AVANSTRATE TAIWAN INC.

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR’S REPORT

FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

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AVANSTRATE TAIWAN INC.

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended March 31, 2023 and 2022

(Expressed in New Taiwan Dollars)

ITEMS	NOTES	Apr. 1, 2022 ~ Mar. 31, 2023		Apr. 1, 2021 ~ Mar. 31, 2022	
		Amount	%	Amount	%
Operating Revenue	IV/VI.8/VII	$1,142,230,759	100	$1,720,796,030	100
Operating Costs	VI.3.9.10/VII	(1,355,998,717)	(119)	(1,867,482,228)	(109)
Gross Loss		(213,767,958)	(19)	(146,686,198)	(9)
Operating Expenses	IV/VI.9.10/VII	(255,669,097)	(22)	(266,910,297)	(15)
Operating Loss		(469,437,055)	(41)	(413,596,495)	(24)
Non-operating Income and Expenses	IV/VI.11/VII				
Other income		84,160,480	7	123,793,789	7
Other gains and losses		(148,323,633)	(13)	(594,906,055)	(34)
Finance costs		(17,602,122)	(1)	(12,459,630)	(1)
Total Non-operating Income and Expenses		(81,765,275)	(7)	(483,571,896)	(28)
Loss before Income Tax		(551,202,330)	(48)	(897,168,391)	(52)
Income Tax Expense	IV/VI.12	-	-	-	-
Net Loss		(551,202,330)	(48)	(897,168,391)	(52)
Total Comprehensive Loss, Net of Tax		$(551,202,330)	(48)	$(897,168,391)	(52)

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

Chairman: President: Chief Financial Officer:

AVANSTRATE TAIWAN INC.

STATEMENTS OF CHANGES IN EQUITY

For the years ended March 21, 2023 and 2022

(Expressed in New Taiwan Dollars)

ITEMS	Common Stock	Retained Earnings		Total Equity
		Legal reserve	Unappropriated earnings	
Balance as of April 1, 2021	$1,600,000,000	$1,437,725,061	$9,307,022,691	$12,344,747,752
Net loss for the year ended March 31, 2022	-	-	(897,168,391)	(897,168,391)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the year ended March 31, 2022	-	-	(897,168,391)	(897,168,391)
Balance as of March 31, 2022	$1,600,000,000	$1,437,725,061	$8,409,854,300	$11,447,579,361
Balance as of April 1, 2022	$1,600,000,000	$1,437,725,061	$8,409,854,300	$11,447,579,361
Net loss for the year ended March 31, 2023	-	-	(551,202,330)	(551,202,330)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the year ended March 31, 2023	-	-	(551,202,330)	(551,202,330)
Balance as of March 31, 2023	$1,600,000,000	$1,437,725,061	$7,858,651,970	$10,896,377,031

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

Chairman: President: Chief Financial Officer:

AVANSTRATE TAIWAN INC.
STATEMENTS OF CASH FLOWS
For the years ended March 31, 2023 and 2022
(Expressed in New Taiwan Dollars)

ITEMS	Apr. 1, 2022 ~ Mar. 31, 2023 Amount	Apr. 1, 2021 ~ Mar. 31, 2022 Amount
Cash flows from operating activities:		
Net loss before tax	$(551,202,330)	$(897,168,391)
Adjustments for:		
Income and expense adjustments:		
Interest revenue	(77,802,557)	(114,935,686)
Interest expense	17,602,122	12,459,630
Depreciation	302,431,033	446,095,675
Amortization	11,797,738	12,192,129
Loss on disposal of property, plant and equipment	3,928,385	-
Impairment loss	21,288,055	25,802,301
Property, plant and equipment transferred to expense	28,800	39,959,646
Changes in operating assets and liabilities:		
(Increase) Decrease in trade receivables	(129,138,765)	71,019,479
(Increase) in trade receivables-related parties	(85,467,455)	(83,803,266)
Decrease in other receivables-related parties	1,477,395,240	920,473,511
(Increase) in inventories	(39,681,581)	(66,195,222)
(Increase) in other current assets	(210,497,536)	(2,523,439)
Decrease in other non-current assets	2,670,804	5,227,010
(Decrease) Increase in receipts in advance	(674,176,978)	452,919,118
Increase (Decrease) in trade payables	4,013,300	(3,979,904)
(Decrease) in trade payables-related parties	(46,330)	(31,843,218)
Increase (Decrease) in other payables	170,600,386	(15,216,254)
Increase (Decrease) in other payables-related parties	155,018,447	(85,815,245)
Increase in other current liabilities	159,397	19,232
Increase in other non-current liabilities	2,595,146	2,358,499
Cash generated from operations	401,515,321	687,045,605
Interest received	77,802,557	114,935,686
Interest paid	(17,602,122)	(12,459,630)
Net cash provided by operating activities	461,715,756	789,521,661
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(1,135,199,944)	(180,982,973)
Proceeds from disposal of property, plant and equipment	-	-
(Increase) in refundable deposits	(276,400)	(2,000)
Net cash (used in) investing activities	(1,135,476,344)	(180,984,973)
Net (decrease) increase in cash and cash equivalents	(673,760,588)	608,536,688
Cash and cash equivalents at beginning of period	681,011,059	72,474,371
Cash and cash equivalents at end of period	$7,250,471	$681,011,059

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

Chairman: President: Chief Financial Officer:

AVANSTRATE TAIWAN INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2023 and 2022
(Expressed in New Taiwan Dollars unless Otherwise Stated)

I. History and organization

1. The former name of AvanStrate Taiwan Inc. (Hereinafter referred to as "The Company") was Taiwan NH Techno Glass Corporation; it is a company based on foreign investments authorized by the Investment Council of Economic Affairs on August 1, 2000 under the Foreign Investment Regulations. In addition, in December 1, 2008 we changed the name of the company to "AvanStrate Taiwan Inc." by resolution of the Board of Directors, and the permission was obtained from the administration body in December 8, 2008. Both the registered address and business management location is No. 8, Industry III Road Annan, Tainan.

2. The Company’s major businesses are manufacturing and sales of glass substrates for TFTD.

II. Date and procedures of authorization of financial statements for issue

The financial statements of the Company were authorized for issue by the Board of Directors on May 15, 2023.

III. Changes in significant accounting policies

None

IV. Summary of significant accounting policies

1. Statement of compliance

The financial statements of the Company for the years ended March 31, 2023 and 2022 have been prepared in accordance with the requirements related to the preparation of financial statements within Business Entity Accounting Act and the Regulation on Business Entity Accounting Handling (“the Regulations”) and the Enterprise Accounting Standards (“EAS”) and related interpretations issued by the Accounting Research and Development Foundation (“ARDF”).

2. Basis of preparation

The financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The financial statements are expressed in New Taiwan Dollars ("NT$") unless otherwise stated.

3. Foreign currency transactions

The Company's financial statements are presented in NT$, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of EAS 15 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

4. Current and non-current distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle

(b) The Company holds the asset primarily for the purpose of trading

(c) The Company expects to realize the asset within twelve months after the reporting period

(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Company expects to settle the liability in its normal operating cycle

(b) The Company holds the liability primarily for the purpose of trading

(c) The liability is due to be settled within twelve months after the reporting period

(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

5. Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6. Financial instruments

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

Financial assets and financial liabilities within the scope of EAS 15 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(1) Financial assets

The Company accounts for regular way purchase or sales of financial assets on the trade date.

Financial assets of the Company are classified as financial assets at fair value through loans and receivables. The Company determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company acquired or incurred principally for the purpose of selling or repurchasing it in the near term (classified as at fair value through profit or loss), upon initial recognition designated as at fair value through profit or loss, designated as available for sale, or those for which the holder may not recover substantially all of its initial investment (classified as available for sale).

Loans and receivables are separately presented on the balance sheet as receivables or debt instrument investments for which no active market exists. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs. The effective interest method amortization is recognized in profit or loss.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset other than the financial assets at fair value through profit or loss is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset impaired, other than receivables impaired which are reduced through the use of an allowance account, is reduced directly and the amount of the loss is recognized in profit or loss.

Loss events include:

i. significant financial difficulty of the issuer or obligor; or
ii. a breach of contract, such as a default or delinquency in interest or principal payments; or
iii. it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

iv. the disappearance of an active market for that financial asset because of financial difficulties; or
v. a significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost.

For loans and receivables, the Company first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exits for an individually assessed financial asset, whether significant or not, it includes the asset in a Company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

Derecognition of financial assets

A financial asset is derecognized when:

i. The rights to receive cash flows from the asset have expired
ii. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
iii. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. In other words, the transferee can sell the transferred asset in its entirety to an unrelated third party

and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. Under these circumstances, the financial asset is derecognized, any rights or obligations created or retained as a result of the transfer are recognized separately as assets or liabilities.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(2) Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities are classified as financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(3) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

7. Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials and Merchandise – Purchase cost on weighted average cost formula;

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

8. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When a property, plant and equipment is revalued in accordance with laws and regulations, the unrealized revaluation gains are recognized as other comprehensive income and accumulated in other equity. Starting from the subsequent year of revaluation, such property, plant and equipment is depreciated based on the revalued carrying amount. The cost of property, plant and equipment includes its purchase price, any costs directly attributable to brining the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress. Subsequent cost of property, plant and equipment comprises additions and replacement of parts of property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of EAS 8 “Property, Plant and Equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Except fixed asset-platinum’s impairment is evaluated periodically based on past experiences, depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	3～51 years
Machinery and equipment	1～8 years
Transportation equipment	3～6 years
Office equipment	2～7 years

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately based on its useful life. If there has been a change in the usage of the asset, unexpected physical wear and tear, technological advance or changes in market value, which may result in changes in the asset’s residual value or useful life, then the original estimates may need to be reviewed and residual value, depreciation method or useful life to be changed accordingly. If there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the depreciation method applied to an asset is reviewed and changed to reflect the changed pattern.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss. Unrealized revaluation gain or loss categorized as other equity is reclassified to profit or loss upon disposal.

9. Leases

Company as a lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

10. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. When an intangible asset is revalued in accordance with laws and regulations, the unrealized revaluation gains are recognized as other comprehensive income and accumulated in other equity. Starting from the subsequent year of revaluation, such intangible asset is amortized based on the revalued carrying amount. Unqualified internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life.

11. Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of EAS 19 "Impairment of Assets" may be impaired. If any such indication exists, the Company estimates the asset's or its cash-generating unit's ("CGU") recoverable amount. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

12. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

<u>Provision for decommissioning, restoration and rehabilitation costs</u>

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability.

13. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognized:

<u>Sale of goods</u>

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

(a) the significant risks and rewards of ownership of the goods have passed to the buyer;
(b) neither continuing managerial involvement nor effective control over the goods sold have been retained;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
(e) the costs incurred in respect of the transaction can be measured reliably.

Interest income

For all financial assets measured at amortized cost (including loans and receivables) and available-for-sale financial assets, interest income is recorded using the effective interest rate method and recognized in profit or loss.

14. Post-employment benefits

The Company's payment for employees post-employment benefits are based on the contributions required by law and recognized as expenses in the period the employees render services.

15. Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:
i. Where the deferred tax liability arises from the initial recognition of goodwill or of

an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

V. Significant accounting judgements, estimates, and assumptions

None.

VI. Contents of significant accounts

1. Cash and cash equivalents

	As at	
	Mar. 31, 2023	Mar. 31, 2022
Cash on hand	$200,000	$200,000
Demand deposits	7,050,471	680,811,059
Total	$7,250,471	$681,011,059

2. Trade receivables and trade receivables-related parties

	As at	
	Mar. 31, 2023	Mar. 31, 2022
Trade receivables	$193,943,212	$64,804,447
Less: allowance for doubtful debts		
Trade receivables-related parties	171,300,818	85,833,363
Total	$365,244,030	$150,637,810

Trade receivables were not pledged.

3. Inventories

	As at	
	Mar. 31, 2023	Mar. 31, 2022
Merchandise	$11,515,177	$42,601,229
Raw materials	21,584,200	17,712,873
Work in progress	268,025,508	152,877,028
Finished goods	32,917,325	73,151,682
Total	$334,042,210	$286,342,812

The cost of inventories recognized in expenses amounts to NT$1,355,998,717 and NT$1,867,482,228 for the years ended March 31, 2023 and 2022, respectively.

No inventories were pledged.

4. Other current assets

	As at	
	Mar. 31, 2023	Mar. 31, 2022
Supplies	$36,564,664	$49,323,061
Prepayment for purchases	328,537,998	152,886,137
Prepaid sales tax	63,784,890	25,148,675
Temporary payments	42,864,398	38,551,333
Others	10,797,450	10,637,125
Total	$482,549,400	$276,546,331

5. Property, plant and equipment

	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Platinum	Construction in progress	Total
Cost and revaluation:							
As at Apr. 1, 2021	$5,144,829,204	$10,692,395,711	$157,281,461	$7,200,495	$4,702,462,030	$170,529,620	$20,874,698,521
Additions	-	-	-	-	-	180,982,973	180,982,973
Disposals	-	(7,880,000)	-	-	-	-	(7,880,000)
Transfer	198,000	48,017,081	2,836,985	498,000	-	(51,550,066)	-
Other changes	-	-	-	-	-	(39,959,646)	(39,959,646)
As at Mar. 31, 2022	$5,145,027,204	$10,732,532,792	$160,118,446	$7,698,495	$4,702,462,030	$260,002,881	$21,007,841,848
Additions	-	-	-	-	-	1,135,199,944	1,135,199,944
Disposals	(574,590)	(1,198,864,797)	(2,962,659)	-	-	-	(1,202,402,046)
Transfer	-	2,795,000	4,084,154	302,000	-	(7,181,154)	-
Other changes	-	-	-	-	-	(13,436,617)	(13,436,617)
As at Mar. 31, 2023	$5,144,452,614	$9,536,462,995	$161,239,941	$8,000,495	$4,702,462,030	$1,374,585,054	$20,927,203,129
Depreciation and impairment							
As at Apr. 1, 2021	$3,834,437,655	$10,059,370,499	$145,219,834	$6,673,934	$656,884,927	$109,984,827	$14,812,571,676
Depreciation	109,863,950	331,366,775	4,515,171	349,779	-	-	446,095,675
Impairment losses	-	-	-	-	25,802,301	-	25,802,301
Disposals-accumulated depreciation	-	(7,809,643)	-	-	-	-	(7,809,643)
Disposals-accumulated impairment	-	(70,357)	-	-	-	-	(70,357)
As at Mar. 31, 2022	$3,944,301,605	$10,382,857,274	$149,735,005	$7,023,713	$682,687,228	$109,984,827	$15,276,589,652
Depreciation	94,224,897	202,767,219	5,103,497	335,420	-	-	302,431,033

	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Platinum	Construction in progress	Total
Impairment losses	-	-	-	-	21,288,055	-	21,288,055
Disposals-accumulated depreciation	(564,439)	(1,194,946,563)	(2,962,659)	-	-	-	(1,198,473,661)
Disposals-accumulated impairment	-	-	-	-	-	-	-
As at Mar. 31, 2023	$4,037,962,063	$9,390,677,930	$151,875,843	$7,359,133	$703,975,283	$109,984,827	$14,401,835,079
Carrying amount as at:							
Mar. 31, 2023							
Cost	$5,144,452,614	$9,536,462,995	$161,239,941	$8,000,495	$4,702,462,030	$1,374,585,054	$20,927,203,129
Accumulated depreciation	(4,037,962,063)	(9,187,640,329)	(151,875,843)	(7,359,133)	-	-	(13,384,837,368)
Accumulated impairment	-	(203,037,601)	-	-	(703,975,283)	(109,984,827)	(1,016,997,711)
	$1,106,490,551	$145,785,065	$9,364,098	$641,362	$3,998,486,747	$1,264,600,227	$6,525,368,050
Mar. 31, 2022							
Cost	$5,145,027,204	$10,732,532,792	$160,118,446	$7,698,495	$4,702,462,030	$260,002,881	$21,007,841,848
Accumulated depreciation	(3,944,301,605)	(10,179,819,673)	(149,735,005)	(7,023,713)	-	-	(14,280,879,996)
Accumulated impairment	-	(203,037,601)	-	-	(682,687,228)	(109,984,827)	(995,709,656)
	$1,200,725,599	$349,675,518	$10,383,441	$674,782	$4,019,774,802	$150,018,054	$5,731,252,196

	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Platinum	Construction in progress	Total
Mar. 31, 2021							
Cost	$5,144,829,204	$10,692,395,711	$157,281,461	$7,200,495	$4,702,462,030	$170,529,620	$20,874,698,521
Accumulated depreciation	(3,834,437,655)	(9,856,262,541)	(145,219,834)	(6,673,934)	-	-	(13,842,593,964)
Accumulated impairment	-	(203,107,958)	-	-	(656,884,927)	(109,984,827)	(969,977,712)
	$1,310,391,549	$633,025,212	$12,061,627	$526,561	$4,045,577,103	$60,544,793	$6,062,126,845

Please refer to Note VIII for more details on property, plant and equipment under pledge.

6. Provisions (classified as other non-current liabilities)

	For the years ended Mar. 31	
	2023	2022
As at beginning of year	$25,863,863	$23,505,364
Arising during the year	2,595,146	2,358,499
Decrease during the year	-	-
As at end of year	$28,459,009	$25,863,863
Non-current	$28,459,009	$25,863,863

provision has been recognized for decommissioning costs associated with factories owned by the Company. The Company is committed to decommissioning the sites as a result of the construction of the factories.

7. Equities

(a) Common stock

The Company's authorized and issued capital was NT$1,600,000,000 as at both March 31, 2023 and 2022, each at a par value of NT$10.

(b) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues;
b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Results of the 2022 and 2021 earnings distribution as approved and resolved by the Board of Directors' meeting and shareholders' meeting on 15 May 2023 and 13 May 2022 are both not distributed.

8. Operating revenue

	For the years ended Mar. 31	
	2023	2022
Sales revenue	$983,896,476	$1,481,367,416
Sales revenue – related parties	159,672,017	264,704,638
Less: Sales returns, discounts,and allowances	(1,337,734)	(25,276,024)
Total	$1,142,230,759	$1,720,796,030

9. Operating leases

Operating lease commitments – Company as lessee

As at March 31, 2023, the Company entered into below lease agreements:

Object	Term	Monthly Rent	Security Deposit
Tainan Science and Technology Industry zone no: 70 (note)	2020.04.30~2040.04.29	$196,890	$2,368,920
Tainan Science and Technology Industry zone no: 66. 67. 68 (note)	2020.03.19~2040.03.18	556,272	6,647,310
Tainan Science and Technology Industry zone no: 69 (note)	2020.04.18~2040.04.17	185,549	2,232,822
Tainan Science and Technology Industry zone no: 81 (note)	2020.04.28~2040.04.27	652,543	7,850,646
Employee Dormitory—KungYuan South Rd.	2022.06.01~2023.05.31	24,762	52,000
Employee Dormitory—WangChang St.	2022.04.01~2023.03.31	21,905	46,000
Employee Dormitory--KungYuan South Rd.	2022.08.25~2023.08.31	23,810	50,000
Employee Dormitory—YungHua Rd. Sec. 2	2022.11.01~2023.10.31	38,095	80,000
Employee Dormitory—WeiMing St.	2022.12.01~2023.11.30	22,857	46,000

Object	Term	Monthly Rent	Security Deposit
Employee Dormitory-- YungHua Rd. Sec. 1	2022.05.01~2023.04.30	33,333	70,000
Employee Dormitory-WeiMing St.	2022.09.01~2023.08.31	17,143	36,000
Employee Dormitory- YungHua Rd. Sec. 2	2022.08.01~2023.07.31	26,667	56,000
Employee Dormitory-MingChuan Rd. Sec. 3	2022.05.01~2023.04.30	22,857	51,000
Employee Dormitory-KungYuan South Rd.	2022.08.01~2023.07.31	21,905	46,000
Honda External Warehouse	2023.01.01~2025.12.31	590,952	630,000

(Note): Adjustments based on the consumer price index adjustment rate promulgated annually by Directorate-General of Budget, Accounting & Statistics, Executive Yuan (Taiwan)

Future minimum rentals payable under non-cancellable operating leases as at March 31, 2023 and 2022, are as follows:

	As at	
	Mar. 31, 2023	Mar. 31, 2022
Not later than one year	$27,161,389	$25,277,319
Later than one year and not later than five years	89,025,338	76,615,346
Later than five years	326,722,084	345,817,192
Total	$442,908,811	$447,709,857

Operating lease expenses recognized are as follows:

	For the years ended Mar. 31	
	2023	2022
Lease payments	$73,729,229	$66,474,626
Total	$73,729,229	$66,474,626

10. Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended March 31, 2023 and 2022:

Function / Character	For the year ended Mar. 31, 2023			For the year ended Mar. 31, 2022		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$ 222,697,081	$ 79,468,859	$ 302,165,940	$233,677,155	$57,265,240	$290,942,395
Insurances	24,555,760	6,409,392	30,965,152	25,364,544	4,847,776	30,212,320
Pension	12,337,788	3,887,709	16,225,497	13,213,849	3,011,598	16,225,447
Other personnel expenses	5,998,490	1,183,285	7,181,775	6,345,724	1,052,038	7,397,762
Depreciation	297,173,423	5,257,610	302,431,033	441,432,365	4,663,310	446,095,675
Amortization	7,303,271	4,494,467	11,797,738	7,002,628	5,189,501	12,192,129

According to the Company’s Articles of Incorporation, 0.1% of profit of the current year is to be distributed as employees’ compensation. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees’ compensation in the form of shares or in cash; and in addition there to a report of such distribution is submitted to the shareholders’ meeting.

The Company incurred losses for both the years ended Mar. 31, 2023 and 2022. No employees’ compensation was accrued.

11. Non-operating income and expenses

(1) Other income

	For the years ended Mar. 31	
	2023	2022
Rental income	$1,902,543	$1,913,707
Interest income	77,802,557	114,935,686
Others	4,455,380	6,944,396
Total	$84,160,480	$123,793,789

(2) Other gains and losses

	For the years ended Mar. 31	
	2023	2022
Gains (losses) on disposal of property, plant and equipment	$(3,928,385)	$-
Foreign exchange losses (gains), net	51,920,047	(55,153,002)
Unrealized foreign exchange losses (gains), net	(210,757,182)	(552,920,544)
Others	(2,063,570)	(5,196,410)
Grant income	801,074	16,322,871
Insurance income	15,704,383	2,041,030
Total	$(148,323,633)	$(594,906,055)

(3) Finance costs

	For the years ended Mar. 31	
	2023	2022
Interest expense	$(17,602,122)	$(12,459,630)
Total finance costs	$(17,602,122)	$(12,459,630)

12. Income tax

The major components of income tax expense for the year ended Mar. 31 2023 and 2022, are as follows:

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended Mar. 31	
	2023	2022
Accounting loss before tax from continuing operations	$(551,202,330)	$(897,168,391)
Tax at the domestic rates applicable to profits in the country concerned	(110,240,466)	(179,433,678)
Current-year losses for which no deferred tax asset was recognized	130,898,080	48,479,643
Tax effect of revenues exempt from taxation	(95,050)	(2,350,954)
Tax effect of expenses not deductible for tax purposes	394,485	311,982
Others	14,048,078	17,925,609
Tax effect of deferred tax assets/liabilities	(35,005,127)	115,067,398
Total income tax expense recognized in profit or loss	$-	$-

Deferred income tax assets (liabilities) relate to the following:

	As at	
	Mar. 31, 2023	Mar. 31, 2022
Temporary differences:		
Unrealized exchange profit	$(116,129,000)	$(116,129,000)
Reflected in balance sheet as follows:		
Deferred tax liabilities	$(116,129,000)	$(116,129,000)

The following table contains information of the unused tax losses of the Company:

		Unused tax losses as at		
Year	Tax losses for the period	Mar. 31, 2023	Mar. 31, 2022	Expiration year
2017	$352,549,170	$352,549,170	$352,549,170	2027
2018	$398,491,461	398,491,461	398,491,461	2028
2019	$728,404,095	728,404,095	728,404,095	2029
2020	$516,314,324	516,314,324	516,314,324	2030
2021	$268,613,097	268,613,097	-	2031
		$2,264,372,147	$1,995,759,050	

Unrecognized deferred tax assets

As of March 31, 2023 and 2022, deferred tax assets that have not been recognized amount to NT$626,840,000 and NT$664,094,000, respectively.

The assessment of income tax returns

As of 31 March 2023, the assessment of the income tax returns of the Company is assessed and approved up to 2021.

VII. Related party transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
AvanStrate Inc.	Parent company
AvanStrate Korea Inc.	Associate

Significant transactions with related parties

1. Sales

	For the years ended Mar. 31,	
	2023	2022
Associate	$159,672,017	$264,704,638

(1) Comparison with price policy for non-related parties: we sell to above affiliated companies only, and there is no other comparable selling price.
(2) Comparison with collection terms for non-related parties: The terms of payment for the above company are no difference from general transactions.

2. Purchases

	For the years ended Mar. 31,	
	2023	2022
Associate	$182,404,157	$301,878,373

(1) Comparison with price policy for non-related parties: above related company is our sole supplier, and there is no other comparable purchase price.
(2) Comparison with payment terms for non-related parties: The terms of payment for the above company are no difference from general transactions.

3. Trade receivables-related parties

	As at	
	Mar. 31, 2023	Mar. 31, 2022
Associate	$171,300,818	$85,833,363

4. Other receivables-related parties

	As at	
	Mar. 31, 2023	Mar. 31, 2022
Parent company	$ 226,131,381	$216,988,707
Associate	73,717,296	58,121,710
Total	$299,848,677	$275,110,417

5. Trade payables – related parties

	As at	
	Mar. 31, 2023	Mar. 31, 2022
Associate	$4,493,526	$4,539,856

6. Other payables – related parties

	As at	
	Mar. 31, 2023	Mar. 31, 2022
Parent company	$1,709,067,819	$1,674,774,634
Associate	125,440,726	4,715,464
Total	$1,834,508,545	$1,679,490,098

7. Purchases of assets

For the year ended Mar. 31, 2023:

Related party	Asset	Amount (tax excluded)	Price
Parent company	Machinery and equipment	$1,358,603	Mutual agreement
Associate	Machinery and equipment	112,394,174	Mutual agreement

For the year ended Mar. 31, 2022:

Related party	Asset	Amount (tax excluded)	Price
Parent company	Machinery and equipment	$61,149,083	Mutual agreement
Associate	Machinery and equipment	1,200,707	Mutual agreement

8. Amounts owed by related parties

For the year ended Mar. 31, 2023:

Loan to related party (classified under other receivables)

Related party	Highest amount	Ending balance	Rate	Annual interest
Parent company	$7,886,858,600	$5,110,952,100	1.13636%	$ 64,911,803

For the year ended Mar. 31, 2022:

Loan to related party (classified under other receivables)

Related party	Highest amount	Ending balance	Rate	Annual interest
Parent company	$8,219,962,000	$6,613,085,600	1.13636%	$82,843,821

9. Endorsement and debt guarantee

Related party	Mar. 31, 2023	Mar. 31, 2022
Parent company's major shareholder-Cairns India Holdings Limited	JPY40,094,563 thousand	JPY30,328,034 thousand
Parent company's major shareholder-HOYA Inc.	JPY9,110,822 thousand	JPY8,886,567 thousand
Associate's major shareholder-Cairns India Holdings Limited	JPY12,435,253 thousand	JPY12,435,253 thousand

10. Other

(1) In FY 2020, the Company negotiated with parent company and entered into a technology partnership patent contract for SG glass production. The Company shall pay 5% of sales of finished goods, and 0.25% of sales of commodities as royalty. Royalty fees for the years ended March 31, 2023 and 2022 are $37,163,436 and $56,726,845, respectively, which are recorded in selling, general, and administrative expenses.

(2) For the years ended March 31, 2023 and 2022, the Company has entrusted the affiliated companies with purchase of expendables, provision of technical assistance and construction repair. The details of the transaction are as follows (recorded in cost of sales).

Related party	For the year ended Mar. 31, 2023	For the year ended Mar. 31, 2022
Parent company	$4,785,898	$4,650,242
Associate	5,133,469	5,533,845
Total	$9,919,367	$10,184,087