Integrated Service Technology Inc. and Subsidiaries

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

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Statement on Consolidated Financial Report of Affiliated Enterprises

The entities that are required to be included in the consolidated financial statements of affiliated enterprises for the fiscal year 2022 (from Jan. 1 to Dec. 31, 2022) pursuant to the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Report, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements of IST and its subsidiaries prepared in compliance with the International Financial Reporting Standards No. 10. In addition, the information required to be disclosed in the consolidated financial statements of affiliated enterprises is included in the aforementioned consolidated financial statements of IST and its subsidiaries. Therefore, IST does not prepare a separate set of consolidated financial statements of affiliated enterprises.

Company Name: Integrated Service Technology Inc.

Person in charge: Yu Wei-Pin

Mar. 14, 2023

Independent Auditors' Report

To Integrated Service Technology Inc.:

Opinion

We have audited the financial statements of Integrated Service Technology Inc. and its subsidiaries, which comprise the consolidated balance sheet as of Dec. 31, 2022 and 2021 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and the notes to the consolidated financial statements (including a summary of material accounting policies).

In our opinion, based on our audits and the report of other auditors (as referred to in the Other Matters section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial conditions of Integrated Service Technology Inc. and its subsidiaries as of Dec. 31, 2022 and 2021 and the consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission.

Basis of Opinion

We conducted our audit of the consolidated financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit section below. We are independent of Integrated Service Technology Inc. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant and have fulfilled our other responsibilities in accordance with the Norm. Based on our audit results and the audit reports certified by other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters with respect to the consolidated financial statements of Integrated Service Technology Inc. and its subsidiaries for the year ended Dec. 31, 2022 are stated as follows:

<u>Recognition of Revenue</u>

The consolidated operating revenue of Integrated Service Technology Inc. and its subsidiaries for 2022 was NTD 3,742,682 thousand, mainly generated from service incomes for providing customers with product verification and analysis service. Please refer to Notes 4 and 22 to the consolidated financial statements for the details on accounting policies and information relevant to revenue recognition.

Revenue recognition is a risk assumed in the Statement on Auditing Standards. Customers of Integrated Service Technology Inc. and its subsidiaries are numerous and are in different industrial fields domestically and overseas. Thus for the specific customers with respect to which the revenue growth rate of the year exceeds that of the IST Group with such customers, the authenticity of revenue is listed as a key audit matter for this year.

Our key audit procedure performed in respect of the aforementioned key audit matter comprises the following:

1. We understood the internal controls for the procedure of operating revenue recognition, tested and assessed the effectiveness of the internal controls.
2. We verified the authenticity of the customers, analyzed changes in each of the customers for the latest two years, and reviewed reasonableness of receivables turnover ratio.
3. We took adequate transactions from the whole year's operating revenue account as samples to review corresponding sales vouchers, documents signed by the customers for receipt of products, and record of receiving payments in order to confirm the authenticity and accuracy of recognized revenue.

4. We reviewed after the balance sheet date whether any material return and allowance for revenue was attributed to an event taking place in 2022 in order to confirm whether misstatements existed for the annual operating revenue of 2022.

Evaluation on Impairment of Accounts Receivable

The total amount of accounts receivable by Integrated Service Technology Inc. and its subsidiaries as of Dec. 31, 2022 was NTD 1,324,447 thousand. For accounting policies and information regarding accounts receivable, please refer to Notes 4 and 9 to the consolidated financial statements.

The management used historical payment collection experience and the credit risk assumption for customers to evaluate impairment of accounts receivable. As such evaluation could involve the management's judgment, the evaluation on impairment of accounts receivable was therefore a key audit matter for this year.

Our key audit procedure performed in respect of the aforementioned key audit matter comprises the following:

1. We tested for accuracy of age distribution for accounts receivable and evaluated reasonableness of bad debt losses allocated by the management for accounts receivable.
2. We reviewed subsequent receipts of the accounts receivable due and unpaid as of the balance sheet date and verified whether the impairment of accounts receivable was reasonable.

Other Matters

As stated in Note 12 to the consolidated financial statements, the financial statements of some investee companies accounted for using the equity method, which have been included in the consolidated financial statements of Integrated Service Technology Inc. and its subsidiaries, were audited by other auditors instead of us. In our opinion expressed in the aforementioned consolidated financial statements, the amounts listed in the financial statements of such investee companies accounted for using the equity method were recognized based on the audit reports of other CPAs. As of Dec. 31, 2022 and 2021, the aforementioned investments accounted for using the equity method were NTD 631,647 thousand and NTD 573,816 thousand, respectively, which accounted for 9% and 8% of the total consolidated assets, respectively. For the years ended Dec. 31, 2022 and 2021, the comprehensive incomes of the aforementioned associates accounted for using the equity method were NTD 57,831 thousand and NTD 24,937 thousand, which accounted for 14% and 21% of the total consolidated comprehensive incomes, respectively.

Integrated Service Technology Inc. has prepared its separate financial statements for the years ended Dec. 31 2022 and 2021. For the financial statements, we have issued an audit report containing our unqualified opinion with other explanations stated in the Other Matters section for reference.

Responsibilities of the Management and the Units Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the management is also responsible for assessing the ability of Integrated Service Technology Inc. and its subsidiaries to continue as a going concern, disclosing relevant matters and using the going concern basis of accounting unless the management intends to liquidate Integrated Service Technology Inc. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

The units charged with governance (including the audit committee) are responsible for overseeing the financial reporting process of Integrated Service Technology Inc. and its subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In conducting the audit in accordance with the Auditing Standards, we exercise professional judgment and maintain professional skepticism. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain sufficient and appropriate audit evidence 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of Integrated Service Technology Inc. and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude, based on the audit evidence obtained, on the appropriateness of the management's use of the going concern basis of accounting, and whether a material uncertainty exists in respect of any event or situation that may cast significant doubt on the ability of Integrated Service Technology Inc. and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we draw attention in our audit report to the relevant disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or situations may cause Integrated Service Technology Inc. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the Notes) and whether the financial statements represent the underlying transactions and events fairly.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of Integrated Service Technology Inc. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the corporate audit, and also responsible for issuing our opinion based on our corporate audit.

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

We also provide the units charged with governance with a declaration that we have complied with applicable ethical requirements regarding independence, and communicate with them about all relationships and other matters that may reasonably be considered to impair our independence (and relevant preventive measures).

From the matters communicated with the units charged with governance, we determine the key audit matters in the audit of the financial statements of Integrated Service Technology Inc. and its subsidiaries for the year ended Dec. 31, 2022. We describe these matters in our audit report unless any law or regulation precludes public disclosure of any of these matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in the audit report because the adverse consequences of such communication are reasonably expected to outweigh any public interest to be promoted.

Deloitte & Touche

Huang Yu-Feng, CPA Tsai Mei-Chen, CPA

Mar. 14, 2023

Integrated Service Technology Inc. and Subsidiaries

Consolidated Balance Sheets

Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	Dec. 31, 2022		Dec. 31, 2021	
Assets	**Amount**	**%**	**Amount**	**%**
Current assets				
Cash and cash equivalents (Notes 4 and 6)	$ 875,347	12	$ 844,879	12
Current financial assets at fair value through profit or loss (Notes 4 and 7)	523	-	-	-
Current contract assets (Notes 4 and 22)	11,620	-	4,903	-
Notes and accounts receivable, net (Notes 4, 5 and 9)	1,311,491	18	1,216,017	17
Finance lease receivables (Notes 4 and 10)	4,358	-	3,980	-
Accounts receivable due from related parties, net(Note 30)	17,316	-	19,802	-
Other receivables	1,298	-	3,969	-
Other receivables due from related parties (Note 30)	19,821	-	20,981	-
Prepayments and other current assets (Notes 16 and 30)	152,335	2	105,898	2
Other current financial assets (Note 31)	16,633	-	12,431	-
Total current assets	2,410,742	32	2,232,860	31
Non-current assets				
Non-current financial assets at fair value through profit or loss (Notes 4 and 7)	27,282	1	22,172	-
Investments accounted for using equity method (Notes 4 and 12)	756,424	10	689,319	10
Property, plant and equipment (Notes 4, 5, 13 and 31)	3,881,876	52	3,794,212	53
Right-of-use assets (Notes 3, 4 and 14)	288,884	4	402,963	6
Other intangible assets (Notes 4 and 15)	14,280	-	15,030	-
Deferred tax assets (Notes 4 and 24)	541	-	702	-
Prepayments for business facilities	56	-	27,835	-
Guarantee deposits paid	22,611	1	20,461	-
Net defined benefit asset, non-current (Notes 4 and 20)	21,460	-	15,971	-
Total non-current assets	5,013,414	68	4,988,665	69
Total assets	$7,424,156	100	$7,221,525	100

	Dec. 31, 2022		Dec. 31, 2021	
Liabilities and Equity	Amount	%	Amount	%
Current liabilities				
Current borrowings (Notes 4 and 17)	$ 648,500	9	$ 656,432	9
Current financial liabilities at fair value through profit or loss (Notes 4 and 7)	-	-	10	-
Current contract liabilities (Notes 4 and 22)	117,829	1	72,175	1
Accounts payable	270,621	4	211,610	3
Accounts payable to related parties (Note 30)	692	-	6,203	-
Payable on machinery and equipment	167,477	2	181,277	3
Dividends payable, non-cash assets distributions	74,775	1	35,430	1
Current tax liabilities (Notes 4 and 24)	54,690	1	70,995	1
Current lease liabilities (Notes 4 and 14)	53,276	1	82,432	1
Long-term borrowings, current portion (Notes 4, 18 and 31)	145,486	2	105,542	1
Other current liabilities, others (Notes 4, 19 and 30)	535,688	7	386,488	5
Total current liabilities	2,069,034	28	1,808,594	25
Non-current liabilities				
Non-current portion of non-current borrowings (Notes 4, 18 and 31)	1,697,982	23	1,751,096	24
Deferred tax liabilities (Notes 4 and 24)	5,056	-	3,998	-
Non-current lease liabilities (Notes 4 and 14)	247,886	3	331,151	5
Guarantee deposits received (Note 30)	2,005	-	2,005	-
Total non-current liabilities	1,952,929	26	2,088,250	29
Total liabilities	4,021,963	54	3,896,844	54
Equity attributed to owners of parent (Notes 4 and 21)				
Ordinary share	747,751	10	797,751	11
Capital surplus	2,143,012	29	2,266,955	31
Retained earnings				
Legal reserve	160,486	2	175,585	3
Special reserve	74,898	1	98,491	1
Unappropriated retained earnings (accumulated deficit)	254,536	4	(41,547)	(1)
Other equity, others	(82,453)	(1)	(95,161)	(1)
Total equity attributable to owners of parent	3,298,230	45	3,202,074	44
Non-controlling interests (Notes 21 and 27)	103,963	1	122,607	2
Total equity	3,402,193	46	3,324,681	46
Total liabilities and equity	$7,424,156	100	$7,221,525	100

The accompanying notes constitute part of the consolidated financial statements.

(Please see the audit report made by Deloitte & Touche on Mar. 14, 2023)

Integrated Service Technology Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars, except for EPS in New Taiwan Dollars

	2022		2021	
	Amount	%	Amount	%
Operating revenue (Notes 4, 22 and 30)	$ 3,742,682	100	$ 3,213,788	100
Operating costs (Notes 4, 23 and 30)	2,726,860	73	2,412,076	75
Gross profit from operations	1,015,822	27	801,712	25
Operating expenses (Notes 23 and 30)				
Selling expenses	106,933	3	101,919	3
Administrative expenses	444,823	12	395,422	12
Research and development expenses	127,111	3	117,166	4
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	2,072	-	(1,327)	-
Total operating expenses	680,939	18	613,180	19
Net operating income	334,883	9	188,532	6
Non-operating income and expenses				
Interest income (Notes 23 and 30)	2,737	-	1,575	-
Other income, others (Notes 23 and 30)	47,445	1	37,000	1
Other gains and losses, net (Notes 4 and 23)	58,428	1	(16,518)	-
Finance costs, net (Notes 4, 23 and 29)	(46,315)	(1)	(36,909)	(1)
Share of profit (loss) of associates for using equity method, net (Notes 4 and 12)	70,935	2	38,551	1
Total non-operating income and expenses	133,230	3	23,699	1
Profit from continuing operations before tax	468,113	12	212,231	7
Total tax expense (Notes 4 and 24)	81,611	2	89,062	3
Profit	386,502	10	123,169	4

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	2022		2021	
	Amount	%	Amount	%
Other comprehensive incomes				
Components of other comprehensive income that will not be reclassified to profit or loss				
Gains on remeasurements of defined benefit plans (Notes 4 and 20)	$ 5,377	-	$ 2,266	-
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	-	-	(5,559)	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	155	-	22	-
Components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation (Notes 4 and 21)	10,777	1	(3,573)	-
Share of other comprehensive income of associates for using equity method, components of other comprehensive income that will be reclassified to profit or loss (Note 4)	1,931	-	705	-
Total other comprehensive income	18,240	1	(6,139)	-
Total comprehensive income	$ 404,742	11	$ 117,030	4
Profit, attributable to:				
Owners of parent	$ 405,146	11	$ 179,708	6
Non-controlling interests	(18,644	(1)	(56,539)	(2)
	$ 386,502	10	$ 123,169	4
Comprehensive income attributable to:				
Owners of parent	$ 423,386	11	$ 173,569	6
Non-controlling interests	(18,644	-	(56,539)	(2)
	$ 404,742	11	$ 117,030	4
Earnings per share (Note 25)				
Total basic earnings per share	$ 5.33		$ 2.02	
Total diluted earnings per share	$ 5.30		$ 2.01	

The accompanying notes constitute part of the consolidated financial statements.

(Please see the audit report made by Deloitte & Touche on Mar. 14, 2023)

Integrated Service Technology Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	Interests attributed to owners of IST											
	Common shares			Retained earnings			Other equity					
	Number of shares (in thousands of shares)	Amount	Capital surplus	Legal reserve	Special reserve	Undistributed earnings (Accumulated deficit	Gain or loss on financial asset valuation at fair value through other comprehensive income	Exchange differences on translation of financial statements of foreign operations	Treasury shares	Total owners' equity	Non-controlling interests	Total equity
Balance at Jan. 1, 2021	93,575	$ 935,751	$ 2,630,865	$ 163,770	$ 99,815	$ 169,523	$ 499	($ 92,644)	$ -	$ 3,907,579	$ 24,148	$ 3,931,727
Appropriation and distribution of earnings												
Legal reserve appropriated	-	-	-	11,815	-	(11,815)	-	-	-	-	-	-
Special reserve allocated	-	-	-	-	(1,324)	1,324	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(185,150)	-	-	-	(185,150)	-	(185,150)
Share-based payments	-	-	9,999	-	-	-	-	-	-	9,999	-	9,999
Changes of associates accounted for using the equity method	-	-	-	-	-	-	-	351	-	351	-	351
Net profit for 2021	-	-	-	-	-	179,708	-	-	-	179,708	(56,539)	123,169
Other comprehensive income after tax for 2021	-	-	-	-	-	2,288	(5,559)	(2,868)	-	(6,139)	-	(6,139)
Total comprehensive income for 2021	-	-	-	-	-	181,996	(5,559)	(2,868)	-	173,569	(56,539)	117,030
Purchase of treasury shares	-	-	-	-	-	-	-	-	(730,808)	(730,808)	-	(730,808)
Retirement of treasury share	(13,800)	(138,000)	(400,443)	-	-	(192,365)	-	-	730,808	-	-	-
Changes in ownership interests in subsidiaries	-	-	26,534	-	-	-	-	-	-	26,534	(26,534)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	181,532	181,532
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(5,060)	5,060	-	-	-	-	-
Equity at end of period	79,775	797,751	2,266,955	175,585	98,491	(41,547)	-	(95,161)	-	3,202,074	122,607	3,324,681
Appropriation and distribution of earnings												
Legal reserve appropriated	-	-	-	23,118	-	(23,118)	-	-	-	-	-	-
Legal reserve used to offset accumulated deficits	-	-	-	(38,217)	-	38,217	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(23,593)	23,593	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(74,775)	-	-	-	(74,775)	-	(74,775)
Share-based payments	-	-	14,776	-	-	-	-	-	-	14,776	-	14,776
Net profit for 2022	-	-	-	-	-	405,146	-	-	-	405,146	(18,644)	386,502
Other comprehensive income after tax for 2022	-	-	-	-	-	5,532	-	12,708	-	18,240	-	18,240
Total comprehensive income for 2022	-	-	-	-	-	410,678	-	12,708	-	423,386	(18,644)	404,742
Purchase of treasury shares	-	-	-	-	-	-	-	-	(267,945)	(267,945)	-	(267,945)
Retirement of treasury share	(5,000)	(50,000)	(139,433)	-	-	(78,512)	-	-	267,945	-	-	-
Changes in ownership interests in subsidiaries	-	-	714	-	-	-	-	-	-	714	-	714
Equity at end of period	74,775	$ 747,751	$ 2,143,012	$ 160,486	$ 74,898	$ 254,536	$ -	($ 82,453)	$ -	$ 3,298,230	$ 103,963	$ 3,402,193

The accompanying notes constitute part of the consolidated financial statements.

(Please see the audit report made by Deloitte & Touche on Mar. 14, 2023)

Integrated Service Technology Inc. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	2022	2021
Cash flows from operating activities		
Profit before tax	$ 468,113	$ 212,231
Adjustments to reconcile profit (loss)		
Depreciation expense	800,966	825,623
Amortization expense	11,121	10,969
Expected credit loss (gain)	2,072	(1,327)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(6,659)	1,919
Interest expense	46,315	36,909
Interest income	(2,737)	(1,575)
Share-based payments	14,776	9,999
Share of profits of associates for using equity method	(70,935)	(38,551)
Gain on disposal of property, plan and equipment	(43,904)	(2,721)
Gain on disposal of intangible assets	(97)	-
Gain on disposal of investments accounted for using equity method	-	(12,880)
Unrealized foreign exchange loss	1,898	351
Other adjustments to reconcile profit (loss)	(1,702)	(170)
Changes in operating assets and liabilities		
Contract assets	(6,717)	(1,581)
Notes and accounts receivable	(99,563)	(142,073)
Accounts receivable due from related parties	2,365	(4,292)
Other receivable	2,671	(2,756)
Other receivable due from related parties	1,160	(2,866)
Prepayments and other current assets	(46,437)	(3,819)
Other operating assets	(112)	(55)
Contract liabilities	45,654	(13,039)
Notes and accounts payable	58,972	5,929
Accounts payable to related parties	(5,511)	279
Adjustments for other current liabilities	148,176	22,621
Cash generated from operations	1,319,885	899,125
Interest paid	(51,274)	(39,798)
Income taxes paid	(97,127)	(41,660)
Net cash generated from operating activities	1,171,484	817,667

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	2022	2021
Cash flows from investing activities		
Proceeds from disposal of financial assets at fair value through other comprehensive income	$ -	$ 17,044
Proceeds from disposal of financial assets at fair value through profit or loss	1,016	601
Proceeds from disposal of investments accounted for using equity method	-	33,898
Proceeds from disposal of subsidiaries (Note 12)	-	109,335
Acquisition of property, plant and equipment	(798,469)	(560,537)
Proceeds from disposal of property, plant and equipment	56,456	30,267
Decrease in refundable deposits	(2,150)	(44)
Acquisition of intangible assets	(10,376)	(10,293)
Proceeds from disposal of intangible assets	183	-
Decrease in long-term lease and installment receivables	4,340	4,230
Increase in other financial assets	(4,202)	68
Interest received	2,737	1,575
Dividends received	6,630	3,050
Net cash used in investing activities	(743,835)	(370,806)
Cash flows from financing activities		
Increase in short-term loans	(8,404)	254,475
Proceeds from long-term debt	630,650	1,451,000
Repayments of long-term debt	(643,820)	(1,201,118)
Payments of lease liabilities	(86,537)	(82,884)
Cash dividends paid	(35,430)	(383,658)
Capital reduction payments to shareholders	(267,945)	(730,808)
Change in non-controlling interests (Note 27)	-	181,532
Net cash used in financing activities	(411,486)	(511,461)
Effect of exchange rate changes on cash and cash equivalents	14,305	(3,201)
Net increase (decrease) in cash and cash equivalents	30,468	(67,801)
Cash and cash equivalents at beginning of period	844,879	912,680
Cash and cash equivalents at end of period	$ 875,347	$ 844,879

The accompanying notes constitute part of the consolidated financial statements.
(Please see the audit report made by Deloitte & Touche on Mar. 14, 2023)

Integrated Service Technology Inc. and its Subsidiaries

Notes to Consolidated Financial Statements

For the years ended Dec. 31, 2022 and 2021

(In Thousands of New Taiwan Dollars, except as otherwise indicated herein)

I. Corporate History

Integrated Service Technology Inc. (hereinafter referred to as IST) was incorporated in September 1994 after the approval of Ministry of Economic Affairs. Its main business activities include the R&D and manufacturing of integrated circuits, analysis, burn-in, testing, the import and export of semiconductor parts and relevant equipment, electronic parts, computer and computer components, and dealing with distribution, quotation and bidding activities concerning the aforementioned products as an agent on behalf of domestic and overseas companies.

Stocks of IST have been traded at Taipei Exchange since Dec. 28, 2004.

The New Taiwan Dollar, the functional currency adopted by IST, is used to express amounts indicated in the consolidated financial statements.

II. Date and Procedure of Adoption of Financial Statements

The consolidated financial statements were approved by the board of directors on Mar. 14, 2023.

III. Applicability of New and Amended Standards and Interpretations

A. We initially apply International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (hereinafter referred to as IFRSs) endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the FSC).

Application of the IFRSs, which are recognized and published by the FSC, does not cause any significant change in accounting policies of IST and its subsidiaries (hereinafter referred to as the Group).

B. IFRSs Recognized by the FSC and Applied by the Group for 2023

Standards Published / Amended / Revised and Interpretations	Effectiveness Date Announced by International Accounting Standards Board (IASB)
Amendments to IAS 1 Disclosure of Accounting Policies	Jan. 1, 2023 (Note 1)
Amendments to IAS 8 Definition of Accounting Estimates	Jan. 1, 2023 (Note 2)

Amendments to IAS 12 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	Jan. 1, 2023 (Note 3)

Note 1. The amendments are applicable to any annual reporting period after Jan. 1, 2023.

Note 2. The amendments are applicable to changes in accounting estimates and in accounting policies to be made in any annual reporting period after Jan. 1, 2023.

Note 3. The amendments are applicable to all transactions made after Jan. 1, 2022 except for the deferred income tax recognized based on the temporary differences of lease and decommissioning obligations on Jan. 1, 2022.

As of the date of publication of the consolidated financial statements, the Group believes, after evaluation, the amendments to other standards and interpretations do not have a material impact on financial results.

C. IFRSs Published by IASB already but Not Recognized or Published by FSC Yet:

Standards Published / Amended / Revised and Interpretations	Effectiveness Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not decided yet
Amendments to IFRS 16 Lease Liability in a Sale and Leaseback	Jan. 1, 2024 (Note 2)
IFRS 17 Insurance Contracts	Jan. 1, 2023
Amendments to IFRS 17	Jan. 1, 2023
Amendments to IFRS 17 Initial Application of IFRS 17 and IFRS 9 – Comparative Information	Jan. 1, 2023
Amendments to IAS 1 Classification of Liabilities as Current or Non-current	Jan. 1, 2024
Amendments to IAS 1 Non-current Liabilities with Covenants	Jan. 1, 2024

Note 1. Note 1: Except otherwise as indicated, the standards newly published/amended/revised or interpretations shall come into effect from the annual reporting period after the indicated date.

Note 2. Note 2: The seller that is also a lessee shall adopt the amendments to IFRS 16 retroactively for the sale and leaseback transactions made after initially implementing IFRS 16.

As of the date of publication of the consolidated financial statements, the Group still continued evaluating the impact of the amendments to other standards and interpretations on financial results. Relevant impacts will be disclosed after the evaluation is completed.。

IV. Explanations of Material Accounting Policies

A. Declaration of Compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs recognized and published by the FSC.

B. Preparation Basis

The consolidated financial statements are prepared on the basis of historical cost, except for the financial instruments at fair value, and the net defined benefit liability recognized based on the fair value of plan assets less the current value of defined benefit obligations.

Fair value measurement is classified from level 1 to level 3 based on observable level and importance of relevant inputs.

1. Level 1 Inputs: They refer to the prices of the same assets or liabilities obtained in the active market on measurement date (not adjusted).
2. Level 2 Inputs: They refer to direct inputs (i.e. prices) or indirect inputs (presumed from prices) observable, except level 1 prices, for assets or liabilities.
3. Level 3 Inputs: They refer to inputs not observable for assets or liabilities.

C. Standards of Distinguishing Current Assets and Liabilities from Non-current Assets and Liabilities

Current assets include:

1. Assets held primarily for sale;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (not including the same that would be used to exchange or pay off liabilities 12 months after the balance sheet date and be therefore restricted).

Current liabilities include:

1. Liabilities held primarily for sale;
2. Liabilities due and repaid within 12 months after the balance sheet date, and
3. Liabilities for which the repayment period cannot be unconditionally postponed to at least 12 months after the balance sheet date.

The assets and liabilities which are not listed as current assets and current liabilities above are classified as non-current assets and non-current liabilities.

D. Consolidation Basis

The consolidated financial statements include the financial statements of IST and the entities that it controls (subsidiaries). The consolidated statement of comprehensive income has included the operating profit (loss) of any acquired or disposed subsidiary from the date of acquisition or till the date of disposal during the current period. The financial statements of subsidiaries have been adjusted in order to cause the accounting policies used by the subsidiaries to be consistent with those used by IST. The transactions, account balances, incomes and expenses among individual entities were deleted completely during the preparation of the consolidated financial statements. The total comprehensive income of subsidiaries was attributed to owners of IST and non-controlling interests, notwithstanding any loss of non-controlling interests.

If the Group does not lose control over a subsidiary after the Group has made some changes in the subsidiary's equity held by the Group, then the changes are treated as equity transactions. Book amounts of the Group and non-controlling interests have been adjusted to reflect the changes in the corresponding equity held by the Group. The difference between the adjusted amount of non-controlling interests and the fair value of the paid or received consideration was recognized as equity directly and attributed to owners of the Group.

If the Group loses control over the subsidiary, then the disposal gain (loss) is the difference between (1) the sum of fair value of the consideration received and fair value of the remaining investment in the former subsidiary on the date when the Group loses control over the subsidiary and (2) the sum of book amounts of the assets (including goodwill), liabilities and non-controlling interests of the former subsidiary on the date when the Group loses control over the subsidiary. For all amounts concerning the subsidiary that are recognized in other comprehensive incomes, the Group adopts the accounting treatment consistent with the basis complied with by the Group to dispose relevant assets or liabilities

As for the remaining investment in the former subsidiary, its fair value on the date when the Group loses control over the subsidiary is taken as the originally recognized amount of investment in the associate.

Please refer to Note 11 and Schedules 4 and 5 for the detailed information, shareholding and business activities of each subsidiary.

E. Foreign Currency

For the transactions completed by an entity of the Group using a (foreign) currency rather than its functional currency, the entity converts the foreign currency to the functional currency at the exchange rate prevailing on the date of transaction in preparing the financial report.

Foreign monetary items are converted at the closing rate on the balance sheet date. Exchange differences generated from the transfer or conversion of monetary items are recognized in profits or losses for the current year when the differences occur.

Foreign currency non-monetary items measured at fair value are converted at the exchange rate on the date when fair value is determined. Exchange differences generated are listed as current profits or losses. However, in case of changes in fair value that are recognized in other comprehensive incomes or losses, the exchange differences generated are listed as other comprehensive incomes or losses.

Foreign currency non-monetary items measured at historical cost are converted at the exchange rate on the date of transaction and will not be re-converted.

In preparing the consolidated financial report, the Group converts the assets and liabilities of its entities operating overseas (including the subsidiaries and associates using, and the subsidiaries and associates operating in the countries using, any currency that differs from the currency used by IST) to the amounts in NT dollar at the exchange rate on the balance sheet date. Incomes and expenses are converted at the average exchange rate of the current year. Exchange differences generated are recognized as other comprehensive incomes or losses (and are attributed to the Group's owners and non-controlling interests respectively).

If the Group disposes all equity of a subsidiary operating overseas, or disposes part of the equity of a subsidiary operating overseas but loses its control over the subsidiary, then the accumulate exchange differences that are attributable to the owners of the Group and relevant to the entities operating overseas will be reclassified to profits/looses.

F. Investments in Associates

An associate refers to an enterprise on which the Group has a significant influence and that is not a subsidiary or joint venture of the Group.

Investments made by the Group in associates are measured by using the equity method.

With the equity method, investments in associates are originally recognized at cost. After the date of acquisition, the book amount increases or decreases correlatively subject to the share of the profits, losses, other comprehensive incomes and profit distribution enjoyed by the Group from associates. Besides, changes in equity of associates are recognized proportionally based on the ratio of shareholding.

Acquisition cost exceeding the Group's share of the identifiable assets and liabilities of associates in fair value on the date of acquisition is recognized as goodwill. The goodwill is included in the book amount of the investments and shall not be amortized.

If the Group fails, when an associate issues new shares, to subscribe for shares proportionally at the rate of its shareholding so that the rate of its shareholding changes and the net equity of the investment increases or decreases accordingly, then capital reserve is adjusted by such increase or decrease – changes in net equity of associates accounted for using the equity method, and investments accounted for using the equity method. If the aforementioned adjustment is debited to capital reserve and the balance of capital reserve generated from the investments accounted for using the equity method is not sufficient, then the difference id debited to retained earnings.

When the Group's share of loss in an associate equals or exceeds its interests in the associate (including the book amount of investments in the associate accounted for using the equity method, and other long-term interests substantially comprising the Group's net investments in the associate), no loss shall be further recognized. The Group recognizes additional losses and liabilities only to the extent of legal obligations or constructive obligations incurred or payments made on behalf of the associate.

In evaluating impairment, the Group regards the entire book amount of investments (including goodwill) as single assets and compares the recoverable amount with the book amount to perform the impairment test. The impairment loss recognized is not amortized to any assets (including goodwill) that constitute part of the book amount of investments. Any revere of impairment loss is recognized to the extent of the subsequent increase in the recoverable amount of the investments.

The Group stops using the equity method when it does not invest in the associate anymore. Its retained interest in the associate is measured at faire value. The difference between the faire value and disposal proceeds and the book amount of investments as of the date when it stops using the equity method is listed in current profits or losses.

Profits or losses generated from upstream, downstream and sidestream transactions between the Group and an associate are recognized in the consolidated financial statements only to the extent that the equity of the associate owned by the Group is not relevant.

G. Property, Plant and Equipment

Property, plant and equipment are recognized at cost and measured subsequently based on the amount of cost less both accumulated depreciation and accumulated impairment loss.

No depreciation is allocated for self-owned land. Each important portion of other property, plant and equipment is depreciated within service life by using the straight line method. The Group reviews the estimated service life, residual value and depreciation method at least at the end of every year and put off the impact on applicable changes in accounting estimates.

Upon derecognition of property, plant and equipment, the difference between the net proceeds on disposal and the book amount of the assets is recognized in profits or losses.

H. Intangible Assets

1. Individual Acquisition

Intangible assets with limited service life acquired individually are originally measured at cost and measured subsequently based on the amount of cost less accumulated amortization. Intangible assets are amortized within service life by using the straight line method. Estimated service life, residual value and amortization method are reviewed at least at the end of every year and the impact on applicable changes in accounting estimates shall be put off.

2. Derecongition

Upon derecongition of intangible assets, the difference between the net disposal proceeds and the book amount of such assets is recognized in current profits or losses.

I. Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

The Group evaluates on every balance sheet date whether there is any sign indicating that property, plant and equipment, right-of-use assets or intangible assets may be impaired. In case of any sign of impairment, a recoverable amount is estimated for the assets. If a recoverable amount cannot be estimated for any individual asset, the Group will estimate the recoverable amount of the cash-generating unit (CGU) of the concerned asset.

The recoverable amount is the higher of fair value less costs to sell and use value. If the recoverable amount of individual assets or CGUs is less than the book amount thereof, then the book amount of the assets or CGUs will be reduced to the recoverable amount, and the impairment loss will be recognized in profits/losses.

Upon subsequent reverse of impairment loss, the book amount of the assets or CGUs is increased to the revised recoverable amount. However, the increased book amount shall not exceed the book value (less amortization or depreciation) determined if the impairment loss of the assets or CGUs was not recognized in the previous year. Reverse of impairment loss is recognized in profits/losses.

J. Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Group becomes a party to the contract concerning the instruments.

If financial assets or financial liabilities are not measured at fair value through profit or loss (“FVTPL”), the financial assets or financial liabilities, upon original recognition, are measured at fair value plus transaction cost attributable directly to the obtained or issued financial assets or financial liabilities. Transaction cost attributable directly to the obtained or issued financial assets or financial liabilities at FVTPL is recognized as profits/losses immediately.

1. Financial Assets

Routine transactions of financial assets are recognized and derecognized on transaction date.

(1) Type of Measurement

Financial assets held by the Group are financial assets at FVTPL, financial assets measured at amortized cost, and investments in equity instruments measured at fair value through other comprehensive income (“FVTOCI”).

(A) Financial Assets at FVTPL

Financial assets at FVTPL include the financial assets that are enforced or designated to be measured at FVTPL. The financial assets enforced to be measured at FVTPL include the investments in equity instruments not designated to be measured at FVTPL.

Financial assets at FVTPL are measured at fair value while the dividends, interest and remeasured profits / losses thereof are recognized in other profits and losses. For the method used to determine fair value, please refer to Note 29.

(B) Financial Assets at Amortized Cost

Financial assets invested by the Group are classified as the financial assets measured at amortized cost if both of the following conditions are satisfied simultaneously:

a. The financial assets are possessed in a specific business model, and the model is used to acquire contractual cash flows by possessing financial assets; and

b. Cash flows generated on the specific date as provided in contractual terms are completely used for payment of principals and the interest on the outstanding principals.

After being recognized originally, the financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at mortised cost (including accounts receivable from related parties), other receivables (including receivables from related parties), limited bank deposits and refundable deposits) are measured at the amortized cost of the total book amount less any impairment loss determined by the effective interest method. Foreign exchange gains or losses are recognized in profits or losses.

Interest income is computed at the effective interest rate multiplied by the total book amount of financial assets.

Cash equivalents include the time deposits that are highly liquid and may be transferred to a fixed amount of cash any time with minimal risk of changes in value to fulfill short-term cash commitments.

(C) Investments in Equity Instruments at FVTOCI

Upon original recognition, the Group may irrevocably choose to indicate that the investments in equity instruments which are not possessed for sale and not recognized by acquirers of business combinations or for which considerations are provided shall be measured at FVTOCI.

Investments in equity instruments at FVTOCI are measured at fair value, and the subsequent changes in fair value are listed in other comprehensive incomes or losses and accumulated in other equity. Upon disposal of investments, accumulated profits or losses are transferred directly to retained earnings and will not be reclassified as profits or losses.

Dividends for investments in equity instruments at FVTOCI are recognized in profits immediately when the Group's right to collect payments has been established unless the dividends obviously represent part of the investment cost recovered.

(2) Impairment of Financial Assets and Contract Assets

The Group evaluates impairment loss of financial assets at amortized cost (including accounts receivable), finance leases receivable and contract assets based on the expected credit loss every balance sheet date.

Loss allowances for accounts receivable, finance leases receivable and contract assets are recognized based on the expected credit loss for the duration of accounts receivable, finance leases receivable and contract assets. As for other financial assets, the Group determines whether credit risks increases significantly after the original recognition of such other financial assets. If the risk does not increase significantly, then loss allowances for other financial assets are recognized based on the expected credit loss for 12 months. If the risk increases significantly, loss allowances are recognized based on the expected credit loss for the duration of such other financial assets.

The expected credit loss refers to the weighted average credit loss computed by weighting the risk of a breach of contract. The expected credit loss for 12 months means the expected credit loss incurred due to violation of a financial instrument within 12 months after the date of reporting. The expected credit loss for the duration means the expected credit loss incurred due to all violations of a financial instrument for the duration of the financial instrument.

For all financial assets, impairment loss is reflected by reducing the book amount of the financial assets through the allowance account.

(3) Derecognition of Financial Assets

The Group derecognizes financial assets only when their rights to cash flows from financial assets under a contract expire or when financial assets have been transferred and almost all risks of ownership of the assets and payments of the assets have been transferred to other enterprises.

Upon derecognition of the entire financial assets measured at amortized cost, the difference between the book amount of the financial assets and the received consideration is recognized in profits or losses. Upon derecognition of the entire investments in equity instruments measured at FVTOCI, the accumulated profits or losses of the investments in equity instruments are transferred to retained earnings directly instead of being reclassified as profits or losses.

2. Equity Instruments

The debt and equity instruments issued by the Group are classified as financial liabilities or equity based on the substance of the contractual agreement and the definitions of a financial liability and an equity instrument.

The equity instruments issued by the Group are recognized based on the obtained consideration less the cost of direct issuance.

The equity instruments of the Group taken back are recognized as and subtracted from equity. The book amount thereof is calculated based on weighted average subject to types of stocks. No purchase, sale, issuance or annulment of equity instruments of the Group shall be recognized as profit or loss.

3. Financial Liabilities

(1) Subsequent Measurement

All financial liabilities, except financial liabilities at FVTPL, are measured at amortized cost by using the effective interest method.

Financial liabilities at FVTPL are held for trading. Financial liabilities held for trading are measured at fair value. Interest accrued is recognized in financial cost, and other gains or losses generated by remeasurement are recognized in other gains or losses.

For the method used to determine fair value, please refer to Note 29.

(2) Derecognition of Financial Liabilities

With respect to derecognition of financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

4. Derivatives

The derivatives contracted for by the Group are forward exchange agreements, which are used to manage exchange rate risk of the Group.

Derivatives are recognized at fair value originally upon execution of the contract of derivatives, and are remeasured at fair value subsequently on the balance sheet date. The gain or loss generated by the subsequent measurement is recognized directly as profit or loss. Derivatives are listed as financial assets if the fair value thereof is a positive value, and listed as financial liabilities if the fair value is a negative value.

K. Revenue Recognition

After identifying its obligations under a contract made with a customer, the Group amortizes the transaction price to each obligation and recognizes revenue upon fulfillment of each obligation.

For a contract based on which merchandise or service is delivered within one year after or before receipt of consideration, the transaction price is not adjusted for the important compositions thereof.

Service income derives from the R&D, manufacturing, analysis, burn-in and testing of integrated circuits.

The Group provides service for a customer and the customer obtains and consumes performance effect simultaneously. The related revenue is recognized upon provision of service. The contract stipulated that the customer should pay after receiving products, so the Group recognized contract assets upon provision of service and listed them as accounts receivable upon actual shipping of products.

Customers were given gift vouchers upon sale of service under the customer loyalty program for their purchases to be made in the further. As the gift vouchers provided important rights, the transaction prices to which the gift vouchers were amortized were recognized as contract liabilities upon receipt of the gift vouchers and listed as revenue upon redemption or expiration of the gift vouchers.

L. Lease

Upon establishment of a contract, the Group evaluates whether the contract is (or includes) a lease.

1. The Group is a lessor.

If almost all of the risks pertaining to the ownership of the assets and the compensation are required to be transferred to the lessee in accordance with the terms of the lease, then the lease is classified as a financed lease. All other leases are classified as operating leases.

When subleasing right-of-use assets, the Group determines the classification of the sublease (instead of the subject assets). However, if the master lease is applicable to the short-term leases for which the Group recognizes exemptions, then the sublease is classified as an operating lease.

Lease payments under a finance lease include fixed payments. Net investment in the lease is measured at the current value of lease payments receivable and is expressed as finance leases receivable. Finance incomes are amortized to relevant accounting periods to reflect the fixed rate of return obtained for each accounting period based on the net of unexpired lease investments of the Group.

Lease payments under the operating lease are recognized as incomes for the lease period on a straight-line basis.

2. The Group is a lessee.

For other leases, right-of-use assets and lease liabilities are recognized on the date of lease commencement, except for leases of low-value assets for which exemptions can be recognized and short-term leases, in which case, lease payments are recognize as expenses for the lease period on a straight-line basis.

Right-of-use assets are originally measured at cost (including the amount of originally measured lease liabilities). They are subsequently measured based on the cost less accumulated depreciation and accumulated impairment loss, and the remeasured amount of lease liabilities is adjusted accordingly. Right-of-use assets are expressed separately in the consolidated balance sheet.

Right-of-use assets are depreciated on a straight-line basis between the date of lease commencement and the expiration of the service life or expiration of the lease period, whichever comes first.

Lease liabilities are originally measured based on the current value of lease payments (including periodical payments). If a lease implies an interest rate that can be determined easily, then lease payments are discounted at the interest rate. If the interest rate cannot be determined easily, then the lessee's incremental borrowing rate of interest is used.

After that, lease liabilities are measured at amortized cost by using the effective interest method, and interest expenses are amortized for the leasing. If the index or rate determined for lease payments changes during the lease period, then the Group remeasures lease liabilities and adjusts right-of-use assets accordingly. However, if the book amount of right-of-use assets has been reduced to zero, then the rest of the remeasured amount is recognized in profits or losses. Lease liabilities are expressed separately in the consolidated balance sheet.

M. Borrowing Cost

The borrowing cost directly attributable to the acquisition, construction or production of the assets that meet requirements is part of the cost of the assets until almost all activities necessary for the assets to be used or sold as expected have been completed.

If specific borrowings are used for temporary investments prior to occurrence of the capital expenditure that meets requirements, then any and all investment incomes earned accordingly are subtracted from the borrowing costs satisfying the condition of capitalization.

Except otherwise as stated above, all other borrowing costs are recognized as losses for the year when the costs occur.

N. Government Subsidy

A government subsidy is recognized only when the Group is reasonably believed to comply with the conditions attached to the government subsidy and will receive the subsidy.

Income-related government subsidies are recognized as other incomes on a systemic basis for the year in which the Group recognizes as expenses the costs to be covered by the subsidies.

O. Employee Benefits

1. Short-term Employee Benefits

Liabilities relevant to short-term employee benefits are measured based on non-discounted amounts expected to pay to exchange for employees' service.

2. Post-employment Benefits

As for retirement pensions under the defined contribution plan, the pension amounts allocated for the period when employees provide service are recognized as expenses.

Defined costs (including service costs, net interest and remeasurements) of the defined benefit plan are calculated by using the projected unit credit method. Current service costs and net interest on defined benefit assets are recognized as employee benefit expenses upon their occurrence. Remeasurements (including actuarial gains and losses, and return on plan asset less interest) are recognized in retained earnings upon their occurrence, and will not be reclassified to profits or losses.

Net defined benefit assets are allocated surplus of the defined benefit plan. Net defined benefit assets shall not exceed the current value of the refund of contributions from the plan or the reduction in future contributions.

P. Share-based Payment Arrangement

Employee stock options are recognized as expenses on a straight-line basis for the given period based on the fair value of equity instrument on the grant date and the best estimate of the employee stock options expected and obtained, and the "capital reserve－employee stock option" is also adjusted simultaneously.

The Group amends the estimate of the expected employee stock options on each balance sheet date. If an originally estimated amount is amended, then its effects are recognized as profits or losses so that accumulated expenses reflect the amended estimate, and the “capital reserve－employee stock option” is also adjusted accordingly.

Q. Income Tax

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

1. Current income tax

The Group determines its incomes (losses) for the current period in accordance with the regulations enacted in the applicable tax jurisdiction and calculates income tax payable (refundable) based on such incomes (losses).

The income tax on unappropriated earnings computed in accordance with the Income Tax Act of the Republic of China is recognized for the year when the resolution is adopted at the shareholders’ meeting.

Adjustment made for the previous year’s income tax payable is listed in current income tax.

2. Deferred Income Tax

Deferred income tax is computed based on temporary differences generated from the book amounts of assets and liabilities and the tax base used to compute taxable income.

Deferred income tax liabilities are generally recognized based on taxable temporary differences. Deferred income tax assets are recognized when there may probably be taxable incomes from which the tax credits generated from temporary differences can be subtracted.

Taxable temporary differences relevant to investments in subsidiaries and associates are recognized as deferred income tax liabilities, except when the Group is able to control the point of reverse of temporary differences and the taxable temporary differences will not be reversed in the foreseeable future. Deductible temporary differences relevant to the investments are recognized as deferred income tax assets only to the extent of the foreseeable reverse expected in the future when there is taxable income sufficient to realize temporary differences.

The book amount of deferred income tax assets is reviewed again on every balance sheet date. For all or part of assets that taxable income may probably not be sufficient to recover, the book value is reduced. Those that are not originally recognized as deferred income tax assets are also reviewed again on every balance sheet date. The book value is increased when there may be any taxable income used to recover all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rate applicable to the year when liabilities are expected to be repaid or assets are expected to be realized. The interest rate refers to the interest rate determined by the tax law that is enacted or substantially enacted as of the balance sheet date. Deferred income tax liabilities and assets are measured to reflect the tax consequences generated in the way that the Group expects to recover or repay the book amount of its assets or liabilities as of the balance sheet date.

3. Current and Deferred Income Taxes

Current and deferred income taxes are recognized in profits or losses. However, the current and deferred income taxes relevant to the items recognized in other comprehensive incomes or losses or those included directly in equity are recognized in other comprehensive incomes or losses or included directly in equity respectively.

V. Main Sources of Material Accounting Judgments, Estimates and Assumption Uncertainty

For relevant information not available by the Group from other resources in applying accounting policies, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors. The actual result may probably differ from the estimate.

The Group made material accounting estimates, such as cash flow projection, growth rate, discount rate and profitability, after taking into account the recent Covid-19 pandemic development and its possible impact on the economic environment. The management will review estimates and basic assumptions continuously. If a revised estimate only influences the current year, the estimate will be recognized in the year when it is revised. If a revised accounting estimate influences the current and future years, the estimate will be recognized in the year when it is revised and in the future year. As of the date of the financial report, no material impact was made on financial performance.

Main Sources of Estimates and Assumption Uncertainty

Impairment of Financial Asset and Contract Asset Estimates

Accounts receivable and contract assets were estimated based on the assumptions of probability of default and loss given default made by the Group. The Group considered historical experience and current market conditions to make its assumptions and choose input values for the impairment of estimates. For the important assumptions and input values used, please refer to Note 9. If the actual cash flows in the future are less than those expected, a material impairment loss may occur. Besides, due to the uncertainty of subsequent development of the Covid-19 pandemic and the impact of fluctuations in financial market on credit risk of financial assets in 2022, the estimate of probability of default is filled with higher uncertainty.

Service Lives of Property, Plant and Equipment

The Group reviews the estimated service lives of property, plant and equipment on each balance sheet date. According to the evaluation report issued by China Property Appraising Center Co., Ltd., the actual service life of existing equipment of Prosperity Power Technology Inc.(PPT Company), a subsidiary of IST, exceeded the service life determined originally. After the processes of comprehensive industry analysis, functional analysis and economical analysis, the management decided to extend, from Jan. 1, 2022, the service life of some mechanical equipment from 6 years to 10 years.

If it is assumed that the assets are held till the end of the estimated service life, the amounts of increases (decreases) in consolidated depreciation expenses for 2022 and future years are as follows:

	Amount
2022	($ 45,231)
2023	(45,231)
2024	(23,170)
2025	15,829
2026	32,002
2027 and after 2027	65,801

VI. Cash and Cash Equivalents

	Dec. 31, 2022	Dec. 31, 2021
Cash on hand and revolving funds	$ 210	$ 527
Bank checks and saving deposits of	630,272	575,613

bank		
Cash equivalents		
Time deposits	244,865	268,739
	$875,347	$844,879

The interest rate range of time deposits as of the balance sheet date is as follows:

	Dec. 31, 2022	Dec. 31, 2021
Bank deposits	0%~2.00%	0.001%~2.00%

VII. Financial Instruments at Fair Value through Profit and Loss

	Dec. 31, 2022	Dec. 31, 2021
Financial assets－Current		
Held for trading		
Derivatives (not designed for hedging)		
－ Forward exchange agreement	$ 523	$ -
Financial assets－Non-current		
At fair value through profit or loss compulsorily－Not listed (non-OTC)		
Domestic shares	$ -	$ 227
Beneficiary certificates of funds	27,282	21,945
	$ 27,282	$ 22,172
Financial liabilities－Current		
Held for trading		
Derivatives (not designed for hedging)		
－ Forward exchange agreement	$ -	$ 10

The forward exchange agreements to which hedge accounting was not applied and were not mature on the balance sheet date are as follows:

	Currency	Maturity Period	Contract Price (in thousands of NT dollars)
Dec. 31, 2022			
Forward foreign exchange purchase	TWD to JPY	February 2023 ~ July 2023	TWD 12,300 / JPY 55,100
Dec. 31, 2021			
Forward foreign exchange purchase	TWD to JPY	March 2022	TWD 723/ JPY 2,960

The Group engaged in forward exchange transactions in 2022 and 2021 primarily for the purpose of avoiding the risk incurred from foreign exchange fluctuation for foreign currency assets and liabilities.

VIII. Financial Assets at Fair Value through Other Comprehensive Income

Investments in Equity Instruments

	Dec. 31, 2021
Non-current	
Domestic investments	
Stock listed (OTC)	
Common shares of Giga Solar Materials Corp.	$ -

As Giga Solar Materials Corp. ("Giga Solar") merged Exojet Technology Corp. ("Exojet"), the Group obtained in December 2020 the shares of Giga Solar, which were exchanged with the shares of Exoject that it had possessed.

The Group invested the common shares of Giga Solar pursuant to its mid-to-long term strategy and expected to profit through long-term investment. The management of the Group believed that any short-term fair value fluctuation being included in profit or loss was not consistent with the aforementioned long-term investment plan; therefore, the Group chose to measure such investment at fair value through other comprehensive income.

The Group sold all the common shares of Giga Solar at fair value in May and June 2022. The amount obtained from the sale was NTD 17,044 thousand. The unrealized gain from the related "Other Interests －Financial Assets at Fair Value through Other Comprehensive Income" NTD 5,060 thousand was transferred to retaining earnings.

IX. Notes and Accounts Receivable – Net

	Dec. 31, 2022	Dec. 31, 2021
Measured at amortized cost		
Notes receivable	$ 1,096	$ 1,523
Accounts receivable	1,324,447	1,226,608
Less: Loss allowance	(14,052)	(12,114)
	$1,311,491	$1,216,017

As for payments of the services sold by the Group, the average credit period is between 30 and 120 days after the date of monthly settlement. No interest accrues for notes and accounts receivable. To reduce credit risk, the management of the Group designates a team to be responsible for a decision of credit line, credit approval and other monitoring procedures to ensure that proper measures are taken to recover overdue receivables. In addition, the Group reviews recoverable amounts of receivables on a case-by-case basis on the balance sheet date to ensure that a proper amount of impairment loss is allocated for unrecoverable receivables. Accordingly, the management of the Group believes that the Group's credit risk has significantly reduced.

The Group recognizes, based on expected credit loss for the duration, the allowance for losses on accounts receivable. The expected credit loss for the duration is calculated by using the provision matrix, which considers the historical default records of customers, current financial conditions and the state of industrial economy. As shown in the history of credit loss incurred by the Group, there is no significant difference between loss types in terms of different customer bases. Thus the provision matrix is not used to distinguish customer bases, but to determine expected credit loss rates based on the number of days the accounts receivable are past due.

If evidence shows that the counterparty encounters serious financial difficulties and the Group is unable to reasonably expect a recoverable amount, then the Group will write off relevant accounts receivable directly; however, claiming activities will still continue. Amounts claimed and recovered are recognized in profits.

The allowance for loss of accounts receivable loss measured by the Group by using the provision matrix is as follows:

Dec. 31, 2022

	Not overdue	Overdue for 1～90 days	Overdue for 91～180 days	Overdue for 180～365 days	Overdue for over 365 days	Total
Total book amount	$1,157,373	$ 128,962	$ 24,516	$ 7,859	$ 5,737	$1,324,447
Loss allowance (Expected credit loss for the duration)	(330)	(1,514)	(2,527)	(3,944)	(5,737)	(14,052)
Amortized cost	$1,157,043	$ 127,448	$ 21,989	$ 3,915	$ -	$1,310,395

Dec. 31, 2021

	Not overdue	Overdue for 1～90 days	Overdue for 91～180 days	Overdue for 180～365 days	Overdue for over 365 days	Total
Total book amount	$1,047,708	$ 163,118	$ 8,849	$ 2,056	$ 4,877	$1,226,608
Loss allowance (Expected credit loss for the duration)	(1,809)	(2,262)	(1,874)	(1,292)	(4,877)	(12,114)
Amortized cost	$1,045,899	$ 160,856	$ 6,975	$ 764	$ -	$1,214,494

Information of changes in the allowance for loss of accounts receivable is as follows:

	2022	2021
Beginning balance	$ 12,114	$ 13,564
Add: Impairment loss allocated (reversed) for the year	2,072	(1,327)

Less: Amounts written off actually for the year	(148)	(119)
Foreign exchange differences	14	(4)
Ending balance	$ 14,052	$ 12,114

X. Finance Leases Receivable

	Dec. 31, 2022	Dec. 31, 2021
Lease payments not discounted		
1st year	$ 4,392	$ 4,026
2nd year	-	-
	4,392	4,026
Less: Finance incomes not earned yet	(34)	(46)
Lease payments receivable	4,358	3,980
Net investment in the lease (expressed as finance leases receivable)	$ 4,358	$ 3,980

XI. Subsidiaries

The entities that the consolidated financial statements are prepared for are as follows:

Name of investing company	Name of subsidiary	Nature of business	Shareholding Dec. 31, 2022	Shareholding Dec. 31, 2021	Explanation
IST	Samoa IST	Investment	100%	100%	—
	Innovative Turnkey Solution(ITS Company)	Electronic product testing and relevant business	38%	38%	Note 1
	Pin Wen Corp. (Pin Wen Company)	Investment	100%	100%	—
	Supreme Fortune Corp.	Investment	100%	100%	—
	Prosperity Power Technology Inc.(PPT Company)	Manufacturing and sale of various integrated circuits (wafers), thinning, metal deposition and relevant business	75%	75%	Note 2
Samoa IST	Seychelles IST	Investment	100%	100%	—
	Integrated Service Technology USA Inc.（Integrated USA）	R&D and manufacturing of integrated circuits, analysis and burn-in, testing, semiconductor spare parts and relevant equipment, electronic spare parts, etc.	100%	100%	—
Pin Wen Corp. (Pin Wen Company)	Innovative Turnkey Solution(ITSCompany)	Electronic product testing and relevant business	13%	13%	Note 1
	Prosperity Power Technology Inc.(PPT Company)	Manufacturing and sale of various integrated circuits (wafers), thinning, metal deposition and relevant business	6%	6%	Note 2
Seychelles IST	Integrated Service Technology (Kunshan) Co., Ltd. (IST KS Company)	Product testing and relevant business	100%	100%	—
	System Integration Professional	Circuit design service	51%	51%	Note 3

	Technology(SIP KS Company)				
Supreme Fortune Corp.	Hot Light Co., Ltd.	Investment	100%	100%	—
Integrated Service Technology (Kunshan) Co.,Ltd. (IST KS Company)	Instrument Supply Technology (Kunshan) Co.,Ltd.(IST-trade KS Company)	Purchase and sale of electric testing and relevant equipment, and conduction of sale and trading as an agent	100%	100%	—
Hot Light Co., Ltd.	System Integration Professional Technology(SIP KS Company)	Circuit design service	49%	49%	Note 3
	Elitist Design Technology Inc. （Elitist Design）	Circuit design service	100%	100%	—

Note 1. Innovative Turnkey Solution(ITSCompany) is listed as a subsidiary because the Group is able to control the composition of the board of directors of Innovative Turnkey Solution(ITSCompany). In September 2021, the Group participated in Innovative Turnkey Solution(ITSCompany)'s seasoned equity offerings not proportionally based on its shareholding. In the seasoned equity offerings, IST acquired 4% of equity at NTD 40,070 thousand and the percentage of its shareholding rose from 34% to 38%. Pin Wen Corp. (Pin Wen Company) participated in Innovative Turnkey Solution(ITSCompany)'s seasoned equity offerings not proportionally based on its shareholding, and the percentage of its shareholding reduced from14% to 13%. As of Dec. 31, 2022 and 2021, the percentage of the total Innovative shares possessed by the Group was 51%.

Note 2. Pin Wen Corp. (Pin Wen Company) acquired 4% of shares of Prosperity Power Technology Inc.(PPT Company) at NTD 35,160 thousand in January 2021, and the total percentage of both the shares possessed by Pin Wen Corp. (Pin Wen Company) and those possessed by IST was 79%. In addition, Pin Wen Corp. (Pin Wen Company) acquired such equity of Prosperity Power Technology Inc.(PPT Company) at NTD 14,340 thousand in October 2021 that its shareholding rose from 4% to 6%. As of Dec. 31, 2022 and 2021, the percentage of the Prosperity Power Technology Inc.(PPT Company) shares possessed by the Group was 81%.

Note 3. As of Dec. 31, 2022 and 2021, the percentage of the System Integration Professional Technology (SIP KS Company) shares possessed by the Group was 100%.

XII. Investments Accounted for Using the Equity Method

A. Investments in Associates

	Dec. 31, 2022	Dec. 31, 2021
Material associates		
Dekra iST (Dekra Company)	$631,647	$573,816
BTL Inc. (BTL Inc.)	120,566	112,593
Individual immaterial associates		
EFUN Technology Inc.(EFUN Company)	821	576
Green Innovation Technology	3,390	2,334
Global Social Inc	-	-
	$756,424	$689,319

1. Material Associates

	Percentage of stock rights and voting rights held	
Company name	Dec. 31, 2022	Dec. 31, 2021
Dekra Company	49%	49%
BTL Inc.	11%	11%

IST resolved at the board meeting in July 2021 to sell 500 thousand shares of BTL Inc. at NTD 68 per share. The amount obtained from the disposal was NTD 33,898 thousand, and the disposal proceeds were NTD 12,880 thousand. After the sale, the percentage of the BTL Inc. shares held by the Group reduced to 11%. Though the percentage of such shareholding was less than 20%, yet the Group still had one seat on the board of directors of BTL Inc. and therefore had a significant impact on BTL Inc. based on the evaluation made by using the equity method.

For the business nature and main place of business of each of the aforementioned associates, and the country where it is registered, please refer to Schedule 4 "Information of Investee Companies (Excluding Investee Companies in Mainland China), their Locations, etc."

The following compiled information was prepared based on the financial report made by each associate in compliance with IFRSs and has reflected the adjustment made upon application of the equity method.

	Dec. 31, 2022	Dec. 31, 2021
Dekra Company		
Current assets	$ 346,750	$ 321,243
Non-current assets	1,071,316	816,341
Current liabilities	(380,000)	(338,620)
Non-current liabilities	(193,264)	(78,972)
Equity	$ 844,802	$ 719,992

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	Dec. 31, 2022	Dec. 31, 2021
Percentage of shares held by the Group	49%	49%
Equity enjoyed by the Group	$ 413,953	$ 352,796
Goodwill	217,694	217,694
Customer relations	-	3,326
Book amount of investments	$ 631,647	$ 573,816

	2022	2021
Operating revenue	$617,477	$470,690
Net profit of the year	$121,694	$ 57,273
Other comprehensive incomes	3,117	406
Total comprehensive incomes	$124,811	$ 57,679

	Dec. 31, 2022	Dec. 31, 2021
BTL Inc.		
Current assets	$285,869	$351,559
Non-current assets	875,377	729,344
Current liabilities	(170,956)	(179,311)
Non-current liabilities	(236,878)	(228,367)
Equity	$753,412	$673,225
Percentage of shares held by the Group	11%	11%
Equity enjoyed by the Group	$ 83,567	$ 74,673
Goodwill	23,886	23,886
Customer relations	3,533	4,454
Land	9,580	9,580
Book amount of investments	$120,566	$112,593

	2022	2021
Operating revenue	$375,321	$407,845
Net profit of the year	$134,918	$129,165
Other comprehensive incomes	5,043	4,337
Total comprehensive incomes	$139,961	$133,502

2. Information on Individual Immaterial Associates

	Dec. 31, 2022	Dec. 31, 2021
Global Social Inc		
Share enjoyed by the Group		
Net loss of the year	$ -	($ 5)
Other comprehensive incomes	-	-
Total comprehensive incomes	$ -	($ 5)

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	Dec. 31, 2022	Dec. 31, 2021
Green Innovation Technology		
Share enjoyed by the Group		
Net profit (loss) of the year	$ 342	($ 481)
Other comprehensive incomes	-	-
Total comprehensive incomes	$ 342	($ 481)
EFUN Technology Inc.(EFUN Company)		
Share enjoyed by the Group		
Net profit (loss) of the year	$ 245	($ 371)
Other comprehensive incomes	-	-
Total comprehensive incomes	$ 245	($ 371)

Investments accounted for using the equity method and the profits and other comprehensive incomes thereof enjoyed by the Group, except those of Dekra Company and BTL Inc., are recognized based on the financial statements not audited by CPAs. However, the management of the Group believes no material impact occurs even though the financial statements of the aforementioned investee companies were not audited by CPAs.

XIII. Property, Plant and Equipment

	Dec. 31, 2022	Dec. 31, 2021
Self-used	$3,838,661	$3,742,430
Rented out under operating lease	43,215	51,782
	$3,881,876	$3,794,212

A. Self-used

	Land	Building and structure	Mechanical equipment	Transportation equipment	Office equipment	Leased Improvements	Other equipment	Unfinished construction and equipments pending acceptance	Total
Cost									
Balance at Jan. 1, 2022	$ 30,852	$ 2,084,047	$ 4,228,106	4,266	$ 38,654	$ 380,959	$ 305,526	$ 261,650	$ 7,334,060
Additions	-	10,353	131,554	-	83	4,994	4,561	662,990	814,535
Disposals	-	(3,866)	(945,192)	-	(2,959)	(80,331)	(8,934)	-	(1,041,282)
Reclassification	-	30,536	692,365	-	-	17,529	32,638	(768,335)	4,733
Net exchange difference	-	631	1,517	55	53	-	9	-	2,265
Balance at Dec. 31, 2022	$ 30,852	$ 2,121,701	$ 4,108,350	$ 4,321	$ 35,831	$ 323,151	$ 333,800	$ 156,305	$ 7,114,311
Accumulated depreciation									
Balance at Jan. 1, 2022	$ -	$ 303,613	$ 2,632,492	$ 1,450	$ 21,990	$ 310,789	$ 125,520	$ -	$ 3,395,854
Depreciation expense	-	124,842	522,977	666	7,313	7,767	46,139	-	709,704
Disposals	-	(3,866)	(771,261)	-	(2,959)	(80,331)	(8,934)	-	(867,351)
Reclassification	-	-	1,893	-	-	-	-	-	1,893
Net exchange difference	-	167	754	19	27	-	2	-	969
Balance at Dec. 31, 2022	$ -	$ 424,756	$ 2,386,855	$ 2,135	$ 26,371	$ 238,225	$ 162,727	$ -	$ 3,241,069
Accumulated impairment									
Balance at Jan. 1, 2022	$ -	$ -	$ 195,642	$ -	$ 134	$ -	$ -	$ -	$ 195,776
Disposals	-	-	(161,379)	-	-	-	-	-	(161,379)
Net exchange difference	-	-	182	-	2	-	-	-	184
Balance at Dec. 31, 2022	$ -	$ -	$ 34,445	$ -	$ 136	$ -	$ -	$ -	$ 34,581
Net at Dec. 31, 2022	$ 30,852	$ 1,696,945	$ 1,687,050	$ 2,186	$ 9,324	$ 84,926	$ 171,073	$ 156,305	$ 3,838,661
Cost									
Balance at Jan. 1, 2021	$ 30,852	$ 2,058,444	$ 4,229,620	$ 3,413	$ 32,138	$ 396,084	$ 293,772	$ 85,685	$ 7,130,008
Additions	-	2,171	149,881	1,447	9,650	666	2,551	504,391	670,757
Disposals	-	-	(421,783)	(574)	(5,131)	(28,030)	(10,341)	-	(465,859)
Reclassification	-	23,642	270,968	-	2,016	12,254	19,546	(328,426)	-
Net exchange difference	-	(210)	(580)	(20)	(19)	(15)	(2)	-	(846)
Balance at Dec. 31, 2021	$ 30,852	$ 2,084,047	$ 4,228,106	$ 4,266	$ 38,654	$ 380,959	$ 305,526	$ 261,650	$ 7,334,060

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	Land	Building and structure	Mechanical equipment	Transportation equipment	Office equipment	Leased Improvements	Other equipment	Unfinished construction and equipments pending acceptance	Total
Accumulated depreciation									
Balance at Jan. 1, 2021	$ -	$203,506	$2,445,564	$1,473	$20,944	$305,936	$93,610	$ -	$3,071,033
Depreciation expense	-	100,147	558,144	565	6,182	29,196	42,244	-	736,478
Disposals	-	-	(370,955)	(574)	(5,126)	(24,328)	(10,333)	-	(411,316)
Net exchange difference	-	(40)	(261)	(14)	(10)	(15)	(1)	-	(341)
Balance at Dec. 31, 2021	$ -	$303,613	$2,632,492	$1,450	$21,990	$310,789	$125,520	$ -	$3,395,854
Accumulated impairment									
Balance at Jan. 1, 2021	$ -	$ -	$222,700	$ -	$ 138	$ -	$ -	$ -	$222,838
Disposals	-	-	(26,993)	-	(4)	-	-	-	(26,997)
Net exchange difference	-	-	(65)	-	-	-	-	-	(65)
Balance at Dec. 31, 2021	$ -	$ -	$195,642	$ -	$ 134	$ -	$ -	$ -	$195,776
Net at Dec. 31, 2021	$30,852	$1,780,434	$1,399,972	$2,816	$16,530	$70,170	$180,006	$261,650	$3,742,430

Depreciation expenses are allocated based on the following service lives on a straight-line basis.

Building and structure	
Main buildings in the plant	35~50 years
Building renovation	5~20 years
Mechanical equipment	1~10 years
Transportation equipment	2~6 years
Office equipment	2~6 years
Leased Improvements	2~15 years
Other equipment	1~20 years

For the amounts of the property, plant and equipment pledged by the Group, please refer to Note 31.

B. Renting Out Under Operating Lease

	Land	Building and structure	Other equipment	Total
Cost				
Balance at Jan. 1, 2022	$ 12,583	$ 125,754	$ 278	$ 138,615
Disposals	-	(2,090)	-	(2,090)
Balance at Dec. 31, 2022	$ 12,583	$ 123,664	$ 278	$ 136,525
Accumulated depreciation				
Balance at Jan. 1, 2022	$ -	$ 86,630	$ 203	$ 86,833
Depreciation expense	-	8,509	58	8,567
Disposals	-	(2,090)	-	(2,090)
Balance at Dec. 31, 2022	$ -	$ 93,049	$ 261	$ 93,310
Net at Dec. 31, 2022	$ 12,583	$ 30,615	$ 17	$ 43,215
Cost				
Balance at Jan. 1, 2021	$ 12,583	$ 129,436	$ 278	$ 142,297
Disposals	-	(3,682)	-	(3,682)
Balance at Dec. 31, 2021	$ 12,583	$ 125,754	$ 278	$ 138,615
Accumulated depreciation				
Balance at Jan. 1, 2021	$ -	$ 79,804	$ 140	$ 79,944
Depreciation expense	-	10,508	63	10,571
Disposals	-	(3,682)	-	(3,682)
Balance at Dec. 31, 2021	$ -	$ 86,630	$ 203	$ 86,833
Net at Dec. 31, 2021	$ 12,583	$ 39,124	$ 75	$ 51,782

The Group rented out land, building and structure as well as other equipment under operating leases and the lease periods were 5 to 10 years.

The total lease payments to be received in the future because of the property, plant and equipment rented out under operating leases are as follows:

	Dec. 31, 2022	Dec. 31, 2021
1st year	$ 7,088	$ 7,088
2nd year	7,088	7,088
3rd year	7,088	7,088

4th year	7,088	7,088
5th year	6,496	7,088
Over 5 years	-	6,496
	$ 34,848	$ 41,936

Depreciation expenses are allocated based on the following service lives on a straight-line basis.

Building and structure	
Main buildings in the plant	50 years
Building renovation	6~20 years
Other equipment	3~20 years

XIV. Lease Agreement

A. Right-of-use Assets

	Dec. 31, 2022	Dec. 31, 2021
Book amount of right-of-use assets		
Land	$153,549	$157,660
Building	113,215	228,367
Transportation equipment	11,215	6,593
Mechanical equipment	10,905	10,343
	$288,884	$402,963

	2022	2021
Added right-of-use assets	$ 29,938	$ 64,559
Expense of depreciation of right-of-use assets		
Land	$ 4,840	$ 4,825
Building	70,304	67,752
Transportation equipment	5,330	3,810
Mechanical equipment	2,221	2,187
	$ 82,695	$ 78,574
Proceeds from sublease of right-of-use assets (listed as other incomes in the book)	($ 4,392)	($ 4,392)

B. Lease Liabilities

	Dec. 31, 2022	Dec. 31, 2021
Book amount of lease liabilities		
Current	$ 53,276	$ 82,432
Non-current	$247,886	$331,151

The range of discount rates for lease liabilities is as follows:

	Dec. 31, 2022	Dec. 31, 2021
Land	2.76%	2.76%
Building	1.62%~4.75%	1.64%~4.75%
Transportation equipment	2.50%~5.40%	2.00%~5.25%
Mechanical equipment	1.56%~2.00%	1.56%~2.88%

C. Important Lease Activities and Terms

The Group as a lessee has leased some land, buildings, transportation equipment and mechanical equipment for its operating activities and the lease periods are from 1 to 40 years. The Group does not have the right of first refusal for the land, buildings, transportation equipment and mechanical equipment that it has leased as a lessee upon expiration of a lease period.

D. Sublease

The Group has the following sublease-related transactions except those explained in Notes 10 and 13:

The Group has subleased the right of use of some buildings under operating leases, and the lease period is 5 years.

The total lease payments to be received in the future because of the subleases under operating leases are as follows:

	Dec. 31, 2022	Dec. 31, 2021
1st year	$ 13,276	$ 12,169
2nd year	-	-
	$ 13,276	$ 12,169

E. Other Lease Information

For the agreements concerning the assets that the Group has rented out under finance leases, please refer to Note 10.

	2022	2021
Short-term lease expenses	$ 6,265	$ 7,514
Low-value asset lease expenses	$ 520	$ 689
Total cash (outflow) from leases	($103,495)	($102,269)

The Group chose to recognize exemptions applicable to the building and transportation equipment leases that are in line with short-term leases and low-value asset leases, and did not recognize right-of-use assets or lease liabilities relevant to such leases.

XV. Other Intangible Assets

	Computer software	Others	Total
Cost			
Balance at Jan. 1, 2022	$ 64,132	$ 4,515	$ 68,647
Individual acquisition	9,500	876	10,376
Disposals	(12,731)	(1,483)	(14,214)
Net exchange difference	93	74	167
Balance at Dec. 31, 2022	60,994	3,982	64,976
Accumulated amortization			
Balance at Jan. 1, 2022	50,160	3,457	53,617
Amortization expense	10,031	1,090	11,121
Disposals	(12,645)	(1,483)	(14,128)
Net exchange difference	30	56	86
Balance at Dec. 31, 2022	47,576	3,120	50,696
Net at Dec. 31, 2022	$ 13,418	$ 862	$ 14,280
Cost			
Balance at Jan. 1, 2021	$ 56,185	$ 3,937	$ 60,122
Individual acquisition	9,694	599	10,293
Disposals	(1,718)	-	(1,718)
Net exchange difference	(29)	(21)	(50)
Balance at Dec. 31, 2021	64,132	4,515	68,647
Accumulated amortization			
Balance at Jan. 1, 2021	41,686	2,713	44,399
Amortization expense	10,210	759	10,969
Disposals	(1,718)	-	(1,718)
Net exchange difference	(18)	(15)	(33)
Balance at Dec. 31, 2021	50,160	3,457	53,617
Net at Dec. 31, 2021	$ 13,972	$ 1,058	$ 15,030

Amortization expenses are allocated based on the following service lives on a straight-line basis.

Computer software	2~10 years
Others	3 years

XVI. Prepayments and Other Current Assets

	Dec. 31, 2022	Dec. 31, 2021
Current		
Prepaid materials stipulated in work order	$ 79,319	$ 28,570
Inventory of supplies	36,059	21,133
Prepaid expenses	15,276	22,140
Tax overpaid retained for offsetting the future tax payable	14,352	19,647
Payment in advance	4,761	12,572
Others	2,568	1,836
	$152,335	$105,898

XVII. Short-term Borrowings

	Dec. 31, 2022	Dec. 31, 2021
Loans without collateral		
Working capital loan	$648,500	$656,432

Interest rates for the working capital loans provided by the bank were 1.75% ~ 6.14% and 0.80% ~ 1.82% on Dec. 31, 2022 and Dec. 31, 2021 respectively.

XVIII. Long-term Borrowings

	Dec. 31, 2022	Dec. 31, 2021
Guaranteed loans		
Syndicated loans from the bank syndicate - A-1 (1)	$ 320,000	$ 360,000
Bank loans (2)	245,000	278,389
Loans without collateral		
Syndicated loans from the bank syndicate - A-2 (1)	160,000	180,000
Syndicated loans from the bank syndicate - B (1)	100,000	200,000
Credit loan (3)	1,020,068	840,449
	1,845,068	1,858,838
Less: Unamortized balance of the expenses incurred by the organizer of syndicated loans	(1,600)	(2,200)
Current portion of long-term borrowings	(145,486)	(105,542)
	$1,697,982	$1,751,096

A. To improve its financial structure and obtain the funds needed for its mid-term business operation, IST made a 5-year joint credit loan contract for a loan limit of NTD one billion with Mega International Commercial Bank and other 5 financial institutions in September 2020. IST made a drawdown of the syndicated loan A in the 3rd quarter of 2020. The borrowed amount shall be repaid in installments of 5% of the capital every half a year (i.e. a term) for 10 terms from September 2020, and the rest of the capital shall be repaid on the maturity date. In addition, IST made a drawdown of the syndicated loan B in the 4th quarter of 2020. The loan shall be repaid in full upon maturity, and revolving drawdown is available before September 2025. Interest rates for the syndicated loan were 2.29%～2.49% and 1.8% on Dec. 31, 2022 and Dec. 31, 2021 respectively. For the aforementioned credit contract, certain buildings, mechanical equipment and bank deposits of IST have been mortgaged to the bank. (Please see Note 31.)

Applicable terms of the contract under which IST applies for loans from the bank syndicate: There shall be a debt burden ratio to be complied with in the first half year's and annual consolidated financial statements of IST, and the net worth of the tangible assets shall not be less than NTD 2,800,000 thousand. If IST violates its financial commitment and fails to correct during the period given for improvement, IST shall pay 0.1% of the unrepaid balance as compensation.

B. For the bank loans, the Group mortgaged its buildings to the bank. (Please see Note 31.) The maturity date on both Dec. 31, 2022 and Dec. 31, 2021 was March 2032 and the annual interest rates on Dec. 31, 2022 and Dec. 31, 2021 were 1.58% and 0.95%～2.90% respectively.

C. The maturity date of the credit loans on both Dec. 31, 2022 and Dec. 31, 2021 was the end of May 2026 and the annual interest rates on Dec. 31, 2022 and Dec. 31, 2021 were 1.61%～3.56% and 1.00%～3.06% respectively.

Applicable terms of the contract under which IST applies for a long-term loan: There shall be a current ratio, a debt burden ratio, a financial debt ratio and a interest coverage ratio to be complied with in the first half year's and annual consolidated financial statements of IST, and the net worth of the tangible assets shall not be less than NTD 2,800,000 thousand. If IST violates any of the conditions of credit loan, the interest rate for any new drawdown shall be increased by 0.25%.

XIX. Other Current Liabilities

	Dec. 31, 2022	Dec. 31, 2021
Other payables		
Wages and bonuses payable	$271,338	$200,484
Remunerations payable to employees and directors	30,000	14,708
Bonus for unused leave	14,629	14,867
	315,967	230,059

Other current liabilities－Others

Others (Note)	219,721	156,429
	$535,688	$386,488

Note: It mainly includes business tax payable, receipts under custody, etc.

XX. Post-employment Benefit Plan

A. Defined Contribution Plan

The retirement pension system provided in the Labor Pension Act, which is applicable to IST, Innovative Turnkey Solution(ITSCompany), Prosperity Power Technology Inc.(PPT Company) and Elitist Design, refers to the defined contribution plan managed by the government. The 6% of the monthly wages of an employee is allocated to the specific account of the individual with Bureau of Labor Insurance. The subsidiaries of IST registered in the People's Republic of China ("PRC") adopt the endowment insurance system provided by the government of the PRC. They contribute a certain percentage of the total monthly wages of each local employee each month towards the endowment insurance funds. The retirement pension of each employee is managed and arranged by the government. The subsidiaries have no further obligation except the monthly contribution.

B. Defined Benefit Plan

The retirement pension system adopted by IST in accordance with the Labor Standards Act of the Republic of China refers to the defined benefit plan governed by the government. The retirement pension to an employee is computed based on the employee's service time and average wage of the 6 months immediately before the date of retirement approval. IST allocates the 2% of the monthly wages of an employee to be the employee's retirement fund and transfers it to Supervisory Committee of Business Entities' Labor Retirement Reserve. The committee then deposits it to the specific account with Bank of Taiwan in the name of the committee. If the balance of the specific account at the end of a fiscal year is estimated to be insufficient for the amount of retirement pensions to be paid to the employees who will meet the requirements of retirement in the next year, the difference will be allocated in full by the end of March in the next year. The specific account is entrusted to Bureau of Labor Funds, Ministry of Labor to manage. IST has no right to influence its investment and management strategies.

Amounts for the defined benefit plan in the consolidated balance sheet are listed as follows:

	Dec. 31, 2022	Dec. 31, 2021

Fair value of plan assets	$ 57,629	$ 53,132
Present value of defined benefit obligation	(36,169)	(37,161)
Net defined benefit assets	$ 21,460	$ 15,971

Changes in net defined benefit assets are as follows:

	Fair value of plan assets	Present value of defined benefit obligations	Net defined benefit assets
Balance at Jan. 1, 2021	$ 52,184	($ 38,534)	$ 13,650
Interest income (expense)	208	(153)	55
Recognized in profit (loss)	208	(153)	55
Remeasurements			
Return on plan assets (except the amounts included in net interest)	740	-	740
Actuarial losses - Changes in demographic assumptions	-	(103)	(103)
Actuarial losses - Changes in financial assumptions	$ -	$ 1,346	$ 1,346
Actuarial losses - Experience adjustments	-	283	283
Recognized in other comprehensive incomes	740	1,526	2,266
Balance at Dec. 31, 2021	53,132	(37,161)	15,971
Interest income (expense)	370	(258)	112
Recognized in profit (loss)	370	(258)	112
Remeasurements			
Return on plan assets (except the amounts included in net interest)	4,127	-	4,127
Actuarial losses - Changes in demographic assumptions	-	(7)	(7)
Actuarial losses - Changes in financial assumptions	-	2,624	2,624
Actuarial losses - Experience adjustments	-	(1,367)	(1,367)
Recognized in other comprehensive incomes	4,127	1,250	5,377
Balance at Dec. 31, 2022	$ 57,629	($ 36,169)	$ 21,460

IST is exposed to the following risks with respect to the retirement pension system provided by the Labor Standards Act.

1. Investment Risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund, by itself or though an agent, in domestic (foreign) domestic equity securities and debt securities, bank deposits and other subject matters. However, the distributable amount of IST's plan assets is the income calculated at an interest rate not inferior to that announced by the local bank for 2-year time deposits.
2. Interest Rate Risk: Interest rates for government bonds are reduced so that the present value of defined benefit obligations increases. However, the return on debt investments with respect to plan assets increases accordingly. Both offset the impact on the net defined benefit liabilities partially.
3. Wage Risk: The present value of defined benefit obligations is calculated by taking future wages of plan members into account. Thus the increase in wages of plan members will result in an increase in the present value of defined benefit obligations.

The present value of defined benefit obligations of IST is calculated by a qualified actuary. Material assumptions on the measurement date are as follows:

	Dec. 31, 2022	Dec. 31, 2021
Discount rate	1.35%	0.70%
Expected rate of wage increments	2.00%	2.00%
Resignation rate	0.63%	0.67%

In case of a reasonable and possible change in any material actuarial assumption, the increase (decrease) in the present value of defined benefit obligations on the premise that other assumptions remain unchanged is as follows:

	Dec. 31, 2022	Dec. 31, 2021
Discount rate		
Increased by 0.25%	($ 941)	($ 1,084)
Decreased by 0.25%	$ 978	$ 1,130
Increased by 0.1%	($ 381)	($ 439)
Decreased by 0.1%	$ 386	$ 446
Expected rate of wage increments		
Increased by 0.25%	$ 969	$ 1,112
Decreased by 0.25%	($ 938)	($ 1,073)
Resignation rate		
Increased by 110%	($ 34)	($ 52)
Decreased by 90%	$ 34	$ 52

The aforementioned sensitivity analysis may probably not reflect actual changes in the present value of defined benefit obligations as actuarial assumptions may correlate mutually and changes in only one assumption are not quite possible.

	Dec. 31, 2022	Dec. 31, 2021
Amount expected to be contributed in one year	$ -	$ -
Average expiration period of defined benefit obligations	10 years	11 years

XXI. Equity

A. Common Stock

	Dec. 31, 2022	Dec. 31, 2021
Authorized number of shares (In thousands of shares)	200,000	200,000
Authorized capital stock	$2,000,000	$2,000,000
Number of issued and paid-in shares (In thousands of shares)	74,775	79,775
Capital stock issued	$ 747,751	$ 797,751

Changes in capital stock of IST were mainly due to cancellation of treasury stock.

B. Capital Reserve

	Dec. 31, 2022	Dec. 31, 2021
Used to make good of loss, distribute cash or appropriate to be capital stock (Note 1)		
Stock issuance premium	$2,085,234	$2,224,667
Used to make good of losses only		
Recognized changes in ownership interests in subsidiaries (Note 2)	30,538	29,824
Changes in equity of associates accounted for using the equity method	2,465	2,465
Not used for any purpose		
Stock option	24,775	9,999
	$2,143,012	$2,266,955

Note 1: Such capital reserve may be used to make good of loss and may be used to distribute cash or expand capital stock when the Group has no loss; however,

the amount used to expend capital stock is limited to a certain percentage of the paid-in capital.

Note 2: Such capital reserve is the equity transaction effect recognized for changes in the equity of the subsidiary when the Group does not acquire or dispose the equity in the subsidiary.

The balance of capital reserve was reconciled in 2022 and 2021 is as follows:

	Stock issuance premium	Treasury share transaction	Stock option	Recognized changes in ownership interests of subsidiaries	Changes in equity of associates accounted for using the equity method	Others
Balance at Jan. 1, 2021	$ 2,489,430	$ 15,607	$ -	$ 3,290	$ 2,465	$ 120,073
Changes in equity of associates and joint ventures accounted for using the equity method	-	-	-	26,534	-	-
Share-based payment	-	-	9,999	-	-	-
Cancellation of treasury stock	(264,763)	(15,607)	-	-	-	(120,073)
Balance at Dec. 31, 2021	2,224,667	-	9,999	29,824	2,465	-
Changes in equity of associates and joint ventures accounted for using the equity method	-	-	-	714	-	-
Share-based payment	-	-	14,776	-	-	-
Cancellation of treasury stock	(139,433)	-	-	-	-	-
Balance at Dec. 31, 2022	$ 2,085,234	$ -	$ 24,775	$ 30,538	$ 2,465	$ -

C. Retained Earnings and Dividend Policies

According to IST's articles of incorporation, for any distribution of earnings, IST shall make good of the previous year's loss (including the adjusted amount of undistributed earnings) first, and allocate 10% of the rest of the earnings as legal reserve. However, if legal reserve reaches the amount of IST's total paid-in capital, no legal reserve shall be allocated. Then special reserve shall be allocated or reversed in accordance with regulations or as required by the competent authority. After retaining such earnings as considered necessary by the board of directors for business operation, the board of directors shall prepare an earning distribution proposal for the rest of the earnings, together with the undistributed earnings at the beginning of the year (including the adjusted amount of undistributed earnings), and resolve to allocate dividends and bonuses to shareholders based on the proposal. For such policies concerning remunerations to employees and directors as provided in IST's articles of incorporation, please refer to Note 23-(7) Employees' Remuneration and Directors' Remuneration.

IST requires that earnings shall be distributed and losses shall be made good after the end of each quarter. Earnings to be distributed in cash shall be resolved by the board of directors and then reported at the shareholders' meeting. No proposal of such distribution of earnings shall be submitted at the shareholders' meeting for approval.

IST considers its financial environment and growth stage to meet the requirements for future funds and long-term financial plans and satisfy the needs of shareholders in terms of cash inflows. After deducting the items provided above from distributable earnings, IST shall allocate dividends to shareholders. For the dividends distributed to shareholders for the current year, cash dividends shall account for 10% to 100% of the total dividends while stock dividends shall account for 0% to 90% of the total dividends.

In case that IST has no earnings to be distributed for the current year, or the amount of earnings is far less than that of the earnings actually distributed for the previous year, or the entirety or part of the reserve shall be distributed, based on financial, business and operating factors of IST, in compliance with the law or as required by the competent authority, then earnings to be distributed in cash shall be resolved by the board of directors and reported at the shareholders' meeting, and no proposal of such distribution of earnings shall be submitted at the shareholders' meeting for approval.

Legal reserve shall be allocated until the balance thereof reaches the total paid-in capital of IST. Legal reserve may be used to make good of loss. When IST has no loss, the portion of legal reserve in excess of 25% of paid-in capital can be used to expand capital stock or be distributed in cash.

The earning distribution proposal of IST for each quarter of 2022, 2021 and 2020 and the cash dividends per share were resolved at the board meeting as follows:

	2022 Q4	2022 Q3
Date of resolution by the board of director	Mar. 14, 2023	Nov. 2, 2022
Legal reserve	$ 10,099	$ 23,118
Special reserve	$ 7,555	($ 20,263)
Cash dividends	$ 74,775	$ 74,775
Cash dividends per share (NTD)	$ 1	$ 1

	2021 Q4	2021 Q2	2021 Q1
Date of resolution by the board of director	Mar. 24, 2022	Aug. 5, 2021	Apr. 29. 2021
legal reserve	$ -	$ 3,264	$ 5,419
special reserve	($ 3,330)	$ 5,335	$ 1,011
Cash dividends	$ -	$ 35,430	$ 93,575
Cash dividends per share (NTD)	$ -	$ 0.4	$ 1

	2020 Q4	2020 Q3	2020 Q2
Date of resolution by the board of director	Mar. 5, 2021	Nov. 11, 2020	Aug. 6, 2020
legal reserve	$ 3,132	$ 8,413	$ 14,451
special reserve	($ 7,670)	($ 6,647)	$ 15,584
Cash dividends	$ 56,145	$ 93,575	$ 140,363
Cash dividends per share (NTD)	$ 0.6	$ 1	$ 1.5

IST held a board meeting on Nov. 9, 2021 where a resolution of not distributing earnings for 2021 Q3 was passed.

IST held a board meeting on Mar. 24, 2022 where a motion of making good of the loss NTD 38,217 thousand in use of legal reserve was proposed. The board of directors resolved at the board meetings of May 5 and Aug. 2, 2022 not to distribute earnings for 2022 Q1 and 2022 Q2.

The above cash dividends for each quarter of 2022 have been resolved to allocate by the board of directors, and the rest is expected to be resolved at the general meeting of shareholders held on June 14, 2023.

D. Special Reserve

	2022	2021
Beginning balance	$ 98,491	$ 99,815
Allocated special reserve		
Allocated deduction (reverse) of other equity items	(23,593)	(1,324)
Ending balance	$ 74,898	$ 98,491

When implementing IFRSs initially, IST shall reverse at the disposal percentage the special reserve allocated from the exchange difference between financial statements of foreign operations (including subsidiaries). After IST loses its material impact, IST shall reverse the entirety of such special reserve. Upon distribution of earnings, an additional special reserve is allocated from the difference between the net value of deductions of other shareholders' equity listed in the book at the end of the reporting period and the special reserve allocated upon initial implementation of IFRSs. In case of reverse of the net value of deductions of other shareholders' equity afterwards, the special reserve is reversed based on the reversed portion of such net value to distribute earnings.

E. Other Equity

1. Exchange differences on translation of foreign financial statements:

	2022	2021
Beginning balance	($ 95,161)	($ 92,644)

Generated in the current year		
Exchange differences arising on translating financial statements of foreign operations	10,777	(3,573)
Share of translation differences of associates accounted for using the equity method	1,931	705
Generated from reclassification		
Share of disposal proceeds of associates accounted for using the equity method	-	351
Ending balance	($ 82,453)	($ 95,161)

2. Unrealized Gains (Losses) from Financial Assets at FVOCI

	2022	2021
Beginning balance	$ -	$ 499
Generated in the current year		
Unrealized gains (losses)		
Equity instrument	-	(5,559)
Accumulated gains (losses) on disposal of equity instruments transferred to retained earnings	-	5,060
Ending balance	$ -	$ -

F. Non-controlling Interests

	2022	2021
Beginning balance	$122,607	$ 24,148
Net loss of the year	(18,644)	(56,539)
Non-controlling interests increased from cash increase (Note 27)	-	162,730
Acquisition of non-controlling interests of subsidiaries (Note 27)	-	(7,732)
Ending balance	$103,963	$122,607

G. Treasury Shares

Reason of recall	Purchased back to be cancelled (In thousands of shares)
Number of shares at Jan. 1, 2021	-
Shares increased in the year	13,800
Shares decreased in the year	(13,800)
Number of shares at Dec. 31, 2021	-
Number of shares at Jan. 1, 2022	-
Shares increased in the year	5,000
Shares decreased in the year	(5,000)
Number of shares at Dec. 31, 2022	-

To maintain corporate credit and shareholders' equity, IST resolved at the board meeting of May 24, 2021 to purchase back treasury shares. The predetermined repurchase period was from May 25, 2021 to July 23, 2021 and the predetermined number of shares to be purchased back was 5,000 thousand. The range of repurchase prices was from NTD 34 to NTD 77 When the share price was less than the lower limit of the repurchase price, IST repurchased shares continuously. The upper limit for the total amount of the planned repurchased shares was NTD 385,000 thousand. The aforementioned 5,000 thousand treasury shares were repurchased before July 15, 2021 and the repurchase cost was NTD 264,811 thousand in total. IST resolved at the board meeting of Aug. 5, 2021 to cancel 5,000 thousand treasury shares. The record date for capital reduction was Aug. 10, 2021 and the registration of such change was completed on Sep. 22, 2021.

To maintain corporate credit and shareholders' equity, IST resolved at the board meeting of Aug. 5, 2021 to purchase back treasury shares. The predetermined repurchase period was from Aug. 6, 2021 to Oct. 5, 2021 and the predetermined number of shares to be purchased back was 4,000 thousand. The range of repurchase prices was from NTD 36 to NTD 78. When the share price was less than the lower limit of the repurchase price, IST repurchased shares continuously. The upper limit for the total amount of the planned repurchased shares was NTD 312,000 thousand. The aforementioned 4,000 thousand treasury shares were repurchased before Sep. 9, 2021 and the repurchase cost was NTD 202,945 thousand in total. IST resolved at the board meeting of Sep. 24, 2021 to cancel 4,000 thousand treasury shares. The record date for capital reduction was Oct. 4, 2021 and the registration of such change was completed on Oct. 22, 2021.

To maintain corporate credit and shareholders' equity, IST resolved at the board meeting of Oct. 14, 2021 to purchase back treasury shares. The predetermined repurchase period was from Oct. 15, 2021 to Dec. 14, 2021 and the predetermined number of shares to be purchased back was 4,800 thousand. The range of repurchase prices was from NTD 33 to NTD 73. When the share price was less than the lower limit of the repurchase price, IST repurchased shares continuously. The upper limit for the total amount of the planned repurchased shares was NTD 350,400 thousand. The aforementioned 4,800 thousand treasury shares were repurchased before Dec. 2, 2021 and the repurchase cost was NTD 263,052 thousand in total. IST resolved at the board meeting of Dec. 23, 2021 to cancel 4,800 thousand treasury shares. The record date for capital reduction was Dec. 27, 2021 and the registration of such change was completed on Jan. 12, 2022.

To maintain corporate credit and shareholders' equity, IST resolved at the board meeting of Mar. 15, 2022 to purchase back treasury shares. The predetermined repurchase period was from Mar. 16, 2022 to May 17, 2022 and the predetermined number of shares to be purchased back was 5,000 thousand. The range of repurchase prices was from NTD 34 to NTD 74. When the share price was less than the lower limit of the repurchase price, IST repurchased shares continuously. The upper limit for the total amount of the planned repurchased shares was NTD 370,000 thousand. The aforementioned 5,000 thousand treasury shares were repurchased before Apr. 15, 2022 and the repurchase cost was NTD 267,945 thousand in total. IST resolved at the board meeting of May 5, 2022 to cancel 5,000 thousand treasury shares. The record date for capital reduction was May 6, 2022 and the registration of such change was completed on May 17, 2022.

According to the Securities and Exchange Act, IST shall not pledge the treasury shares it holds and shall not have the right to allocation of dividends or the right to voting based on the treasury shares.

XXII.Revenue

	2022	2021
Revenue from contracts with customers		
Revenue from inspection and testing services	$3,742,682	$3,213,788

A. Contracts with Customers

The contract made by the Group with a customer provides inspection and testing service obligations. The customer pays the contractual consideration during the credit period after inspecting and accepting the service. Because merchandise or service is delivered within one year after or before receipt of payment, the material financial compositions of the contractual consideration are not adjusted.

B. Contract Balance

	Dec. 31, 2022	Dec. 31, 2021	Jan. 1, 2021
Accounts receivable (Note 9)	$ 1,310,395	$ 1,214,494	$ 1,067,683
Accounts receivable－Related parties (Note 30)	$ 17,316	$ 19,802	$ 15,470

Contract assets			
Labor service	$ 11,620	$ 4,903	$ 3,322
Contract liabilities			
Customer loyalty program	$ 62,145	$ 38,327	$ 47,915
Unearned sales revenue	55,684	33,848	37,299
	$ 117,829	$ 72,175	$ 85,214

Changes in contract assets and contract liabilities resulted mainly from the point of time when performance obligations were satisfied and the difference between the points of time when customers made payments.

Performance obligations from the contract liabilities at the beginning of the year that had been satisfied were recognized as revenue for the current year as follows:

	2022	2021
From contract liabilities at the beginning of the year		
Unearned sales revenue	$ 37,585	$ 24,221
Customer loyalty program	22,280	34,880
	$ 59,865	$ 59,101

C. Itemized Revenue from Contracts with Customers

	2022	2021
Main regional markets		
Asia	$3,052,945	$2,611,557
America	616,027	501,973
Others	73,710	100,258
	$3,742,682	$3,213,788

D. Contracts with Customers Not Performed Completely

Transaction prices amortized based on the performance obligations not satisfied completely and the points of time when such prices were recognized as revenue are as follows:

	Dec. 31, 2022	Dec. 31, 2021
Customer loyalty program		
— Performance in 2022	$ -	$ 38,327
—Performance in 2023	62,145	-
	$ 62,145	$ 38,327
Unearned sales revenue		
—Performance in 2022	$ -	$ 33,848
—Performance in 2023	55,684	-
	$ 55,684	$ 33,848

XXIII. Net Profit of Continuing Operations

A. Interest Income

	2022	2021
Bank deposits	$ 2,524	$ 1,248
Net investment in the lease	52	163
Other interest incomes	161	164
	$ 2,737	$ 1,575

B. Other Incomes

	2022	2021
Income from operating lease	$ 25,878	$ 28,139
Income from government subsidy	6,723	289
Profit from lease modification	1,702	170
Others	13,142	8,402
	$ 47,445	$ 37,000

C. Other Gains and Losses

	2022	2021
Net proceeds from disposal of property, plant and equipment	$ 43,904	$ 2,721
Net foreign exchange gain (loss)	7,808	(2,175)
Gain (loss) of financial assets and financial liabilities		
Financial assets at FVTPL	6,649	(1,936)
Financial liabilities at FVTPL	10	17
Net proceeds from disposal of intangible assets	97	-
Proceeds from disposal of investments accounted for using equity method	-	12,880
Others	(40)	(28,025)
	$ 58,428	($ 16,518)

D. Financial Cost

	2022	2021
Interest on bank loans	$ 41,461	$ 27,420
Interest on lease liabilities	10,173	11,182
Amortization of the expenses incurred by the organizer of syndicated loans	600	600
Computed interest on security deposits	15	21
Other interest expenses	95	786
Less: Amounts listed in cost of qualifying assets	(6,029)	(3,100)

	2022	2021
	$ 46,315	$ 36,909

Information relevant to capitalization of interest is as follows:

	2022	2021
Capitalized interest	$ 6,029	$ 3,100
Interest rate for capitalization of interest	1.26%~1,99%	1.21%~1.50%

E. Depreciation and Amortization

	2022	2021
Depreciation expenses by functions:		
Operating cots	$672,165	$704,556
Operating expenses	128,801	121,067
	$800,966	$825,623
Amortization expenses by function:		
Operating cost	$ 5,667	$ 7,339
Management expenses	5,454	3,630
	$ 11,121	$ 10,969

F. Employee Benefit Expenses

	2022	2021
Short-term employee benefits	$1,346,910	$1,125,760
Post-employment benefits		
Defined contribution plan	41,807	38,183
Defined benefit plan (Note 20)	(112)	(55)
Share-based payment		
Equity settlement	14,776	9,999
Total employee benefit expenses	$1,403,381	$1,173,887
Compiled by functions		
Operating cost	$1,016,052	$ 829,406
Operating expenses	387,329	344,481
	$1,403,381	$1,173,887

G. Employees' Remuneration and Directors' Remuneration

IST allocated employees' remuneration and directors' remuneration, from its profit computed before deduction of employees' remuneration and directors' remuneration, at a rate of no less than 3% and at a rate no more than 3% respectively. The employees' remuneration and directors' remuneration estimated for the years 2022 and 2021 were resolved at the board meetings of Mar. 14, 2023 and Mar. 24, 2022 as follows:

Estimated Percentage

	2022	2021
Employees’ remuneration	5%	4%
Directors’ remuneration	1%	2%

Amount

	2022		2021	
	Cash	Stock	Cash	Stock
Employees’ remuneration	$ 24,000	$ -	$ 10,000	$ -
Directors’ remuneration	6,000	-	4,708	-

If any amount is changed after the date when the annual consolidated financial statements are announced, then such change is treated as a change in accounting estimate and entered into the account for the following year after adjustment.

There is no difference between the actually distributed amounts of the employees’ remuneration and directors’ remuneration for the years 2021 and 2020 and the corresponding amounts recognized in the consolidated financial statements of 2021 and 2020.

For information of the employees’ remuneration and directors’ remuneration resolved by the board of directors of IST, please check at the market observatory post system of Taiwan Stock Exchange.

XXIV. Income Tax

A. Income Tax Recognized in Profit or Loss

The income tax expense mainly comprises the items listed as follows:

	2022	2021
Current income tax		
Incurred for the current year	$ 98,175	$ 84,926
Adjusted for the previous year	(17,783)	1,024
	80,392	85,950
Deferred income tax		
Incurred for the current year	1,219	3,112
Income tax expense recognized in profit or loss	$ 81,611	$ 89,062

The accounting income and the income tax expense are reconciled as follows:

	2022	2021
Net profit before tax of	$468,113	$212,231

continuing operations		
Income tax computed based on the net profit before tax at the legal tax rate	$ 62,497	$ 39,973
Expenses and losses not deductible from taxes	-	23,888
Temporary differences	36,897	24,177
Current adjustment of the current income tax expense of the previous year	(17,783)	1,024
Income tax expense recognized in profit or loss	$ 81,611	$ 89,062

B. Current Tax Assets and Liabilities

	Dec. 31, 2022	Dec. 31, 2021
Current tax liabilities		
Income tax payable	$ 54,690	$ 70,995

C. Deferred Income Tax Assets and Liabilities

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

2022

Deferred income tax assets	Beginning balance	Recognized in profit (loss)	Ending balance
Temporary difference	$ 702	($ 161)	$ 541

Deferred income tax liabilities	Beginning balance	Recognized in profit (loss)	Ending balance
Temporary difference	($ 3,998)	($ 1,058)	($ 5,056)

2021

Deferred income tax assets	Beginning balance	Recognized in profit (loss)	Ending balance
Temporary difference	$ 725	($ 23)	$ 702

Deferred income tax liabilities	Beginning balance	Recognized in profit (loss)	Ending balance
Temporary difference	($ 909)	($ 3,089)	($ 3,998)

D. Deductible Temporary Difference from Deferred Income Tax Assets Not Recognized in Consolidated Balance Sheet, and Amount of Loss Carryforwards Not Used

	Dec. 31, 2022	Dec. 31, 2021
Loss carryforwards		
Due in 2022	$ -	$ 55,366

Due in 2023	26,410	26,410
Due in 2024	22	22
Due in 2025	96,928	96,928
Due in 2026	125,528	125,528
Due in 2027	115,500	115,500
Due in 2028	100,807	100,807
Due in 2029	107,387	107,387
Due in 2030	100,456	100,456
Due in 2031	231,350	231,350
Due in 2032	74,925	-
	$979,313	$959,754
Deductible Temporary difference	$ 71,814	$ 48,168

E. Income Tax Assessment

The profit-seeking enterprise annual income tax returns filed by IST as of 2020 have been assessed by the tax authority.

XXV. Earnings Per Share

Unit : NTD per share

	2022	2021
Basic earnings per share	$ 5.33	$ 2.02
Diluted earnings per share	$ 5.30	$ 2.01

The net profit and the number of weighted average common shares used to calculate earnings per share are disclosed as follows:

Net Profit of the year

	2022	2021
Net profit used to calculate basic and diluted earnings per share	$405,146	$179,708

Number of Shares

Unit: In Thousands of Shares

	2022	2021
Number of weighted average common shares used to calculate basic earnings per share	76,067	89,054
Impact of the common shares with dilution effect:		
Employees' remuneration	377	189
Number of weighted average common shares used to calculate diluted earnings per share	76,444	89,243

If IST chooses to distribute employees' remuneration by stock or cash, then for calculation of diluted earnings per share, employees' remuneration is assumed to be distributed by stock and the number of weighted average outstanding common shares is included when potential common shares have dilutive effect. When calculating diluted earnings per share before the number of shares distributed as employees' remuneration is resolved in the next year, IST shall continue to consider dilutive effect of the potential common shares.

XXVI. Share-based Payment Arrangement

Employee Stock Options

IST resolved at the board meeting of Mar. 5, 2021 to issue 2,000 thousand units of employee stock warrant for 2021. Each unit entitled its holder to subscribe one common share. The new shares issued were 2,000 thousand common shares in total, which were planned to be granted to full-time employees of IST. Subscribers may exercise their stock options in accordance with the Regulations of Employee Stock Options after 2 years from the date of grant of employee stock warrant. The duration of employee stock warrant is 5 years.

Information relevant to employee stock options is as follows:

	Jan. 1 ~ Dec. 31, 2022	
Employee stock options	Unit (In thousands)	Weighted average exercise price (NTD)
Outstanding at the beginning of the year	2,000	$ 54.28
Issued this year	-	-
Outstanding at the end of the year	2,000	53.81
Exercisable at the end of the year	-	

For the employee stock options granted on the grant date Apr. 29, 2021, IST used the Black-Scholes model. The parameters used in the evaluation model are as follows:

	Apr. 29, 2021
Stock price on grant date	NTD 56.20
Exercise price	NTD 56.20
Expected ratio of fluctuation	44.16%
Expected duration	3.88 years
Risk-free interest rate	0.26%
Fair value of stock options	NTD 19.03

The remuneration cost recognized by IST for the years 2022 and 2021 was NTD 14,776 thousand and NTD 9,999 thousand respectively.

XXVII. Equity Transactions with Non-controlling Interests

In January 2021, IST participated in Prosperity Power Technology Inc.(PPT Company)'s seasoned equity offerings not proportionally based on its shareholding, and its shareholding therefore reduced from 100% to 75%. In addition, Pin Wen Corp. (Pin Wen Company) acquired some shares of Prosperity Power Technology Inc.(PPT Company) at NTD 35,160 thousand, and its shareholding increased rose from 0% to 4%. In October 2021, Pin Wen Corp. (Pin Wen Company) acquired some equity of Prosperity Power Technology Inc.(PPT Company) at NTD 14,340 thousand, and its shareholding rose from 4% to 6% accordingly. As of Dec. 31, 2022, the Group's shareholding was 81%.

In September 2021, IST participated in Innovative Turnkey Solution(ITSCompany)'s seasoned equity offerings not proportionally based on its shareholding. It acquired some shares of Innovative Turnkey Solution(ITSCompany) at NTD 40,070 thousand and its shareholding rose from 34% to 38% accordingly. In addition, Pin Wen Corp. (Pin Wen Company) participated in the seasoned equity offerings not proportionally based on its shareholding, and its shareholding therefore reduced from 14% to 13%. As of Dec. 31, 2022, the Group's shareholding was 51%.

Since the aforementioned transactions did not change the control of the Group over Prosperity Power Technology Inc.(PPT Company) or Innovative Turnkey Solution(ITSCompany), the Group treated such transactions as equity transactions.

	Prosperity Power Technology Inc.(PPT Company)	Innovative Turnkey Solution(ITSCompany)
Cash consideration received	$175,500	$ 6,032
Book amount of net assets of subsidiaries, calculated based on relative equity change, to be transferred to non-controlling interests	(132,602)	(22,396)
Equity transaction differences	$ 42,898	($ 16,364)
Adjustments for equity transaction differences		
Capital reserve	$ 42,898	($ 16,364)

XXVIII. Capital Risk Management

The Group conducts capital management to ensure that enterprises in the Group are able to maximize the shareholder return by optimizing debt and equity balances on the premise that the enterprises operate on an ongoing basis. The overall strategy of the Group remains unchanged.

The capital structure of the Group consists of its net debt (i.e. borrowings less cash and cash equivalents) and equity (i.e. capital stock, capital reserve, retained earnings other equity items and non-controlling interests).

The Group does not have to abide by other external capital rules.

The key management of the Group reviews the Group's capital structure regularly and considers cost and relevant risks for capital. The Group takes the suggestions given by the key management to balance its entire capital structure by paying dividends, issuing new shares, repurchasing shares, issuing new debts or repaying old debts.

XXIX. Financial Instruments

A. Information of Fair Value — Financial instruments measured at fair value on the basis of repeatability

1. Hierarchy of Fair Value

Dec. 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Investments in equity instruments—Not listed (non-OTC)				
—Domestic shares	$ -	$ -	$ -	$ -
—Beneficiary certificates of funds	-	-	27,282	27,282
	$ -	$ -	$ 27,282	$ 27,282
Derivatives	$ -	$ 523	$ -	$ 523

Dec. 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Investments in equity instruments—Not listed (non-OTC)				
—Domestic shares	$ -	$ -	$ 227	$ 227
—Beneficiary certificates of funds	-	-	21,945	21,945
	$ -	$ -	$ 22,172	$ 22,172
Financial liabilities at FVTPL				
Derivatives	$ -	$ 10	$ -	$ 10

There was no transfer between level 1 and level 2 fair value measurements in 2022 and 2021.

2. Valuation technique and input value measured at level 2 fair value

Category of financial instrument	Valuation technique and input value
Derivatives—Forward	Discounted cash flows: To estimate future cash

exchange agreement	flows by using the forward exchange rate observable at the end of the year and the exchange rate stipulated in a contract, and to discount separately at the discount rate that reflects the credit risk of each counterparty to the transaction

3. Reconciliation of financial instruments measured at level 3 fair value

2022

Financial assets	Measured at fair value through profit or loss: Equity Instrument	Measured at fair value through profit or loss: Beneficiary certificates of funds	Total
Beginning balance	$ 227	$ 21,945	$ 22,172
Recognized in profit (loss)	(227)	6,353	6,126
Disposals	-	(1,016)	(1,016)
Ending balance	$ -	$ 27,282	$ 27,282
Changes in the current unrealized profit or loss that are relevant to the assets held at the end of the year and recognized in profit or loss	($ 227)	$ 6,353	$ 6,126

2021

Financial assets	Measured at fair value through profit or loss: Equity Instrument	Measured at fair value through profit or loss: Beneficiary certificates of funds	Total
Beginning balance	$ 405	$ 24,304	$ 24,709
Recognized in profit (loss)	(178)	(1,758)	(1,936)
Disposals	-	(601)	(601)
Ending balance	$ 227	$ 21,945	$ 22,172
Changes in the current unrealized profit or loss that are relevant to the assets held at the end of the year and recognized in profit or loss	($ 178)	($ 1,758)	($ 1,936)

4. Valuation technique and input value measured at level 3 fair value

(1) For domestically unlisted (non-OTC) equity investments and beneficiary certificates of funds, the asset approach is used to evaluate the total value of individual assets and individual liabilities covered by the subject to reflect the value of the enterprise or business as a whole. The material unobservable input is listed below. When liquidity discount decreases, fair value of the investment increases.

	Dec. 31, 2022	Dec. 31, 2021
Liquidity discount	20%	20%

In case that the following input is changed for the purpose of reflecting a reasonable and possible alternative assumption, the amount of the increase (decrease) in fair value of equity investment, in the situation where all other inputs remain unchanged, is as follows:

	Dec. 31, 2022	Dec. 31, 2021
Liquidity discount		
Increased by 1%	($ 341)	($ 277)
Decreased by 1%	$ 341	$ 277

B. Type of Financial Instrument

	Dec. 31, 2022	Dec. 31, 2021
Financial assets		
Measured at fair value through profit or loss		
Measured at fair value through profit or loss compulsorily	$ 27,805	$ 22,172
Financial assets at amortized cost		
Cash and cash equivalents	875,347	844,879
Notes and accounts receivable – Net	1,311,491	1,216,017
Accounts receivable — Related parties	17,316	19,802
Other receivables	1,298	3,969
Other receivables -- Related parties	19,821	20,981
Other financial assets	16,633	12,431
Refundable deposits	22,611	20,461
Financial liabilities		
Measured at fair value through profit or loss		
At fair value through profit or loss compulsorily	-	10
Measured at amortized cost		
Short-term borrowings	648,500	656,432
Short-term notes and accounts	270,621	211,610

payable		
Accounts payable -- Related parties	$ 692	$ 6,203
Payables on equipment	167,477	181,277
Long-term borrowings (including those due in a year)	1,843,468	1,856,638

C. Purpose and Policy of Financial Risk Management

Financial management departments of the Group provide service for each business, master and coordinate operations in domestic and international financial markets, and supervise and manage the financial risks relevant to business operation based on the level and extent of each risk and the internal risk report that analyzes risk exposure. Such risks include market risks (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

The Group avoids risk exposure through derivative financial instruments to reduce the impact of such risk. The use of derivative financial instruments is governed by the policy approved by the board of directors, which is the written principle for exchange rate risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investments made through current funds. Internal auditors review policy compliance and risk exposure limit continuously. The Group does not speculate in financial instruments (including derivative financial instruments).

The financial management department submits reports to the board of directors of IST periodically.

1. Market Risks

Main market risks assumed by the Group for its operating activities are exchange rate risk (as stated in the item (1) below) and interest rate risk (as stated in the item (2) below).

(1) Exchange Rate Risk

The Group conducts transactions in foreign currencies, so it is exposed to foreign exchange risk. The Group manages its exchange rate exposure within the scope permitted by the policy. The Group uses forward exchange agreements to manage risks.

For the Group’s book amounts of monetary assets and monetary liabilities (including the monetary items at non-functional currencies and written off already in the consolidated financial statements) and book amounts of derivatives exposed to exchange rate risk in non-functional currencies on the balance sheet date, please refer to Note 33.

Sensitivity Analysis

The Group is mainly impacted by fluctuation of USD, JPY and CNY exchange rates.

The table below presents the Group's sensitivity analysis for the situations when the exchange rate of the functional currency to each foreign currency increases or decreases by 5%. The sensitivity ratio used in the report on exchange rate risk submitted to the management internally is 5%, which is also the estimate provided by the management for the range in which a foreign exchange rate changes. Sensitivity analysis only includes outstanding monetary items in foreign currencies, and the conversion made at the end of the period is adjusted by 5% exchange rate fluctuation. The table below shows the increase or decrease in the pretax net profit when the functional currency against each foreign currency depreciates/appreciates by 5%.

	Impact of USD		Impact of JPY		Impact of CNY	
	2022	2021	2022	2021	2022	2021
Gain (loss)	$ 5,273	$ 3,383	($ 753)	($ 63)	$ 6	$ 5

The management believes that sensitivity analysis cannot represent the inherent risk of exchange rate.

(2) Interest Rate Risk

Since entities in the Group borrow funds at both the fixed interest rate and the floating interest rate simultaneously, the Group is exposed to interest rate risk. The Group tries to maintain a combination of fixed and floating interest rates to manage interest rate risk.

The book amounts of financial assets and financial liabilities of the Group exposed to interest rate risk on the balance sheet date are as follows:

	Dec. 31, 2022	Dec. 31, 2021
With fair value interest rate risk		
—Financial assets	$ 244,865	$ 268,739
—Financial liabilities	382,871	595,992
With cash flow interest rate risk		
—Financial assets	640,977	585,716
—Financial liabilities	2,410,259	2,330,661

Sensitivity Analysis

The following sensitivity analysis is determined based on interest rate exposure with respect to non-derivative instruments on the balance sheet date. For the assets and liabilities with floating interest rates, the analysis is made based on the assumption that the outstanding assets and liabilities on the balance sheet date are still outstanding during the reporting period. The rate of change used internally for interest rate related report to the key management is the interest rate plus or minus 1%, which is also the estimate provided by the management for the range in which the interest rate may reasonably change.

If the interest rate is increased/decreased by 1%, then in the situation where all other variables remain unchanged, the pretax profit for the years 2022 and 2021 would be decreased/increased by NTD 17,693 thousand and NTD 17,449 thousand respectively.

2. Credit Risk

Credit risk refers to the risk incurred when the counterparty to the transaction delays contractual obligations and thus causes a loss to the Group. As of the balance sheet date, the greatest credit risk to which the Group was exposed due to failure by any counterparty to a transaction to perform its obligations would probably come from the book value of financial assets recognized on the consolidated balance sheet.

To reduce credit risk, the management of the Group has designated a team to be responsible for a decision of credit line, credit approval and other monitoring procedures to ensure that proper measures are taken to recover overdue receivables. In addition, the Group reviews recoverable amounts of receivables on a case-by-case basis on the balance sheet date to ensure that a proper amount of impairment loss is allocated for unrecoverable receivables. Accordingly, the management of the Group believes that the Group's credit risk has significantly reduced.

Customers of the Group are numerous and not related, so the credit risk concentration is not high.

3. Liquidity Risk

The Group keeps successful business operation and mitigates the impact of cash flow fluctuation by managing and maintaining sufficient cash and cash equivalents. The management of the Group supervises the status of loans within the credit limit and ensures compliance with the terms of each loan contract.

A bank loan is an important source of liquidity for the Group. For the line of credit unused by the Group as of Dec. 31, 2022 and 2021, please see the item (2) "Line of Credit" below.

(1) Table of Liquidity of Non-derivative Financial Liabilities and Interest Rate Risk

The maturity analysis for the remaining contracts of non-derivative financial liabilities is conducted based on the undiscounted cash flows of financial liabilities on the earliest date that the Group is requested to make the repayment.

Dec. 31, 2022

	To pay upon demand or less than 1 month	1 ~ 3 months	3 months ~ 1 year	1 ~ 5 years	Over 5 years
Non-derivative financial liabilities					
Liabilities without interest	$ 197,703	$ 171,320	$ 67,701	$ -	$ -
Lease liabilities	5,799	13,104	61,048	211,389	203,467
Floating rate instruments	51,376	240,605	420,296	1,594,582	103,400
Fixed rate instruments	32,135	31,989	17,585	-	-
	$ 287,013	$ 457,018	$ 566,630	$1,805,971	$ 306,867

Further information of the above maturity analysis for financial liabilities is as follows:

	Less than 1 year	1 ~ 5 years	5 ~ 10 years	10 ~ 15 years	15 ~ 20 years	Over 20years
Lease liabilities	$ 79,951	$ 211,389	$ 38,043	$ 38,043	$ 38,043	$ 89,338
Floating rate instruments	$ 712,277	$1,594,582	$ 103,400	$ -	$ -	$ -
Fixed rate instruments	$ 81,709	$ -	$ -	$ -	$ -	$ -

Dec. 31, 2021

	To pay upon demand or less than 1 month	1 ~ 3 months	3 months ~ 1 year	1 ~ 5 years	Over 5 years
Non-derivative financial liabilities					
Liabilities without interest	$ 198,405	$ 126,984	$ 71,387	$ -	$ -
Lease liabilities	7,840	15,034	68,750	200,500	212,827
Floating rate instruments	388	335,878	254,050	1,607,345	133,000
Fixed rate instruments	11,945	34,140	124,973	11,351	-
	$ 218,578	$ 512,036	$ 519,160	$1,819,196	$ 345,827

Further information of the above maturity analysis for financial liabilities is as follows:

	Less than 1 year	1 ~ 5 years	5 ~ 10 years	10 ~ 15 years	15 ~ 20 years	Over 20years
Lease liabilities	$ 91,624	$ 200,500	$ 40,557	$ 37,876	$ 37,876	$ 96,518
Floating rate instruments	$ 590,316	$1,607,345	$ 133,000	$ -	$ -	$ -
Fixed rate instruments	$ 171,058	$ 11,351	$ -	$ -	$ -	$ -

(2) Line of credit

	Dec. 31, 2022	Dec. 31, 2021
Unsecured bank loan commitment, reviewed regularly		
—Used within the credit line	$1,928,568	$1,876,881
—Unused within the credit line	1,084,331	1,137,928
	$3,012,899	$3,014,809
Secured bank loan commitment		
—Used within the credit line	$ 565,000	$ 638,389
—Unused within the credit line	40,000	-
	$ 605,000	$ 638,389

XXX. Transactions with Related Parties

Transactions, account balances, incomes and expenses among IST and its subsidiaries have been eliminated completely upon consolidation, so they are not disclosed in the Notes. Transactions between the Group and other related parties are as follows:

A. Name of each Related Party and Relationship with the Related Party

Name of related party	Relationship with the Group
Dekra iST (Dekra iST)	An associate
DEKRA IST Reliability Services Limited (DEKRA IST KS Company)	An associate
BTL Inc. (BTL Inc.)	An associate

B. Service Income

Item listed in the book	Type / name of related party	2022	2021
Service income	Associates	$ 81,026	$ 69,438

Prices of the services for which the Group obtains incomes from related parties are determined on an arm's length basis and there is no comparable price of identical service sufficiently for the Group to make a comparison with the determined prices.

The payment terms provided by the Group are net 30 to 90 days from the date of invoice every month or quarter or under a project.

C. Accounts Receivable from Related Parties

Item listed in the book	Type / name of related party	Dec. 31, 2022	Dec. 31, 2021
Accounts receivable — Related parties	Associates		
	Dekra iST	$ 16,404	$ 19,421
	DEKRA IST Reliability Services Limited (DEKRA IST KS Company)	723	381
	BTL Inc.	189	-
		$ 17,316	$ 19,802
Other receivables — Related parties	Associates		
	Dekra iST	$ 19,821	$ 20,981

No guarantee was received for Accounts receivable — Related parties. No loss allowance was allocated for the accounts receivable from related parties for 2022 and 2021 respectively.

"Other receivables – Related parties" refer to the technical service incomes and rent incomes receivable from related parties.

D. Accounts Payable to Related Parties

Item listed in the book	Type / name of related party	Dec. 31, 2022	Dec. 31, 2021
Accounts payable -- Related parties	Associates		
	Dekra iST	$ 642	$ 6,025
	DEKRA IST Reliability Services Limited (DEKRA IST KS Company)	50	167
	BTL Inc.	-	11
		$ 692	$ 6,203

E. Prepayments and Other Current Assets

Item listed in the book	Type / name of related party	Dec. 31, 2022	Dec. 31, 2021
Other current assets	Associates	$ -	$ 27

F. Other Current Liabilities

Item listed in the book	Type / name of related party	Dec. 31, 2022	Dec. 31, 2021
Other current liabilities	Associates	$ 1,535	$ -

G. Sublease Agreement

Renting Out and Subleasing under Operating Lease

IST rented out land, building and structure as well as other equipment under operating leases and subleased the right of use of the building and structure to the associate Dekra iST, and the lease periods were 5 to 10 years. Rents were determined based on the rents for similar assets, and fixed lease payments were collected pursuant to lease agreements quarterly. The total lease payments to be collected as of Dec. 31, 2022 and Dec. 31, 2021 were NTD 48,124 thousand and NTD 54,104 thousand. Lease incomes recognized for the years 2022 and 2021 were NTD 22,268 thousand and NTD 23,558 thousand respectively.

Subleasing under Finance Lease

The Group subleased the building and structure, which were originally listed as right-of-use assets in the book, to the associate Dekra iST under finance leases in 2022 and 2021. The net investment in the lease at the lease commencement date was NTD 4,718 thousand and NTD 16,326 thousand respectively, and the lease period was 1.08 years and 1～5 years respectively. The balance of finance leases receivable as of Dec. 31, 2022 and Dec. 31, 2021 was NTD 4,358 thousand and NTD 3,980 thousand respectively.

H. Guarantee Deposits Received

Item listed in the book	Type / name of related party	Dec. 31, 2022	Dec. 31, 2021
Guarantee deposits received	Associates		
	Dekra iST	$ 2,005	$ 2,005

I. Manufacturing Expenses and Operating Expenses

Item listed in the book	Type / name of related party	2022	2021
Manufacturing expenses	Associates	$ 10,522	$ 15,080
Operating expenses	Associates	$ 397	$ 710

The amounts of manufacturing expenses and operating expenses and the payment terms between the Group and its related parties are negotiated and agreed by both sides.

J. Non-operating Incomes and Expenses

Item listed in the book	Type / name of related party	2022	2021
Lease incomes	Associates		
	Dekra iST	$ 22,268	$ 23,558
Other incomes	Associates		

	Dekra iST	$ 6,639	$ 6,967
Interest expenses	Associates	$ 16	$ 21

Rents and collection methods under the lease contract between the Group and its related parties are determined based on lease contracts.

The amounts of other incomes and the collection conditions between the Group and its related parties are negotiated and agreed by both sides.

Interest on a security deposit incurred from the lease between the Group and its related parties is determined based on lease contracts.

K. Remunerations to Main Managements

	2022	2021
Short-term benefits	$ 35,759	$ 34,081
Post-employment benefits	400	449
Share-based payment	1,108	850
	$ 37,267	$ 35,380

The remunerations to directors and main managements are determined by the remuneration committee based on individual performance and market trends.

XXXI. Pledged Assets

The following assets of the Group were provided as guarantees for issuing of L/Cs, bank loans, short-term notes and line of credit.

	Dec. 31, 2022	Dec. 31, 2021
Property, plant and equipment	$824,670	$920,667
Demand deposit (listed as other financial assets in the book)	16,433	12,231
Time deposit (listed as other financial assets in the book)	200	200
	$841,303	$933,098

XXXII. Material Contingent Liabilities and Unrecognized Contractual Commitments

Contingencies

Phoenix Silicon International Corporation (”Phoenix Silicon”) brought a suit in September 2019 against IST for patent infringement and requested the court to give a ruling requiring IST to compensate Phoenix Silicon for its loss and not to use the patented process any more. Intellectual Property Court gave a ruling on June 23, 2020 dismissing the patent infringement litigation brought by Phoenix Silicon. The court found that the patent right stated in Phoenix Silicon’s patent certificate No. I588880 was the combination with general knowledge and did not have the nature of obviousness, so it ruled that the patent was invalid and litigation costs should be paid by the plaintiff Phoenix Silicon. However, Phoenix Silicon still had the right to appeal. In August 2020, IST received the appeal made by Phoenix Silicon. For the civil case, Intellectual Property Court ruled on June 4, 2021 that it was invalid and rejected the claim made by Phoenix Silicon. In October 2021, IST received the original copy of the civil judgment No. Tai-Shang-Zi-2700 of 2021 from the supreme court, which dismissed the appeal made by Phoenix Silicon. The judgment was final. This event did not have a significant effect on IST's financial conditions. Relevant operating activates were conducted normally.

Phoenix Silicon previously accused an employee of IST of misappropriating the trade secrets of Phoenix Silicon. After the investigation concluded, IST received on Feb. 24, 2021 the indictment from Taiwan Hsinchu District Prosecutors Office against the employee and his/her employer IST, and also received in March 2021 the criminal and civil complaint submitted by Phoenix Silicon to Taiwan Hsinchu District Court. In the complaint, Phoenix Silicon claimed that its trade secrets were reproduced and used by IST and its employee without authorization and the concerned parties should compensate Phoenix Silicon for its loss. IST believed that the aforementioned lawsuit did not have significant effect on its financial conditions. Relevant operating activates were conducted normally.

XXXIII. Information of Foreign Currency Assets and Liabilities that Have Material Impacts

The following information presents foreign currencies, rather than the functional currency, used by each entity in the Group. The disclosed exchange rate refers to the exchange rate of the foreign currency to the functional currency. Foreign currency assets and liabilities that have material impacts are as follows:

Unit: In thousands in foreign currency

	Dec. 31, 2022			Dec. 31, 2021		
	Foreign currency	Exchange rate	Book amount	Foreign currency	Exchange rate	Book amount
Foreign currency assets						
Monetary item						
USD	$ 7,233	30.7100 (USD：NTD)	$ 222,125	$ 9,347	27.6800 (USD：NTD)	$ 258,725
JPY	10,211	0.2324 (JPY：NTD)	2,373	139,841	0.2405 (JPY：NTD)	33,632
CNY	27	4.4094 (CNY：NTD)	119	21	4.3415 (CNY：NTD)	91
EUR	-	-	-	223	31.3200 (EUR：NTD)	6,984
			$ 224,617			$ 299,432
Non-monetary item						
JPY	2,252	0.2324 (JPY：NTD)	$ 523	-	-	$ -
Foreign currency liabilities						
Monetary item						

USD	3,799	30.7100 (USD：NTD)	$ 116,667	6,903	27.6800 (USD：NTD)	$ 191,075
JPY	75,020	0.2324 (JPY：NTD)	17,435	145,113	0.2405 (JPY：NTD)	34,900
EUR	-	-	-	223	31.3200 (EUR：NTD)	6,984
			$ 134,102			$ 232,959
Non-monetary item						
JPY	-	-	$ -	42	0.2405 (JPY：NTD)	$ 10

Unrealized foreign currency exchange gains and losses which have material impacts are as follows:

	2022		2021	
Foreign currency	Exchange rate	Net foreign exchange loss	Exchange rate	Net foreign exchange loss
JPY	0.2324 (JPY：NTD)	($ 588)	0.2405 (JPY：NTD)	$ 523
EUR	- (EUR：NTD)	-	31.3200 (EUR：NTD)	76
CNY	4.4094 (CNY：NTD)	(7)	4.3415 (CNY：NTD)	(8)
USD	- (USD：CNY)	-	- (USD：CNY)	-
USD	30.7100 (USD：NTD)	(1,303)	27.6800 (USD：NTD)	567
		($ 1,898)		$ 1,158

XXXIV. Disclosures in the Notes

A. Information Relevant to Material Transactions and B. Information Relevant to Reinvestments：

1. Funds lent to others (Schedule 1)
2. Enforcement and guarantee for others (None)
3. Negotiable securities held at the end of the year (not including investments in subsidiaries and associates and joint ventures) (Schedule 2)
4. Accumulated purchases or sales of negotiable securities up to NTD 300 million or 20% of the paid-in capital (None)
5. Acquisition cost of real estate up to NTD 300 million or 20% of the paid-in capital (None)
6. Proceeds up to NTD 300 million or 20% of the paid-in capital from disposal of real estate (None)
7. Purchases from or sales to related parties up to NTD 100 million or 20% of the paid-in capital (None)
8. Receivables from related parties up to NTD 100 million or 20% of the paid-in capital (None)
9. Transactions of derivatives (Notes 7 and 29)

10. Others: Business relationship between the parent company and its subsidiaries and between the subsidiaries, and important transactions among them and transaction amounts (Schedule 3)
11. Name and location of each investee company (not including investee companies in Mainland China) and other relevant information (Schedule 4)

C. Information of Investments in Mainland China:

1. Name of each investee company in Mainland China and its main business activities, paid-in capital, investment method, funds remitted in and out, shareholding, investment gain or loss, book value of investments at the end of the year, investment gain remitted back already, and limit of investments in Mainland China (Schedule 5)
2. Material transactions with investee companies in Mainland China directly or through a third region, and price, payment terms and unrealized gain/loss with respect to the transactions, and other information helpful to understand the impact of investments in Mainland China to the financial statements: No material transaction

D. Information of Main Shareholders: Name of each shareholder holding over 5% of equity, number of shares held, and ratio of shareholding (None)

XXXV. Information of Segments

A. Revenue of Segments and Business Results

The information given by the Group to its main decision makers for allocation of resources and evaluation of departmental performance focuses on types of the products delivered or services provided each time. The measurement base of the information concerning financial statements is the same as that of the consolidated financial statements. IST is a single operating segment. The measurement base of the losses, profits, assets and liabilities of the operating segment is the same as the preparation basis of the consolidated financial statements. As the result, for the reportable segment revenue and operating result for the years ended on Dec. 31, 2022 and Dec. 31, 2021, please refer to the Consolidated Statement of Comprehensive Income for the years ended on Dec. 31, 2022 and Dec. 31, 2021. For the reportable segment assets and liabilities of Dec. 31, 2022 and 2021, please refer to the Consolidated Balance Sheet of Dec. 31, 2022 and 2021.

B. Incomes from Main Products and Services:

The incomes from main products and services of the Group's continuing operations are analyzed as follows:

	2022	2021
Inspectionand testing service incomes	$3,742,682	$3,213,788

C. Information about Geographical Areas:

The incomes of the Group's continuing operations from external customers are listed, by the countries where the customers are located and by the areas where non-current assets are located, as follows:

	Incomes from external customers		Non-current assets	
	2022	2021	Dec. 31, 2022	Dec. 31, 2021
Asia	$ 3,052,945	$ 2,611,557	$ 4,185,096	$ 4,240,040
America	616,027	501,973	-	-
Others	73,710	100,258	-	-
	$ 3,742,682	$ 3,213,788	$ 4,185,096	$ 4,240,040

Non-current assets do not include financial instruments, investments accounted for using the equity method, deferred income tax assets, refundable deposits or net defined benefit assets.

D. Information of Main Customers

The customers from each of which the revenue reached more than 10% of the total revenue of the Group are as follows:

2022			2021		
Name of customer	Sales amount	Percentage of net operating revenue %	Name of customer	Sales amount	Percentage of net operating revenue %
Customer A	$ 648,088	17	Customer A	$ 504,540	16

Integrated Service Technology Inc. and its Subsidiaries

Funds Lent to Other Entities

2022

Schedule 1

Unit: In Thousands of New Taiwan Dollars／Thousands in Foreign Currency

No.	Company lending funds	Company receiving the loan	Account	Maximum balance of the year	Ending balance	Drawdown	Interest rate range	Nature of lending	Amount of business	Reason of short-term financing	Allocated amount of allowance for bad debts	Security		Limit of funds lent to an individual entity	Total limit of lending	Remarks
												Name	Value			
0	IST	Innovative Turnkey Solution(ITSCompany)	Other receivables -- Related parties	$ 40,000	$ 40,000	$ -	2.500%	Necessity to have a short-term financing	$ -	Capital turnover	$ -	None	$ -	$ 329,823	$ 1,319,292	(Note 1)

Note 1: A loan to a single enterprise is limited to 10% of the net worth of the lending company. The total funds lent to other entities shall not exceed 40% of the net worth of the lending company.

Integrated Service Technology Inc. and its Subsidiaries

Marketable Securities Held at the End of the Year

Dec. 31, 2022

Schedule 2

Unit: In thousands of New Taiwan Dollars, except as otherwise indicated herein

Holding company	Type and name of marketable securities	Relation with the issuer of marketable securities	Items in the book	End of the year				Remarks
				Number of shares	Book amount	Ratio of shareholding	Fair value	
IST	Funds							
	TIEF FUND,L.P	—	Financial assets at FVTPL — Non-current	-	$ 27,282	4.35%	$ 27,282	Note
Pin Wen Corp. (Pin Wen Company)	Stocks							
	Frame Magic Studios Co., Ltd.	—	Financial assets at FVTPL — Non-current	242,105	-	10.53%	-	Note

Note: It was calculated at fair value on Dec. 31, 2022.

Integrated Service Technology Inc. and its Subsidiaries

Business Relations and Important Transactions between Parent Company and Each Subsidiary and between Subsidiaries, and Transaction Amounts

2022

Schedule 3

Unit: In thousands of New Taiwan Dollars, except as otherwise indicated herein

No.	Name of trading party	Counterparty to the transaction	Relation with trading party (Note 1)	Transaction details			
				Account	Amount	Transaction conditions (Note 2)	Ratio to total consolidated revenue or total assets
0	IST	Innovative Turnkey Solution(ITSCompany)	1	Net operating revenue	$ 81	—	-
				Manufacturing expense	1,147	—	-
				Rent income	18	—	-
				Other incomes	436	—	-
				Accounts receivable from related parties	6	—	-
				Other receivables from related parties	2,549	—	-
				Accounts payable to related parties	90	—	-
				Purchase of fixed assets	7,990	—	-
				Guarantee deposits received	3,589	—	-
		Integrated USA	1	Net operating revenue	33,121	—	1%
				Accounts receivable from related parties	2,976	—	-
				Payables on equipment	7,298	—	-
		Integrated Service Technology (Kunshan) Co., Ltd. (IST KS Company)	1	Other receivables from related parties	1,444	—	-
		Samoa IST	1	Other payables to related parties	399	—	-
		System Integration Professional Technology (SIP KS Company)	1	Inventory of supplies	646	—	-
		Prosperity Power Technology Inc.(PPT Company)	1	Net operating revenue	2,011	—	-
				Manufacturing expense	55	—	-
				Rent income	16,968	—	-
				Other incomes	782	—	-
				Interest expense	60	—	-
				Accounts receivable from related parties	957	—	-
				Other receivables from related parties	10,317	—	-
				Other payables to related parties	535	—	-
				Other current liabilities	110	—	-
				Guarantee deposits received	7,638	—	-
1	Prosperity Power Technology Inc.(PPT Company)	Innovative Turnkey Solution(ITSCompany)	2	Manufacturing expense	8,115	—	-
				Other incomes	3,115	—	-
				Other receivables from related parties	568	—	-
				Accounts payable to related parties	75	—	-
2	Integrated Service Technology (Kunshan) Co., Ltd. (IST KS Company)	System Integration Professional Technology (SIP KS Company)	2	Net operating revenue	516	—	-
				Accounts receivable from related parties	138	—	-

Note 1: 1. Transactions between the parent company and a subsidiary

2. Transactions between a subsidiary and a subsidiary

Note 2: 1. Prices of the services for which the company obtained incomes from related parties were determined on an arm's length basis and there was no comparable price of identical service sufficiently for the company to make a comparison with the determined prices. The payment terms provided by IST were net 30 to 90 days from the date of invoice every month or quarter or under a project; however, payments might be collected subject to the subsidiary's need of funds.

2. For a lease agreement between the company and a related party, the rent and the collection method were determined pursuant to the lease agreement.
3. For the property, plant and equipment sold by the company to a related party, transaction conditions were dealt with based on the price agreed by both parties.
4. Other receivables from related parties refer to rent incomes and advances.
5. Except for the aforementioned situations, other transactions between the company and a related party were conducted on an arm's length basis.

Integrated Service Technology Inc. and its Subsidiaries

Information of Investee Companies (Excluding Investee Companies in Mainland China), their Locations, etc.

2022

Schedule 4

Unit: In Thousands of New Taiwan Dollars／Thousands in Foreign Currency

Name of investing company	Name of investee company	Location	Main business activities	Amount of original investment		Shares held at the end of the year			Profit (loss) of the investee company for the year	Investment gain (loss) recognized for the year	Remarks
				End of the year	End of last year	Number of shares	Ratio (％)	Book amount			
Integrated Service Technology Inc.	Samoa IST	Samoa	Investment	USD 10,000	USD 10,000	4,916,770	100	$ 265,024	($ 13,783)	($ 13,783)	A subsidiary (Note 1)
	Dekra Company	Hsinchu City	Product testing and relevant business	$ 192,624	$ 192,624	19,262,390	49	631,647	121,694	56,304	An associate (Note 2)
	BTL Inc.	Taipei City	Product testing and relevant business	95,225	95,225	2,550,000	11	120,566	134,918	14,044	An associate (Note 1)
	Pin Wen Corp. (Pin Wen Company)	Hsinchu City	Investment	197,000	192,000	5,841,258	100	54,675	(5,837)	(5,837)	A subsidiary (Note 1)
	Supreme Fortune corp.	Belize	Investment	USD 1,655	USD 1,655	1,655,000	100	37,288	(3,454)	(3,454)	A subsidiary (Note 1)
	Global Social Inc	Taipei City	Advertising production, media planning, public relations and relevant business	$ 25,200	$ 25,200	8,487	30	-	-	-	An associate (Notes 3 and 4)
	Innovative Turnkey Solution(ITSCompany)	Hsinchu City	Electronic product testing and relevant business	267,278	267,278	22,728,603	38	21,256	(2,522)	(3,763)	A subsidiary (Note 1)
	Prosperity Power Technology Inc.(PPT Company)	Hsinchu City	Manufacturing and sale of various integrated circuits (wafers), thinning, metal deposition and relevant business	450,000	450,000	45,000,000	75	300,037	(70,259)	(50,450)	A subsidiary (Note 1)
Samoa IST	Seychelles IST	Seychelles	Investment	USD 6,159	USD 6,159	6,158,575	100	USD 6,156	(USD 505)	(USD 505)	A sub-subsidiary (Note 1)
	Integrated USA	USA	R&D and manufacturing of integrated circuits, analysis and burn-in, testing, semiconductor spare parts and relevant equipment, electronic spare parts, etc.	USD 3,130	USD 3,130	3,130,000	100	USD 392	USD 36	USD 36	A sub-subsidiary (Note 1)
Supreme Fortune corp.	Hot Light Co., Ltd.	Seychelles	Investment	USD 1,655	USD 1,655	1,655,000	100	USD 1,214	(USD 116)	(USD 116)	A sub-subsidiary (Note 1)
Pin Wen Corp. (Pin Wen Company)	Innovative Turnkey Solution(ITSCompany)	Hsinchu City	Electronic product testing and relevant business	$ 186,038	$ 186,038	7,892,000	13	$ 7,381	($ 2,522)	($ 1,307)	A subsidiary (Note 1)
	Prosperity Power Technology Inc.(PPT Company)	Hsinchu City	Manufacturing and sale of various integrated circuits (wafers), thinning, metal deposition and relevant business	49,500	49,500	3,300,033	6	21,447	(70,259)	(3,863)	A subsidiary (Note 1)
	EFUN Technology Inc.(EFUN Company)	Hsinchu City	Information software service	3,700	3,700	370,000	26	821	928	245	An associate (Note 3)
	Green Innovation Technology	Hsinchu City	Information software management service and relevant business	5,100	5,100	510,000	29	3,390	1,520	342	An associate (Note 3)
Hot Light Co., Ltd.	Elitist Design	Hsinchu City	Circuit design service	USD 125	USD 125	400,000	100	USD 166	USD 4	USD 4	A sub-subsidiary (Note 1)

Note 1: It was calculated based on the financial statements of the same accounting period audited by CPAs

Note 2: It was calculated based on the financial statements of the same accounting period audited by other CPAs

Note 3: It was calculated based on the financial statements of the same accounting period that were not audited by CPAs

Note 4: Liquidation was applied for in February 2022

Integrated Service Technology Inc. and its Subsidiaries

Information of Investments in Mainland China

2022

Schedule 5

Unit: In Thousands of New Taiwan Dollars／Thousands in Foreign Currency

Name of invested company in Mainland China	Min business activities	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan as of the beginning of the period	Investment amount remitted or recovered in the period		Accumulated investment amount remitted from Taiwan as of the end of the period	Investee company's profit (loss) of the period	Ratio of shares held by the Company through direct or indirect investment	Investment gain (loss) recognized for the period	Ending book value of investment	Investment gain remitted back to Taiwan as of the end of the period	Remarks
					Remitted	Recovered							
Integrated Service Technology (Kunshan) Co., Ltd. (IST KS Company)	Product testing and relevant business	$ 113,627 (USD 3,700)	Note 1	$ 290,916 (USD 9,473) （Note 4）	$ -	$ -	$ 290,916 (USD 9,473) （Note 4）	$ 2,712 (USD 91)	100%	$ 2,712 (USD 91)	$ 168,506 (USD 5,487)	$ -	Note 2
System Integration Professional Technology (SIP KS Company)	Circuit design service	96,737 (USD 3,150)	Note 1	46,986 (USD 1,530)	-	-	46,986 (USD 1,530)	(7,243) (USD (243))	100%	(7,243) (USD (243))	66,426 (USD 2,163)	-	Note 2
Instrument Supply Technology (Kunshan) Co., Ltd. (IST-trade KS Company)	Purchase and sale of electric testing and relevant equipment, and conduction of sale and trading as an agent	11,024 (CNY 2,500)	Note 1	- （Note 5）	-	-	- （Note 5）	438 (CNY 99)	100%	438 (CNY 99)	11,403 (CNY 2,586)	-	Note 2

Accumulated investment amount remitted from Taiwan to Mainland China as of the end of the period	Investment amount approved by Investment Commission, Ministry of Economic Affairs	Limit of investment provided by Investment Commission, Ministry of Economic Affairs
$ 337,902 （USD 11,003）	$ 564,388 （USD 18,378）	$1,978,938

Note 1: The company in Mainland China was invested through a third-area investee company.

Note 2: It was calculated based on the financial statements of the same accounting period audited by CPAs.

Note 3: The figures in a foreign currency were converted into NT dollars at the exchange rate announced on the reporting date.

Note 4: An amount of USD 980 thousand in the investment is a reinvestment by Samoa IST using its own funds, so the limit of investments in Mainland China provided by Investment Commission, MOEA is not applicable here.

Note 5: It is a reinvestment by Integrated Service Technology (Kunshan) Co., Ltd. (IST KS Company) using its own funds, so the limit of investments in Mainland China provided by Investment Commission, MOEA is not applicable here.