale of goods above is recognized as revenue when the goods are delivered to a customer because it is the time when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

n. Leasing (the Group as lessee)

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

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

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

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

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

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

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

q. Employee benefits

1) Short-term employee benefits

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

2) Post-employment benefits

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

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

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

r. Share-based payment arrangements

Restricted shares for employees granted to employees and others providing similar services.

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in other equity - unearned employee benefits. The expense is recognized in full at the grant date if the grants are vested immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in retained earnings and capital surplus - restricted shares for employees.

At the end of each reporting period, the Group revises its estimate of the number of restricted shares for employees that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - restricted shares for employees.

s. Income tax

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

1) Current income tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND MAJOR SOURCES OF ESTIMATING UNCERTAINTY

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

Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The Group assumes there are no critical accounting judgment and estimation uncertainty involved.

6. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$ 165	$ 158
Checking accounts and demand deposits	485,745	479,324
Cash equivalents (original maturity date within 3 months)		
Time deposits	144,031	12,156
	$ 629,941	$ 491,638

The interest rate of time deposits was 1.49%~4.55% and 1.76% per annum as of December 31, 2022 and 2021.

7. Financial instruments at FVTPL - current(December 31, 2022: None)

	December 31, 2021
Financial assets mandatorily classified as at FVTPL	
Hybrid financial assets - structured time deposits	$ 65,123

The Group signed a three-month structured time deposit contract with a bank. The structured time deposit includes an embedded derivative that is not closely associated with the host contract. As the host contract contained in a hybrid contract is an asset within the scope of IFRS 9, the hybrid contract as a whole is mandatorily classified as at FVTPL. The earning yields as of December 31, 2021 ranged from 1.30% to 3.65%.

8. Financial assets at amortized cost

	December 31, 2022	December 31, 2021
Current		
Restricted bank deposits (Note 29)	$ 30,948	$ 28,691
Time deposits (original maturity date exceeds 3 months)	138,193	151,953
	$ 169,141	$ 180,644
Non-current		
Time deposits (original maturity date exceeds 1 year)	$ 440,939	$ 65,123

As of December 31, 2022 and 2021, the information on bank time deposit durations and interest rate range are as follows:

	December 31, 2022	December 31, 2021
Due date	February 2023~ November 2025	October 2022~ March 2024
Annual rate of interest	1.80%~5.50%	3.15%~3.99%

9. Notes receivable, trade receivables, and other receivables

	December 31, 2022	December 31, 2021
Notes receivable		
Notes receivable - operating	$ 101,387	$ 84,351
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,353,486	$ 2,411,693
Less: Allowance for impairment loss	(22,430)	(28,803)
	$ 1,331,056	$ 2,382,890
Other receivables		
Tax refund receivables	$ 1,337	$ 1,538
OTHER MATTERS	28,914	11,457
	$ 30,251	$ 12,995

a. Trade receivables

The Group's credit period of sales of goods ranges from 120 days to 150 days. No interest was charged on trade receivables due to a short period of credit grant. In order to minimize credit risk, the management team of the Group has delegated a team responsible for determining credit limits and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. It takes into account the general economic conditions of the industry in which the debtors operate and considers the assessment of both the current and forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

December 31, 2022

	Not Past Due	1 to 90 Days	91 to 180 Days	Over 181 Days	Total
Gross carrying amount	$ 1,323,366	$ 12,625	$ 213	$ 17,282	$ 1,353,486
Allowance for losses (lifetime ECLs)	(4,026)	(1,058)	(64)	(17,282)	(22,430)
Amortized cost	$ 1,319,340	$ 11,567	$ 149	$ -	$ 1,331,056

December 31, 2021

	Not Past Due	1 to 90 Days	91 to 180 Days	Over 181 Days	Total
Gross carrying amount	$ 2,373,441	$ 15,924	$ 2,779	$ 19,549	$ 2,411,693
Allowance for losses (lifetime ECLs)	(7,660)	(1,148)	(834)	(19,161)	(28,803)
Amortized cost	$ 2,365,781	$ 14,776	$ 1,945	$ 388	$ 2,382,890

The movements of the allowance for losses of trade receivables were as follows:

	2022	2021
Opening Balance	$ 28,803	$ 26,542
Add: Net remeasurement of loss allowance	(4,720)	3,225
Less: Amounts written off	(2,404)	-
Foreign exchange gains and losses	751	(964)
Closing Balance	$ 22,430	$ 28,803

Notes receivable that are pledged as collateral for bank borrowings are set out in Note 29.

b. Other receivables

As of December 31, 2022 and 2021, the Group assessed the impairment loss of other receivables using expected credit losses.

10. Inventories

	December 31, 2022	December 31, 2021
Finished goods	$ 528,203	$ 633,327
Work in progress	79,142	145,346
Raw materials	327,565	642,193
	$ 934,910	$ 1,420,866

The cost of inventories recognized as cost of goods sold for the years 2022 and 2021 was $4,028,221 thousand and $5,342,878 thousand, respectively. The cost of goods sold for 2022 and 2021 included inventory depreciation of NTD 14,112 thousand and slow-moving inventories of NTD 4,609 thousand respectively.

11. Subsidiary

Subsidiaries included in the consolidated financial statements:

			Proportion of ownership (%)	
Investor	Subsidiary Name	Nature of business activities	January 1, 2022	December 31, 2021
Ventec International Group Co., Ltd. ("VIG CAYMAN")	Ventec International Group Company Limited (SAMOA) ("VIG SAMOA")	General investment	100.00%	100.00%
VIG SAMOA	Ventec International Group Limited (HK) ("VIG HK")	General investment	100.00%	100.00%
〃	Ventec Logistics Limited ("VLL")	General investment	100.00%	100.00%
〃	Ventec Electronics (HK) Co., Ltd. ("VT HK")	International trade	100.00%	100.00%
〃	Ventec Electronics Corporation ("VT TW") (Note 1)	Manufacturing and sale of CCL, IMS, and prepreg	100.00%	100.00%
〃	Ventec Europe Ltd. ("VT UK")	Sale of CCL, IMS, and prepreg	100.00%	100.00%
〃	Ventec Central Europe GmbH. ("VT DE")	Sale of CCL, IMS, and prepreg	100.00%	100.00%
VIG HK	Ventec Electronics (Suzhou) Co., Ltd. ("VT SZ")	Research and development, manufacturing, and sale of CCL, IMS, and prepreg	100.00%	100.00%
〃	Ventec Electronics (Jiangyin) Co., Ltd. ("VT JY")	Manufacturing and sale of CCL, IMS, and prepreg	100.00%	100.00%
VT SZ	Ventec Electronics (Shenzhen) Co., Ltd. ("VT SZWT") (Note 2)	Manufacturing and sale of CCL, sale of IMS and prepreg	100.00%	100.00%
VLL	Ventec USA LLC ("VT USA")	Sale of CCL, IMS, and prepreg	100.00%	100.00%

Note 1. On March 12, 2021, the board of directors of VT TW (who represent shareholders and supervise the Company) passed a resolution for capital reduction and return of capital in the amount of NT$75,000 thousand. The recording date of capital reduction was on April 28, 2021.

Note 2. In order to adjust the subsidiary's capital structure, the board of directors of VT SZWT passed a resolution to reduce their cash capital by 1,200 thousand RMB in April 2022 and completed the change registration procedure on June 8, 2022.

12. Property, plants, and equipment

	Land	Houses and Buildings	Machinery and equipment	Wealth generating equipment	Leasehold improvements	Other equipment	Construction in progress and machinery in transit	Total
Cost								
Balance on January 1, 2022	$ 118,840	$ 503,654	$ 1,867,047	$ 39,920	$ 53,318	$ 138,657	$ 15,017	$ 2,736,453
Additions	-	223	541	1,600	316	7,033	47,227	56,940
Reclassification	-	-	61,368	-	800	4,971	(51,408)	15,731
Disposals	-	(450)	(50,981)	(692)	(2,417)	(3,972)	-	(58,512)
Conversion adjustment	-	5,685	28,488	1,427	1,480	2,226	2,142	41,448
Balance on December 31, 2022	118,840	509,112	1,906,463	42,255	53,497	148,915	12,978	2,792,060
Accumulated depreciation								
Balance on January 1, 2022	-	199,745	1,346,660	23,895	19,997	88,006	-	1,678,303
Depreciation expenses	-	22,475	90,983	5,379	11,287	13,906	-	144,030
Disposals	-	(450)	(50,392)	(638)	(2,417)	(3,320)	-	(57,217)
Conversion adjustment	-	2,435	21,502	984	759	1,468	-	27,148
Balance on December 31, 2022	-	224,205	1,408,753	29,620	29,626	100,060	-	1,792,264
Net Amount on December 31, 2022	$ 118,840	$ 284,907	$ 497,710	$ 12,635	$ 23,871	$ 48,855	$ 12,978	$ 999,796
Cost								
Balance on January 1, 2021	$ 118,840	$ 512,255	$ 1,866,728	$ 34,952	$ 24,403	$ 118,688	$ 55,260	$ 2,731,126
Additions	-	-	19,014	5,959	11,242	12,344	115,542	164,101
Reclassification	-	-	118,752	1,802	18,690	16,747	(155,217)	774
Disposals	-	(6,632)	(95,022)	(1,643)	(153)	(6,986)	-	(110,436)
Acquired by business combination (Note 25)	-	-	10,505	-	404	49	-	10,958
Conversion adjustment	-	(1,969)	(52,930)	(1,150)	(1,268)	(2,185)	(568)	(60,070)
Balance on December 31, 2021	118,840	503,654	1,867,047	39,920	53,318	138,657	15,017	2,736,453
Accumulated depreciation								
Balance on January 1, 2021	-	184,849	1,401,885	21,814	12,312	85,509	-	1,706,369
Depreciation expenses	-	22,221	85,215	4,548	8,305	11,241	-	131,530
Disposals	-	(6,535)	(91,971)	(1,523)	(118)	(6,450)	-	(106,597)
Conversion adjustment	-	(790)	(48,469)	(944)	(502)	(2,294)	-	(52,999)
Balance on December 31, 2021	-	199,745	1,346,660	23,895	19,997	88,006	-	1,678,303
Net amount on December 31, 2021	$ 118,840	$ 303,909	$ 520,387	$ 16,025	$ 33,321	$ 50,651	$ 15,017	$ 1,058,150

According to the Group's assessment, there was no sign of impairment for property, plants, and equipment on December 31, 2022 and 2021.

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

Houses and Buildings	
Main buildings	10 to 35 years
Engineering system	2 to 8 years
Machinery and equipment	
Electromechanical power equipment	4 to 15 years
Repair project	2 to 5 years
Wealth generating equipment	
Computer equipment	3 to 10 years
Office furniture	3 to 5 years
Leasehold improvements	3 to 9 years
Other equipment	
R&D equipment	3 to 12 years
Transportation equipment	5 to 8 years
Miscellaneous equipment	3 to 12 years

Property, plants, and equipment pledged as collateral for bank borrowings are set out in Note 29.

13. Lease arrangements

a. Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amounts of right-of-use assets		
Land	$ 72,512	$ 71,085
Buildings	97,198	128,507
Office equipment	102	128
Transportation equipment	7,801	12,466
	$ 177,613	$ 212,186

	2022	2021
Addition to right-of-use assets	$ 10,770	$ 60,976
Depreciation charge for right-of-use assets		
Land	$ 2,657	$ 2,568
Buildings	39,428	34,983
Office equipment	130	131
Transportation equipment	7,996	7,417
	$ 50,211	$ 45,099

Except for the additional and depreciation expenses, the right-of-use assets of the Group were not significantly subleased or impaired in 2022 and 2021.

b. Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amounts		
Current	$ 43,830	$ 42,520
Non-current	$ 64,707	$ 99,376

Range of discount rates for lease liabilities was as follows:

	December 31 2022	December 31, 2021
Land	1.43%	1.60%
Buildings	1.60%	1.60%
Office equipment	1.35%～1.60%	1.60%
Transportation equipment	0.43%～1.60%	0.43%～1.60%

c. Material lease-in activities and terms

The Group leases certain land and buildings for the use of product manufacturing and office space with lease terms of 2 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	2022	2021
Expenses relating to low-value asset leases	$ -	$ 59
Total cash outflow for leases	$ 49,234	$ 44,174

The Group has concluded to recognize an exemption of other equipment leases that qualify as low-value asset leases but they do not recognize right-of-use assets and lease liabilities for these leases.

14. Goodwill

	2022	2021
Cost		
Opening Balance	$ 62,812	$ 64,627
Net exchange difference	6,874	(1,815)
Closing Balance	$ 69,686	$ 62,812

In September 2021, the Group acquired the assets and operations of the printed circuit board business of Holders Technology Plc., and continued to run the business. According to the Group's assessment, the acquired business and the recognized amortized goodwill belong to the same cash-generating unit. Therefore, the assets acquired on the acquisition date were included in the cash-generating unit of the amortized goodwill from the acquisition date. Please refer to Note 25 for the information on business combinations.

The Group assesses the recoverable amount of goodwill at the end of the annual reporting period and uses the value in use as the basis for calculating the recoverable amount. The calculation of value in use at the end of 2022 and 2021 is based on projected cash flow of each cash-generating unit over the next 5 years and is calculated using discount rates of 17.60% and 14.90%, respectively, to reflect specific risks of the relevant cash-generating unit. Based on the assessment at the end of 2022 and 2021, the recoverable amounts of goodwill amounted to NT$381,875 thousand and NT$258,861 thousand, respectively, which were still higher than the related carrying amounts, so no impairment loss was recognized.

15. Intangible assets

	Computer software	Customer relationship	Total
Cost			
Balance on January 1, 2022	$ 1,944	$ 12,939	$ 14,883
Net exchange difference	87	416	503
Balance on December 31, 2022	2,031	13,355	15,386
Accumulated amortization			
Balance on January 1, 2022	1,917	647	2,564
Amortization expenses	22	2,581	2,603
Net exchange difference	86	111	197
Balance on December 31, 2022	2,025	3,339	5,364
Net Amount on December 31, 2022	$ 6	$ 10,016	$ 10,022
Cost			
Balance on January 1, 2021	$ 3,066	$ -	$ 3,066
Acquired by business combination (Note 25)	-	13,282	13,282
Disposals	(892)	-	(892)
Net exchange difference	(230)	(343)	(573)
Balance on December 31, 2021	1,944	12,939	14,883
Accumulated amortization			
Balance on January 1, 2021	2,936	-	2,936
Amortization expenses	97	650	747
Disposals	(892)	-	(892)
Net exchange difference	(224)	(3)	(227)
Balance on December 31, 2021	1,917	647	2,564
Net amount on December 31, 2021	$ 27	$ 12,292	$ 12,319

According to the Group’s assessment, there was no sign of impairment for property, plants, and equipment on December 31, 2021 and 2022.

Amortization expenses are calculated on a straight-line basis over the following years in service:

Computer software	3 to 5 years
Customer relationship	5 years

16. Borrowings

a. Short-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings		
Bank loans	$ -	$ 319,265
Notes receivable financing	25,332	15,390
Unsecured borrowings		
Bank loans	250,930	294,619
	$ 276,262	$ 629,274

As of December 31, 2021 and December 31, 2022, the ranges of interest rates on short-term borrowings were 1.66% - 4.80% and 0.64% - 4.80%, respectively.

b. Long-term borrowings

	December 31, 2022	December 31, 2021
Taiwan Cooperative Bank		
Secured borrowings: From 2019/07/31 to 2034/07/31, each month is considered 1 period, divided into 180 installments	$ 104,578	$ 112,751
Secured borrowings: From 2019/08/12 to 2024/08/12, each month is considered 1 period, divided into 60 installments	15,358	24,398
Nissan Motor Acceptance Corporatic		
Secured borrowings: From 2020/02/12 to 2025/01/12, each month is considered 1 period, divided into 59 installments	373	498
Toyota Forklift		
Secured borrowings: From 2021/02/05 to 2026/02/05, each month is considered 1 period, divided into 60 installments	633	744
	120,942	138,391
Less: Borrowings due within 1 year	(18,481)	(18,254)
	$ 102,461	$ 120,137

As of December 31, 2022 and December 31, 2021, the interest rate on long-term borrowings were 1.50% - 4.21% and 1.35% - 4.21% respectively.

Refer to Note 29 for details of borrowings secured by guarantee.

17. Other payables

	December 31, 2022	December 31, 2021
Payables for salaries or bonuses	$ 258,000	$ 356,910
Payables for taxes	35,373	40,529
Payables for social security or provident funds	30,099	28,091
Payables for construction and equipment	18,724	31,436
OTHER MATTERS	153,189	189,212
	$ 495,385	$ 646,178

18. Post-retirement benefit plans

a. Defined contribution plans

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

The employees of the Group's subsidiary in mainland China, United Kingdom, United States and Germany are members of a state-managed retirement benefit plan operated by the local government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make specific contributions.

b. Defined benefit plans

The pension plan "Salary and Welfare Measures for Employees in Taiwan and Hong Kong", set by the Company of the Group, is a defined benefit plan. Pension benefits are calculated on the basis of the terms set out in the regulation and the average monthly salaries of the 6 months before retirement.

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

	December 31, 2022	December 31, 2021
Net defined benefit liabilities	$ 52,154	$ 47,757

Changes in net defined benefit liabilities were as follows:

	2022	2021
Opening Balance	$ 47,757	$ 40,418
Service cost		
Current service cost	4,784	4,471
Interest expense	240	202
Recognized in Profit or Loss	5,024	4,673
Remeasurement		
Actuarial loss - changes in financial assumptions	(1,525)	670
Actuarial loss - experience adjustments	898	1,996
Recognized in other comprehensive gainsand losses	(627)	2,666
Closing Balance	$ 52,154	$ 47,757

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	2022	2021
General and administrative expenses	$ 5,024	$ 4,673

Through the pension system under “Salary and Welfare Measures for Employees in Taiwan and Hong Kong”, the Group is exposed to the following risks:

1) Interest risk: A decrease in the interest rate of government bond will increase the present value of the defined benefit obligation.
2) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31, 2022	December 31, 2021
Discount rates	1.250%	0.500%
Expected rates of salary increase	2.250%	2.000%

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

	December 31, 2022	December 31, 2021
Discount rates		
Increase by 0.25%	($ 723)	($ 751)
Decrease by 0.25%	$ 742	$ 772
Expected rates of salary increase		
Increase by 0.25%	$ 724	$ 749
Decrease by 0.25%	($ 709)	($ 733)

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

	December 31, 2022	December 31, 2021
Average duration of the defined benefit obligation	8.0 years	9.1 years

19. Equity

a. Ordinary shares

	December 31, 2022	December 31, 2021
Number of shares authorized (in thousands)	90,000	90,000
Shares authorized	$ 900,000	$ 900,000
Number of shares issued and fully paid (in thousands)	71,454	71,454
Shares issued	$ 714,543	$ 714,543

The holders of issued ordinary shares with a par value of NT$10 are entitled to the right to vote and to receive dividends.

b. Capital surplus

	December 31, 2022	December 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Issuance of ordinary shares	$ 850,383	$ 835,071
May not be used for any purpose		
Employee restricted stocks	35,728	51,040
	$ 886,111	$ 886,111

1) Unless otherwise provided under the Cayman laws, TWSE or TPEx Listed regulation or this Articles of Association, the statutory reserve shall not be used except for offsetting the losses of the Company. The Company shall not use the capital reserve to offset its capital losses unless the statutory reserve and special reserve set aside for purposes of loss offset are insufficient to offset such losses.
2) Being subjected to the laws, where the Company incurs no loss, it may, by a special resolution, distribute its Statutory reserve, the share premium account and/or the income from endowments received by the Company, which are in the capital reserve available for distribution, in whole or in part, by issuing new, fully paid shares and/or by cash to its members.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles of Incorporation, the Company is in the growing stage where the dividend of the Company may be distributed in the form of cash dividends and/or share dividends. The Company shall take into consideration the Company’s capital expenditures, future expansion plans, financial structure, funds requirements, and other plans for sustainable development needs in assessing the amount of dividends distributed by the Company. Being subjected to the laws, applicable listing rules and the Articles, and otherwise provided by the rights attached to any shares, if the Company still has a surplus at the end of the fiscal year, it will pay all relevant taxes, offset any losses (including losses of previous years and adjusted undistributed profits), set aside the statutory reserves of the remaining profits (provided that setting aside the statutory reserve does not apply if the aggregate amount of the statutory reserve amounts to the Company’s total paid-in capital), and set aside any special reserve. The board may, by a resolution passed by a majority of the directors, of which two-thirds or more of the board are present, distribute not less than ten percent (10%) of the remaining balance (including the amounts reversed from the special reserve), plus accumulated undistributed profits of previous years (including adjusted undistributed profits) in part or in whole to the members as dividends/bonuses in proportion to the number of shares held by them. In addition, a report of such distribution shall be submitted to the general meeting, provided that, cash dividends shall not be lower than ten percent (10%) of the total amount of dividends to be paid out. The Company may resolve to distribute net profits or offset losses at the end of each half of the fiscal year. When the Company still has a net profit at the end of the first half of the fiscal year, the Company shall first estimate and reserve the amount of compensation of employees, including the remuneration of directors, and then pay tax from the said profits. After offsetting losses (including losses as at the beginning of the first half of the fiscal year and any adjusted undistributed profits), the statutory reserve of the remaining profits will be set aside in accordance with the applicable listing rules (provided that the statutory reserve does not apply if the aggregate amount of the statutory reserve equals the Company's total paid-in capital). Any other special reserve will also be set aside. The board may, subject to the compliance with the percentage of distribution as set forth, resolve to distribute the remaining balance (including the amounts reversed from the special reserve) in addition to the accumulated undistributed profits at the beginning of the first half of the fiscal year (including adjusted undistributed profits). This may be in whole or in part as dividends/bonuses that are proportional to the number of shares held by them respectively pursuant to the Articles. In addition, a report of such distribution shall be submitted to the general meeting. Being subjected to the laws, the applicable listing rules and the Articles, the Company may distribute any part or all of the dividends or bonuses to the members in accordance with the preceding Articles. The Company may do so by applying the payment in full unissued shares for allocation and distribution to the members. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, please refer to compensation of employees and remuneration of directors in Note 21-(5).

Unless resolved by the general meeting of the Company, the dividends, bonuses, or other forms of distributions payable to the members shall be calculated in NTD.

The Company's earnings distribution proposals for 2021 and 2020 are as follows:

	2021	2020
Statutory reserve	$ 82,515	$ 37,188
Special reserve	$ 20,162	($ 72,016)
Cash dividends	$ 471,599	$ 228,654
Cash dividends per share	$ 6.60	$ 3.20

The above cash dividends have been approved by the resolution of the board of directors on March 4, 2022 and May 7, 2021, respectively, and the remaining earnings distribution items for 2021 and 2020 have been approved by the resolution of the general shareholders' meeting on June 17, 2022 and July 30, 2021, respectively.

On March 14, 2023, the Company's 2022 earnings distribution proposals decided by Board of Directors of the Company are as follows:

	2022
Statutory reserve	$ 46,705
Special reserve	($ 29,272)
Cash dividends	$ 257,165
Cash dividends per share	$ 3.60

The above-mentioned cash dividend has been distributed by resolution of the Board of Directors, and the remaining amount is subject to resolution of the ordinary meeting of Shareholders scheduled for June 16, 2023.

Due to the employee's resignation in February 2023, the Group withdrew 19 thousand of employee restricted new shares and cancelled by the resolution of the Board of Directors on March 14, 2023. The remaining number of shares issued after cancellation is 71,435 thousand. The cash dividend per share of the Company shall be calculated based on the number of shares outstanding after the above-mentioned changes.

d. Other equity

Unearned employee benefits

In the meeting, the shareholders approved a restricted share plan for employees (see Note 24).

	2022	2021
Opening Balance	($ 32,776)	($ 53,436)
Recognized share-based payment expenses	18,258	20,660
Closing Balance	($ 14,518)	($ 32,776)

20. Revenue

a. Revenue from contracts with customers

Please refer to Note 4 and Note 33 for information on contracts.

b. Contract balance

Please refer to Note 9 for information on notes receivables and trade receivables.

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities (included in other current liabilities)	$ 7,157	$ 3,227	$ 2,205

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment.

21. Net profit from continuing operations

a. Other gains and losses

	2022	2021
Net gain (loss) on foreign currency exchange	$ 25,191	($ 23,270)
Financial assets benefit mandatorily classified as at FVTPL (Loss) (Note 7)	558	(3,388)
Net gain (loss) on disposal of property, plant and equipment	100	(2,282)
OTHER MATTERS	(6,480)	(5,520)
	$ 19,369	($ 34,460)

b. Interest expense

	2022	2021
Interest on bank loans	$ 14,560	$ 11,526
Interest on lease liabilities	1,312	847
	$ 15,872	$ 12,373

c. Depreciation and amortization

	2022	2021
Property, plants, and equipment	$ 144,030	$ 131,530
Right-of-use assets	50,211	45,099
Intangible assets	2,603	747
	$ 196,844	$ 177,376
An analysis of depreciation by function		
Operating costs	$ 116,930	$ 109,897
Operating expenses	77,311	66,732
	$ 194,241	$ 176,629
An analysis of amortization by function		
Sales and marketing expenses	$ 2,603	$ 688
General and administrative expenses	-	59
	$ 2,603	$ 747

d. Employee benefits expenses

	2022	2021
Post-employment benefits		
Defined contribution plans	$ 3,780	$ 3,915
Defined benefit plans	5,024	4,673
	8,804	8,588
Share-based payments		
Equity-settled	18,258	20,660
Other employee benefits	850,181	974,938
Total employee benefits expense	$ 877,243	$ 1,004,186
An analysis of employee benefits expense by function		
Operatingcosts	$ 426,482	$ 468,212
Operatingexpenses	450,761	535,974
	$ 877,243	$ 1,004,186

e. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 5-10% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors and supervisors at the end of 2022 and 2021 resolved by the Company's board of directors on March 4, 2023 and March 12, 2022, respectively, are as follows:

Percentage for estimation

	2022	2021
Employee compensation	9.0%	10.0%
Directors' remuneration	2.0%	2.0%

Amount

	2022		2021	
	Cash (in NT$ thousands)	Cash (in US$ thousands)	Cash (in NT$ thousands)	Cash (in US$ thousands)
Employee compensation	$ 47,546	$ 1,588	$ 94,005	$ 3,355
Directors' remuneration	10,489	353	18,701	668

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

There is no difference between the actual amounts of 2021 and 2020 employee compensation and directors' remuneration. The amounts were recognized in the consolidated financial statements in 2021 and 2020.

Information on the compensation of employees and remuneration of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. Income tax

a. Major components of income tax expense recognized as gains and losses are as follows:

	2022	2021
Current income tax		
In respect of the current year	$ 92,420	$ 143,381
Income tax on unappropriated earnings	6,653	2,866
Adjustments for prior years	(32,288)	(18,822)
	66,785	127,425
Deferred tax		
In respect of the current year	31,901	70,963
Adjustments for prior years	2,076	22,102
	33,977	93,065
Income tax expense recognized in profit or loss	$ 100,762	$ 220,490

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

	2022	2021
Net income before tax	$ 567,189	$ 1,048,302
Income tax expense calculated at the statutory rate	$ 91,245	$ 166,959
Deferred tax effect of earnings of subsidiaries	31,303	73,543
Income tax on unappropriated earnings	6,653	2,866
Unrecognized loss carryforwards and deductible temporary differences	182	(28,196)
Adjustments for prior years' tax	(30,212)	3,280
OTHER MATTERS	1,591	2,038
Income tax expense recognized in profit or loss	$ 100,762	$ 220,490

The applicable tax rate used by the entity which applied corporate income tax in the Republic of China is 20%. The applicable tax rate used by subsidiaries in China is 25%; however, VT SZ has applied to the local tax bureau for the preferential income tax for "high-tech enterprises", with the applicable tax rate decreasing to 15%. Tax rates used by entities in the Group that operate in other jurisdictions are based on the tax laws in those jurisdictions.

b. Current tax assets and liabilities

	December 31, 2022	December 31, 2021
Current income tax assets		
Tax refund receivables	$ -	$ 3,648
Current tax assets and liabilities		
Income tax payable	$ 46,040	$ 39,396

c. Deferred tax assets and liabilities

2022

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	OTHER MATTERS	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for inventory valuation	$ 4,660	$ 1,718	$ 187	$ -	$ 6,565
OTHER MATTERS	12,501	(2,267)	404	-	10,638
	17,161	(549)	591	-	17,203
Loss carryforwards	13,469	(3,431)	1,334	-	11,372
	$ 30,630	($ 3,980)	$ 1,925	$ -	$ 28,575
Deferred tax liabilities					
Temporary differences					
Unappropriated earnings of subsidiaries	$ 144,168	$ 31,303	$ 14,387	($ 65,228)	$ 124,630
OTHER MATTERS	8,254	(1,306)	463	-	7,411
	$ 152,422	$ 29,997	$ 14,850	($ 65,228)	$ 132,041

2021

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	OTHER MATTERS	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for inventory valuation	$ 4,418	$ 300	($ 58)	$ -	$ 4,660
OTHER MATTERS	8,963	3,781	(243)	-	12,501
	13,381	4,081	(301)	-	17,161
Loss carryforwards	37,178	(22,952)	(757)	-	13,469
	$ 50,559	($ 18,871)	($ 1,058)	$ -	$ 30,630
Deferred tax liabilities					
Temporary differences					
Unappropriated earnings of subsidiaries	$ 103,888	$ 73,543	($ 3,469)	($ 29,794)	$ 144,168
OTHER MATTERS	7,873	651	(270)	-	8,254
	$ 111,761	$ 74,194	($ 3,739)	($ 29,794)	$ 152,422

d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets were NT$81,987 thousand and NT$50,949 thousand as of December 31, 2022 and 2021, respectively.

e. Income tax assessments

The income tax returns filed by the Company until 2020 have been approved by the tax authorities.

23. Earnings per share

Unit: NT$ per share

	2022	2021
Basic earnings per share	$ 6.60	$ 11.72
Diluted earnings per share	$ 6.47	$ 11.51

The earnings and weighted average of ordinary shares used to estimate earnings per share were as follows:

Net Profit for the Year

	2022	2021
Net Profit for the Year	$ 466,427	$ 827,812

Number of shares

Unit: Thousands

	2022	2021
The weighted average of ordinary shares was used in to estimate basic earnings per share	70,720	70,654
Effect of potentially dilutive ordinary shares:		
Employee restricted shares	564	530
Employee compensation	770	753
The weighted average of ordinary shares was used to estimate diluted earnings per share	72,054	71,937

If the Group offers to settle compensation payment to employees in cash or shares, the Group will assume the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average of outstanding shares used to estimate diluted earnings per share, as the effect is dilutive. Such dilutive effect of potential shares is included in the estimation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. Share-based payment arrangements

Employee restricted shares

In the shareholders' meeting on June 11, 2020, the shareholders approved a restricted share plan for employees with a total amount of 800 thousand stocks and issued all of these shares on September 23, 2020.

The restrictions on the rights of the employees who acquire the restricted shares issued by the Company in September 2020 are those that have not met the vesting conditions, which include restrictions to sell, pledge, transfer, donate or, in any other way, dispose of these shares. However, the shares are entitled to allotment, dividends, and share options of increased share capital.

If an employee fails to meet the vesting conditions, the Company will take back and cancel the employee's restricted shares.

Information about employee restricted shares is as follows:

Employee restricted shares	2022 Shares (in thousands)	2021 Shares (in thousands)
Outstanding at the beginning of the year	800	800
Current acquisition	(240)	-
Outstanding at the end of the year	560	800

Information about the Company's employee restricted shares is as follows:

Grant date	Fair Value Per Share at Vesting Date (In NT$)	Number of Payments (In Thousands)	Vesting period
2020.09.23	73.8	800	2 to 4 years

The recognized compensation costs for 2022 and 2021 are NT$ 18,258 thousand and NT$ 20,660 thousand respectively.

25. Business combination

The Group signed a procurement agreement with Holders Technology Plc. on the acquisition date of September 30, 2021 to acquire the assets and operations of the printed circuit board business with which business continued to run.

a. Transfer consideration

	September 30, 2021
Cash	$ 61,454

b. Assets acquired on the acquisition date

	September 30, 2021
Current assets	
Inventories	$ 37,214
Non-current Assets	
Property, plants, and equipment	10,958
Intangible assets	13,282
	$ 61,454

c. The effect of business combinations on the operating performance

The operating performance of the printed circuit board business acquired from the beginning of the fiscal year to the acquisition date could not be obtained, and therefore acquisition date, the pro forma information for the 2021 is not disclosed.

26. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

27. Financial instruments

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

The management team of the Group believes that the carrying amounts of financial assets and liabilities which are not measured by fair value are close to fair value or cannot be reliably measured.

b. Fair value of financial instruments measured at fair value on a recurring basis (December 31, 2022: None)

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Structured time deposits	$ -	$ 65,123	$ -	$ 65,123

There were no transfers between Level 1 and 2 fair value measurement in 2022 and 2021.

2) Valuation techniques and inputs for Level 2 fair value measurements

Financial Instrument	Valuation Techniques and Inputs
Structured time deposits	Discounted cash flow: Future cash flows are estimated at an observable interest rate at the end of the period and discounted at market interest rates.

c. Types of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Mandatory FVTPL	$ -	$ 65,123
Financial assets at amortized costs (1)	2,711,367	3,225,136
Financial liabilities		
Financial liabilities at amortized costs (2)	1,247,888	2,341,543

Note 1. The balances include financial assets at amortized costs, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, financial assets at amortized costs, and refundable deposits.

Note 2. The balances include financial liabilities at amortized costs, which consist of short-term loans, trade payables, other payables, long-term loans (including due within one year), and guarantee deposits.

d. Financial risk management objectives and policies

The Group's corporate department provides services for each business unit, coordinates access to domestic and international financial markets, and monitors and manages financial risks related to the operations of the Group through internal risk reports by analyzing exposures according to the degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies which are approved by the board of directors who provide written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the board of directors on a continuous basis. The Group did not engage in nor trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's operating activities exposed itself primarily to the market risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which exposes the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange derivatives.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Group's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 1% appreciation/depreciation of the functional currency against U.S. dollars, the Group's net income before tax for the year 2022 and 2021 would have decreased/increased by NT$10,599 thousand and NT$7,245 thousand, respectively.

In the management team's opinion, the sensitivity analysis was unrepresentative of the inherent foreign currency risk, because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period was as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
－Financial assets	$ 557,635	$ 217,076
－Financial liabilities	360,473	737,022
Cash flow interest rate risk		
－Financial assets	682,221	520,171
－Financial liabilities	145,268	172,539

<u>Sensitivity analysis of interest rates</u>

The sensitivity analysis of interest rate was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate financial assets and liabilities, the analysis was conducted with the assumption that the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when internally reporting interest rate risk to key management personnel. This represents the management team's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 points higher and all other variables were held constant, the Group's net income before tax for the year 2022 and 2021 would have increased by NT$1,342 thousand and NT$869 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and borrowings.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. Through the end of the reporting period, the Group's maximum exposure to credit risk, which would have caused a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

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

b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. The Group also checks between the transaction amount and credit limit periodically and adjusts the limit in time to control credit risk.

The counterparties of the Group's trade receivables included numerous clients distributed over a variety of areas, and were not centered on a single client or location. Furthermore, the Group continuously assesses the financial condition of its clients, and the Group's credit risk was limited. At the end of the reporting period, the Group's largest exposure on credit risk approximates the carrying amounts of its financial assets.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and financing facilities deemed adequate to finance the Group's operations whilst mitigating the effects of fluctuations in cash flows.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and December 31, 2021, the Group had available unutilized short-term bank loan facilities set out in (2) below.

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

December 31, 2022

	On demand or less than 1 year	1-5 Years	5+ Years
Non-derivative financial liabilities			
Non-interest bearing	$ 858,715	$ 5,916	$ 4,053
Lease liabilities	44,786	65,611	-
Variable interest rate assets	43,459	40,128	61,681
Fixed interest rate assets	251,284	652	-
	$ 1,198,244	$ 112,307	$ 65,734

December 31, 2021

	On demand or less than 1 year	1-5 Years	5+ Years
Non-derivative financial liabilities			
Non-interest bearing	$ 1,577,328	$ 5,192	$ 3,901
Lease liabilities	46,142	101,017	-
Variable interest rate assets	53,325	49,294	69,920
Fixed interest rate assets	594,203	923	-
	$ 2,270,998	$ 156,426	$ 73,821

b) Financing facilities

	December 31, 2022	December 31, 2021
Bank loan facilities		
-Amount undrawn	$ 1,365,786	$ 764,402

e. Transfers of financial assets

Factored trade receivables for the Group were as follows (Year of 2022: None):

2021

Subsidiary	Counterparties	Receivables factored	Amounts collected	Conversion adjustment	Advances received at the end of this period	Annual Interest Rates on Amount Advanced	Credit line
VT DE	Targo Factoring USD	$ 7,619	$ 13,475	($ 183)	$ -	-	$ -
VT DE	Targo Factoring EUR	61,710	65,377	114	-	-	-
		$ 69,329	$ 78,852	($ 69)	$ -		

The above credit lines may be used on a revolving basis.

Pursuant to the Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the banks.

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides the information disclosed elsewhere in other notes, details on transactions between the Group and other related parties are disclosed below.

a. Name of Related Party Relations and it's Relationship

Name of Related Party	Relationship between the Group
Jiahai International Enterprise Co., Ltd	Same as the Chairman

b. Operating costs

Account Item	Relations Category	2022	2021
Commission expenditure	Same as the Chairman	$ 94	$ -

c. Operating expenses

Account Item	Relations Category	2022	2021
Commission expenditure	Same as the Chairman	$ 182	$ -

d. Other payables

Relations Category	December 31, 2022	December 31, 2021
Same as the Chairman	$ 281	$ -

e. Remuneration of key management personnel

	2022	2021
Short-term employee benefits	$ 48,769	$ 80,580
Post-employment benefits	1,812	1,568
Share-based payments	2,779	3,125
	$ 53,360	$ 85,273

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the Group are provided as collateral for bank borrowings:

	December 31, 2022	December 31, 2021
Notes receivable	$ 25,332	$ 15,390
Restricted bank deposits	30,948	28,691
Property, plants, and equipment - net	216,997	220,809
	$ 273,277	$ 264,890

30. SIGNIFICANT OR CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2022 and December 31, 2021, the Group's unused letters of credit amounted to NT$15,030 thousand and NT$96,652 thousand, respectively.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities of the entities in the Group are aggregated and expressed in foreign currencies other than functional currencies. The related exchange rates between foreign currencies and respective functional currencies were disclosed as follows:

December 31, 2022

	Foreign currencies (in thousands)	Exchange rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 11,914	6.965 (USD: RMB)	$ 365,882
USD	32,185	7.798 (USD: HKD)	988,405
USD	5,238	30.710 (USD: NTD)	160,857
EUR	4,253	8.309 (EUR: HKD)	139,167
			$ 1,654,311
Foreign currency liabilities			
Monetary items			
USD	1,497	6.965 (USD: RMB)	$ 45,972
USD	11,258	7.798 (USD: HKD)	345,722
USD	2,070	30.710 (USD: NTD)	63,580
EUR	4,302	8.309 (EUR: HKD)	140,765
RMB	51,625	1.120 (RMB: HKD)	227,631
			$ 823,670

December 31, 2021

	Foreign currencies (in thousands)	Exchange rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 6,390	6.376 (USD: RMB)	$ 176,888
USD	57,235	7.799 (USD: HKD)	1,584,269
USD	3,715	27.680 (USD: NTD)	102,820
			$ 1,863,977
Foreign currency liabilities			
Monetary items			
USD	7,607	6.376 (USD: RMB)	$ 210,549
USD	31,507	7.799 (USD: HKD)	872,114
USD	2,052	27.680 (USD: NTD)	56,804
			$ 1,139,467

As of 2022 and 2021, net loss on foreign exchange was NT$25,191 thousand and net gain on foreign exchange was NT$23,270 thousand. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

32. SEPARATELY DISCLOSED ITEMS

a. Significant transactions and b. Reinvestment business related information:

1) Financing provided to others. (Table 1)
2) Endorsements/guarantees provided. (Table 2)
3) Marketable securities held at the end of the period. (None)
4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (None)
5) Acquisitions of individual real estate at costs were of at least NT$300 million or 20% of the paid-in capital. (None)
6) Disposals of individual real estate at prices were of at least NT$300 million or 20% of the paid-in capital. (None)
7) Total purchases from or sales to related parties amounted to at least NT$100 million or 20% of the paid-in capital. (Table 3)
8) Receivables from related parties amounted to at least NT$100 million or 20% of the paid-in capital. (Table 4)
9) Trading in derivative instruments. (None)

10) OTHER MATTERS: Intercompany relationships and significant intercompany transactions between the parent and subsidiary companies and between subsidiaries and the amount. (Table 7)

11) Information on investees. (Table 5)

c. Information on Investments in Mainland China:

1) Information on any investee company in mainland China, displayed name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limits on the amount of investment in mainland China. (Table 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, as well as their prices, payment terms, and unrealized gains or losses: (Tables 2, 3, 4, and 7):

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

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

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

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

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

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

d. Information on major shareholders: List all shareholders with ownership of 5% or greater displaying the shareholder’s name, the number of shares owned, and percentage of ownership of each shareholder. (Table 8)

33. SEGMENT INFORMATION

The Group mainly engages in the production and sales of CCL, IMS, and prepreg. The chief operating decision maker uses company-wide financial information to allocate resources and measure performance. In accordance with the requirements of IFRS 8 “Operating Segments”, the Group provides information to the chief operating decision maker to allocate resources and assess the performance of the segments by focusing on the location of operations. The reportable segments should include “Asia” and “Europe and America”.

c. Segment revenue and results

The following was an analysis of the Group’s revenue and results from continuing operations by reportable segments:

	2022			
	Asia	Europe and America	Elimination of inter-segment revenue	Total
Revenue from external customers	$ 4,265,285	$ 1,347,540	$ -	$ 5,612,825
Inter-segment revenue	2,505,994	18,036	(2,524,030)	-
Consolidated revenue	$ 6,771,279	$ 1,365,576	($ 2,524,030)	$ 5,612,825
Segment income	$ 487,778	$ 41,307	$ -	$ 529,085
Interest income				17,050
Other income				17,557
Other gains and losses				19,369
Interest expense				(15,872)
Net income before tax				$ 567,189

	2021			
	Asia	Europe and America	Elimination of inter-segment revenue	Total
Revenue from external customers	$ 6,316,675	$ 1,350,544	$ -	$ 7,667,219
Inter-segment revenue	4,886,893	29,244	(4,916,137)	-
Consolidated revenue	$ 11,203,568	$ 1,379,788	($ 4,916,137)	$ 7,667,219
Segment income	$ 996,767	$ 79,699	$ -	$ 1,076,466
Interest income				1,967
Other income				16,702
Other gains and losses				(34,460)
Interest expense				(12,373)
Net income before tax				$ 1,048,302

Segment income represents the profit before tax earned by each segment without interest income, other income, other gains and losses, and interest expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

However, the measure of segment assets and liabilities was not provided to the chief operating decision maker. The financial information of each segment also didn't include the measure of the related operating segment assets and liabilities.

d. Product information

The Group mainly engages in the production and sale of CCL, IMS and prepreg, which are all belong to one single product category. As a result, there is no need to disclose product information.

e. Geographical information

The Group’s revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-current assets	
	2022	2021	December 31, 2022	December 31, 2021
China	$ 3,772,096	$ 5,779,010	$ 812,031	$ 883,105
UK	288,376	362,406	32,713	37,741
USA	416,488	405,133	27,846	36,543
Germany	642,676	583,304	60,609	74,776
Taiwan	493,189	537,366	271,263	266,753
	$ 5,612,825	$ 7,667,219	$ 1,204,462	$ 1,298,918

Non-current assets exclude financial instruments and deferred tax assets.

f. Information about major customers

There was no single customer contributing 10% or more to the Group’s revenue in 2022 and 2021.

Ventec International Group Co., Ltd.

Ventec International Group Co., Ltd. and Subsidiaries

Financing Provided to Others

For the year ended 2022

Table 1

Unit: In NT$ thousands, unless stated otherwise

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Borrowing Amount (Note 4)	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debts	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limits (Notes 3 and 4)	Note
													Item	Value			
2	VT HK	VIG SAMOA	Other receivables	Yes	$ 1,535,500 (USD 50,000)	$ 429,940 (USD 14,000)	$ 405,771 (USD 13,213)	-	2	$ -	Operating capital needed	$ -	(None)	$ -	$ 4,237,939 (USD 138,000)	$ 8,475,878 (USD 276,000)	
2	VT HK	VLL	Other receivables	Yes	307,100 (USD 10,000)	61,420 (USD 2,000)	56,537 (USD 1,841)	-	2	-	Operating capital needed	-	(None)	-	$ 4,237,939 (USD 138,000)	$ 8,475,878 (USD 276,000)	
2	VT HK	VT UK	Other receivables	Yes	214,970 (USD 7,000)	214,970 (USD 7,000)	48,000 (USD 1,563)	1.67%	2	-	Operating capital needed	-	(None)	-	$ 4,237,939 (USD 138,000)	$ 8,475,878 (USD 276,000)	
2	VT HK	VT USA	Other receivables	Yes	122,840 (USD 4,000)	122,840 (USD 4,000)	- (USD -)	-	2	-	Operating capital needed	-	(None)	-	$ 4,237,939 (USD 138,000)	$ 8,475,878 (USD 276,000)	
2	VT HK	VT DE	Other receivables	Yes	122,840 (USD 4,000)	122,840 (USD 4,000)	86,080 (USD 2,803)	2.28%	2	-	Operating capital needed	-	(None)	-	$ 4,237,939 (USD 138,000)	$ 8,475,878 (USD 276,000)	

Note 1. The parent company is indicated by "0", while all other numbers indicate subsidiaries.

Note 2. Types of financing were as follows:

1. Business and trade: 1
2. Short-term financing: 2

Note 3. The limitations of financing amounts were as follows:

1. Financing received from the Company cannot exceed 50% of the Company's net asset value.
2. The financing limits where the Company directly and indirectly holds voting right shares of subsidiaries at 100% are as follows: The total and individual financing amount cannot exceed 20 times and 10 times of the Company's net asset value, respectively. The calculation of net asset value was based on lender's net asset value as of December 31, 2022.

Note 4. The calculation was based on the spot exchange rate of USD to NTD on December 31, 2022.

Note 5. All inter company transactions have been eliminated on consolidation.

Ventec International Group Co., Ltd.

Ventec International Group Co., Ltd. and Subsidiaries

Endorsements/Guarantees Provided

For the year ended 2022

Table 2

Unit: In NT$ thousands, unless stated otherwise

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 2 and 3)	Maximum Amount Endorsed/Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount (Note3)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in the Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 2 and 3)	Endorsement/ Guarantee Given by the Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Company Name	Relationship											
0	VIG CAYMAN	VT HK	Subsidiaries:	$ 6,187,120 (USD 201,472)	$ 690,975 (USD 22,500)	$ 598,845 (USD 19,500)	$ 150,786 (USD 4,910)	$ -	19.36%	$ 12,374,240 (USD 402,944)	Y	N	N	
0	VIG CAYMAN	VT TW	Subsidiaries:	6,187,120 (USD 201,472)	968,163 (USD 31,526)	920,655 (USD 29,979)	166,080 (USD 5,408)	-	29.76%	12,374,240 (USD 402,944)	Y	N	N	
0	VIG CAYMAN	VT SZ	Subsidiaries:	6,187,120 (USD 201,472)	153,550 (USD 5,000)	61,420 (USD 2,000)	-	-	1.99%	12,374,240 (USD 402,944)	Y	N	Y	
1	VIG HK	VT UK	Fellow subsidiary	253,710 (USD 8,262)	17,290 (USD 563)	8,752 (USD 285)	-	-	0.34%	507,420 (USD 16,523)	N	N	N	
2	VT TW	VT HK	Fellow subsidiary	2,171,845 (USD 70,720)	460,650 (USD 15,000)	460,650 (USD 15,000)	-	-	106.05%	2,606,214 (USD 84,864)	N	N	N	

Note 1. The parent company is indicated by “0”, while all other numbers indicate subsidiaries.

Note 2. The limits of endorsements/guarantees amounts were as follows (the calculation of net asset value was based on the endorser’s or guarantor’s net asset value on December 31, 2022):

1. For VIG CAYMAN, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 400% and 200% of the Company’s net asset value, respectively.
2. For VIG HK, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 20% and 10% of the Company’s net asset value, respectively.
3. For VT TW, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 600% and 500% of the Company’s net asset value, respectively.

Note 3. The calculation was based on the spot exchange rate of USD to NTD on December 31, 2022.

Note 4. Endorsement/guarantee given by parent which is listed company on behalf of subsidiaries, endorsement/guarantee given by subsidiaries on behalf of parent which is listed company and endorsement/guarantee given on behalf of companies in mainland China: Y.

Ventec International Group Co., Ltd.

(Ventec International Group 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

From January 1, 2022 to December 31, 2022

Table 3

Unit: In NT$ thousands, unless stated otherwise

Buyer/Seller	Name of Counterparties	Relationship	Transaction Details				Circumstances and Reasons for the Differences of the Trading Terms from the General Ones		Notes/Accounts Receivables (Payables)		Note
			Purchase/Sale	Amount (Note 1)	Ratio of the Total Purchase/Sale (%)	Payment Terms	Unit Price	Payment Terms	Balance (Note 2)	% of Total	
VT HK	VT SZ	The same ultimate parent	Sales	($ 217,798) (USD 7,514)	22%	150 days after the end of each month	No significant difference	No significant difference	$ 7,439 (USD 242)	2%	
VT HK	VT SZ	The same ultimate parent	Purchase	1,353,506 (USD 45,998)	86%	150 days after the end of each month	No significant difference	No significant difference	(467,783) (USD 15,232)	96%	
VT HK	VT TW	The same ultimate parent	Sales	(208,816) (USD 6,960)	12%	150 days after the end of each month	No significant difference	No significant difference	55,984 (USD 1,823)	14%	
VT HK	VT DE	The same ultimate parent	Sales	(188,612) (USD 6,437)	12%	150 days after the end of each month	No significant difference	No significant difference	52,619 (USD 1,713)	13%	
VT HK	VT UK	The same ultimate parent	Sales	(160,091) (USD 5,455)	11%	150 days after the end of each month	No significant difference	No significant difference	31,962 (USD 1,041)	8%	
VT SZ	VT HK	The same ultimate parent	Sales	(1,353,506) (USD 45,998)	31%	150 days after the end of each month	No significant difference	No significant difference	467,783 (USD 15,232)	35%	
VT SZ	VT HK	The same ultimate parent	Purchase	217,798 (USD 7,514)	86%	150 days after the end of each month	No significant difference	No significant difference	(7,439) (USD 242)	1%	
VT SZ	VT JY	The same ultimate parent	Purchase	149,717 (USD 5,031)	6%	150 days after the end of each month	No significant difference	No significant difference	(45,564) (USD 1,484)	8%	
VT JY	VT SZ	The same ultimate parent	Sales	(149,717) (USD 5,031)	97%	150 days after the end of each month	No significant difference	No significant difference	45,564 (USD 1,484)	100%	
VT TW	VT USA	The same ultimate parent	Sales	(119,764) (USD 4,032)	19%	150 days after the end of each month	No significant difference	No significant difference	92,194 (USD 3,002)	35%	
VT TW	VT HK	The same ultimate parent	Purchase	208,816 (USD 6,960)	72%	150 days after the end of each month	No significant difference	No significant difference	(55,984) (USD 1,823)	54%	
VT DE	VT HK	The same ultimate parent	Purchase	188,612 (USD 6,437)	98%	150 days after the end of each month	No significant difference	No significant difference	(52,619) (USD 1,713)	77%	
VT UK	VT HK	The same ultimate parent	Purchase	160,091 (USD 5,455)	98%	150 days after the end of each month	No significant difference	No significant difference	(31,962) (USD 1,041)	72%	
VT USA	VT TW	The same ultimate parent	Purchase	119,764 (USD 4,032)	55%	150 days after the end of each month	No significant difference	No significant difference	(92,194) (USD 3,002)	5%	

Note 1. The calculation was based on the average exchange rate of USD to NTD in 2022.

Note 2. The calculation was based on the spot exchange rate of USD to NTD as of December 31, 2022.

Note 3. All inter company transactions have been eliminated on consolidation.

Ventec International Group Co., Ltd.

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Receivables from Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital

December 31, 2022

Table 4

Unit: In NT$ thousands, unless stated otherwise

Company with accounts receivable	Name of Counterparties	Relationship	Financial Statement Account and Ending Balance (Note 2)	Turnover Rate	Overdue Receivables from Related Parties		Amounts Received in Subsequent Period (Notes 1 and 2)	Provision for loss amounts
					Amount (Note 2)	Actions Taken		
VT SZ	VT HK	The same ultimate parent	$ 467,783 (USD 15,232)		$ 96,920 (USD 3,156)	Enhanced collection of overdue receivables	$ 51,070 (USD 1,663)	$ -

Note 1. Subsequent period as of February 28, 2023.

Note 2. The calculation was based on the spot exchange rate of USD to NTD as of December 31, 2022.

Note 3. All inter company transactions have been eliminated on consolidation.

Ventec International Group Co., Ltd.

Ventec International Group Co., Ltd. and Subsidiaries

Information on Investees

For the year ended 2022

Table 5

Unit: In NT$ thousands, unless stated otherwise

Investor	Investee	Location	Business Content	Initial Investment Amount		Holdings at the End of the Period			Net Income (Loss) of Investee (Note 2)	Investment Income (Loss) for This Period (Notes 2 and 3)	Note
				End of this period (Note 1)	End of last year (Note 1)	Number of shares	%	Amount (Note 1)			
VIG CAYMAN	VIG SAMOA	SAMOA	General investment	$ 1,431,072	$ 1,431,072			$ 3,199,021	$ 560,726	$ 560,726	Subsidiary
				(USD 46,600)	(USD 46,600)	46,600,000	100%	(USD 104,170)	(USD 18,871)	(USD 18,871)	
VIG SAMOA	VIG HK	HK	General investment	955,111	955,111	31,110,000	100%	2,537,102	416,042	416,042	Subsidiary
				(USD 31,101)	(USD 31,101)			(USD 82,616)	(USD 14,035)	(USD 14,035)	
	VLL	British Virgin Islands	General investment	246,008	246,008	8,010,000	100%	33,391	(2,894)	(2,894)	Subsidiary
				(USD 8,011)	(USD 8,011)			(USD 1,087)	(USD -98)	(USD -98)	
	VT HK	HK	International trade	73,743	73,743	10,000	100%	423,793	74,544	74,544	Subsidiary
				(USD 2,401)	(USD 2,401)			(HKD 107,617)	(HKD 19,627)	(HKD 19,627)	
	VT TW	Taiwan	Manufacturing and sales of CCL, IMS, and prepreg	350,358	350,358	10,000,000	100%	434,369	48,614	48,614	Subsidiary
				(USD 11,409)	(USD 11,409)						
	VT UK	UK	Sale of CCL, IMS, and prepreg	40,687	40,687	807,334	100%	82,961	5,440	5,440	Subsidiary
				(USD 1,325)	(USD 1,325)			(GBP 2,237)	(GBP 148)	(GBP 148)	
	VT DE	Germany	Sale of CCL, IMS, and prepreg	212,000	212,000	400,000	100%	89,772	143	143	Subsidiary
				(USD 6,903)	(USD 6,903)			(EUR 2,744)	(EUR 4)	(EUR 4)	
VLL	VT USA	USA	Sale of CCL, IMS, and prepreg	228,013	228,013	-	100%	89,918	(2,894)	(2,894)	Subsidiary
				(USD 7,425)	(USD 7,425)			(USD 2,928)	(USD -98)	(USD -98)	

Note 1: The calculation was based on the spot exchange rate of each foreign currency to NTD on December 31, 2022.

Note 2: The calculation was based on the average exchange rate of each foreign currency to NTD in 2022.

Note 3: All inter company transactions have been eliminated on consolidation.

Note 4: Please refer to Table 6 for information on investees in mainland China.

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Information on Investments in Mainland China

From January 1, 2022 to December 31, 2022

Table 6

Unit: In NT$ thousands, unless stated otherwise

Mainland China Investee Company	Business Content	Paid-in Capital (Notes 1 and 3)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan from the Beginning of This Period	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan from the End of This Period	Net Income (Loss) of Investee (Note 2)	Ownership of Direct or Indirect Investment (%)	Investment Income (Loss) for This Period (Notes 2 and 4)	Carrying Amount of Investments from the End of This Period (Notes 3 and 4)	Accumulated Repatriation of Investment Income from the End of This Period
					Outward Remittance	Inward Remittance						
VT SZ	Research and development, manufacturing, and sales of CCL, IMS, and prepreg	$ 1,298,417 (USD 36,600) (RMB 294,466)	Indirect investment	$ -	$ -	$ -	$ -	$ 443,645 (RMB 100,045)	100%	$ 443,645 (RMB 100,045)	$ 2,544,727 (RMB 577,115)	$ -
VT JY	Manufacturing and sales of CCL, IMS, and prepreg	125,907 (USD 3,000) (RMB 28,554)	Indirect investment	-	-	-	-	3,506 (RMB 766)	100%	3,506 (RMB 766)	117,005 (RMB 26,536)	-
VT SZWT	Manufacture and sell of CCL, and sell of IMS and prepreg	82,897 (RMB 18,800)	Indirect investment	-	-	-	-	8,137 (RMB 1,854)	100%	8,137 (RMB 1,854)	(786) (RMB 178)	-

Accumulated Outward Remittance for Investment in Mainland China from the End of This Period	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of the Investment Stipulated by Investment Commission, MOEA
$ -	$ -	$ -

Note 1. It is calculated based on historical cost.

Note 2. The calculation was based on the average exchange rate of each foreign currency for the year ended December 31, 2020.

Note 3. The calculation was based on the spot exchange rate of each foreign currency to NTD on December 31, 2022.

Note 4. All intercompany transactions have been eliminated upon consolidation.

Ventec International Group Co., Ltd.

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Inter-company Relationships and Significant Inter-company Transactions and Amounts

From January 1, 2022 to December 31, 2022

Table 7

Unit: In NT$ thousands, unless stated otherwise

No. (Note 1)	Trader Company	Counterparty	Relationship with the Trader (Note 2)	Transactions Details				
				Subject	Amount	Amount (USD)	Transaction Terms	% of Total Sales or Assets
1	VT HK	VT DE	3	Trade receivables	$ 52,619	$ 1,713	No major difference	1%
1	VT HK	VT TW	3	Trade receivables	55,984	1,823	No major difference	1%
1	VT HK	VT SZ	3	Trade payables	467,783	15,232	No major difference	9%
1	VT HK	VT US	3	Trade receivables	83,794	2,729	No major difference	2%
1	VT HK	VT UK	3	Trade receivables	31,962	1,041	No major difference	1%
1	VT HK	VT UK	3	Other receivables	48,084	1,566	No major difference	1%
1	VT HK	VLL	2	Other receivables	56,537	1,841	No major difference	1%
1	VT HK	VIG SAMOA	3	Other receivables	405,771	13,213	No major difference	8%
1	VT HK	VT DE	3	Other receivables	86,549	2,818	No major difference	2%
1	VT HK	VT US	3	Other payables	52,008	1,694	No major difference	1%
1	VT HK	VT DE	3	Sales	188,612	6,437	No major difference	3%
1	VT HK	VT UK	3	Sales	160,091	5,455	No major difference	3%
1	VT HK	VT TW	3	Sales	208,816	6,960	No major difference	4%
1	VT HK	VT SZ	3	Sales	217,798	7,514	No major difference	4%
1	VT HK	VT SZ	3	Purchase	1,353,506	45,998	No major difference	24%
1	VT HK	VT US	3	Sales	94,054	3,220	No major difference	2%
2	VT SZ	VT JY	3	Trade payables	45,564	1,484	No major difference	1%
2	VT SZ	VT JY	3	Purchase	149,717	5,031	No major difference	3%
3	VT TW	VT US	3	Trade receivables	92,194	3,002	No major difference	2%
3	VT TW	VT US	3	Sales	119,764	4,032	No major difference	2%

Note 1. The parent company is indicated by “0”, while all other numbers indicate subsidiaries.

Note 2. No. 1 represents the transactions from the parent company to the subsidiary. No. 2 represents the transactions from the subsidiary to the parent company. No. 3 represents the transactions between subsidiaries.

Note 3. All intercompany transactions have been eliminated on consolidation.

Ventec International Group Co., Ltd.

(Ventec International Group Co., Ltd.) and Subsidiaries

Information on major shareholders

December 31, 2022

Table 8

Name of major shareholder	Shares	
	Number of shares held	Percentage of ownership (%)
Top Master Limited	4,713,307	6.59%
Alpha Victor Limited	4,090,908	5.72%

Note 1. The information on major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation, which is based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater and that have been issued without physical registration (including treasury shares) by the Company as of the last business day of the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2. If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.