Stock Code: 6874

M-Power Information Co., Ltd.

Individual Financial Statements
and Independent Auditors' Report

For the Years Ended 31 December 2022 and 2021

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

Contents

Independent Auditors' Report

The Board of Directors
M-Power Information Co., Ltd.:

Opinion

We have audited the balance sheets of M-Power Information Co., Ltd. (the "Company") as of 31 December 2022 and 2021, the statements of comprehensive income, statements of changes in equity, statements of cash flows for the years then ended, and the notes to individual financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits, the accompanying individual financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2022 and 2021, and its financial performance and its cash flows for the years ended 31 December 2022 and 2021 in accordance with IFRS, International Accounting Standards, Interpretations and Interpretation Announcements approved and announced by the Securities and Futures Bureau, Financial Supervisory Commission.

Basis for Opinion

We conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the ROC. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the ROC, 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 individual financial statements of the Company for the year ended 31 December 2022. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. According to our judgment, key audit matters to be communicated in the audit report are as follows:

Income Recognition

For details of accounting policies related to income recognition, please refer to Note 4 (12) Income Recognition in the notes to individual financial statements. For details of description for income recognition, please refer to Note 6 (13).

Description for the Key Audit Matters:

M-Power Information Co., Ltd. primarily engages in the sales and integration of information software and provision of corresponding professional consultancy services, among which involves various transaction types requiring income recognition inclusive of single recognition when performance obligation is satisfied and recognition by degree of transaction completion on the reporting date. As methods and time for income recognition are expected to significantly influence presentation of these financial statements of M-Power Information Co., Ltd., income recognition is a matter that requires great attention for our audits on these financial statements.

Corresponding audit procedures:

The primary audit procedures we performed for the abovementioned key audit matters include:

- evaluating the appropriateness of time spot and accounting policies for income recognition by acquiring operating status of M-Power Information Co., Ltd. and its industry characteristics and reviewing its sales contracts;
- performing tests on design and implementation of internal control for income recognition;
- performing a trend analysis for top 10 customers of sales to evaluate whether any significant anomaly exists by comparing the lists of customers and revenues for the current period, the most recent accounting period and the same period in the preceding year, and verifying and analyzing the reasons for significant changes, if any;
- sampling and verifying the full-year sales transactions for evaluating authenticity of sales transactions, accuracy of amounts for income from sales of goods recognized, and reasonableness of receipt time spots.
- performing tests on sales transaction samples for certain periods before and after the conclusion of the accounting period to evaluate the appropriateness of income recognition time spots.

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

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with IFRS, International Accounting Standards, Interpretations and Interpretation Announcements approved and announced by the Securities and Futures Bureau, and for such internal control as management determines is necessary to enable the preparation of the individual financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance of M-Power Information Co., Ltd., including its supervisors and Audit Committee, are responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the individual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the M-Power Information Co., Ltd.'s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the M-Power Information Co., Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

We also provided those charged with governance with a statement that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may be thought to bear on our independence (including relevant preventive measures).

From the matters communicated with those charged with governance, we determined key audit matters of these financial statements of the M-Power Information Co., Ltd. for the year ended 31 December 2022. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

The engagement partners on the audit resulting in this independent auditors' report are Chun-Hsiu Kuang and Chun-I, Chang.

KPMG Taiwans

Taipei, Taiwan (The Republic of China)

24 February 2023

Notes to Readers

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

The independent auditors' audit report and the accompanying company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and the company only financial statements, the Chinese version shall prevail.

(English Translation of Individual Financial Statements and Report Originally Issued in Chinese)

M-Power Information Co., Ltd.

Balance Sheet

For the Year Ended 31 December 2022 and 2021

Unit: NT$ Thousands

		2022.12.31		2021.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
11xx	**Current Assets:**				
1100	Cash and Cash Equivalents (Note 6 (1))	$ 242,888	20	163,351	29
1136	Financial Assets at Amortized Cost – Current (Notes 6 (1), (6) and 8)	3,580	-	580	-
1150	Net Note Receivables (Notes 6 (2) and (13))	402	-	515	-
1170	Net Account Receivable (Notes 6 (2) and (13))	473,222	40	277,942	50
1200	Other Receivables	220	-	41	-
130X	Inventories (Note 6 (3))	344,301	29	37,196	7
1410	Prepayments	6,061	1	2,776	-
1470	Other Current Assets	92	-	15	-
	Total Current Assets	1,070,766	90	482,416	86
15xx	**Non-Current Assets:**				
1600	Property, Plant and Equipment (Note 6 (4))	2,236	-	2,726	-
1755	Right-of-Use Assets (Notes 6 (5) and (7))	27,034	2	30,321	5
1780	Intangible Assets	841	-	67	-
1840	Deferred Income Tax Asset (Note 6 (9))	1,547	-	3,107	1
1920	Refundable Deposits	18,930	2	16,659	3
1930	Long-Term Receivables (Note 6 (2) and (13))	75,761	6	25,300	5
	Total Non-Current Assets	126,349	10	78,180	14
1xxx	**Total Assets**	$ 1,197,115	100	560,596	100

		2022.12.31		2021.12.31	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
21xx	**Current Liabilities:**				
2100	Short-Term Borrowings (Note 6 (1), (6), 7 and 8)	$ 150,565	13	28,000	5
2130	Contract Liabilities - Current(Note 6 (13))	35,059	3	37,324	7
2170	Accounts Payable (Note 7)	424,782	35	110,215	20
2200	Other Payables (Note 6 (14))	60,671	5	57,706	10
2230	Income Tax Liabilities for the Period	11,749	1	15,099	2
2280	Lease Liabilities – Current (Note 6 (7))	6,401	1	5,371	1
2300	Other Current Liabilities	2,257	-	4,479	1
	Total Current Liabilities	691,484	58	258,194	46
25xx	**Non-Current Liabilities:**				
2580	Lease Liabilities – Non-Current (Note 6 (7))	21,444	2	25,657	5
2640	Net Liabilities for Defined Benefits – Non-Current (Note 6 (8))	3,534	-	5,291	1
	Total Non-Current Liabilities	24,978	2	30,948	6
2xxx	**Total Liabilities**	716,462	60	289,142	52
31xx	**Equity (Notes 6 (8), (9) and (10)):**				
3110	Common Stock Capital	220,000	18	145,000	26
3200	Capital Reserve	133,284	11	26,600	5
3300	Retained Earnings:				
3310	Legal Reserve	25,963	2	18,740	3
3350	Undistributed Earnings	101,406	9	81,114	14
	Total Retained Earnings	127,369	11	99,854	17
3xxx	**Total Equity**	480,653	40	271,454	48
2-3xx	**Total Liabilities and Equity**	$ 1,197,115	100	560,596	100

(Please refer to the enclosed Notes to Individual Financial Statements)

(English Translation of Individual Financial Statements and Report Originally Issued in Chinese)

M-Power Information Co., Ltd.

Statements of Comprehensive Income

For the Year Ended 31 December 2022 and 2021

Unit: NT$ Thousands

		2022		2021	
		Amount	**%**	**Amount**	**%**
4110	**Sales Income (Note 6 (13))**	$ 1,481,937	100	1,165,864	100
4190	Less: Sales Discounts	5,171	-	1,138	-
	Net Operating Income	1,476,766	100	1,164,726	100
5000	**Operating Costs(Notes 6 (3), (4), (5), (8) and 7)**	1,256,104	85	968,943	83
5900	**Operating Gross Profit**	220,662	15	195,783	17
6000	**Operating Expenses (Notes 6 (2), (4), (5), (7), (8), (14) and 7):**				
6100	Marketing Expense	51,173	4	52,871	5
6200	Management Expense	33,784	2	29,134	3
6300	R&D Expense	16,771	1	11,957	1
6450	Expected Credit Impairment Losses (Gains)	(82)	-	(163)	-
	Total Operating Expenses	101,646	7	93,799	9
6900	**Net Operating Profit**	119,016	8	101,984	8
7000	**Non-Operating Incomes and Expenses (Notes 6 (7) and (15)):**				
7100	Interest Revenue	246	-	68	-
7020	Other Gains and Losses	1,687	-	308	-
7050	Financial Costs	(6,526)	-	(4,536)	-
	Total Non-Operating Incomes and Expenses	(4,593)	-	(4,160)	-
7900	**Net Profit before Tax**	114,423	8	97,824	8
7950	**Less: Income Tax Expenses(Note 6 (9))**	22,866	2	18,825	1
8200	**Profit for the Period**	91,557	6	78,999	7
8300	**Other Comprehensive Income (Notes 6 (8) and (9)):**				
8310	**Items not to be Reclassified into Profit or Loss**				
8311	Remeasurements of Defined Benefit Plans	1,510	-	(690)	-
8349	Less: Income Tax Concerning Items not to be Reclassified	302	-	(138)	-
8300	**Other Comprehensive Income for the Period**	1,208	-	(552)	-
8500	**Total Comprehensive Income for the Period**	$ 92,765	6	78,447	7
	Earnings per Share (Unit: NT$, Note 6 (12))				
9750	Basic Earnings per Share	$	4.81		4.83
9850	Diluted Earnings per Share	$	4.72		4.72

(Please refer to the enclosed Notes to Individual Financial Statements)

(English Translation of Individual Financial Statements and Report Originally Issued in Chinese)

M-Power Information Co., Ltd.

Statements of Changes in Equity

For the Year Ended 31 December 2022 and 2021

Unit: NT$ Thousands

	Common Stock Capital	Capital Reserve	Retained Earnings: Legal Reserve	Retained Earnings: Undistributed Earnings	Retained Earnings: Total	Total Equity
Balance on 1 January 2021	$ 100,000	9,100	14,624	36,783	51,407	160,507
Earnings Appropriations and Distributions:						
Legal Reserve Designation	-	-	4,116	(4,116)	-	-
Cash Dividend of Common Stock	-	-	-	(10,000)	(10,000)	(10,000)
Share Dividend of Common Stock	20,000	-	-	(20,000)	(20,000)	-
Profit for the Period	-	-	-	78,999	78,999	78,999
Other Comprehensive Income for the Period	-	-	-	(552)	(552)	(552)
Total Comprehensive Income for the Period	-	-	-	78,447	78,447	78,447
Cash Capital Increase	20,000	14,000	-	-	-	34,000
New Shares Issued for Employee Stock Warrants	5,000	3,500	-	-	-	8,500
Balance on 31 December 2021	145,000	26,600	18,740	81,114	99,854	271,454
Earnings Appropriations and Distributions:						
Legal Reserve Designation	-	-	7,223	(7,223)	-	-
Cash Dividend of Common Stock	-	-	-	(21,750)	(21,750)	(21,750)
Share Dividend of Common Stock	43,500	-	-	(43,500)	(43,500)	-
Profit for the Period	-	-	-	91,557	91,557	91,557
Other Comprehensive Income for the Period	-	-	-	1,208	1,208	1,208
Total Comprehensive Income for the Period	-	-	-	92,765	92,765	92,765
Cash Capital Increase	31,500	106,684	-	-	-	138,184
Balance on 31 December 2022	**$ 220,000**	**133,284**	**25,963**	**101,406**	**127,369**	**480,653**

(Please refer to the enclosed Notes to Individual Financial Statements)

(English Translation of Individual Financial Statements and Report Originally Issued in Chinese)

M-Power Information Co., Ltd.

Statements of Cash Flows

For the Year Ended 31 December 2022 and 2021

Unit: NT$ Thousands

		2022	2021
Cash Flows from Operating Activities:			
Net Profit before Tax for the Period	$	114,423	97,824
Adjustments:			
Items for Profit/Loss			
Depreciation Expenses		7,427	7,944
Amortization Expenses		132	4
Expected Credit Impairment Losses (Gains)		(82)	(163)
Interest Expenses		6,526	4,536
Interest Revenue		(246)	(68)
Lease Modification Gain		(18)	(2)
Total Items for Profit/Loss		13,739	12,251
Changes in Assets/Liabilities Related to Operating Activities:			
Net Changes in Assets Related to Operating Activities:			
Notes Receivable		113	(389)
Accounts Receivable		(195,198)	(71,247)
Other Receivables		(179)	(41)
Inventories		(307,105)	35,148
Prepayments		(3,285)	(2,128)
Other Current Assets		(77)	(15)
Long-Term Receivables		(50,461)	(9,940)
Total Net Changes in Assets Related to Operating Activities		(556,192)	(48,612)
Net Changes in Liabilities Related to Operating Activities:			
Contract Liabilities		(2,265)	7,082
Accounts Payable		314,567	20,830
Other Payables		2,965	15,199
Other Current Liabilities		(2,222)	1,379
Net Defined Benefit Liabilities		(247)	(243)
Total Net Changes in Liabilities Related to Operating Activities		312,798	44,247
Total Net Changes in Assets/Liabilities Related to Operating Activities		(243,394)	(4,365)
Total Adjustments		(229,655)	7,886
Cash Inflow (Outflow) generated from Operations		(115,232)	105,710
Interests Received		246	68
Interests Paid		(6,526)	(4,536)
Income Tax Paid		(24,958)	(11,260)
Net Cash Inflow (Outflow) from Operating Activities		(146,470)	89,982
Cash Flows from Investment Activities:			
Acquisition of Financial Assets at Amortized Cost		(3,000)	-
Acquisition of Property, Plant and Equipment		(702)	(200)
Increase in Refundable Deposits		(2,271)	(3,820)
Acquisition of Intangible Assets		(906)	(71)
Net Cash Inflow (Outflow) from Investment Activities		(6,879)	(4,091)
Cash Flows from Financing Activities:			
Increase (Decrease) in Short-Term Borrowings		122,565	(2,000)
Repayment of Lease Principles		(6,113)	(6,006)
Distribution of Cash Dividend		(21,750)	(10,000)
Cash Capital Increase		138,184	34,000
Employee Exercise of Stock Option Rights		-	8,500
Net Cash Inflow from Financing Activities		232,886	24,494
Increase in Cash and Cash Equivalents for the Period		79,537	110,385
Opening Balance for Cash and Cash Equivalents		163,351	52,966
Closing Balance for Cash and Cash Equivalents	$	**242,888**	**163,351**

(Please refer to the enclosed Notes to Individual Financial Statements)

M-Power Information Co., Ltd.
Notes to Individual Financial Statements
For the Year Ended on 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, unless otherwise specified)

1. General Information

M-Power Information Co., Ltd. (the "Company") was established on 10 September, 1999 under the approval of the Ministry of Economic Affairs. Stocks of the Company became available for trading at the Pioneer Stock Board (PSB) of the Taipei Exchange on 22 December, 2021, and became available at the Emerging Stock Board (ESB) of the same Exchange on 3 May, 2022. In addition, the stocks became available for OTC trading from 14 December, 2022. The Company primarily engages in the wholesale and retail of information software, and corresponding professional consultancy services, education and training, and technical services.

2. Date and Procedures for the Approval of Financial Statements

These financial statements were approved for issuance by the Board of Directors (the "Board") on 24 February 2023.

3. Application of New and Amended Standards and Interpretations

(1)Effects of adopting new and amended standards and interpretations endorsed by the Financial Supervisory Commission ("FSC"):

The following newly revised International Financial Reporting Standards (the "IFRS") are applicable to the Company starting from 1 January 2022, and they had no significant effect on the consolidated financial statements.

- Amendment to IAS 16 "Property, Plant and Equipment — Proceeds before Intended Use"
- Amendment to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"
- Annual improvement of IFRS for the period 2018-2020.
- Amendment to IFRS 3 "References to the Conceptual Framework"

(2) Effects of IFRSs endorsed by the FSC not yet adopted:

The following newly revised IFRSs that became effective from 1 January 2023 are applicable to the Company, with potential influences stated as follows:

1. Amendment to IAS 1 "Disclosure of Accounting Policies"

The major amendments include:

- Statement that entities are required to disclose their material accounting policy information, instead of significant accounting policies;

- Statement that "accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed"; and
- The statement that "However, not all accounting policy information relating to material transactions, other events or conditions is itself material".

The Company is evaluating and reviewing accounting policies required to be disclosed in financial statements to comply with such amendment.

2. Others

The Company expects that the newly revised standard will have no significant effect on these financial statements:

- Amendment to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"; and
- Amendment to IAS 8 "Definition of Accounting Estimates"

(3)New and amended standards and interpretations not yet endorsed by the FSC:

The Company expects that the following new and amended standards and interpretations not yet endorsed have no significant effect on these financial statements.

- Amendment to IFRS 10 and Amendment to IAS 28 "Long-term interests in Associates and Joint Ventures";
- Amendment to IFRS 17 "Insurance Contracts";
- Amendment to IAS 1 "Classification of Liabilities as Current or Non-current";
- Amendment to IAS 1 "Non-current Liabilities with Covenants";
- Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"; and
- Amendment to IFRS 16 "Provisions Regarding Sale and Leaseback".

4. Summary of Significant Accounting Policies

The summary of significant accounting policies adopted for these financial statements is described as follows. The following accounting policies are consistently applied to all periods presented in these financial statements.

(1) Statement of Compliance

The consolidated financial statements are prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (the "Preparation Regulations") and IFRSs, IASs, interpretations, and interpretative bulletins endorsed by the FSC (the "IFRSs Endorsed by the FSC").

(2) Preparation Basis

1. Measurement Basis

Except for the net defined benefit liabilities measured on the basis of defined benefit obligation (current value of) less fair value of plan assets, and measurement on the cap effects stated in Note 4 (8), the preparation of these financial statements is based on historical costs.

2. Functional Currency and Presentation Currency

The functional currency of entities within the Company is the currency used in the respective primary economic environment where it operates. These financial statements are presented in New Taiwan Dollars (NTD), the functional currency of the Company. All financial information presented in Thousands of New Taiwan Dollars.

(3) Foreign Currency

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the transaction date. Subsequently, monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the end of each reporting period (the "Reporting Date").

Non-monetary items denominated in foreign currencies measured at fair value are translated into the functional currency at the exchange rate prevailing on the date of fair value measurement. Non-monetary items denominated in foreign currencies measured at historical costs are translated at the rate prevailing on the transaction date. The difference in converted values of foreign currencies arising from exchanges is included in gain or loss.

(4) Standards for the Classification of current and Non-Current Assets and Liabilities

Assets fulfilling any of the following conditions are recognized as current assets; all other assets that are not current assets are recognized as non-current assets:

1. Assets expected to be realized or intended to be sold or consumed during its normal operating cycle;
2. Assets held primarily for trading;
3. Assets expected to be realized within twelve months after the reporting period; or
4. Assets are cash or cash equivalents, but assets that will be exchanged or used for settling liabilities for at least twelve months after the reporting period or otherwise restricted are excluded.

Liabilities fulfilling any of the following conditions are recognized as current liabilities; all other liabilities that are not current liabilities are recognized as non-current liabilities:

1. Liabilities expected to be settled during its normal operating cycle;
2. Liabilities held primarily for trading;
3. Liabilities expected to fall due and be settled within twelve months after the reporting period; or
4. Liabilities with a settlement period that cannot be unconditionally deferred to at least twelve months after the reporting period. Settlement of the liabilities' terms may occur due to the issuance of equity instruments upon selecting the counterparty, which shall have no effect on its classification.

(5) Cash and Cash Equivalents

Cash includes Cash, Current Deposits and Check Deposits. Cash equivalents are short-term investments with high liquidity that can be converted into a fixed amount of cash at any time and has minimal risks. Current deposits that fulfill the definition above and the purpose of holding is to satisfy short-term cash commitments, instead of investments or other purposes, are presented under cash equivalents.

(6) Financial instruments

Account receivables and debt securities issued are initially recognized upon occurrence. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual term of the financial instruments. Financial assets or financial liabilities not at fair value through profit or loss are initially measured at fair value, plus transaction costs directly attributable to the acquisition or issuance.

1. Financial Assets

For regular way purchases or sales of financial assets, the Company consistently adopts trade day or closing date accounting for all purchases and sales of financial assets that are classified in the same manner.

Upon initial recognition, financial assets are classified as financial assets at amortized costs.

The Company reclassifies all financial assets being affected on the first day of the next reporting period when changes occurred to the operating model for managing its financial assets.

(1) Financial Assets at Amortized Cost

Financial assets fulfilling the following conditions and are not designated at fair value through profit or loss are measured at amortized costs:

- Financial assets are held under an operating model for receiving contractual cash flows.
- Contract terms of the financial assets generate cash flows on specific dates, which are fully used for paying principals and outstanding interests of the principals.

Such assets are subsequently measured at the initially recognized amount plus/less accumulated amortization calculated using the effective interest method, with adjustments for amortized costs of any loss allowance. Interest income, gains or losses on foreign currency exchange, and impairment losses are recognized in profit or loss. Upon derecognition, gains or losses are included in profit or loss.

(2) Impairment of Financial Assets

The Company recognize loss allowance for financial assets at amortized costs (including cash and cash equivalents, financial assets at amortized costs, notes receivable and accounts receivable, other receivables, refundable deposits, and other financial assets), investments in debt instruments measured at fair value through other comprehensive income, and expected credit loss (the "ECL") of contract assets.

Credit risks for bank deposits, financial assets at amortized cost, other receivables and refundable deposits (i.e. risk of default regarding the financial instruments during the expected lifetime) have not significantly increased since initial recognition. The corresponding allowance for loss are measured based on the twelve month ECL.

Loss allowance for notes receivables and accounts receivable are measured at lifetime ECL.

To determine whether credit risks have significantly increased since the initial recognition, the Company considers reasonable and supportive information (available without undue costs or investments), including qualitative and quantitative information, and analysis based on the Company's historical experiences, credit evaluation, and forward-looking information.

Lifetime ECL refers to the ECL that may occur due to any default of financial instruments during the expected lifetime.

12-month ECL refers to the ECL that may occur due to any default of financial instruments within twelve months after the Reporting Date (or a shorter period when the expected lifetime of financial instruments is less than twelve months).

The longest period for measuring ECL shall be the longest contractual period that the Company is exposed to credit risks.

ECL is the weighted estimated probability of credit loss of financial instruments during the expected lifetime. Credit loss is measured at the current value of all cash shortfalls; in other words, the differences between cash flows that the Company may receive according to the contract and the cash flows that the Company expected to receive. ECL is discounted at the effective rates of financial assets.

At each reporting date, the Company evaluates whether there is any credit impairment that occurred to financial assets at amortized costs and debt securities measured at fair value through other comprehensive income. When one or multiple events unfavorable to the estimated future cash flows of financial assets occurred, such financial assets are credit impaired. Evidence of financial assets' credit impairment include observable data related to the following events:

- Significant financial difficulties of the borrower or issuer;
- Default, such as default or overdue for over one year;
- The Company provided concessions that would not have been considered to the borrower due to economic or contractual reasons related to the financial difficulties of the borrower;
- The borrower is likely to apply for bankruptcy or carry out other financial restructure; or
- No active market for financial assets due to financial difficulties.

Loss allowance for financial assets at amortized costs is deducted from the carrying amount of the assets.

When the Company is unable to reasonably expect the entire or partial recovery of financial assets, the Company directly reduces the gross carrying amount of its financial assets. For corporate customers, the Company separately analyzes the time and amount of write-off based on whether the amount of recovery may be reasonably expected. The Company expects that the written-off amount will not be significantly reversed. However, written-off financial assets may still be enforced to comply with the Company's procedures in recovering overdue amounts.

(3) Derecognition of Financial Assets

The Company derecognizes its financial assets upon the termination of contractual rights to the cash flows from the assets, or when the financial assets are transferred, and the substantial risks and compensation regarding the ownership of the assets are transferred to other enterprises, or the substantial risks and compensation regarding the ownership of the assets are not transferred or retained, and the control over the financial assets is not retained.

The Company continues to recognize transactions entered into for the transfer of financial assets in the balance sheet when the substantial risks and compensation regarding the ownership of the transferred assets are retained.

2. Financial Liabilities

(1) Financial Liabilities

Financial Liabilities are subsequently measured at amortized costs using. Related profits or losses, including any interest expenses, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized costs using the effective interest method. Interest expenses and gains or losses on exchanges are recognized in profit or loss. Upon derecognition, any gains or losses are recognized in profit or loss.

(2) Equity transactions

Equity instruments refer to any contract with remaining interests after all liabilities are deducted from the assets of the Company. The equity instruments issued by the Company are recognized at the amount equivalent to proceeds deducting direct issuance costs.

(3) Derecognition of Financial Liabilities

The Company derecognizes its financial liabilities upon the performance, cancellation, or expiry of contract obligations. When significant differences occur to the cash flows of liabilities upon or after the amendments to terms of financial liabilities, the Company derecognizes the original financial liabilities and recognizes new financial liabilities at fair value based on the amended terms.

Upon the derecognition of financial liabilities, the differences between its carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) are recognized in profit or loss.

(4) Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities may be offset with its net amount presented in the balance sheet when the Company currently has legal rights to enforce the offset and intends to settle on a net basis or concurrently realize assets and settle liabilities.

(7) Inventory

The inventories are measured at the lower of costs and net realizable value. Initial costs of inventories are necessary expenses incurred in bringing inventories to the condition and venue available for use, with calculations using the weighted average method. The net realizable value is calculated based on the estimated selling price less costs requiring contribution and expenses for sales of goods under normal operations of the Company.

(8) Property, Plant and Equipment

1. Recognition and Measurement

Items of property, plant and equipment are measured at costs less accumulated depreciation and any accumulated impairment losses.

When significant components of property, plant and equipment have different useful lives, such components shall be accounted for as a single item of property, plant and equipment.

Gains or losses on the disposals of property, plant and equipment are recognized in profit or loss.

2. Subsequent Costs

Subsequent expenses are capitalized when the future economic benefits are likely to flow into the Company.

3. Depreciation

Depreciation is calculated at assets costs less residual value, and are recognized in profit or loss during the estimated useful life of each component on a straight-line basis. Office equipment has an estimated useful life of 3~5 years.

The Company reviews depreciation method, useful years and residual value on every Reporting Date, and make appropriate adjustments when necessary.

(9) Lease - Lessee

The Company evaluates whether a contract is or includes a lease on the date of establishing the contract. When the contract transfers the control for the use of identified assets for a period in exchange for considerations, the contract is, or includes a lease.

The Company recognizes right-of-use assets and lease liabilities on the commencement date of the lease. Right-of-use assets are initially measured at costs. Such costs include the initial measurements of lease liabilities, adjusted according to any lease payment paid on or before the commencement date of the lease, plus initial direct costs incurred and estimated costs to dissemble or remove the target asset and restore to its location or target assets, less any lease incentives received.

Right-of-use assets are subsequently depreciated during the period from the commencement date of the lease to the expiry of the right-of-use asset's useful life or the expiry of the lease period, whichever is earlier, on a straight-line basis. Furthermore, the Company regularly evaluates whether right-of-use assets are impaired and accounts for any impairment loss incurred, and adjusts the right-of-use assets for remeasurements that occurred to lease liabilities.

Lease liabilities are initially measured at the current value of the outstanding lease payment on the commencement date of the lease. Where the interest rate implicit in a lease can be easily determined, the discount rate shall be such interest rate; where the interest rate implicit in a lease cannot be readily determined, the discount rate shall be the incremental borrowing interest rate of the Company. In general, the Company adopts its incremental borrowing interest rate as the discount rate.

Lease payment included in the measurement of lease liabilities includes:

1. Fixed payment, include the substantial fixed payment;
2. Variable lease payment subject to a certain index or rate is initially measured at the index or rate on the commencement date of the lease;
3. The residual value guarantee expected to pay; and
4. Exercise price or fines to be paid when it is reasonably confirmed that the right to call option or the lease termination option will be exercised.

Subsequently, interests for lease liabilities are accrued using the effective interest method, and the amount will be remeasured upon the occurrence of the following circumstances:

1. Changes in future lease payment resulted from changes in the index or rate used to determine the lease payment;
2. Changes in the residual value guarantee expected to pay;
3. Changes in the evaluation on the rights to call option regarding the target asset;
4. Changes in the evaluation for the lease period resulted from the changes in the estimate for whether exercising the rights to extension or termination;
5. Amendments to the lease target, scope, other terms.

When remeasuring lease liabilities due to changes in the evaluation regarding changes in the index or rate used to determine the lease payment, changes in the residual value guarantee, and changes in the evaluation on the rights to call option, extension, or termination above, the Company adjusts the carrying amount of the right-of-use assets accordingly, and recognize the remaining remeasurements in profit or loss when the carrying amount of the right-of-use assets is reduced to nil.

For lease amendments related to reducing the scope of the lease, the Company reduces the carrying amount of the right-of-use assets to reflect the partial or overall termination of the lease, and recognizes the differences between the carrying amount and the remeasurement for the lease liabilities in profit or loss.

For short-term lease related to the lease of office equipment and the lease of low-value target assets, the Company elects to not recognize the right-of-use assets or lease liabilities, and the relevant lease payments are recognized as expenses throughout the lease period on a straight-line basis.

(10) Intangible Assets

1. Recognition and Measurement

The Company measures the computer software with limited useful lives acquired at costs less accumulated amortization and accumulated impairment.

2. Subsequent Costs

Subsequent expenses are capitalized when the future economic benefits are likely to flow into the Company. All other expenses are recognized as profit or loss upon occurrence.

3. Amortization

Amortization is calculated based on asset costs less estimated residual value, and is recognized in profit or loss during its estimated useful life on a straight-line basis when the intangible asset is ready for use.

The expense of computer software is amortized based on the useful life of 3 years from the time spot it becomes available for use and on a straight-line basis. The amortized amounts are recognized as profit or loss.

The Company shall at least examine the amortization method, useful life, and residual value of intangible assets on each annual reporting date and makes appropriate adjustments when necessary.

(11) Impairment of Non-Financial Assets

The Company evaluates whether there is evidence of impairment regarding the carrying amount of non-financial assets (excluding inventories and deferred income tax assets) on each Reporting Date. Where any evidence exists, the Company estimates the recoverable amount of the asset.

For impairment testing, the Company uses a set of assets with its cash inflows substantially separated from cash inflows of other individual assets or asset groups as the minimum identifiable asset group.

Recoverable amount is the higher of the fair value of an individual asset or cash-generating unit (the "CGU") less disposal costs and its value in use. When evaluating the value in use, the estimated future cash flows are discounted to the current value at the pre-tax discount rate; the discount rate shall reflect current market assessments of the time value of money and the risks specific to the asset or CGU.

The Company recognizes impairment losses when the recoverable amount of the individual asset or CGU is lower than its carrying amount.

(12) Income Recognition

Income is measured at the consideration expected to be entitled to obtain for the transfer of products or services. The Company recognizes its income when fulfilling the performance obligation due to the transfer of control over products or services to customers. The primary items of income of the Company are described as follows:

1. Sales of Products

The Company manufactures ceramic tiles and sells them to distributors. The Company recognizes its income upon the transfer of control over products. The transfer of control over products refers to the delivery of products to customers, customers may determine the sales channels and prices of products at their discretion, and there is no outstanding obligation that may affect customers accepting the products. The delivery occurred when delivering products to a particular venue, the risks of obsolete and loss are transferred to customers, and the customers had accepted the products according to the sales contract with acceptance inspection terms invalid, or when the Company has objective evidence to consider that all acceptance inspection conditions are satisfied.

The Company recognizes account receivables upon the delivery of products, as the Company has the right to unconditionally receive the consideration at the time.

2. Income from Services through Labor

The Company offers maintenance and consultancy services for its products. Where the transaction results for labors provided may be dependably estimated, the income generated is recognized based on the degree of completion on the Reporting Date. The Company has

Where the hourly rate for labors are provided in a contract, the income is recognized by the amounts contained on invoices issued by the Company under entitlement. The Company requests such payment from the customers on a monthly basis, and may receive the payment as consideration following issuance of the relevant invoice(s).

(13) Employees benefits

1. Defined Contribution Plans

The contribution obligations for defined contribution plans are recognized as expenses during the period when employees provide their services.

2. Defined Benefit Plan

The net obligations of the Company under the defined benefit plans are calculated based on the earned future benefit amount discounted to the current value for the services provided by employees during the current or prior periods, less fair value of plan assets.

Actuarial for defined benefit obligations are performed by qualified actuary according to the projected unit credit method each year. When the calculation results are likely to be favorable to the Company, assets recognition shall be limited to the current value of any economic benefits that may be obtained in the manner of returning the appropriation from the plans or reducing the future appropriation for the plans. When calculating the current value of economic benefits, the Company considers all minimum fund appropriation requirements.

The remeasurements of net defined benefit liabilities (including actuarial gain or loss, return on plan assets (excluding interests)) and any changes in the effect of asset cap (excluding interests) are immediately recognized in other comprehensive income and accumulated in retained earnings. For the determination of net interest expenses (income) from net defined benefit liabilities (assets), the Company makes use of the net defined benefit liabilities (assets) and discount rate determined at the beginning of the annual reporting period. Net interest expenses and other expenses from the defined benefit plans are recognized in profit or loss.

Upon the amendments to or reduction in the plans, the changes in benefits incurred related to past service costs or reduction gains or losses are immediately recognized in profit or loss. Upon settlement, the Company recognizes the gains or losses from the settlement of defined benefit plans.

3. Short-Term Employee Benefits

Short-term employee benefits are recognized as expenses upon the provision of services. Where the Company is liable for the legal or constructive payment obligations due to the services provided by employees in the past, and such obligations may be reliably estimated, the amount shall be recognized as liabilities.

(14) Share-Based Payment Transactions

The share-based payment agreement for equity delivery is based on the fair value on the date of grant, and during the vesting period of the reward, the expense is recognized and the relative equity is increased. The recognized expense is under adjustment based on expected compliance with service conditions and the quantity of rewards under the vested conditions at a non-current value; and the final recognition is measured on the basis of the compliance with service conditions on the vesting date and the quantity of rewards under the vested conditions at a non-current value.

The non-acquired conditions of the share-based payment rewards have been reflected in the measurement of the fair value of the share-based payment date, and the difference between the expected and actual results need not be verified and adjusted.

The date for share-based basic payment by the Company coincides with the date the Company's notifications on subscription price and the number of shares available for subscription is made.

(15) Income Tax

Income tax includes current and deferred income tax. Except for business mergers and items directly recognized in equity or other comprehensive income, current income tax and deferred income tax shall be recognized in profit or loss.

Current income tax includes the estimated income tax payable or tax reimbursement receivable calculated based on the taxable income (loss) of the year, and the adjustments to any income tax payable or tax reimbursement receivable for prior years. The amount shall be the best estimates for the amount expected to pay or receive measured at the statutory tax rate or the tax rate substantially enacted on the Reporting Date.

Deferred income tax is measured and recognized based on the temporary differences between the carrying amount of assets and liabilities for the purpose of financial reporting and their taxable basis.

Unused taxable losses and unused income tax credits carry forward and temporary deductible differences are recognized as deferred income tax assets, to the extent that there may be future taxable income available, and are re-evaluated on each Reporting Date. The amounts are adjusted downward for relevant income tax gains to the extent where it is likely to realize, or reversed the reduced amount to the extent where there is likely to be sufficient taxable income.

Deferred income tax is measured at the tax rate at the time expected for the reversal of the temporary differences, and the statutory tax rate or tax rate substantially enacted on the Reporting Date are used as the basis.

The Company offsets deferred tax assets and deferred tax liabilities upon the satisfaction of the following conditions:

1. The Company has the right to enforce the offset of current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to any of the following taxable entity regarding the income tax levied by the same taxation authority:
   (1) The same taxable entity; or
   (2) Different taxable entities, but the entities intend to settle current income tax liabilities and assets on a net basis or concurrently realize assets and settle liabilities in each future period that they expect to recover the deferred income tax assets with significant amounts or expect to settle deferred income tax liabilities.

(16) Earnings per Share

The Company presents basic and diluted earnings per share attributable to the holders of the ordinary shares of the Company. The basic earnings per share of the Company are calculated based on the profit or loss attributable to holders of the ordinary shares of the Company, divided by the weighted average number of outstanding ordinary shares for the current period. The diluted earnings per share are calculated based on the profit or loss attributable to holders of the ordinary shares of the Company and the weighted average number of outstanding ordinary shares after adjustments made for the effects of all potential diluted ordinary shares.

(17) Segment Information

Business segments are components of the Company, and they engage in operating activities that may earn income and incur expenses (including income and expenses related to transactions with other components within the Company). The operating results of all business segments are regularly reviewed by the primary decision-maker of the Company to establish the decisions to allocate resources to such departments and evaluate their performances.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

When preparing the consolidated financial statements according to the Preparation Regulations, the management is required to make judgments, estimates, and assumptions that have effects on the adoption of accounting policies and the reported amount of assets, liabilities, revenue, and expenses. The actual results may differ from the estimation.

The management continued to examine the estimation and basic assumption; the changes in accounting estimated are recognized during the period when the changes occurred and the future periods affected.

These financial statements do not contain information concerning accounting policies that involve material determination and may have material influence on recognized amounts herein.

The Company may confirm that there is no matter of uncertainty concerning assumptions and estimates which have material risks potentially leading to material adjustments.

6. Description of Significant Accounting Items

(1) Cash and Cash Equivalents

	2022.12.31	2021.12.31
Cash	$ -	100
Current Deposits	242,198	162,670
Check Deposits	690	581
	$ 242,888	163,351

For disclosure of interest rate risks and sensitivity analysis concerning financial assets and liabilities of the Company, please refer to Note 6 (16). In addition, the Company requested loans of funds on 31 December 2022 and 2021, with current deposits at NT$3,580 Thousand and NT$580 Thousand as collaterals, recognized as Financial Assets at Amortized Cost – Current. For situation of pledges and collaterals, please refer to Note 8.

(2) Notes Receivable and Accounts Receivable

	2022.12.31	2021.12.31
Notes Receivable	$ 402	515

Accounts Receivable	473,247	278,049
Long-Term Receivables	78,280	25,300
Less: Allowance for Uncollectible Accounts	(25)	(107)
Unrealized Interest Revenue－Long-Term Receivables	(2,519)	-
	$ 549,385	303,757

The Company adopts the simplified method to estimate the ECL of its note receivables and account receivables; in other words, the Company uses lifetime ECL for measurements. For measuring purposes, notes receivable and accounts receivable are grouped based on the shared credit risk characteristics regarding customers paying all amounts falling due according to the contract terms, with forward-looking information containing macroeconomics and industrial updates included.

The ECL for notes receivable and accounts receivable of the Company on 31 December 2022 and 2021 are analyzed as follows:

	2022.12.31		
	Amount of Notes and Accounts Receivables	**ECL Rate (%)**	**Allowance for Lifetime UCL**
Not Overdue	$ 546,343	0	-
1~30 Days Overdue	2,332	0	-
31 ~ 60 Days Overdue	2,672	0.34	9
61 ~ 90 Days Overdue	539	2.04	11
121 ~ 180 Days Overdue	43	11.63	5
	$ 551,929		25

	2021.12.31		
	Amount of Notes and Accounts Receivables	**ECL Rate (%)**	**Allowance for Lifetime UCL**
Not Overdue	$ 250,365	-	-
1~30 Days Overdue	36,799	-	-
31 ~ 60 Days Overdue	13,745	0.26	36
61 ~ 90 Days Overdue	2,955	2.42	71
	$ 303,864		107

Movements in the loss allowance for notes and accounts receivables of the Company for the year ended on 31 December 2022 and 2021 are as follows:

	2022	2021
Opening Balance	$ 107	270
Gain on Reversal of Impairment Loss Recognized	(82)	(163)
Closing Balance	**$ 25**	**107**

As of 31 December 2022 and 2021, the Company had not discounted or pledged its accounts receivable.

(3) Inventory

	2022.12.31	2021.12.31
Inventories of Products	$ 348,500	46,303
Allowance for Inventory Falling Price Loss	(4,199)	(9,107)
	$ 344,301	**37,196**

Items currently recognized by the Company as product sales costs are as follows:

	2022	2021
Cost of Inventory Sold	$ 1,218,535	929,011
Inventory Falling Price Loss (Gain from Reversal)	(4,908)	1,815
Service and Maintenance Costs	42,477	38,117
	$ 1,256,104	**968,943**

As of 31 December 2022 and 2021, the Company had not pledged its Inventories.

(4)Property, Plant and Equipment

Movements in the Costs and Cumulative Depreciation of the Company's Property, Plant and Equipment for the Year Ended on 31 December 2022 and 2021 are as follows:

	Office Equipment
Costs:	
Balance on 1 January 2022	$ 6,772
Addition	702
Disposal	(2,119)
Balance on 31 December 2022	**$ 5,355**
Balance on 1 January 2021	$ 7,889

Addition		200
Disposal		(1,317)
Balance on 31 December 2021	$	6,772
Cumulative Depreciation:		
Balance on 1 January 2022	$	4,046
Depreciation		1,192
Disposal		(2,119)
Balance on 31 December 2022	$	3,119
Balance on 1 January 2021	$	3,620
Depreciation		1,743
Disposal		(1,317)
Balance on 31 December 2021	$	4,046
Carrying Value:		
Balance on 31 December 2022	$	2,236
Balance on 31 December 2021	$	2,726

As of 31 December 2022 and 2021, the Company had not pledged its Property, Plant and Equipment.

(5)Right-of-Use Assets

Movements in the costs and depreciation for the houses, buildings and transportation equipment leased by the Company are as follows:

		Houses and Buildings	Transportation Equipment	Total
Right-of-Use Assets Cost:				
Balance on 1 January 2022	$	43,996	2,229	46,225
Addition		800	2,659	3,459
Contract Maturity		(1,084)	(2,229)	(3,313)
Balance on 31 December 2022	$	43,712	2,659	46,371
Balance on 1 January 2021	$	44,259	2,229	46,488
Contract Maturity		(263)	-	(263)
Balance on 31 December 2021	$	43,996	2,229	46,225
Depreciation and Impairment Loss of Right-of-Use Assets:				
Balance on 1 January 2022	$	13,737	2,167	15,904

Current Depreciation		5,434	801	6,235
Contract Maturity		(573)	(2,229)	(2,802)
Balance on 31 December 2022	$	18,598	739	19,337
Balance on 1 January 2021	$	8,326	1,424	9,750
Current Depreciation		5,458	743	6,201
Contract Maturity		(47)	-	(47)
Balance on 31 December 2021	$	13,737	2,167	15,904
Carrying Value:				
Balance on 31 December 2022	$	25,114	1,920	27,034
Balance on 31 December 2021	$	30,259	62	30,321

(6) Short-Term Borrowings

The Company's short-term borrowings are stated as follows:

		2022.12.31	2021.12.31
Unsecured Bank Borrowings	$	150,565	28,000
Unused Credits	$	351,435	297,000
Range of Interest Rate (%)		1.87~2.54	1.66

For situation of the Company's pledge of assets as collateral for bank borrowings, please refer to Note 8.

(7) Lease Liabilities

Carrying amounts of the Company's lease liabilities are as follows:

		2022.12.31	2021.12.31
Current	$	6,401	5,371
Non-Current		21,444	25,657
Total	$	27,845	31,028

For maturity analysis, please refer to Note 6 (16) Financial Instruments.

Amounts of lease recognized as profit or loss are as follows:

		2022	2021
Interest Expenses incurred by Lease Liabilities	$	570	643
Short-Term Lease Expense	$	12	52
Expense of Low-Value Lease Assets (not incl. those under short lease periods)	$	22	24

Amounts recognized in the Statement of Cash Flows are as follows:

		2022	2021
Total Cash Outflow from Operating Activities	$	604	719
Total Cash Outflow from Funding Activities		6,113	6,006
Total Cash Outflow from Leases	$	6,717	6,725

The Company has leased houses and buildings as office premise and transportation equipment for operation purpose. The lease term for office premises is generally 5 years, and that for transportation equipment is generally 3 years.

(8) Employee Benefits

1. Defined Benefit Plans

Reconciliation between the current value of defined benefit obligations and the fair value of plan assets of the Company is as follows:

		2022.12.31	2021.12.31
Current Value of Defined Benefit Obligations	$	9,680	10,708
Fair Value of Plan Assets		(6,146)	(5,417)
Net Defined Benefit Liabilities	$	3,534	5,291

The Company's defined benefit plans contribute to the accounts of labor retirement reserve fund at the Bank of Taiwan for pension payment to employees pursuant to the Labor Standard Act, whose amounts are calculated based on years of services and the average salaries for the six months before their retirement.

(1) Composition of Plan Assets

The retirement fund appropriated by the Company according to the Labor Standard Act is managed by the Bureau of Labor Funds under the Ministry of Labor (the "BLF"). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," with regard to utilization of the fund, the minimum earnings in the distributions of each period shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Furthermore, the Company has set aside an employee retirement fund in form of time or current deposit for depositing into specialized accounts at the designated financial institution pursuant to "Regulations governing Safekeeping, Use and Distribution of Employee Retirement Funds Established by Profit-Seeking Businesses". The appropriation of such employee retirement fund is separated from appropriation of funds by the Company, and principle and interests of such account may not be spent in any form in addition to payments of employee pension and severance pay.

As of the 31 December 2022, the balance in the Company's account for labor retirement reserve fund at Bank of Taiwan was NT$6,104 Thousand. Data regarding the utilization of labor retirement reserve fund assets include fund yield and fund asset allocation. For details, please refer to the information announced on the website of BLF.

(2) Change in Current Value of Defined Benefit Obligations

Changes in the current value of the Company's defined benefit obligations are as follows:

		2022	2021
Defined Benefit Obligations on 1 January	$	10,708	9,894
Current Service Costs		-	-
Interest Costs		67	74
Remeasurement for Net Defined Benefit Liabilities (Assets)			
－Actuarial Gains and Losses Adjusted based on Experience		349	256
－Actuarial Gains and Losses arising from Changes in Financial Assumptions		(1,444)	484
Defined Benefit Obligations on 31 December	$	9,680	10,708

(3) Changes in the Current Fair Value of Plan Assets

Changes in the fair value of defined benefit plan assets are as follows:

		2022	2021
Fair Value of Plan Assets 1 January	$	(5,417)	(5,050)
Interest Revenue		(35)	(39)
Remeasurement for Net Defined Benefit Liabilities			
－Actuarial Gains and Losses (not incl. Current Interests)		(415)	(50)
Amounts Contributed to the Plan		(279)	(278)
Fair Value of Plan Assets on 31 December	$	(6,146)	(5,417)

(4) Changes in Assets Cap

There is no cap for the Company's defined benefit plan assets in 2022 and 2021.

(5) Expenses Recognized in Profit or Loss

In 2022 and 2021, the expenses recognized are stated as follows:

	2022	2021
Net Interest of Net Defined Benefit Liabilities	$ 32	35

(6) Actuarial Assumption

Major actuarial assumptions used by the Company at the end of the financial reporting period are as follows:

	2022.12.31	2021.12.31
Discount Rate	1.750%	0.625%
Increase in Future Salaries	1.750%	1.750%

The Company expected to make payment for the appropriation of defined benefit plans within one year from 31 December 2022 in the amount of NT$281 Thousand. The weighted average lifetime for defined benefit plans is 13.44 years.

(7) Sensitivity Analysis

On 31 December 2022 and 2021, the effects arising from changes in the major actuarial assumptions adopted on the current value of defined benefit obligations are as follows:

	Effects on the Defined Benefit Obligations	
	Increase by 0.25%	Decrease by 0.25%
31 December 2022		
Discount Rate	(290)	300
Increase in Future Salaries	295	(285)
31 December 2021		
Discount Rate	(357)	372
Increase in Future Salaries	361	(349)

The sensitivity analysis above analyzes the effects of changes in a single assumption based on the circumstances when other assumptions remain stable. In practice, changes in multiple assumptions may be linked. The method adopted for the sensitivity analysis is consistent with the calculation for net retirement fund liabilities in the balance sheet. The method and assumptions used in preparing the sensitivity analysis for the period are the same as that of the previous period.

2. Defined Contribution Plans

Pursuant to the Labor Pension Act, the Company's defined contribution plan make contributions to the labor pension personal account at the Bureau of Labor Insurance with a contribution rate equivalent to 6.00% of the monthly wages of laborers. Under the plans, the Company has no legal or constructive obligations to pay an additional amount after contributing a fixed amount to the Bureau of Labor Insurance.

Pension expenses under the Company's Regulations for Defined Contribution Pension in 2022 and 2021 were NT$4,245 Thousand and NT$3,470 Thousand.

(9) Income Tax

1. The Company's income tax expenses in 2022 and 2021 are detailed as follows:

	2022	2021
Current Income Tax Expenses		
Incurred during the Period	$ 21,627	20,107
Adjustments to Current Income Tax for the Previous Period	(19)	16
Deferred Income Tax Expenses (Gain)		
Occurrence of Temporary Difference	1,258	(1,298)
Income Tax Expenses	$ 22,866	18,825

In 2022 and 2021, details on income tax expense (gains) recognized under other comprehensive income of the Company are as follows:

	2022	2021
Items not to be Reclassified into Profit or Loss:		
Remeasurements of Defined Benefit Plans	$ 302	(138)

In 2022 and 2021, reconciliation between income tax expenses and net profit (loss) before tax is as follows:

	2022	2021
Net Profit before Tax	$ 114,423	97,824
Income Tax Calculated based on the Domestic Tax Rate where the Company Locates	$ 22,885	19,565
Underestimation of Deferred Income Tax Asset in the Previous Year	-	(756)

(Over) Underestimation in the Previous Period	(19)	16
Total	$ 22,866	18,825

2. Recognized Deferred Income Tax Asset and Liabilities

In 2022 and 2021, changes in deferred income tax assets and liabilities are as follows:

Deferred Income Tax Asset:

	Allowance for Inventories Price-Drop Loss	Remeasurement for Defined Benefits	Recognition of Refund Liabilities	Total
Balance on 1 January 2022	$ 1,822	1,058	227	3,107
Debited/Credited to Statements of Profit or Loss	(982)	(49)	(227)	(1,258)
Recognized as Other Comprehensive Loss	-	(302)	-	(302)
Balance on 31 December 2022	**840**	**707**	**-**	**1,547**
Balance on 1 January 2021	$ 1,458	213	-	1,671
Debited/Credited to Statements of Profit or Loss	364	707	227	1,298
Recognized as Other Comprehensive Gain	-	138	-	138
Balance on 31 December 2021	**$ 1,822**	**1,058**	**227**	**3,107**

3. Approval of Income Tax

The Company's Profit-seeking Enterprise Annual Income Tax Return was submitted to the tax authority and was approved up to 2020.

(10) Capital and Other Equity

1. Issuance of Ordinary Shares

As of 31 December 2022 and 2021, the total authorized capital of the Company is NT$300,000 thousand, with 22,000 and 14,500 thousands of ordinary shares issued in two installments, with a par value of NT$10. All payments for the subscription of issued shares have been collected.

On 10 June 2022 and 18 August 2021, the Company had resolved in its Regular Shareholder's Meetings the issuance of new shares from capital increase out of undistributed earnings at 4,350 Thousand and 2,000 Thousand shares, with 3 October 2022 and 5 October 2021 set as Record Dates of Capital Increase.

Relevant change registrations pursuant to relevant laws and regulations had been completed.

On 17 October 2022, the Board of the Company had resolved the proposal of issuance of ordinary shares at 3,150 Thousand shares through cash capital increase for the underwriting upon initial listing on OTC market, with public subscription price at NT$44.88. This proposal of capital increase was approved by competent authorities on 8 November 2022, and 12 December 2022 is the capital increase base date, with NT$138,184 Thousand of capital payments in total collected in full.

On 6 September and 8 October 2021, the Board of the Company had resolved the cash capital increase and issuance of employee stock warrant, with 5 October and 13 October 2021 set as Record Dates of Capital Increase. A collective 2,500 Thousand shares were issued in the above two proposals, with the par value of NT$10 per share and in premium of NT$17 per share. The total capital stock was NT$42,500 Thousand, and relevant change registration procedures had been completed.

2. Capital Reserve

The balance of the Company's capital reserve comprises the following:

	2022.12.31	2021.12.31
Premium for the Issuance of Shares	$ 133,284	26,600

According to the requirements of the Company Act, distribution of new shares or cash may be made from the realized capital reserve according to the original shareholding of the shareholders after the capital reserve had been used for compensating losses first. The realized capital reserve mentioned above includes the premium received from the issuance of shares at a price exceeding its par value and proceeds received from donations. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, for capital reserves to be appropriated to capital, the aggregate appropriation amount each year shall not exceed 10% of the paid-in capital.

3.Retained Earnings

According to the Company's Articles of Incorporation, any surplus from the final annual account shall be used for tax payment and compensation for losses in prior years before appropriating 10% of the retained earnings as the legal reserve; however, this shall not apply when the legal reserve amounts to the Company's paid-in capital. A special reserve shall be provided or reversed according to the laws and regulations or the requirements of the competent authority. Where there are still earnings, the retained earnings shall be combined with the undistributed earnings at the beginning of the period, and the Board shall propose the earnings distribution to the Shareholders' Meeting for the resolution on distribution.

The Company shall set aside a proportion no less than 10% of the distributable earnings for the current year as the shareholder's dividend. Where there is a loss for the current year or there are still earnings from the previous years, the earnings for the previous years may be distributable; however, the Company may elect not to distribute dividend to shareholders where the Company's cumulative earnings distributable for current year is lower than 10% of the Company's paid-in capital. The distribution of shareholders' dividend may be made in cash or stock, among which the total dividend paid in cash may not be lower than 10% of the distributable earnings for the current year.

(1) Legal Reserve

When the Company has no loss, the Shareholders' Meeting may pass the resolution to distribute new shares or cash from the legal reserve to the extent that the reserve exceeds 25% of its paid-in capital.

(2) Earnings Distributions

On 10 June 2022 and 18 August 2021, the Annual Shareholders' Meeting passed the loss compensation resolutions for 2021 and 2020. The amounts of dividend distributed to owners of ordinary shares is as follows:

	2021		2020	
	EPS (NT$)	**Amount**	**EPS (NT$)**	**Amount**
Dividend Distributed to Owners of Ordinary Shares:				
Cash	$ 1.50	21,750	1.00	10,000
Stock	3.00	43,500	2.00	20,000
		$ 65,250		30,000

On 24 February 2023, the Board of the Company proposed the distribution of earnings in 2022. The amounts of dividend distributed to owners of ordinary shares is as follows:

	2022	
	EPS (NT$)	**Amount**
Dividend Distributed to Owners of Ordinary Shares:		
Cash	$ 3.80	83,600

Pease visit the MOPS for information related to earnings distributions resolved in the Company's Shareholders' Meetings.

(11) Share-Based Payments

The information related to share-based payment transactions by the Company in 2022 and 2021 is as follows:

	2022	2021
	Cash Capital Increase Reserved for Employee Subscription	**Employee Stock Option**
Grant Date	2022/12/1	2021/10/8
Quantity Granted	341 Units	500 Units
Contract Period (Years)	0.0250	0.0137
Vested Parties	Employees Meeting Specific Requirements	Employees Meeting Specific Requirements
Vesting Conditions	Vested Immediately	Vested Immediately

1. Measure Parameters for Fair Value on Grant Date

The Company adopts Black-Scholes model as the option assessment model to evaluate the fair value of share-based payments on Grant Date. The input values of such model is as follows:

	2022	2021
	Cash Capital Increase Reserved for Employee Subscription	**Employee Stock Option**
Fair Value on Grant Date (NT$)	0.4100	0.1000
Exercise Price (NT$)	44.88	17.00
Option Retention Period (Years)	0.0250	0.0137
Expected Dividend (%)	-	-
Risk-Free Rate (%)	0.85	0.21

2. Detailed information for employee stock option plan is as follows:

	2022		2021	
	Weighted-Average Exercise Price (NT$)	Number of Shares Subscribed	Weighted-Average Exercise Price (NT$)	Number of Shares Subscribed
Outstanding on 1 January	$ -	-	-	-
Number of Shares Granted in Current Period	44.88	341	17.00	500
Number of Shares Exercised in Current Period	44.88	(341)	17.00	(500)
Outstanding on 31 December	-	-	-	-
Exercisable on 31 December	-	-	-	-

(12) Earnings per Share

	2022	2021
Basic Earnings per Share:		
Profit for the Period	$ 91,557	78,999
Weighted-Average Number of Ordinary Shares Outstanding (Unit: Thousand Shares)	19,022	16,368
Basic Earnings per Share (Unit: NT$)	$ 4.81	4.83
Diluted Earnings per Share:		
Profit for the Period	$ 91,557	78,999
Weighted-Average Number of Ordinary Shares Outstanding (Unit: Thousand Shares)	19,022	16,368
Dilutive Potential Ordinary Share－Employees’ Remunerations (Unit: Thousand Shares)	381	375
Calculation of Weighted-Average Outstanding Shares for Diluted Earnings per Share (Unit: Thousand Shares)	19,403	16,743
Diluted Earnings per Share (Unit: NT$)	$ 4.72	4.72

(13) Income from Contracts with Customers

1. Income Breakdown

		2022	2021
Major Regional Markets:			
Taiwan	$	1,469,921	1,107,805
Others		6,845	56,921
	$	1,476,766	1,164,726
Primary Products/Services:			
Sales of Computer Software	$	1,373,404	1,057,177
Service and Repair Income		108,123	108,302
Others		410	385
Less: Sales Return and Allowance		(5,171)	(1,138)
	$	1,476,766	1,164,726

2. Contract Balance

		2022.12.31	2021.12.31	2021.1.1
Notes and Accounts Receivables (incl. Long-Term Receivables)	$	551,929	303,864	222,288
Less: Loss Allowance		(25)	(107)	(270)
Unrealized Interest Revenue		(2,519)	-	-
Total	$	549,385	303,757	222,018
Contract Liabilities	$	35,059	37,324	30,242

For disclosure of notes and accounts receivables and their impairment, please refer to Note 6 (2).

Opening balances for contract liabilities on 1 Jan 2022 and 2021 are recognized on 31 December 2022 and 2021 as incomes at NT$37,324 Thousand and NT$24,684 Thousand, respectively.

Changes in contract liabilities are mainly derived from the time spot differences between the Company's contract fulfillment through transfer of products or labor to customers and the customers' payments.

(14) Remuneration for Employees and Directors and Supervisors

According to the predecessor Articles of Incorporation of the Company, where the Company recorded any profits for the year, it shall allocate 10%~15% as the remuneration for employees. However, when the Company has accumulated losses, it shall reserve the amount for compensation. The share or cash distribution targets for the above remuneration for employees include employees of subsidiaries fulfilling certain conditions. The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' remunerations in the preceding paragraph distributed in the form of shares or in cash. In addition, the Company made amendments to its Articles of Incorporation on 18 August 2021 by adding the provision "Where there is a profit in the final accounts, a portion no more than 3% of such profit shall be set aside as directors and supervisors' remunerations. However, the company's accumulated losses shall have been covered." On 24 January 2022, the Company made additional amendments to its Articles of Incorporation by revising the "directors and supervisors' remunerations" to "directors' remunerations" due to its re-election of directors and supervisors and establishment of its Audit Committee as replacement of supervisors. The directors' remunerations as provided for in the preceding article may only be made in form of cash.

The Company's remunerations for the employees recognized in 2022 and 2021 are NT$ 15,795 Thousand and NT$14,000 Thousand, respectively, and the estimates for the directors and supervisors' remunerations in the said years are NT$1,403 Thousand and NT$700 Thousand, respectively. The above-mentioned estimates are based on the Company's net profit before tax in the said periods prior to deduction of employees' remunerations, multiplied by distribution percentage(s) for employees' remunerations provided for in the Company's Articles of Incorporation. The remunerations are recognized as operating expenses in 2022 and 2021. Where the actual distribution for the upcoming year has a difference from its estimates, such difference shall be handled on the basis of changes in accounting estimates and recognized as profit or loss in the upcoming year. Where the Board has resolved the distribution of the employees' remunerations in the form of shares, the calculation for the shares as remunerations in 2022 shall be based on the closing price of ordinary shares on the date prior to the date of Board resolution, and calculation for the shares as remunerations in 2021 shall be based on the net values on the financial statements in the preceding year.

The actual distribution regarding the remuneration for employees and directors during 2022 and 2021 as resolved by the Board equaled the amounts recognized in the financial statements. Please visit MOPS for relevant information.

(15) Non-Operating Incomes and Expenses

1. Interest Revenue

		2022	2021
Interest Incurred by Bank Deposit	$	231	53
Imputed Interest Revenue from Security Deposit		15	15
	$	246	68

2. Other Gains and Losses

		2022	2021
Commission Income	$	2,143	271
Lease Modification Gain		18	2
Net Gain (Loss) from Foreign Currency Exchanges		(434)	35
Other Losses		(40)	-
	$	1,687	308

3. Financial Costs

		2022	2021
Interest Expenses:			
Bank Borrowings	$	5,956	3,893
Lease Liabilities		570	643
	$	6,526	4,536

(16) Financial Instruments

1. Credit Risks

(1) Exposure to Credit Risk

The carrying amount of financial assets is the maximum exposure to credit risks.

(2) Concentration of Credit Risk

As the Company has a broad base of customers who are not related to one another, the concentration of credit risk is limited.

(3) Credit Risk of Accounts Receivable

For information concerning exposure to Credit Risk of Notes and Accounts Receivables, please refer to Note 6 (2).

2. Liquidity Risks

Contract maturity dates for the Company's financial liabilities (not including the effects of estimated interest rates) are stated in the following table.

		Carrying Amounts	Contract Cash Flow	Within 1 Year	1-2 Years	2-5 Years	Over 5 Years
31 December 2022							
Non-Derivative Financial Liabilities							
Short-Term Borrowings	$	150,565	150,565	150,565	-	-	-
Accounts Payable		424,782	424,782	424,782	-	-	-
Other Payables		60,671	60,671	60,671	-	-	-
Lease Liabilities		27,845	27,845	6,401	6,521	14,923	-
	$	663,863	663,863	642,419	6,521	14,923	-
31 December 2021							
Non-Derivative Financial Liabilities							
Short-Term Borrowings	$	28,000	28,000	28,000	-	-	-
Accounts Payable		110,215	110,215	110,215	-	-	-
Other Payables		57,706	57,706	57,706	-	-	-
Lease Liabilities		31,028	31,028	5,371	5,407	16,718	3,532
	$	226,949	226,949	201,292	5,407	16,718	3,532

The Company does not expect the time of occurrence for cash flows within the maturity date analysis to be materially ahead of time or the actual amount to be significantly different.

3. Currency Risks

(1) Exposure to Currency Risks

Financial assets and liabilities of the Company exposed to significant foreign currency risk are as follows:

		2022.12.31			2021.12.31		
		Foreign Currencies	Exchange Rate	in NT$	Foreign Currencies	Exchange Rate	in NT$
Financial Assets							
Monetary Items							
US Dollars	$	25	30.66	760	577	27.79	16,032
Chinese Yuan Renminbi		24	4.38	105	-	-	-
Financial Liabilities							
Monetary Items							
US Dollars		200	30.75	6,149	93	27.85	2,588

(2) Sensitivity Analysis

The Company's exposure to currency risks is mainly derived from gains and losses through exchange of foreign currencies during conversion of cash and cash equivalents, accounts receivable (payable), etc. in valuation with non-functional currencies. For 2022 and 2021, where the New Taiwan Dollar is depreciated by 1% compared with US Dollars and all other factors stand, the net profit before tax would decrease or increase by NT$52 Thousand and NT$134 Thousand, respectively.

4. Interest Rate Analysis

The Company is not exposed to significant interest rate risks as its short-term borrowings are of fixed interest rates.

5. Fair Value Information

(1) Types of Financial Instruments and their Fair Values

Financial assets at fair value through other comprehensive income of the Company are measured at fair value on a repetitive basis. The carrying amount and fair value of the Consolidated Company's financial assets (including information on the level of fair value, but the carrying amount of financial assets not measured at fair value shall be the reasonable equivalent to its fair value, and no information on the fair value of lease liabilities is required to be disclosed according to the rules) are set out as follows:

	2022.12.31				
		Fair Value			
	Carrying Amounts	Level 1	Level 2	Level 3	Total
Financial Assets at Amortized Cost					
Cash and Cash Equivalents	$ 242,888	-	-	-	-
Financial Assets at Amortized Cost – Current	3,580	-	-	-	-
Notes and Accounts Receivables	473,624	-	-	-	-
Other Receivables	220	-	-	-	-
Refundable Deposits	18,930	-	-	-	-
Long-Term Receivables	75,761	-	-	-	-
Total	**$ 815,003**	**-**	**-**	**-**	**-**
Financial Liabilities at Amortized Cost					

	2022.12.31				
		Fair Value			
	Carrying Amounts	Level 1	Level 2	Level 3	Total
Short-Term Borrowings	$ 150,565	-	-	-	-
Accounts Payable	424,782	-	-	-	-
Other Payables	60,671	-	-	-	-
Lease Liabilities	27,845	-	-	-	-
Total	**$ 663,863**	**-**	**-**	**-**	**-**

	2021.12.31				
		Fair Value			
	carrying amounts	Level 1	Level 2	Level 3	合　計
Financial Assets at Amortized Cost					
Cash and Cash Equivalents	$ 163,351	-	-	-	-
Financial Assets at Amortized Cost – Current	580	-	-	-	-
Notes and Accounts Receivables	278,457	-	-	-	-
Other Receivables	41	-	-	-	-
Refundable Deposits	16,659	-	-	-	-
Long-Term Receivables	25,300	-	-	-	-
Total	**$ 484,388**	**-**	**-**	**-**	**-**

	2021.12.31				
		Fair Value			
	Carrying Value	Level 1	Level 1	Level 1	Total
Financial Liabilities at Amortized Cost					
Short-Term Borrowings	$ 28,000	-	-	-	-
Accounts Payable	110,215	-	-	-	-
Other Payables	57,706	-	-	-	-
Lease Liabilities	31,028	-	-	-	-
Total	**$ 226,949**	**-**	**-**	**-**	**-**

There has been no change in the fair value of financial assets or liabilities for the years ended on 31 December 2022 and 2021.

(17) Financial Risk Management

1. Summary

The Company is exposed to the following risks due to use of financial instruments:

(1) Credit Risk

(2) Liquidity Risk

(3) Market Risk

This note presents the exposure information, the Company's objectives for measuring and managing risks, policies, and procedures regarding the above risks.

2. Risk Management Structure

The Board is responsible for establishing and supervising the Company's risk management structure, whose establishment serves the purpose of identifying and analyzing the risks faced by the Company, setting of appropriate risk caps and controls, as well as supervision of risks and compliance with risk caps. The risk management policies and system are subject to re-examinations on a regular basis to reflect market circumstances and changes in the Company's operations.

Management of the Company supervises and re-examines the financial activities of the Company in accordance with relevant regulations and internal control system, with re-examination results reported to the Board on a regular basis.

3. Credit Risk

Credit risks refer to risks of financial losses incurred to the Company when customers or the transaction counterparties failed to perform their contractual obligations for financial instruments, primarily arising from the Company's accounts receivable from customers and other financial assets.

(1) Accounts Receivable

The Company is engaged in the wholesale and retail of information software and provision of professional consultancy, etc., and has a large customer base. As indicated by notes and accounts receivables on 31 December 2022 and 2021, there is no significant concentration of transactions with specific customers, the credit risk of accounts receivable is therefore without concerns of significant concentrations. The Company has established its credit policy determining credit limits for each customer on a by-case basis through individual analyses on credit statuses, and has taken measures including ongoing assessments on customers' financial statuses on a regular basis and insurance to reduce credit risk.

(2) Bank Deposit and Financial Assets at Amortized Cost

The credit risks related to financial assets inclusive of bank deposit and financial assets at amortized are under measurement and monitoring of the Company's finance department. The Company is exposed to no material credit risk due to the nature of its trading counterparties and other parties fulfilling the contracts as banks with good credits.

(3) Guarantee

The Company made no endorsement or guarantee in 2022 and 2021.

4. Liquidity Risk

Liquidity risks are risks of being unable to perform relevant obligations when the Company is not capable of settling financial liabilities by the delivery of cash or other financial assets. The methods adopted by the Company to manage its liquidity are supervisions over the current and mid-to-long-term funds needs on a regular basis and maintaining sufficient cash and cash equivalents and bank funding credits. The unused borrowing and funding credits on 31 December 2022 and 2021 are NT$351,435 Thousand and NT$297,000 Thousand, respectively.

5. Market Risk

Market risks refer to risks related to effects on the revenue of or value of financial instruments held by the Company due to changes in market prices, such as changes in exchange rates, interest rates, and prices of equity instruments. The goal of market risk management is to control the degree of exposure to market risk to within the acceptable range and to optimize returns on investments.

(1) Exchange Rate Risk

The Company is under no circumstances of material exchange rate risk as it operates in Taiwan with main transactions valuated in New Taiwan Dollars as functional currency.

(2) Interest Rate Risk

The Company is under no circumstances of material interest rate risk as its bank borrowings are on a fixed interest rate basis.

(18) Capital Management

Based on the characteristics of the current operating industry and the future development of the company, and considering factors such as changes in the external environment, The Company plans the needs of working capital, capital expenditures, and dividends in the future based on characteristics the Company is currently engaged in and future Company development along with changes in external circumstances to ensure that the Company may continue to operate, give back to shareholders, and at the same time take into account gain of other stakeholders, and maintain the optimal capital structure to enhance shareholder value in the long run. The Company monitors its capital through periodic reviews on the debt-to-capital ratio. The ratio is calculated based on net liabilities divided by total capital. Net liabilities shall be the total liabilities presented in the balance sheet less cash and cash equivalents. Total capital is all components of equity (i.e., share capital, capital reserve, and retained earnings).

Debt to Asset Ratios on 31 December 2022 and 2021 are as follows:

		2022.12.31	2021.12.31
Total Liabilities	$	716,462	289,142
Less: Cash and Cash Equivalents		(242,888)	(163,351)
Net Liabilities	$	473,574	125,791
Total Capital	$	480,653	271,454
Debt-to-Asset Ratio		98.53%	46.34%

The increase in debt-to-asset ratio on 31 December 2022 is mainly due to increase in total liabilities resulting from employment of bank borrowings needed in turnover of normal operating activities.

(19) Funding Activities for Non-Cash Transactions

For the Company's acquisition of right-of-use assets through lease in 2022 and 2021, please refer to Notes 6 (5) and (7).

Reconciliations for the Company's liabilities from funding activities in 2022 and 2021 are stated in the following table:

				Non-Cash Changes		
		2022.1.1	Cash Flow	Addition	Cancellation	2022.12.31
Short-Term Borrowings	$	28,000	122,565	-	-	150,565
Lease Liabilities		31,028	(6,113)	3,459	(529)	27,845
Total of Liabilities from Funding Activities	$	59,028	116,452	3,459	(529)	178,410

			Non-Cash Changes		
	2021.1.1	Cash Flow	Addition	Cancellation	2021.12.31
Short-Term Borrowings	$ 30,000	(2,000)	-	-	28,000
Lease Liabilities	37,252	(6,006)	-	(218)	31,028
Total of Liabilities from Funding Activities	**$ 67,252**	**(8,006)**	**-**	**(218)**	**59,028**

7. Transactions with Related Parties

(1) Name of Related Parties and their Relationships to the Company

Related parties engaged in transactions with the Company throughout the reporting period of these financial reports are as follows:

Name of Related Parties	Relationship to the Company
Ares International Corporation	An entity having significant influence over the Company
Hsu, Jin-Long	A member of the Company's key management personnel
Li, Han-Lin	A member of the Company's key management personnel

(2) Matters of Material Transactions with Related Parties

1. Purchase

The Company's purchases from related parties are as follows:

	2022	2021
An entity having significant influence over the Company	**$ 3,760**	**-**

Purchases from the above-mentioned related parties does not reveal significant differences from those made with generic suppliers; furthermore, the payment term of such purchases is 30-75 days, which does not significantly deviate from those made with generic suppliers.

2. Amounts Payable to Related Parties

The Company's accounts payable to the related parties are as follows:

Accounting Item	Category of Related Parties	2022.12.31	2021.12.31
Accounts Payable	An entity having significant influence over the Company	**$ 1,108**	**-**

3. Endorsement and Guarantee

The Company's key management personnel Hsu, Jin-Long and Li, Han-Lin, in form of credit guarantee, are the joint guarantors for the Company's borrowings from financial institutions in 2022 and 2021.

(3) Remunerations for Key Management Personnel

		2022	2021
Short-Term Employee Benefits	$	19,922	19,049
Post-Employment Benefits		435	433
	$	20,357	19,482

8. Pledged Assets

The carrying amount of the Company's assets pledged for security is detailed as follows:

Title of Assets	Target of Pledge	2022.12.31	2021.12.31
Financial Assets at Amortized Cost – Current:			
Restricted Bank Deposit	Short-Term Borrowings and Tariff Guarantee	$ 3,580	580

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments: None.

10. Significant Disaster Loss: None.

11. Significant Events After the Period: None.

12. Others

Employee Benefits, depreciation, depletion and amortization expenses are summarized by functions as follows:

Function / Nature	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee Benefit Expenses						
Salary and Wages	31,778	65,816	97,594	29,774	67,002	96,776
Labor and Health Insurance Expenses	2,921	5,552	8,473	2,157	3,667	5,824
Pension Expenses	1,498	2,779	4,277	1,323	2,182	3,505
Directors' Remunerations	-	1,821	1,821	-	736	736

Function / Nature	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Other Employee Benefit Expenses	1,554	2,333	3,887	988	2,500	3,488
Depreciation Expenses	2,016	5,411	7,427	1,812	6,132	7,944
Amortization Expenses	45	87	132	1	3	4

Additional information of the Company's number of employees and employee benefit expenses in 2022 and 2021 is as follows:

	2022	2021
Number of Employees	975	794
Number of Directors who are not currently employees	5	3
Average Employee Benefit Expenses	$ 118	139
Average Employee Salary and Wages	$ 101	122
Adjustment of Average Employee Salary and Wages	(17.21)%	15.94%
Supervisors' Remunerations	$ 15	164

Information of the Company's salary and compensation policies (including directors, managerial officers, and employees) is stated as follows:

The Company has adopted its "Regulations governing Management over Directors and Managers' Remunerations", including the following:

(1) Salary and Compensations: The Company, regardless of profit or loss in its operations, may pay remunerations at fixed amounts, among which the compensations for independent directors are determined by the Board under resolution according to degree of participation in the Company's operations and the value of contribution by the said directors; the salary for managerial officers is determined based on joint assessments inclusive of references to Taiwanese human resources market, industries of the identical nature, and the Company's salary and welfare policies.

(2) Remunerations: In accordance with Article 20 of the Company's Articles of Incorporation, where the Company recorded any profits for the year, it shall allocate remunerations at fixed rates (3% as the remunerations for the directors; 10%~15% as

the remuneration for employees) following resolutions by the Board. The said allocation shall be reported to the Shareholders' Meeting.

(3) Transportation allowance (director), year-end bonus (manager) and expenses related to professional practices, etc.

The Company's salary for its employees includes base pay, allowances, surcharges, overtime pay paid on a monthly basis and various bonuses approved by the supervisor. In addition, pursuant to with laws and regulations and with reference to the salary level of the peer, employees are offered with good salary and welfare conditions. The Company carries out the performance appraisal on all employees of the Company on an annual basis, and regularly confirms the work performance of all employees as the basis for promotion and salary distribution.

13. Supplementary Disclosures

(1) Information on Significant Transactions: None.

(2) Information on Investee Companies: None.

(3) Information on Investments in Mainland China: None.

(4) Information on Major Shareholders:

Unit: Shares

Shares / Name of Major Shareholders	Shares Held	Shareholding Percentage
Ares International Corporation	4,343,015	19.74%
Wei Gu Co., Ltd.	2,682,381	12.19%

Note: (1) This Information on Major Shareholders table contains information concerning shareholders holding more than 5% of the total of dematerialized ordinary and preferred shares (including treasury shares) delivered as of the last business day at the end of each quarter, prepared by TDCC. There may be differences between the share capital recorded in the Company's financial statement and the number of dematerialized shares delivered the Company due to differences in preparation and calculation bases.

(2) With respect to the above-mentioned information, where a shareholder has entrusted the shares held to the trust will be disclosed by the branch individual trustor accounts under the trust accounts opened by the trustee. With respect to the declaration of insider equity by a shareholder who holds more than 10% of the shares in accordance with the Securities and Exchange Act, the shareholding shall include the shares held by the

shareholder himself/herself plus the shares delivered to the trust and having the right to use the trust property, etc. For information on the declaration of insider equity, please refer to MOPS.

(3) The shareholding percentage herein is rounded down to two decimal places.

14. Segment Information

(1) General

The Company is mainly engaged in the wholesale, development and sales of information software and corresponding maintenance services. It belongs to a single reporting department. The financial information of the department is the same as the financial statement. The accounting policies of the operating departments are identical to those stated in Note 4.

(2) Profit and loss, assets and liabilities of departments and their measurement basis and reconciliation information shall be reported.

Information concerning profit and loss, assets and liabilities of departments of the Company is consistent with the financial statements. Please refer to Balance Sheet and Statements of Comprehensive Income.

(3) Overall Enterprise Information

1. Product Information

The Company is mainly engaged in the wholesale, development and sales of information software and corresponding maintenance services, and the product information is consistent with the financial statements. Please refer to Statements of Comprehensive Income.

2. Region Information

The Company's region information is as follows, in which revenue is classified based on the geographical location of customers, while non-current assets is classified according to the geographical location of assets.

Income from external customers:

Regions	2022	2021
Taiwan	$ 1,469,921	1,107,805
Other Countries	6,845	56,921
Total	**$ 1,476,766**	**1,164,726**

Non-Current Assets:

Regions	2022.12.31	2021.12.31
Taiwan	**$ 30,111**	**33,114**

Non-current assets include property, plant and equipment, right-of-use assets, and intangible assets; however, it does not include deferred income tax asset, long-term receivables, and non-current assets of refundable deposits.

3. Information of Key Customers

Customers generating sales income accounting for 10% or above of the Company's net operating income in Statements of Comprehensive Income are stated as follows:

	2022		2021	
	Amount	**%**	**Amount**	**%**
Company A	$ 2,740	-	117,945	10

No income received from any single customer of the Company accounted for 10% of the net operating income or above.

M-Power Information Co., Ltd.

Statement of Cash and Cash Equivalents

31 December 2022

Unit: NT$ Thousands
Foreign Currency Unit: Dollar

Items	Summary	Amount
Bank Deposit	Check Deposits	690
	Current Deposits	241,333
	US Dollars (USD25.00@30.660)	760
	Chinese Yuan Renminbi (CNY24.00@4.380)	105
		$ 242,888

M-Power Information Co., Ltd.

Notes Receivable and Accounts Receivable

31 December 2022

Unit: NT$ Thousands

Names of Customers	Summary	Amount	Remarks
Notes Receivable:			
Non-Related Parties:			
Others (Note)		$ 402	
Accounts Receivable:			
Non-Related Parties:			
Company A		45,326	
Company B		36,207	
Company C		27,625	
Company D		22,194	
Company E		17,225	
Others (Note)		324,670	
		473,247	
Less: Allowance for Uncollectible Accounts		25	
		$ 473,222	
Long-Term Receivables:			
Non-Related Parties:			
Company A		14,736	
Company F		9,117	
Company G		7,782	
Company H		5,086	
Company I		4,349	
Others (Note)		73,931	
		78,280	
Less: Unrealized Interest Revenue		2,519	
		75,761	
Total		**$ 549,385**	

Note: Individual items with amounts at below 5% of this Item, respectively.

M-Power Information Co., Ltd.

Statement of Other Receivables

31 December 2022

Unit: NT$ Thousands

Items	Summary	Amount		Remarks
Non-Related Parties:				
Customer E		$	182	
Others (Note)			38	
Total		$	220	

Note: Individual items with amounts at below 5% of this Item, respectively.

Statement of Inventories

Items	Amount			Remarks
	Cost		Market Price	
Product Inventory	$	348,500	344,301	The Market Price adopts the Net Realizable Value
Less: Allowance for Inventories Price-Drop Loss		4,199		
	$	344,301		

Statement of Prepayments

Items	Summary	Amount		Remarks
Payment in Advance		$	5,197	
Prepaid Rents			154	
Other Prepayments (Printing, Software Use, etc.)			704	
Prepaid Security Service Fee			6	
		$	6,061	

M-Power Information Co., Ltd.

Statement of Other Current Assets

31 December 2022

Unit: NT$ Thousands

Items	Summary	Amount	Remarks
Temporary Payment		$ 92	

Statement of Changes in Intangible Assets

For the Year Ended on 31 December 2022

Items	Opening Balance	Increase in the Period	Decrease in the Period	Closing Balance	Remarks
Computer Software Cost	$ 71	906	-	977	
Less: Current Amortization	4	132	-	136	
	$ 67	774	-	841	

Statement of Refundable Deposits

31 December 2022

Items	Summary	Amount	Remarks
Performance Bond		$ 16,284	
Bid Bond		570	
Others		2,076	
		$ 18,930	

M-Power Information Co., Ltd.

Statement of Short-Term Borrowings

31 December 2022

Unit: NT$ Thousands

Type of Borrowing	Description	Closing Balance	Contract Period	Range of Interest Rate	Funding Credit	Pledge or Collateral	Remarks
Unsecured Borrowings	Hua Nan Commercial Bank	$ 30,000	111/8~112/3	2.3	200,000	Note	
Unsecured Borrowings	Taishin International Bank	40,000	111/11~112/2	2.06	109,000	Note	
Unsecured Borrowings	Mega International Commercial Bank	38,800	111/8~112/3	2.24~2.54	55,000	Note	
Unsecured Borrowings	Taipei Fubon Commercial Bank	26,064	111/3~112/3	1,87	88,000	None	
Unsecured Borrowings	Shin Kong Commercial Bank	15,701	111/9~112/3	2.35	50,000	None	
Total		$ 150,565					

Note: Borrowings of the Company are guaranteed with credit guarantee funds and key management personnel.

Statement of Contract Liabilities

Items	Summary	Amount	Remarks
Service Revenue Received in Advance		$ 31,158	
Sales Revenue Received in Advance		3,901	
		$ 35,059	

M-Power Information Co., Ltd.

Statement of Accounts Payable

31 December 2022

Unit: NT$ Thousands

Names of Customers	Summary	Amount	Remarks
Accounts Payable:			
Related Parties:			
Ares International Corporation		$ 1,108	
Non-Related Parties:			
Company A		388,092	
Others (Individual items with balance at below 5% of this Item, respectively)		35,582	
		423,674	
		$ 424,782	

Statement of Other Payables

Name of Customers	Summary	Amount	Remarks
Salary and Bonus Payable		$ 32,608	
Employees' and Directors and Supervisors' Remunerations Payable		17,198	
Other Payables (NHI, Labor Insurance, Pension, etc.)		10,865	
		$ 60,671	

M-Power Information Co., Ltd.

Statement of Other Current Liabilities

31 December 2022

Unit: NT$ Thousands

Items	Summary	Amount	Remarks
Taxes Payable		$ 1,856	
Receipts under Custody		401	
		$ 2,257	

Statement of Operating Income

For the Year Ended on 31 December 2022

Items	Quantity	Amount	Remarks
Product Sales Income:			
Sales of Computer Software		$ 1,368,233	
Service and Repair Income		108,123	
		1,476,356	
Others		410	
		$ 1,476,766	

M-Power Information Co., Ltd.

Statement of Operating Costs

For the Year Ended on 31 December 2022

Unit: NT$ Thousands

Items	Amount: Subtotal	Amount: Total
Cost of Goods Sold	$	1,214,032
Beginning Inventory	46,303	
Net Purchase for the Period	1,516,229	
Ending Inventory	(348,500)	
Others		4,503
Service and Maintenance Cost		42,477
Gain from Price Recovery of Inventory		(4,908)
Total Operating Costs		$ 1,256,104

Statement of Marketing Expense

Items	Summary	Amount	Remarks
Payroll Expense		$ 34,795	
Others (Individual items with balance at below 5% of this Item, respectively)		16,378	
		$ 51,173	

M-Power Information Co., Ltd.

Statement of Management Expense

For the Year Ended on 31 December 2022

Unit: NT$ Thousands

Items	Summary	Amount	Remarks
Payroll Expense		$ 21,461	
Depreciation Expenses		2,015	
Professional Service Fees		3,821	
Others (Individual items with balance at below 5% of this Item, respectively)		6,487	
		$ 33,784	

Statement of R&D Expenses

Items	Summary	Amount	Remarks
Payroll Expense		$ 11,381	
Insurance		1,222	
Depreciation Expenses		922	
Others (Individual items with balance at below 5% of this Item, respectively)		3,246	
		$ 16,771	

For Statement of Changes in Property, Plant and Equipment, please refer to Notes to Individual Financial Statements Note 6 (4).

For Statement of Changes in Cumulative Depreciation of Property, Plant and Equipment, please refer to Notes to Individual Financial Statements Note 6 (4).

For Statement of Changes in Right-of-Use Assets, please refer to Notes to Individual Financial Statements Note 6 (5).

For Statement of Changes in Cumulative Depreciation of Right-of-Use Assets, please refer to Notes to Individual Financial Statements Note 6 (5).

For Statement of Lease Liabilities, please refer to Notes to Individual Financial Statements Note 6 (7).

For Statement of Deferred Tax Assets (Liabilities), please refer to Notes to Individual Financial Statements Note 6 (9).

For Statement of Interest Revenue, please refer to Notes to Individual Financial Statements Note 6 (15).

For Statement of Other Gains and Losses, please refer to Notes to Individual Financial Statements Note 6 (15).

For Statement of Financial Costs, please refer to Notes to Individual Financial Statements Note 6 (15).