Stock Code：8163

DARFON ELECTRONICS CORP.

Parent-Company-Only Financial Statements With Independent Auditors' Report

For the Years Ended December 31, 2022 and 2021

Address：No. 167-1, Shan-Ying Road, Gueishan, Taoyuan, Taiwan
Telephone：886-3-250-8800

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

Table of contents

Contents			Page
1.	Cover Page		1
2.	Table of Contents		2
3.	Independent Auditors' Report		3
4.	Parent-Company-Only Balance Sheets		4
5.	Parent-Company-Only Statements of Comprehensive Income		5
6.	Parent-Company-Only Statements of Changes in Equity		6
7.	Parent-Company-Only Statements of Cash Flows		7
8.	Notes to the Parent-Company-Only Financial Statements		
	(1)	Organization and business	8
	(2)	Authorization of the parent-company-only financial statements	8
	(3)	Application of new and revised accounting standards and interpretations	8～9
	(4)	Summary of significant accounting policies	10～23
	(5)	Critical accounting judgments and key sources of estimation and assumption uncertainty	23～24
	(6)	Significant account disclosures	24～49
	(7)	Related-party transactions	50～54
	(8)	Pledged assets	54
	(9)	Significant commitments and contingencies	55
	(10)	Significant loss from disasters	55
	(11)	Significant subsequent events	55
	(12)	Others	55～56
	(13)	Additional disclosures	
		(a) Information on significant transactions	57、58～66
		(b) Information on investees	57、67～69
		(c) Information on investment in mainland China	57、70
		(d) Major shareholders	57
	(14)	Segment information	57
9.	List of major account titles		71～82

Independent Auditors Report

To the Board of Directors of Darfon Electronics Corp.：

Opinion

We have audited the parent-company-only financial statements of Darfon Electronics Corp. (the "Company"), which comprise the parent-company-only balance sheets as of December 31, 2022 and 2021, and the parent-company-only statements of comprehensive income, changes in equity can cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers,

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent-company-only financial statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of parent-company-only 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 for the Company's parent-company-only financial statements for the year ended December 31, 2022 are stated as follows:

1. Valuation of inventories

   Please refer to note 4(g) for the accounting policies on inventory valuation, note 5(a) for uncertainty of accounting estimations and assumptions for inventory valuation, and not 6(e) for the disclosure of the amounts of inventory write-downs, of the parent-company-only financial statements.

   Description of key audit matter:

   Inventories are measured at the lower of cost and net realizable value. Due to rapid technological changes, the company's stocks for products may become obsolete and product price may decline rapidly. These factors result in a risk wherein the carrying the carrying amount of inventory may exceed its net realizable value which lead to inventory depreciation loss. Particularly, the estimation of net realizable value requires the management's subjective judgements. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the inventory aging report provided by the Company, and analyzing the fluctuation of inventory aging; selecting samples to verify the accuracy of inventory aging classification; evaluating whether valuation of inventories was accounted for in accordance with Company's accounting policies; and assessing the reasonableness of management's estimates of inventory provisions.

2. Assessment of impairment of goodwill from investments in subsidiaries

Please refer to note 4(m) for the accounting policies on impairment of –financial assets, note 5(b) for the uncertainty of accounting estimations and assumptions for goodwill impairment, and 6(f) for related disclosures of impairment test of goodwill, of the parent-company-only financial statements.

Description of key audit matter:

Goodwill arising from acquisition of subsidiaries, which are included in the carrying amount of investments accounted for using equity method. Goodwill is subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill involves management's judgement and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in out audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the assessment impairment of goodwill provided by the management; assessing the appropriateness of the valuation model and key assumptions, including the discount rate, expected growth rate and future cash flow projections, used by the management in measuring the recoverable amount; performing a sensitivity analysis of key assumptions and test results; and assessing the adequacy of the Company's disclosure with respect to the related information on goodwill impairment.

Responsibility of management and those charged with Governance for the Parent-Company-Only Financial Statement

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate or provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investees accounted for using the equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remained solely responsible for our audit opinion.

We communicate with those 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 our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Chieh Tang and Huei-Chen Chang.

KPMG

Taipei, Taiwan

Republic of China

March 7, 2023

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

DARFON ELECTRONICS CORP.

Parent-Company-Only Balance Sheets

December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	Amount	%	Amount	%
	Current assets：				
1100	Cash and cash equivalents (note 6(a))	$ 898,836	4	64,900	-
1110	Financial assets at fair value through profit or loss－current (note 6(b))	617	-	1,203	-
1170	Notes and accounts receivable, net (note 6(d) and (o))	3,594,306	16	5,465,122	23
1180	Accounts receivable from related parties (note 6(d)、(o) and 7)	1,092,486	5	1,612,017	7
1212	Other receivables from related parties (note 7)	25,877	-	-	-
130X	Inventories (note 6(e))	1,012,387	4	1,400,176	6
1470	Prepayments and other current assets	87,139	-	91,971	1
	Total current assets	6,711,648	29	8,635,389	37
	Non-current assets：				
1517	Financial assets at fair value through other comprehensive income－none-current (note 6(c))	1,122,031	5	1,213,707	5
1550	Investments accounted for using equity method (note 6(f) and 7)	12,221,026	53	10,646,474	45
1600	Property, plant and equipment (note 6(g)、7 and 8)	2,749,848	12	2,746,869	12
1840	Deferred income tax assets (note 6(l))	73,009	-	103,068	-
1915	Prepayments for equipment	150,506	1	181,050	1
1920	Refundable deposits	1,080	-	1,080	-
1990	Other non-current assets	708	-	1,647	-
	Total non-current assets	16,318,208	71	14,893,895	63
	Total assets	**$ 23,029,856**	**100**	**23,529,284**	**100**

(Continued)

See accompanying notes to the parent-company-only financial statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

DARFON ELECTRONICS CORP.

Parent-Company-Only Balance Sheets (Continued)

December 31, 2022 and 2021
(Expressed in thousands of New Taiwan Dollars)

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities：				
2100	Short-term borrowings (note 8)	$ 1,864,000	8	2,222,548	9
2170	Notes and accounts payable	236,098	1	360,918	2
2180	Accounts payable from related parties (note 7)	4,540,922	20	5,768,066	25
2200	Other payables (note 6(p) and 7)	1,330,272	6	1,320,430	6
2250	Provision－current (note 6(j))	61,914	-	79,089	-
2300	Other current assets (note 6(o))	405,056	2	255,668	1
	Total current liabilities	8,438,262	37	10,006,719	43
	Non-current liabilities：				
2540	Long-term debt (note 6(i) and 8)	4,050,000	17	3,620,000	15
2640	Net defined benefit liability－non-current (note 6(k))	26,403	-	59,601	-
2670	Other non-current liabilities	640	-	779	-
	Total non-current liabilities	4,077,043	17	3,680,380	15
	Total liabilities	12,515,305	54	13,687,099	58
	Equity (note 6(f) and (m))：				
3110	Common stock	2,800,000	12	2,800,000	12
3200	Capital surplus	4,116,058	18	4,132,767	18
	Retained earnings：				
3310	Legal reserve	1,234,562	5	1,116,990	5
3320	Special reserve	422,523	2	386,607	1
3350	Unappropriated earnings	1,997,724	9	1,828,344	8
		3,654,809	16	3,331,941	14
	Other equity：				
3410	Foreign currency translation differences	(297,877)	(1)	(765,143)	(4)
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	257,193	1	379,613	2
3445	Remeasurements of defined benefit	(15,632)	-	(36,993)	-
		(56,316)	-	(422,523)	(2)
	Total equity	10,514,551	46	9,842,185	42
	Total liabilities and equity	**$ 23,029,856**	**100**	**23,529,284**	**100**

See accompanying notes to the parent-company-only financial statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

DARFON ELECTRONICS CORP.

Parent-Company-Only Comprehensive Income

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2022		2021	
		Amount	%	Amount	%
4000	**Net sales (note 6(o) and 7)**	$ 14,372,374	100	17,702,426	100
5000	**Costs of sales (note 6(e)、(g)、(j)、(k)、(p)、7 and 12)**	(12,730,883)	(89)	(15,782,173)	(89)
5900	**Gross profit**	1,641,491	11	1,920,253	11
5910	Less：Unrealized (realized) profit on sales	61,315	1	(67,519)	(1)
5950	**Realized gross profit**	1,702,806	12	1,852,734	10
6000	**Operating expenses (note 6(d)、(g)、(k)、(p)、7 and 12)：**				
6100	Selling expenses	(463,256)	(3)	(436,720)	(2)
6200	Administrative expenses	(289,978)	(2)	(332,169)	(2)
6300	Research and development expenses	(489,195)	(4)	(505,952)	(3)
6000	**Total operating expenses**	(1,242,429)	(9)	(1,274,841)	(7)
6900	**Operating income**	460,377	3	577,893	3
7000	**None-operating income and expenses (note 6(f)、(g)、(q) and 7)：**				
7100	Interest income	2,353	-	172	-
7010	Other income	115,198	1	72,452	-
7020	Other gains and losses	26,863	-	(20,245)	-
7050	Financial Costs	(75,387)	-	(45,912)	-
7070	Share of the profit of subsidiaries accounted for using equity method	722,530	5	690,925	4
	Total non-operating income and loss	791,557	6	697,392	4
7900	**Income before income tax**	1,251,934	9	1,275,285	7
7950	**Income tax expenses (note 6(l))**	(89,066)	(1)	(128,752)	(1)
8200	**Net income**	1,162,868	8	1,146,533	6
	Other comprehensive income (note 6(k)、(l) and (m))：				
8310	**Items that will not be reclassifies subsequently to profit or loss:**				
8311	Remeasurements of defined benefit plans	25,099	-	(7,216)	-
8316	Unrealized gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	(91,676)	-	58,339	-
8330	Share of the other comprehensive income of subsidiaries accounted for using equity method	(29,462)	-	22,099	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	(5,020)	-	1,443	-
		(101,059)	-	74,665	-
8360	**Items that may be reclassifies subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign operations	488,370	3	(74,547)	-
8380	Share of the other comprehensive income of subsidiaries and joint ventures accounted for using equity method	(21,104)	-	(6,845)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		467,266	3	(81,392)	-
	Other comprehensive income (loss) for the year, net of income tax	366,207	3	(6,727)	-
8500	**Total comprehensive income for the year**	**$ 1,529,075**	**11**	**1,139,806**	**6**
	Earnings per share(in New Taiwan dollars)(note 6(n))				
9750	**Basic earnings per share**	**$ 4.15**		**4.09**	
9850	**Diluted earnings per share**	**$ 4.09**		**4.05**	

See accompanying notes to the parent-company-only financial statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

DARFON ELECTRONICS CORP.

Parent-Company-Only of Statement of Changes in Equity

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

			Retained earnings				Total other equity interest				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Foreign currency translation differences	Unrealized gains (losses) from financial assets Measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total equity
Balance at January 1, 2021	$ 2,800,000	3,921,454	1,024,037	492,270	1,339,912	2,856,219	(683,751)	328,577	(31,433)	(386,607)	9,191,066
Net income	-	-	-	-	1,146,533	1,146,533	-	-	-	-	1,146,533
Other comprehensive income	-	-	-	-	-	-	(81,392)	80,225	(5,560)	(6,727)	(6,727)
Total comprehensive income	-	-	-	-	1,146,533	1,146,533	(81,392)	80,225	(5,560)	(6,727)	1,139,806
Appropriation of earnings：											
Legal reserve	-	-	92,953	-	(92,953)	-	-	-	-	-	-
Cash dividends	-	-	-	(105,663)	105,663	-	-	-	-	-	-
Cash dividends of preference share	-	-	-	-	(700,000)	(700,000)	-	-	-	-	(700,000)
Difference between consideration and carrying amount arising from acquisition or disposal of shares of subsidiaries	-	7,092	-	-	-	-	-	-	-	-	7,092
Changes in ownership interest in subsidiaries	-	204,221	-	-	-	-	-	-	-	-	204,221
Disposal of subsidiaries' investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	29,189	29,189	-	(29,189)	-	(29,189)	-
Balance at December 31, 2021	2,800,000	4,132,767	1,116,990	386,607	1,828,344	3,331,941	(765,143)	379,613	(36,993)	(422,523)	9,842,185
Net income	-	-	-	-	1,162,868	1,162,868	-	-	-	-	1,162,868
Other comprehensive income	-	-	-	-	-	-	467,266	(122,420)	21,361	366,207	366,207
Total comprehensive income	-	-	-	-	1,162,868	1,162,868	467,266	(122,420)	21,361	366,207	1,529,075
Appropriation of earnings：											
Legal reserve	-	-	117,572	-	(117,572)	-	-	-	-	-	-
Special reserve	-	-	-	35,916	(35,916)	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(840,000)	(840,000)	-	-	-	-	(840,000)
Changes in ownership interest in subsidiaries	-	(16,709)	-	-	-	-	-	-	-	-	(16,709)
Balance at December 31, 2022	**$ 2,800,000**	**4,116,058**	**1,234,562**	**422,523**	**1,997,724**	**3,654,809**	**(297,877)**	**257,193**	**(15,632)**	**(56,316)**	**10,514,551**

See accompanying notes to the parent-company-only financial statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

DARFON ELECTRONICS CORP.

Parent-Company-Only of Statement of Cash Flows

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities：		
Income before income tax	$ 1,251,934	1,275,285
Adjustments：		
Adjustments to reconcile profit or loss：		
Depreciation	204,787	197,590
Amortization	793	2,211
Interest expense	75,387	45,912
Interest income	(2,353)	(172)
Dividend income	(99,648)	(54,839)
Employees' compensation from subsidiaries	4,541	3,468
Share of the profit of subsidiaries accounted for using equity method	(722,530)	(690,925)
Gains on disposal of property, plant, equipment and intangible assets	(4,722)	(4,900)
Impairment losses on property, plant and equipment	1,467	172
Unrealized (realized) profit from sales	(61,315)	67,519
Total adjustments to reconcile profit or loss	(603,593)	(433,964)
Changes in operating assets and liabilities：		
Changes in operating assets：		
Financial assets at fair value through profit or loss	586	7,369
Notes and accounts receivable	1,596,139	(731,365)
Notes and accounts receivable from related parties	519,531	(258,665)
Other receivable from related parties	(25,877)	-
Inventories	219,685	(63,790)
Prepayments and other current assets	3,708	14,087
Total changes in operating assets	2,313,772	(1,032,364)
Changes in operating liabilities：		
Notes and accounts payable	(124,820)	17,385
Notes and accounts payable from related parties	(1,023,991)	424,521
Other payables	40,950	175,641
Provisions	17,509	50
Other current liabilities	147,043	(76,802)
Net defined benefit liability	(3,875)	(3,780)
Total changes in operating liabilities	(947,184)	537,015
Total changes in operating assets and liabilities	1,366,588	(495,349)
Total adjustment	762,995	(929,313)
Cash provided by operations	2,014,929	345,972
Interest received	2,353	172
Interest paid	(72,341)	(45,190)
Income taxes paid	(42,151)	(113,370)
Net cash used in operating activities	1,902,790	187,584

(Continued)

See accompanying notes to the parent-company-only financial statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

DARFON ELECTRONICS CORP.

Parent-Company-Only of Statement of Cash Flows (Continued)

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

	2022	2021
Cash flows from investing activities：		
Purchase of financial assets at fair value through other comprehensive income	-	(96,985)
Purchase of investments accounted for using equity method	(393,465)	(1,675,330)
Disposal of investments accounted for using equity method	-	9,800
Proceed from capital reduction of equity-accounted investees	-	120,249
Additions to property, plant and equipment (including prepayments for equipment)	(199,012)	(454,247)
Proceeds from disposal of property, plant and equipment	3,085	1,543
Decrease in refundable deposits	-	403
Cash outflow from business division	(10)	-
Dividends received	289,233	189,373
Net cash used in investing activities	(300,169)	(1,905,194)
Cash flows from financing activities：		
Increase (decrease) in short-term borrowings	(358,548)	682,548
Decrease in short-term notes and bills payable	-	(439,721)
Increase in long-term debt	1,050,000	2,020,000
Repayments of long-term debt	(620,000)	-
Payment of lease liabilities	(137)	(163)
Cash dividends distributed to shareholders	(840,000)	(700,000)
Net cash provided by (used in) financing activities	(768,685)	1,562,664
Net increase (decrease) in cash and cash equivalents	833,936	(154,946)
Cash and cash equivalents at beginning of year	64,900	219,846
Cash and cash equivalents at end of year	**$ 898,836**	**64,900**

See accompanying notes to the parent-company-only financial statements

1. Organization and business

Darfon Electronics Corp. (the "Company") was incorporated on May 8, 1997, as a company limited by shares under laws of the Republic of China ("R.O.C."). The address of the Company's registered office is No. 167-1, Shan-Ying Road, Gueishan District, Taoyuan, Taiwan. The Company is mainly engaged in the manufacture and sale of computer peripherals, electronic components and green energy related products.

2. Authorization of the parent-company-only financial statements

These parent-company-only financial statements were authorized for issuance by the Board of Directors on March 7, 2023.

3. Application of new and revised accounting standards and interpretations：

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2022：

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(b) The impact of IFRS endorsed by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its parent-company-only financial statements：

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(Continued)

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC：

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The current IAS 1 stipulates that liabilities for which the enterprise does not have an unconditional right to defer settlement for at least twelve months after reporting period shall be classified as current. The amendment deletes the requirement that the right should be unconditional and instead requires that the right must exist and be substantive at the end of the reporting period. The amendment clarifies how the enterprise should classify the liabilities paid off by issuing its own equity instruments (such as convertible corporate bonds).	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Contractual Terms”	After reconsidering certain aspects of the IAS 1 amendments in 2020, the new amendment clarifies that only contractual terms in compliance on or before the reporting date affect the classification of a liability as current or non-current. The contractual terms to which a business is bound after the reporting date (that is, future terms) do not affect the classification of liabilities at that date. However, when non-current liabilities are subject to future contractual terms, companies need to disclose information to help users of financial statements understand the risk that such liabilities may be repaid within twelve months of the reporting date.	January 1, 2024

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet endorsed by the FSC, to have a significant impact on its parent-company-only financial statements：

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFSR 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 16 “Requirements for Sale and Leaseback Transactions”

(Continued)

4. Summary of significant accounting policies

The significant accounting policies presented in the parent-company-only financial statements are summarized as follows, and have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The parent-company-only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (the "Regulations").

(b) Basis of preparation

(i) Basis if measurement

The accompanying parent-company-only financial statements have been prepared on a historical cost basis except for the following items in the balance sheets：

1) Financial instruments measured at fair value through profit or loss (including derivative financial instruments).

2) Financial assets measured at fair value through other comprehensive income; and

3) Net defined benefit liabilities are measured at the present value of the defined benefit obligation less fair value of the plan assets.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The Company's parent-company-only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. Except when otherwise indicated, all financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period ("the reporting date"), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(Continued)

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into the presentation currency of the Company's parent-company-only financial statements at the exchange rates at the reporting date. The income and expenses are translated into the presentation currency of the Company's parent-company-only financial statements at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the accumulated exchange differences related to that foreign operation is reclassifies to profit or loss. In the case of a partial disposal that does not result in the Company losing control over a subsidiary, the proportionate share of the accumulated exchange differences is reclassified to noon-controlling interests, for a partial disposal of the Company‘s ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the monetary item is, in substance, a part of net investment in that foreign operation, and the related foreign exchange gains and losses thereon are recognized as other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current when one lf following criteria is met; all other assets are classified as non-current assets：

(i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a 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.

A liability is classified as current when one of following criteria is met; all other liabilities are classified as non-current liabilities：

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) 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 liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(Continued)

(e) Cash and cash equivalents

Cash consists of cash on hand, checking deposits, and demand deposits. Cash equivalents consist of short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). All regular way purchases or sales of financial assets are recognized and derecognized on trade date basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, these assets are measured at amortized cost, using the effective interest method less impairment loss. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets measured at fair value through other comprehensive income

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Continued)

On initial recognition of any equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity is reclassified to retained earnings and is never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive the dividends is established (usually the ex-dividend date).

3) Financial assets measured at fair value through profit or loss

All financial assets not classified as measured at amortized cost or at FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any dividend and interest income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses ("ECL") on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables and refundable deposits).

The Company measures loss allowances at an amount equal to lifetime (ECL), except for the following financial assets which are measured as 12-month ECL:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

(Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This information includes both quantitative and qualitative information and analysis based on the Company's historical experience and credit assessment, as well as forward-looking information.

ECLs are probability-weighted estimated of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets; in these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreements and the definition of a financial liability and an equity instrument.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is held for trading, it is derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

(Continued)

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Company derecognized a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iii) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iv) Derivative financial instruments

The Company uses derivative financial instruments to hedge its foreign currency exposures. Derivatives are recognized initially at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss. If the valuation of a derivative instrument results in a positive fair value, it is classified as financial asset; otherwise, it is classified as financial liability.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to the location and condition ready for sale. Fixed manufacturing overhead is allocated to finished products and work in process based on the higher of normal capacity or actual capacity; variable manufacturing overhead is allocated based on the actual capacity of machinery and equipment. Net realizable value represents the estimated selling price in the ordinary course of business, less, all estimated costs of completion and necessary selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or jointly control, over the financial and operating policies.

(Continued)

Investment in associates are accounted for using the equity method and are recognized initially at cost, plus, any transaction costs. The carrying amount of the investment in joint ventures includes goodwill arising from the acquisition less any accumulated impairment losses. When necessary, the entire carrying amount of the investment (including goodwill) will be tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment kiss recognized forms part of the carrying amount of the investment. Ant reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized as other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate, and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the change in ownership interests of its associate as "capital surplus" in proportion to its ownership.

Unrealized gains and losses resulting from transactions between the Company and an associate are recognized only to extent of unrelated investors' interests in the associate.

Adjustments are made to associates' financial statements to conform to the accounting polices applied by the Company.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the recognition of further losses is discontinued. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

when an associate issues new shares and the Company does not subscribe to the new shares in proportion to its original ownership percentage, the Company's interest in the associate's net assets will be changed. The change in the equity interest is adjusted through the capital surplus and investment accounts, the difference is charged as a reduction of retained earnings. If the Company's interest in an associate is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required of the associate had directly disposed of the related assets or liabilities.

(i) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. The carrying amount of an investment in a subsidiary includes the goodwill identified at the time of the original investment, less any accumulated impairment losses. Under equity method profit or loss, and other comprehensive income recognized in parent-company-only financial statement, is the same as the total comprehensive income attributable to the shareholders of the Company in the consolidated financial statements. In addition, the equity recognized in the parent-company-only financial statements is the same as the total equity attributable to the shareholders of the Company in the consolidated financial statements.

(Continued)

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control as accounted for within equity.

Gains or losses from transactions between the Company and its subsidiaries that have not yet been realized are deferred. Gains or losses on transactions resulting from depreciable or amortizable assets are recognized annually over their useful lives; and those resulting from other types of assets are recognized in the year in which they are realized.

The Company uses the acquisition method of accounting to measure goodwill on newly acquired subsidiaries based on the fair value of the consideration transferred at the date of acquisition, including the amount of any non-controlling interest in the acquired company, less the net amount of the identifiable assets acquired and liabilities assumed (generally the fair value). If the resulting balance is negative, the Company reassess whether all assets acquired and liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

Transaction costs associated with a business combination are recognized as expenses as incurred, except when they relate to the issuance of debt or equity instruments.

If the initial accounting for a business combination is incomplete by the end of reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

(j) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

(Continued)

Land is not depreciated. The estimated useful lives for property, plant and equipment are as follows: machinery and equipment: 2 to 10 years; furniture, fixtures and other equipment: 3 to 10 years; buildings are depreciated based on the estimated useful lives of their significant component—main structure and other equipment pertaining to buildings: 4 to 40 years; buildings—electronic and air-conditioning facilities: 20 to 30 years.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically evaluated and reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

(Continued)

— there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change of the Company's assessment on whether it will exercise an option to purchase the underlying asset, or;

— there is a change in the lease term resulting from a change of the Company's assessment on whether it will exercise an extension or termination option; or

— there is any lease modification in lease subject, scope of the lease or other terms.

When the lease liability is remeasured due to the aforementioned changes in the index or rate used to determine the lease payment, changes in the residual value guarantee amount, and changes in the evaluation of the purchase, extension or termination options, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset, and recognize the difference in profit or loss for any gain or loss relating to the partial or full termination of the lease.

The Company represents right-of-use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the balance sheets.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognized the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

For operating lease, the Company recognizes rental income on a straight-line basis over the lease term.

(l) Intangible assets

Acquired software are carried at cost, less, accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss using the straight-line method over the estimated useful lives of 5 to 10 years.

The residual value, amortization period, and amortization method are reviewed at least at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(Continued)

(m) Impairment of non-financial assets

The Company assesses at the end of each reporting date whether there is any indication that the carrying amounts of non-financial assets (other than inventories, assets arising from employee benefits and deferred tax assets) may be impaired. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually or when there is indication of impairment.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Goodwill arising from a business combination is allocated to cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an individual asset or CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation of amortization) had no impairment loss been recognized for the assets in prior years.

(n) Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision for warranties is recognized when the underlying products are sold. This provision reflects the historical warranty claim rate and the weighting of all possible outcomes against their associated probabilities.

(o) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(Continued)

(i) Sale of goods

The Company recognizes revenue when control of the goods has been transferred, being when the goods are delivered to the customer, the customer has discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss have been transferred to the customer, and the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company offers sales discounts to certain customers. The Company recognizes revenue based on the price specified in the contract, net of estimated discounts. Discounts are estimated based on contracts or accumulated experience using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected sales discounts payable to customers.

A receivable is recognized when the goods are delivered, as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Royalties

The Company provides the customers with a right to use the Company's intellectual property as it exists at the time the license is granted, under which the performance obligation is satisfied over time and revenue is recognized over a specific period of time.

(iii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment made by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

(ii) Defined benefit plans

The company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The discount rate for calculating the present value of the defined benefit obligation refers to the interest rate of high-quality government bonds that are denominated in the currency in which the benefit sill be paid and that have terms to maturity approximating the terms of the related pension obligation. The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method.

When the benefits of a plan are improved, the expense related to the increased obligations resulting from the services rendered by employees in the past years are recognized in profit or loss immediately.

The remeasurements of the net defined benefit liability (asset) comprise (i) actuarial gains and losses, (ii) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (iii) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset). The remeasurements of the net defined benefit liabilities (asset) are recognized in other comprehensive income and then transferred to other equity.

The Company recognized gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for:

(i) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

(Continued)

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities related to income taxes levied by the same taxation authority on either;

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share (“EPS”)

The basic and diluted EPS attributable to stockholders of the Company are disclosed in the financial statements. Basic EPS is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Company’s dilutive potential common shares are profit sharing for employees to be settled in the form of common stock.

(s) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent-company-only financial statements.

5. Critical accounting judgments and key sources of estimation and assumption uncertainty

The preparation of the parent-company-only financial statements in conformity with the Regulations and Taiwan IFRSs requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in the future periods affected.

(Continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included as follows:

(a) Valuation of inventory

Inventories are measured at the lower of cost and net realizable value. Due to the rapid innovation of technology and highly competitive environments in the electronics industry, the Company's stocks for products may become obsolete and product price may decline rapidly, these factors result in a risk wherein the carrying amount of inventory may exceed its net realizable value. Particularly, the estimation of net realizable value requires the management's estimation and is mainly determined based on assumptions of future demand within a specific time horizon, which could result in significant adjustments.

(b) Assessment of impairment of goodwill from investments in subsidiaries

The assessment of impairment of goodwill requires the Company to male subjective judgements to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years.

6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 753	935
Demand deposits and checking accounts	391,037	63,965
Time deposits with original maturities less than three months	507,046	-
	$ 898,836	64,900

(b) Financial instruments measured at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss:		
Derivative instruments not designated for hedge accounting:		
Foreign currency forward contracts	$ 617	1,203

(Continued)

The Company entered into derivative contracts to manage foreign currency exchange risk arising from operating activities and were classified as financial assets and liabilities at fair value through profit or loss. At each reporting date, the outstanding derivative contracts that did not conform to the criteria for hedge accounting consisted of the following:

December 31, 2022		
Contract amount (in thousands)	**Currency**	**Maturity Period**
USD $ 5,000	CNY Buy / USD Sell	2023.01

December 31, 2021		
Contract amount (in thousands)	**Currency**	**Maturity Period**
USD $ 12,000	CNY Buy / USD Sell	2022.01

(c) Financial assets at fair value through other comprehensive income－non-current:

	December 31, 2022	**December 31, 2021**
Equity investments at fair value through other comprehensive income:		
Domestic listed stocks	$ 1,122,031	1,213,707

The Company designated the above-mentioned equity investments as financial assets at fair value through other comprehensive income ("FVOCI") because these investments are held for strategic purposes and not for trading.

No strategic investments were disposed for the years ended December 31, 2022 and 2021, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(d) Notes and accounts receivable

	December 31, 2022	**December 31, 2021**
Notes and accounts receivable	$ 3,620,147	5,487,378
Less: less allowance	(25,841)	(22,256)
	3,594,306	5,465,122
Accounts receivable from related parties	1,092,486	1,612,017
	$ 4,686,792	7,077,139

The Company plies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables (including from related parties). Forward looking information is taken into consideration as well. Analysis of expected credit losses on notes and accounts receivable (including from related parties) was as follows:

(Continued)

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 2,673,773	0.29%	7,832
Past due 1-30 days	744,807	1.27%	9,468
Past due 31-60 days	200,009	3.58%	7,152
Past due 61-90 days	190	46.08%	87
Past due 91-120 days	1,066	93.78%	1,000
Past due over 121 days	302	100.00%	302
	$ 3,620,147		**25,841**

	December 31, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 4,452,418	0.21%	9,400
Past due 1-30 days	1,022,969	0.90%	9,225
Past due 31-60 days	4,351	3.79%	165
Past due 61-90 days	7,605	45.13%	3,432
Past due 91-120 days	26	96.15%	25
Past due over 121 days	9	100.00%	9
	$ 5,487,378		**22,256**

As of December 31, 2022 and 2021, notes and accounts receivable from related parties were evaluated by the Company to have no expected credit losses and were analyzed as follows:

	December 31, 2022	**December 31, 2021**
Current	$ 790,562	1,313,375
Past due 1-30 days	169,357	210,899
Past due 31-60 days	96,637	76,618
Past due 61-90 days	26,190	10,959
Past due 91-120 days	-	1
Past due over 121 days	9,740	165
	$ 1,092,486	**1,612,017**

(Continued)

Movements of the loss allowance for December 31, 2022 and 2021 were as follows:

	2022	2021
Balance at January 1	$ 22,256	22,256
Impairment losses	3,585	-
Balance at December 31	$ 25,841	22,256

(e) Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 334,610	252,661
Work in process	35,909	56,022
Finished goods	641,868	1,091,493
	$ 1,012,387	1,400,176

The amounts of inventories recognized as cost of sales were as follows:

	2022	2021
Cost of inventories sold	$ 12,671,145	15,669,399
Write-downs of inventories	59,738	111,401
Loss on scrap	-	1,373
	$ 12,730,883	15,782,173

The write-downs of inventories arise from the write-downs of inventories to net realizable value.

(f) Investments accounted for using equity method

A summary of the Company's investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2022	December 31, 2021
Subsidiaries	$ 12,221,026	10,646,474

(i) Subsidiaries

Please refer to consolidated financial statements for the year ended December 31, 2022.

The following table summarized the amount recognized by the Company at its share of those subsidiaries:

	2022	2021
Subsidiaries	$ 722,530	690,925

(ii) Acquisition of a subsidiary—Astro Tech Co., Ltd. (ATC)

1) The cost of acquisition

On April 1, 2021 (the acquisition date), the Company acquired 51.00% equity ownership of ATC. Thereafter, ATC and its subsidiaries have become the Company's subsidiaries. ATC and its subsidiaries are mainly engaged in the design, manufacture and trading of high-end and electronic bicycle frames.

The acquisition of ATC enabled the Company to improve its vertical integration with respect to the business development of E-bike's manufacture, thereby expending the Company's scale in the industry of green energy products.

2) Identifiable net assets acquired in a business combination

On April 1, 2021 (the acquisition date), the fair value of the identifiable assets acquired and liabilities assumed from the acquisition were as follows:

Consideration transferred:		
Share capital increase by cash (Note)		$ 1,224,000
Add: Non-controlling interests (measured at non-controlling interest's proportionate share of the fair value of identifiable net assets)		1,013,755
Less: identifiable net assets acquired at fair value		
Cash and cash equivalents	$ 1,533,552	
Notes and accounts receivable, net	315,243	
Other receivables	131,994	
Inventories	302,165	
Prepayments and other current assets	57,605	
Investments accounted for using equity method	34,699	
Property, plant and equipment	940,438	
Right-of-use assets	227,931	
Intangible assets－patents	124,899	
Intangible assets－computer software	14,486	
Other non-current assets	197,111	
Short-term borrowings	(28,653)	
Accounts payable	(728,789)	
Other payables (Note)	(606,741)	
Provisions－current	(3,155)	
Other current liabilities	(132,107)	
Long-term borrowings (including current portion)	(34,383)	
Lease liabilities (including current and non-current)	(7,096)	
Deferred income tax liabilities	(126,841)	
Long-term payables (included in other non-current liabilities) (Note)	(143,471)	2,068,887
Goodwill		**$ 168,868**

(Continued)

Note: The Company acquired ATC through participating in the share capital increase by cash of ATC. The net cash outflow from acquisition included the previous share payment of $469,021 thousand according to the share transfer agreement. Additionally, other long-term share payables accounted to $143,471 thousand.

(iii) Acquisition or disposal of subsidiary’s additional interest

The Company disposed part of equity of Unictron Technologies Corporation (UTC) at a consideration of $9,800 thousand in 2021. The difference between consideration received and carrying amount of the interests disposed of amounted to $7,162 thousand and was recognized as capital surplus. Additionally, the Company acquired the additional subsidiary of Darad Innovation Corp. (DTC) in 2021. The difference between consideration paid and carrying amount of the interests acquired amounting to (70) thousand was recognized as capital surplus.

(iv) Changes in ownership interest in subsidiaries without losing control

In 2022, DTC increased its share capital and reserved the partial new shares for subscription by its employees, which resulted in a decrease in the Company’s ownership interest in DTC.

In 2022, Kenstone Metal Co., Ltd. (KST) increased its share and reserved the partial new shares for subscription by its employees, which resulted in a decrease in the Company’s ownership interest in KST.

In 2022, Astro Tech Co., Ltd. (ATC) exercised the stock options by its employees, which resulted in a decrease in the Company’s ownership interest in ATC.

In 2022, Darfon Energy Technology Corp. (DET) exercised the stock options by its employees, which resulted in a decrease in the Company’s ownership interest in DET.

In 2022, UTC brought back treasury stocks, which resulted in an increase in the Company’s ownership interest in UTC.

In 2021, UTC increased its share capital wherein the Company did not subscribe proportionately from its existing ownership percentage, which resulted in a decrease in the Company’s ownership interest UTC.

Due to the above-mentioned changes in the ownership and equity of the subsidiary, the Company has increased the capital surplus by $(16,709) thousand and $204,221 thousand respectively in 2022 and 2021.

(v) Organizational restructuring under common control

Taking July 1, 2022 as the base date for the spin off, the Company spin off and transferred “the Energy Storage B.D.” in Taiwan to DET, a subsidiary of the Company, and acquired its newly issued ordinary shares. This transaction is an organizational restructuring under common control. For the related information please refer to note 7(c).

(Continued)

(vi) Impairment test on goodwill

The excess of the cost of acquiring an investment in a subsidiary over the Company's equity interest of the net fair value of the investee's identifiable assets and liabilities at the date of acquisition should be recorded as goodwill, and any impairment of goodwill should be recognized as a reduction in the carrying amount of the investment using the equity method in the individual financial statements. As of December 31, 2022 and 2021, the recoverable amount of CGU was determined based on the value in use, and the related key assumptions were as follows:

	December 31, 2022	December 31, 2021
UTC	$ 273,447	273,447
KST	133,924	133,924
ATC	168,868	168,868
Other CGU without significant goodwill	60,871	60,871
	$ 637,110	**637,110**

The above-mentioned CGUs represent the lowest level within the group, at which the goodwill is monitored for internal management purpose. Based on the results of impairment tests conducted by the Company, the recoverable amount CGUs exceeded their carrying amount as of December 31, 2022 and 2021; as a result, no impairment loss was recognized. Except for the recoverable amount of a CGU of UTC on December 31, 2022, which is determined based on fair value less disposal costs, other recoverable amount of a CGU was determined based on the value in use, and the related key assumptions were as follows:

	December 31, 2022	December 31, 2021
UTC:		
Revenue growth rate	-	9%~22%
Discount rates	-	14.71%
KST:		
Revenue growth rate	(32%)~10%	5%~29%
Discount rates	12.22%	16.67%
ATC:		
Revenue growth rate	5%~10%	5%~22%
Discount rates	16.27%	16.55%

1) The cash flow projections were based on future financial budgets, covering a period of 5 years, which were approved by managements. Cash flows that beyond 5-year have been extrapolated using a 1.5% to 2% growth rate.

2) The estimation of discount rate is based on the weighted average cost of capital.

(Continued)

(g) Property, plant and equipment

The movements of cost, and accumulated depreciation and impairment loss of the property, plant and equipment were as follows:

		Land	Building	Machinery	Furniture and fixtures	Other equipment	Equipment pending acceptance	Total
Cost:								
Balance at January 1, 2022	$	707,214	2,271,500	1,658,456	34,510	78,977	107,481	4,858,138
Additions		6,221	54,688	70,682	2,164	9,505	40,136	183,396
Disposals		-	-	(73,490)	(1,990)	(80)	-	(75,560)
Business spin-off (note 7(c))		-	-	(33,511)	(85)	(504)	(4,340)	(38,440)
Reclassification		-	22,902	24,626	1,610	(1,610)	(1,733)	45,795
Balance at December 31, 2022	$	713,435	2,349,090	1,646,763	36,209	86,288	141,544	4,973,329
Balance at January 1, 2021	$	606,960	2,249,707	1,512,213	29,999	80,032	80,211	4,559,122
Additions		100,254	17,561	64,707	4,511	3,495	100,958	291,486
Disposals		-	-	(7,186)	-	(4,550)	-	(11,736)
Reclassification		-	4,232	88,722	-	-	(73,688)	19,266
Balance at December 31, 2021	$	707,214	2,271,500	1,658,456	34,510	78,977	107,481	4,858,138
Accumulated depreciation and impairment losses:								
Balance at January 1, 2022	$	-	1,179,176	850,881	21,351	59,861	-	2,111,269
Depreciation		-	74,634	121,195	4,264	4,555	-	204,648
Impairment losses		-	-	1,467	-	-	-	1,467
Business spin-off (note 7(c))		-	-	(19,751)	(85)	(504)	-	(20,340)
Disposals		-	-	(71,493)	(1,990)	(80)	-	(73,563)
Balance at December 31, 2022	$	-	1,253,810	882,299	23,540	63,832	-	2,223,481
Balance at January 1, 2021	$	-	1,100,973	748,833	18,556	55,697	-	1,924,059
Depreciation		-	78,203	109,062	2,795	7,364	-	197,424
Impairment losses		-	-	172	-	-	-	172
Disposals		-	-	(7,186)	-	(3,200)	-	(10,386)
Balance at December 31, 2021	$	-	1,179,176	850,881	21,351	59,861	-	2,111,269
Carrying amount:								
Balance at December 31, 2022	$	713,435	1,095,280	764,464	12,669	22,456	141,544	2,749,848
Balance at December 31, 2021	$	707,214	1,092,324	807,575	13,159	19,116	107,481	2,746,869

Please refer to note 8 for details of the land and building pledged as collateral to long-term debt and financing

Lands located in Miaoli could not be registered in the name of the Company due to regulations. The Company and the landowners has signed an agreement, clarifying that the rights and obligations of the lands belong to the company.

(h) Short-term borrowings

		December 31, 2022	December 31, 2021
Unsecured bank borrowings	$	1,864,000	2,222,548
Unused credit facilities	$	9,819,350	6,523,200
Interest rate		1.53%~2.02%	0.60%~1.00%

(Continued)

(i) Long-term debt

	December 31, 2022	December 31, 2021
Secured bank loans	$ 4,050,000	3,620,000
Less：current portion of long-term debt	-	-
	$ 4,050,000	**3,620,000**
Unused credit facilities	**$ 4,111,830**	**2,153,280**
Year to maturity	**114**	**112~113**
Interest rate	**1.63%~2.10%**	**0.82%~1.05%**

According to the loan agreements, the Company is required to maintain certain financial ratios, including current ratio, net liability ratio, financial liability ratio, interest coverage ratio and tangible net worth, calculated based on its annual audited consolidated financial statements and semi-annual reviewed consolidated financial statements. On December 31, 2022 and 2021, the Company was in compliance with the above-mentioned financial ratios.

Please refer to note 8 for a description of pledged property for long-term debt.

(j) Warranty provisions

	2022	2021
Balance at January 1	$ 79,089	79,039
Additions	26,208	34,105
Amount utilized	(9,476)	(34,055)
Business spin-off (note 7(c))	(33,907)	-
Balance at December 31	**$ 61,914**	**79,089**

Warranty provisions are mainly related to the sale of computer peripherals and electronic components. Warranty provisions are estimated based on historical warranty data associated with similar products.

(k) Employee benefits

(i) Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the fair value of plan assets are as follows:

	December 31, 2022	December 31, 2021
Present value of benefit obligations	$ 146,663	166,978
Fair value of plan assets	(120,260)	(107,377)
Net defined benefit liabilities	**$ 26,403**	**59,601**

(Continued)

The Company make defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pension benefits for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive a payment based on years of service and average salary for the six months prior to the employee's retirement.

1) Composition of plan assets

The pension fund (the "Fund") contributed by the Company is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the "Bureau of Labor Funds"). According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, with regard to the utilization of the Fund, minimum annual earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2022 and 2021, the Company's pension fund deposited at Bank of Taiwan amounted to $120,260 thousand and $107,377 thousand, respectively. Refer to the website of the Bureau of Labor Funds for information on the labor pension fund assets including the asset portfolio and yield of the Fund.

2) Movements in present value of defined benefit obligations

	2022	2021
Defined benefit obligations at January 1	$ 166,978	160,686
Current service costs and interest expense	1,374	1,332
Remeasurement on the net defined benefit liabilities		
－Demographic assumptions	-	4,720
－Actuarial losses (gains) arising from experience adjustments	359	3,549
－Actuarial losses (gains) arising from changes in financial assumptions	(17,291)	-
Benefits paid by the plan	(420)	(3,309)
Business spin-off (note 7(c))	(4,337)	-
Defined benefit obligations at December 31	**$ 146,663**	**166,978**

3) Movements of fair value of plan assets

	2022	2021
Fair value of plan assets at January 1	$ 107,377	104,521
Interest income	816	792
Remeasurement on the net defined benefit liabilities		
－Returns on plan assets (excluding the amounts included in the net interest expense)	8,167	1,053
Contributions by the employer	4,320	4,320
Benefits paid by the plan	(420)	(3,309)
Fair value of plan assets at December 31	**$ 120,260**	**107,377**

(Continued)

4) Changes in the effect of the asset ceiling

In 2022 and 2021, there was no effect of the asset ceiling.

5) Expenses recognized in profit or loss

		2022	2021
Current service costs	$	138	135
Net interest expense on the net defined benefit liability		420	405
	$	558	540
Cost of sakes	$	155	148
Operating expenses		403	392
	$	558	540

6) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.750%	0.750%
Future salary increases rate	2.000%	2.000%

The Company expects to make contribution of $4,320 thousand to the defined benefit plans in the year following December 31, 2022. The weighted average duration of the defined benefit plans is 14.7 years.

7) Sensitivity analysis

The following table summarized the impact of a change in the assumptions on the present value of the defined benefit obligation.

		Increase (decrease) in present value of defined benefit obligations	
		0.25% Increase	0.25% Decrease
December 31, 2022			
Discount rate	$	(3,935)	4,089
Future salary change		4,002	(3,862)
December 31, 2021			
Discount rate		(4,993)	5,183
Future salary change		5,024	(4,864)

(Continued)

Each sensitively analysis considers the change in one assumption at a time, leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are interrelated. The method used to carry out the sensitivity analysis is the consistent with the calculation of the net defined benefit liabilities recognized in the balance sheets.

The method and assumption used to carry out the sensitivity analysis is the same as in the prior year.

(ii) Defined contribution plans

The Company contribute monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company have no legal or constructive obligation to pay any additional amounts after contributing a fixed amount.

For the years ended December 31, 2022 and 2021, the Company recognized pension expenses of $37,410 thousand and $36,526, respectively, in relation to the defined contribution plans.

(l) Income taxes

(i) The components of income tax expense were as follows:

	2022	2021
Current income tax expense		
Current period	$ 100,288	75,841
Adjustment for prior years	(22,228)	(295)
	78,060	75,546
Deferred income tax expense (benefit)		
Origination and reversal of temporary differences	45,477	97,677
Changes in unrecognized deductible temporary differences	(34,471)	(44,471)
	11,006	53,206
	$ 89,066	**128,752**

In 2022 and 2021, there was no income tax recognized directly in equity.

In 2022 and 2021, the components of income tax expense (benefit) recognized in other comprehensive income were as follows:

	2022	2021
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of the defined benefit plans	**$ 5,020**	**(1,443)**

(Continued)

Reconciliation of income tax expense and income before income tax for 2022 and 2021 was as follows:

	2022	2021
Income before income taxes	$ 1,251,934	1,275,285
Income tax using the Company's statutory tax rate	$ 250,387	255,057
Investment income recorded under equity method	(75,453)	(32,033)
Investment tax credits	(34,014)	(39,036)
Adjustments for prior-year income tax expense	(22,228)	(295)
Changes in unrecognized temporary differences	(34,471)	(44,471)
Additional income tax on undistributed earnings	5,596	5,493
Others	(751)	(15,963)
	$ 89,066	128,752

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 307,728	269,147
Tax losses	-	4,000
	$ 307,728	273,147

The management believed that it is not probable that future taxable profits will be available against which the temporary differences and tax losses can be utilized; therefore, no deferred income tax assets were recognized for above-mentioned items.

2) Unrecognized deferred income tax liabilities

	December 31, 2022	December 31, 2021
Aggregate taxable temporary differences associated with investments in subsidiaries	$ 975,886	906,834

The Company is able to control the timing of reversal of the temporary differences associated with investments in subsidiaries. As management believed that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences were not recognized as deferred income tax liabilities.

3) Recognized deferred income tax assets

Changes in the amount of deferred income tax assets were as follows:

(Continued)

	Depreciation adjustments for tax purpose	Defined benefit liabilities	Deferred inter-company profits	Warranty provisions	Refund liabilities	Others	Total
Balance at January 1, 2022	$ 23,960	11,920	22,957	15,818	17,307	11,106	103,068
Business spin-off (note 7(c))	-	-	-	(6,781)	-	(7,252)	(14,033)
Recognized in profit or loss	300	(1,619)	(489)	3,346	(8,628)	(3,916)	(11,006)
Recognized in other comprehensive income	-	(5,020)	-	-	-	-	(5,020)
Balance at December 31, 2022	**$ 24,260**	**5,281**	**22,468**	**12,383**	**8,679**	**(62)**	**73,009**
Balance at January 1, 2021	$ 22,944	11,233	56,543	15,808	18,106	30,197	154,831
Recognized in profit or loss	1,016	(756)	(33,586)	10	(799)	(19,091)	(53,206)
Recognized in other comprehensive income	-	1,443	-	-	-	-	1,443
Balance at December 31, 2021	**$ 23,960**	**11,920**	**22,957**	**15,818**	**17,307**	**11,106**	**103,068**

(iii) The R.O.C income tax authorities have examined and approved the income tax returns of the Company for all fiscal years through 2020.

(m) Capital and other equity

(i) Common stock

As of December 31, 2022 and 2021, the Company's authorized common stock consisted of 450,000 thousand shares, of which 280,000 thousand shares were issued and outstanding. The par value of the Company's common stock is $10 per share.

The movements in outstanding shares of common stock were as follows (in thousands of shares):

	Common stock	
	2022	**2021**
Balance at January 1 (Same as balance at December 31)	**280,000**	**280,000**

(ii) Capital surplus

The Company's capital reserve balance was as follows:

	December 31, 2022	December 31, 2021
Paid-in capital in excess of par value	$ 3,563,940	3,563,940
Treasury stock transactions	238,180	238,180
Surplus from merger	144	144
Difference between consideration and carrying amount of subsidiaries acquired or disposed	101,730	101,730
Recognition of changes in ownership interest in subsidiaries	212,064	228,773
	$ 4,116,058	**4,132,767**

(Continued)

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends or distributed as cash dividends based on the original shareholding ratio, realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that at least 10% of annual net income, after deducting accumulated deficit, if any, must be retained as legal reserve. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, together with the unappropriated earnings from the previous years can be distributed as dividends to stockholders, pursuant to the appropriation of earnings proposed by the Board of Directors and approved by the stockholders. Distribution of earnings by way of cash dividends should be approved by the Board of Directors and then reported to the shareholders' meeting.

According to the Company's Articles of Incorporation, distribution of cash dividends by legal reserve or capital reserve should be approved by the Board of Directors and then reported in the shareholders' meeting.

As the Company is a technology- and capital-intensive enterprise with growing phase, the Company has adopted a remaining earnings appropriation method as its dividend policy in order to meet long-term capital needs and cash requirements of stockholders, and thereby maintain continuous development and steady growth. While the current year's earnings available for distribution equal the amount of 2% of paid-in capital, the dividend distributed shall not be less than 10% of current year's earnings available for distribution. No dividends will be distributed when the currency year's earnings available for distribution are less than the amount of 2% of paid-on capital. Considering the future expansion of operation scale and cash flow requirements, the cash dividend cannot be less than 10% of the total distribution of cash dividend and stock dividend.

1) Legal reserve

If the Company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve to shareholders by issuing new shares or by distributing cash for the portion of legal reserve which exceeds 25% of the paid-in capital.

2) Special reserve

In accordance with Rule No. 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, a special reserve equal to the total amount of items that are accounted for as deductions from stockholders' equity was set aside from current and prior-year earnings. This special reserve shall revert to retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

(Continued)

3) Earnings distribution

The appropriation of cash dividends through 2021 and 2020 earnings was approved by the Company's Board of Directors on March 8, 2022 and March 15, 2021, respectively. The resolved appropriations of the dividends were as follows:

	2021			2020	
	Dividend per share (NT$)		Amount	Dividend per share (NT$)	Amount
Dividends per share:					
Cash dividend	$	3.0	840,000	2.5	700,000

On March 7, 2023, the Company's Board of Directors approved the distribution of cash dividend as follows:

	2022		
	Dividend per share (NT$)		Amount
Dividends per share:			
Cash dividend	$	3.0	840,000

Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(iv) Other equity items (net after tax)

		Foreign currency translation differences	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Remeasurement of defined benefit plans	Total
Balance at January 1, 2022	$	(765,143)	379,613	(36,993)	(422,523)
Foreign exchange differences arising from translation of foreign operations		488,370	-	-	488,370
Unrealized gains (losses) from financial assets at fair value through other comprehensive income		-	(91,676)	-	(91,676)
Remeasurement of defined benefit plans		-	-	20,079	20,079
Share of the other comprehensive income (loss) of subsidiaries		(21,104)	(30,744)	1,282	(50,566)
Balance at December 31, 2022	$	(297,877)	257,193	(15,632)	(56,316)
Balance at January 1, 2021	$	(683,751)	328,577	(31,433)	(386,607)
Foreign exchange differences arising from translation of foreign operations		(74,547)	-	-	(74,547)
Unrealized gains (losses) from financial assets at fair value through other comprehensive income		-	58,339	-	58,339
Disposal of equity instruments designated at value through other comprehensive income from subsidiaries		-	(29,189)	-	(29,189)
Remeasurement of defined benefit plans		-	-	(5,773)	(5,773)
Share of the other comprehensive income (loss) of subsidiaries		(6,845)	21,886	213	15,254
Balance at December 31, 2021	$	(765,143)	379,613	(36,993)	(422,523)

(Continued)

(n) Earnings per share ("EPS")

The calculations of basic and diluted earnings per share were as follows:

(i) Basic earnings per share

	2022	2021
Net income attributable to ordinary shareholders of the Company	$ 1,162,868	1,146,533
Weighted-average number of ordinary shares outstanding (in thousands)	280,000	280,000
Basic earnings per share (in New Taiwan dollars)	$ 4.15	4.09

(ii) Diluted earnings per share

	2022	2021
Net income attributable to ordinary shareholders of the Company	$ 1,162,868	1,146,533
Weighted-average number of ordinary shares outstanding (in thousands)	280,000	280,000
Effect of dilutive potential ordinary shares (in thousand):		
Remuneration to employees in stock	4,281	3,336
Weighted-average number of ordinary shares outstanding (including the effect of dilutive potential ordinary shares) (in thousands)	284,281	283,336
Diluted earnings per share (in New Taiwan dollars)	$ 4.09	4.05

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

The Company's income is derived from the goods transferred at a certain point in time, and the income can be subdivided into the following regions according to the geographical location of customers:

	2022	2021
Primary geographical markets:		
Taiwan	$ 1,730,723	2,132,270
America	452,997	873,855
Mainland China	10,179,798	12,594,570
Others	2,008,856	2,101,731
	$ 14,372,374	17,702,426
Major products and services lines:		
Peripheral electronic products	$ 12,027,428	14,850,343
Green energy products and passive components	2,344,946	2,852,083
	$ 14,372,374	17,702,426

(Continued)

(ii) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable (including related parties)	$ 4,712,633	7,099,395	6,109,365
Less: loss allowance	(25,841)	(22,256)	(22,256)
	$ 4,686,792	7,077,139	6,087,109

For details on notes and accounts receivable (including related parties) and their loss allowance, please refer to note 6(d).

(iii) Refund liabilities

	December 31, 2022	December 31, 2021	January 1, 2021
Other current liabilities—refund liabilities	$ 393,597	236,537	315,172

(p) Remuneration to employees and directors

The Company's Article of Incorporation requires that annual earning shall first be offset against any deficit, then 5%～20% shall be allocated as employee remuneration and a maximum of 1% be allocated as directors' remuneration. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the Parent of subsidiaries of the Company who meet certain specific requirements.

For the years ended December 31, 2022 and 2021, the Company estimated its remuneration to employees amounting to $140,273 thousand and $142,889 thousand, respectively, and the remuneration to directors amounting to $10,520 thousand and $10,717 thousand, respectively. The said amounts were calculated based on the net profits before tax of each period before deducting the amount of the remuneration to employees and directors. The estimations are recognized as cost of sales or operating expenses. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in next year.

The estimated remuneration to employees and directors for 2022 and 2021 were the same as the amount estimated in the financial report, and paid in cash. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(q) Non-operating income and loss

(i) Interest income

	2022	2021
Interest income from bank deposits	$ 2,353	172

(Continued)

(ii) Other income

		2022	2021
Rental income	$	7,965	2,595
Dividend income		99,648	54,839
Other		7,585	15,018
	$	115,198	72,452

(iii) Other gains and losses

		2022	2021
Gains (losses) on foreign currency net exchange	$	15,758	(56,788)
Gain on financial instruments measured at fair value through profit or loss		8,020	33,376
Gains on disposal of property, plant and equipment		1,533	1,711
Gains on disposal of intangible assets		3,189	3,189
Impairment losses on impairment of impairment of property, plant and equipment		(1,467)	(172)
Others		(170)	(1,561)
	$	26,863	(20,245)

(iv) Finance costs

		2022	2021
Interest expense			
Interest expense from bank loans	$	(75,382)	(45,906)
Interest expense on lease liabilities		(5)	(6)
	$	(75,387)	(45,912)

(r) Financial instruments

(i) Categories of financial instruments

1) Financial assets

(Continued)

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Financial assets mandatorily measured at fair value through profit or loss:	$ 617	1,203
Financial assets at fair value through other comprehensive income	1,122,031	1,213,707
Financial assets measured at amortized cost:		
Cash and cash equivalents	898,836	64,900
Notes and accounts receivable and other receivables (including related parties)	4,712,669	7,077,139
Refundable deposits	1,080	1,080
Subtotal	5,612,585	7,143,119
Total	**$ 6,735,233**	**8,358,029**

2) Financial liabilities

	December 31, 2022	December 31, 2021
Financial liabilities measured at amortized cost:		
Short0term borrowings	$ 1,864,000	2,222,548
Notes and accounts payable and other payables (including related parties)	6,044,747	7,420,434
Long-term debts	4,050,000	3,620,000
Lease liabilities	351	488
Guarantee deposits	428	428
Total	**$ 11,959,526**	**13,263,898**

(ii) Financial instruments not measured at fair value

The Company’s management believes that the carrying amounts of the Company’s financial assets and liabilities classified as measured at amortized cost in the individual financial reports approximate their fair values.

(iii) Financial instruments measured at fair value

1) Fair value hierarchy for financial instruments

The financial instruments at fair value through profit and loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The table below analyze financial instruments that are measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

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

c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	December 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss:					
Derivatives－					
Foreign currency forward contracts	$ 617	-	617	-	617
Financial assets measured at fair value through other comprehensive income:					
Domestic listed stocks	1,122,031	1,122,031	-	-	1,122,031
Total	$ 1,122,648	1,122,031	617	-	1,122,648

	December 31, 2021				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss:					
Derivatives－					
Foreign currency forward contracts	$ 1,203	-	1,203	-	1,203
Financial assets measured at fair value through other comprehensive income:					
Domestic listed stocks	1,213,707	1,213,707	-	-	1,213,707
Total	$ 1,214,910	1,213,707	1,203	-	1,214,910

2) Valuation techniques and assumptions used in fair value measurement

a) Non-derivative financial instruments

The fair value of financial instruments traded in active markets is determined with reference to quoted market prices.

Except for financial instruments in active markets, the fair value of other financial instruments is obtained by evaluation techniques or by referring to quotations from counterparties. The fair value obtained through evaluation techniques can be calculated by referring to the current fair value of other financial instruments with substantially similar conditions and characteristics, discounted cash flow method or other evaluation techniques, including the use of market information available on the reporting date.

(Continued)

The fair value of the listed stock with standard terms and conditions and traded in active markets which the Company holds is based on quoted market prices.

b) Derivative financial instruments

It is evaluated according to the evaluation model widely accepted by market participants. Foreign currency forward contracts are usually evaluated based on the current forward exchange rate.

3) Transfers between levels of the fair value hierarchy

There was no transfer among fair value hierarchies for the years ended December 31, 2022 and 2021.

(s) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other market price risk) due to business activities. The note expresses the Company’s policies and procedures for measuring and managing these risks.

The Company’s Board of Directors is responsible for developing and monitoring the Company’s risk management policies. The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor adherence to the risks and risk limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s operations.

The Company’s management monitors and reviews financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors act as a supervisory and report the review results to the Company’s Board of Directors regularly.

(i) Credit risk

Credit risk refers to the risk of financial loss caused by the Company’s financial asset transaction counterparty’s failure to perform its contractual obligations, mainly from financial assets such as cash and equivalent cash and accounts receivable from customers. The maximum exposure to credit risk is equal to the carrying amount of the Company’s financial assets. As of December 31, 2022 and 2021, the Company’s maximum exposure to credit risk amounted to $6,735,233 thousand and $8,358,029 thousand, respectively.

The majority of the Company’s customers are well-known international companies with high financial transparency. As of December 31, 2022 and 2021, 59% and 53%, respectively, of accounts receivable (excluded from related parties) are from four customers. In order to reduce credit risk of accounts receivable, the Company has established a credit policy under which each customer is analyzed individually for creditworthiness for the purpose of setting the credit limit. Additionally, the Company continuously evaluates the credit quality of customers and utilized insurance to minimize the credit risk.

(Continued)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Company is unable to deliver cash or other financial assets to pay off financial liabilities and fail to perform relevant obligations. The Company regularly monitors the current and expected medium and long-term capital needs, and manages liquidity risk by maintain appropriate capital and bank financing lines. The Company's unused loan lines on December 31, 2022 and 2021 were $13,931,180 thousand and $8,676,480 thousand, respectively.

The table below summarized the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including the impact of estimated interest.

	Contractual cash flow	Within 1 year	1-2 years	2-5 years
December 31, 2022				
Non-derivative financial liabilities:				
Short-term borrowings	$ 1,879,884	1,879,884	-	-
Notes and accounts payable and other payables (including related parties)	6,044,747	6,044,747	-	-
Long-term payables	4,251,872	76,384	76,384	4,099,104
Lease liabilities	355	142	213	-
Subtotal	12,176,858	8,001,157	76,597	4,099,104
Derivative financial instruments:				
Foreign currency forward contracts－settled in gross				
Outflow	153,033	153,033	-	-
Inflow	(153,650)	(153,650)	-	-
Subtotal	(617)	(617)	-	-
	$ 12,176,241	8,000,540	76,597	4,099,104
December 31, 2021				
Non-derivative financial liabilities:				
Short-term borrowings	$ 2,229,613	2,229,613	-	-
Notes and accounts payable and other payables (including related parties)	7,420,434	7,420,434	-	-
Long-term payables	3,697,583	33,508	28,664	3,635,411
Lease liabilities	498	142	142	214
Subtotal	13,348,128	9,683,697	28,806	3,635,625
Derivative financial instruments:				
Foreign currency forward contracts－settled in gross				
Outflow	333,711	333,711	-	-
Inflow	(334,914)	(334,914)	-	-
Subtotal	(1,203)	(1,203)	-	-
	$ 13,346,925	9,682,494	28,806	3,635,625

(Continued)

The Company do not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk refers to the risk that changes in market price, such as foreign exchange rate, interest rate and change in equity instrument prices, will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimizing the return.

In order to manage market risks, the Company engages in derivatives transactions, and its use is regulated by policies approved by the Board of Directors. Generally, the Company adopts hedging operations to manage profit and loss fluctuations.

1) Currency risk

The Company is exposed to currency risks arising from sales, purchases and loan transactions that are not denominated in functional currency. In addition to using foreign currency borrowing to balance the net foreign currency position arising from purchases and sales, the Company also uses derivatives in a timely manner to ensure net foreign exchange exposure remains at an acceptable level.

At the reporting date, the carrying amounts of monetary assets and liabilities and non-monetary assets denominated in a non-functional currency of the Company is as follows:

	December 31, 2022				
	Foreign currency (in thousands)	**Exchange rate**	**New Taiwan Dollars (in thousands)**	**Change in magnitude**	**Pre-tax effect on profit or loss (in thousands)**
Financial assets					
Monetary items					
USD	$ 150,341	30.730	4,619,979	1%	46,200
Non-monetary items					
USD	242,995	30.730	7,467,248	-	-
EUR	668	32.820	21,927	-	-
VND	206,884,669	0.0013	269,389	-	-
Financial liabilities					
Monetary items					
USD	148,569	30.730	4,565,525	1%	45,655

(Continued)

	December 31, 2021				
	Foreign currency (in thousands)	**Exchange rate**	**New Taiwan Dollars (in thousands)**	**Change in magnitude**	**Pre-tax effect on profit or loss (in thousands)**
Financial assets					
Monetary items					
USD	$ 256,151	27.680	7,090,260	1%	70,903
Non-monetary items					
USD	237,667	27.680	6,578,615	-	-
EUR	1,151	31.444	36,183	-	-
VND	226,672,276	0.00121	275,248	-	-
Financial liabilities					
Monetary items					
USD	249,645	27.680	6,910,174	1%	69,102

Within varieties of functional currencies of the Company, the Company disclosed net realized and unrealized foreign exchange gain (loss) on monetary items in aggregate. Please refer to note 6(q) for the information with respect to the foreign exchange gains (losses) for the years ended December 31, 2022 and 2021.

2) Interest rate risk

The Company's bank loans are based on floating interest rates. To deal with the risk of changes in loan interest rates, the Company mainly adopts regular assessments of bank and various currency loan interest rate, and maintain good relationships with financial institutions to obtain lower financing costs; at the same time, it cooperates with strengthening working capital management to reduce dependence on bank loans, diversifying the risk of interest rate changes.

The following sensitivity analysis if based on the risk exposure to floating-interest-rate liabilities on the reporting date. The sensitivity analysis assumes the liabilities recorded at the reporting date had been outstanding for the entire period.

If the interest rate had been 100 basis points (1%) higher/lower, with all other variables held constant, pre-tax income for the years ended December 31, 2022 and 2021, would have been $59,140 thousand and $58,425 thousand, respectively, lower/higher, which mainly resulted from the loans and borrowings with floating interest rates.

3) Equity financial instruments price risk

The Company is exposed to the risk of price fluctuation in the securities market due to investment in equity financial instruments.

The sensitivity analysis in relation to equity financial instruments' price risk is calculated based on changes in fair value on the reporting date. Assuming a hypothetical increases or decreases of 1% in equity price of the equity investment at each supporting date, the other comprehensive income for the years ended December 31, 2022 and 2021, would have increase or decrease by $11,220 thousand and $12,137, respectively.

(Continued)

(t) Capital management

In consideration of industry dynamics and future development, as well as external environment factors, the Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, research and development activities, dividend payments, and other business requirements of continuing operations.

For the years ended December 31, 2022 and 2021, there were no changes in the Company's approach with respect to capital management.

(u) Investment and financing activities not affecting current cash flow

(i) Investing activities with only partial cash disbursements and receipts

	2022	2021
Purchase property, plant and equipment	$ 183,396	291,486
Add: Equipment payable at the beginning of year	40,450	33,736
Equipment prepaid at the end of year	150,506	181,050
Reclassification of self-prepaid equipment payment	45,795	19,266
Business spin-off	1,707	-
Less: Equipment payable at the end of year	(41,792)	(40,450)
Equipment prepaid at the beginning of year	(181,050)	(30,841)
Current payment in cash	$ 199,012	454,247

(ii) Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2022	Cash flows	December 31, 2022
Short-term borrowings	$ 2,222,548	(358,548)	1,864,000
Long-term debt	3,620,000	430,000	4,050,000
Lease liabilities	488	(137)	351
Guarantee deposit	428	-	428
Total liabilities from financing activities	$ 5,843,464	71,315	5,914,779

	January 1, 2021	Cash flows	December 31, 2021
Short-term borrowings	$ 1,540,000	682,548	2,222,548
Short-term notes and bills payable	439,721	(439,721)	-
Long-term debt	1,600,000	2,020,000	3,620,000
Lease liabilities	651	(163)	488
Guarantee deposit	428	-	428
Total liabilities from financing activities	$ 3,580,800	2,262,664	5,843,464

(Continued)

7. Related-party transactions

(a) Related party name and categories

The followings are related parties that have had transactions with the Company during the reporting periods:

Name of related party	Relationship with the Company
Qisda Corporation ("Qisda")	The entity with significant influence over the Company
Darfon (BVI) Corporation (DFBVI)	Subsidiary of the Company
Darfon (Labuan) Corporation (DFLB)	Subsidiary of the Company
Darfon Materials Corporation (DMC)	Subsidiary of the Company
Darfon Gemmy Corporation (DZL)	Subsidiary of the Company
Darad Innovation Corporation (DTC)	Subsidiary of the Company
Darfon Europe B.V. (DFeu)	Subsidiary of the Company
Darfon Germany GmbH (DFG)	Subsidiary of the Company
Darfon Electronics (Suzhou) Co., Ltd. (DFS)	Subsidiary of the Company
Darfon Electronics Czech s.r.o. (DFC)	Subsidiary of the Company
Darfon America Corp. (DFA)	Subsidiary of the Company
Huaian Darfon Electronics Co., Ltd. (DFH)	Subsidiary of the Company
Darfon Korea Co., Ltd. (DFK)	Subsidiary of the Company
Darfon Precision Holdings Co., Ltd. (DPH)	Subsidiary of the Company
Darfon Electronics (ChongQing) Co., Ltd. (DFQ)	Subsidiary of the Company
Darfon Precision Electronics (Suzhou) Co., Ltd. (DPS)	Subsidiary of the Company
Darfon Vietnam Co., Ltd.(DFV)	Subsidiary of the Company
Unictron Technologies Corporation (UTC)	Subsidiary of the Company
Unicom Technologies, Inc. (UTI)	Subsidiary of the Company
WirelessCom Technologies (Shenzhen) Co., Ltd. (UTZ)	Subsidiary of the Company
Kenstone Metal Co., Ltd. (KST)	Subsidiary of the Company
Kenlight Sport Marketing Co., Ltd (KSMC)	Subsidiary of the Company
Kenstone Metal Company GmbH(KSG)	Subsidiary of the Company
KSI Handels GmbH (KSI)	Subsidiary of the Company
Kenstone Vietnam Co., Ltd.(KSV)	Subsidiary of the Company
Iron Ore Co., Ltd (IOC)	Subsidiary of the Company
TD HiTech Energy Inc. (TDI)	Subsidiary of the Company
Astro Tech Co., Ltd. (ATC) (Note 1)	Subsidiary of the Company

(Continued)

Name of related party	Relationship with the Company
Astro Engineering Co., Ltd. (ATB) (Note 1)	Subsidiary of the Company
Astro Engineering Vietnam Co., Ltd.(ATV) (Note 1)	Subsidiary of the Company
Darfon Energy Technology Corp. (DET) (Note 2)	Subsidiary of the Company
BESV JAPAN Co., Ltd.(BESVJ)	Joint venture
Other Related Parties:	
Qisda (Suzhou) Co., Ltd. (QCSZ)	Subsidiary of Qisda
Qisda Electronics (Suzhou) Co., Ltd. (QCES)	Subsidiary of Qisda
Qisda Optronics (Suzhou) Co., Ltd. (QCOS)	Subsidiary of Qisda
Qisda Sdn.Bhd.(QLPG)	Subsidiary of Qisda
BenQ Healthcare Corp.	Subsidiary of Qisda
MetaAge Corp. (MetaAge, formerly known as Sysage Technology Co., Ltd.)	Subsidiary of Qisda
Advancedtek International Corp. (ADVANCEDTEK)	Subsidiary of Qisda
Topview Optronics Corporation (Topview)	Subsidiary of Qisda
Dfi Inc. (DFI)	Subsidiary of Qisda

Note 1: From April 1, 2021, ATC and ATB became subsidiaries of the Company.

Note 2: DET was established on December 21, 2021, which became a subsidiary of the Company.

(b) Significant transactions with related parties

(i) Net sales

1) The Company's significant sales to related parties are as follows:

	2022	2021
Entity with significant influence over the Company	$ 126	284
Subsidiaries	1,100,904	1,625,002
Other related parties	35,402	52,049
	$ 1,136,432	1,677,335

The sales prices and collection terms for related terms for related parties were not significantly different from those of sales to third-party customers. The collection terms for related parties were EOM45 to EOM135 days.

2) Technical royalty income

For the years ended December 31, 2022 and 2021, the Company licensed $253 thousand and $396 thousand, respectively, to its subsidiaries for the use of technology licenses developed by the Company.

(Continued)

(ii) Purchases

The Company's purchasing amounts from related parties were as follows:

	2022	2021
Subsidiary－DFH	$ 6,194,156	7,638,787
Subsidiary－DFQ	3,446,025	4,853,326
Subsidiary－DFS	1,689,463	2,429,147
Subsidiary－Others	272,414	25,314
	$ 11,602,058	14,946,574

There were no significant differences between the purchase prices for related parties and those for third-party suppliers. The payment terms were OA90 to OA135, and the general transactions were OA30 to OA90.

(iii) Property transactions

1) Acquisition of property, plant and equipment

The Company's purchases machinery equipment amounts from related parties were as follows:

	2022	2021
Subsidiaries	$ 1,467	172

2) Disposal of property, plant and equipment

The amounts the Company sold machinery equipment to related parties were as follows:

	2022		2021	
Related-Party categories	**Disposal Price**	**Deferred gain (loss) from disposal**	**Disposal Price**	**Deferred gain (loss) from disposal**
Subsidiaries	$ 3,069	1,073	200	(200)

The above net gain from the sale of equipment to subsidiaries is deferred and recognized over the useful lives of the equipment. As of December 31, 2022 and 2021, the deferred gain on the sale of machinery and equipment amounted to $368 thousand and $813 thousand, respectively, and was recorded as a reduction of investment using the equity method. The amortization of deferred benefits amounting to $445 thousand and $1,518 thousand for the years ended December 31, 2022 and 2021, respectively, was recognized in the gain on disposal of property, plant and equipment.

3) Disposal of intangible assets

The net gain from the sale of trademarks and patents to subsidiaries is deferred and recognized as an amortization over the useful lives of the asset. As of December 31, 2022 and 2021, the deferred gain on the sale of trademarks and patents amounted to $18,495 thousand and $21,684 thousand, respectively, which were recorded as a deduction from the investments accounted for using the equity method. The amortization of deferred benefit amounted to $3,189 thousand for the both years ended December 31, 2022 and 2021, which were recognized in the gain on disposal of intangible assets.

(Continued)

(iv) Rental income

The rental income of $7,965 thousand and $2,595 thousand for the years ended December 31, 2022 and 2021, respectively, from the leasing of office and factory buildings to the subsidiaries, which was recognized in “non-operating income and loss—other income”.

(v) Materials for sale

For the years ended December 31, 2022 and 2021, the Company sold materials purchased on behalf of the subsidiaries for $323,058 thousand and $327,002, respectively.

(vi) Receivables

The Company’s receivables from related parties were as follows:

Account	Related-party categories	December 31, 2022	December 31, 2021
Accounts receivable	Entity with significant influence over the Company	$ 4	129
	Subsidiaries	1,087,528	1,595,454
	Other related parties	4,954	16,434
		1,092,486	1,612,017
Other receivables	Subsidiaries	25,877	-
		$ 1,118,363	1,612,017

(vii) Payables

The Company’s payables from related parties were as follows:

Account	Related-party categories	December 31, 2022	December 31, 2021
Accounts payable	Subsidiary－DFH	$ 2,373,161	2,940,534
	Subsidiary－DFS	1,272,816	1,486,128
	Subsidiary－DFQ	790,526	1,340,542
	Subsidiary－DET	101,696	-
	Subsidiary－Others	2,723	862
		4,540,922	5,768,066
Other payables	Entity with significant influence over the Company	13	12
	Subsidiaries	4,932	1,808
	Joint venture	-	144
	Other related parties	408	832
		5,353	2,796
		$ 4,546,275	5,770,862

(Continued)

(c) Organizational restructuring

As stated in Note 6(f) of the consolidated financial statements. The Company spin off the related business of “the Energy Storage B.D.” in Taiwan to the existing subsidiary DET on July 1, 2022 and acquired 8,590 thousand new shares for $20 par value per share, and the carrying amount of assets and liabilities related to the spin-off were as follows:

Assets:	
Cash	$ 10
Accounts receivable	274,677
Inventories	168,104
Other current assets	1,124
Fixed assets	18,100
Deferred income tax assets	14,033
Other non-current assets	1,952
Subtotal	478,000
Liabilities:	
Accounts payable	(203,153)
Warranty provision	(33,907)
Other payables	(46,226)
Other current liabilities	(18,577)
Net defined benefit liability	(4,337)
Subtotal	(306,200)
Net assets	$ 171,800

(d) Compensation for key management personnel

	2022	2021
Short-term employee benefits	$ 145,603	124,100
Post-employment benefits	1,098	1,109
	$ 146,701	125,209

8. Pledged assets

The carrying amounts of assets pledged as collateral are detailed below:

Pledged assets	Pledged to secure	December 31, 2022	December 31, 2021
Lands, buildings and plants	Long-term loan lines	$ 1,237,702	1,290,316

(Continued)

9. Significant commitments and contingencies

(a) The Company asked financial institutions to provide guarantee letters for the following purposes:

	December 31, 2022	December 31, 2021
Guarantees for customs duties	$ 5,500	7,500

(b) Significant unrecognized commitments

The unrecognized contractual commitment amount of the Company is as follows:

	December 31, 2022	December 31, 2021
Acquisition of property, plant and equipment	$ 144,082	194,417

10. Significant loss from disaster: None.

11. Significant subsequent events: None

12. Others

Employee benefits, depreciation and amortization, categorized by function were as follows:

	2022			2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	342,436	862,836	1,205,272	403,223	726,271	1,129,494
Labor and health insurance	22,665	53,480	76,145	22,197	52,620	74,817
Pension	9,126	28,842	37,968	8,957	28,109	37,066
Remuneration to directors	-	23,401	23,401	-	22,847	22,847
Other employees' benefits	10,353	29,633	39,986	9,875	37,933	47,808
Depreciation	146,507	58,280	204,787	138,429	59,161	197,590
Amortization	-	793	793	-	2,211	2,211

(Continued)

Additional information on the number of employees and employee welfare expenses of the Company is as follows:

	2022	2021
Number of employees	936	934
Number of directors (non-employees)	7	6
Average employee benefit expense	$ 1,463	1,389
Average employee salary expense	$ 1,297	1,217
Percentage of increase in average employee salary expense	6.57%	2.87%
Supervisors' remuneration	$ -	-

The Company's salary and remuneration policy (including directors, supervisors, managers and employees) were as follows:

(a) Directors' and Independent Directors' Remuneration

The remuneration of the Company's directors shall be approved by the Board of Directors in accordance with the authorization of the Company's Articles of Incorporation, and with reference to "Regulations Governing the Remuneration of Directors and Members of Functional Committees" (based on the salary standards of the same peer or industry), the level of participation and value of the directors' contributions to the Company's operations, and the evaluation results of the directors' performance. If the Company makes profits in a year, the Board of Directors shall, in accordance with Article 19 of the Company's Articles of Incorporation, decide the amount of remuneration for the directors within one percent of the profit for that year, and submit it to the shareholders' meeting after it is approved by the Board of Directors.

(b) General Manager's and Deputy General Managers' Remuneration

The salaries of the general manager and duty general managers of the Company are determined by the Compensation Committee in accordance with the "Material Compensation Policies and Principles" according to the "Compensation Committee Organizational Rules" and based on the duties and responsibilities of the general manager and duty general managers, with reference to the salary standards of the same peer or industry, the Company's operating income, profitability and the performance of individual personnel.

(c) The Company's main salary and compensation principle is to link responsibilities and performance results, and to provide market competitive salary and compensation to attract, retain and cultivate talents in the long term, and to use the Company's "Managerial Compensation Policy and Principles" and "Performance Management Regulations" as the basis for evaluation. The performance appraisal and the reasonableness of the remuneration are reviewed by the Compensation Committee and the Board of Directors, and the remuneration policy is reviewed from time to time in accordance with the actual operation conditions and relevant laws and regulations, in order to strike a balance between sustainable operation and risk control of the Company', without using short-term profit as the only indicator for remuneration and performance evaluation and linking to the long-term value of shareholders.

(Continued)

13. Additional disclosures

(a) Information on significant transactions:

(i) Financing provided to other parties: Please refer to table 1.

(ii) Guarantees and endorsement provided to other parties: None

(iii) Marketable securities held (excluding investments in subsidiaries, associates, and jointly controlled entities): Please refer to table 2.

(iv) Marketable securities for which the accumulated purchase or sale amounts exceed $300 million or 20% of the paid-in capital: Please refer to table 3.

(v) Acquisition of real estate which exceeds $300 million or 20% of the paid-in capital: Please refer to table 4.

(vi) Disposal of real estate which exceeds $300 million or 20% of the paid-in capital: Please refer to table 5.

(vii) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital: Please refer to table 6.

(viii)Receivables from related parties which exceed $100 million or 20% of the paid-in capital: Please refer to table 7.

(ix) Transactions about derivative instruments: Please refer to note 6(b).

(b) Information on investees (excluding investments in Mainland China): Please refer to table 8.

(c) Information on investment in Mainland China: Please refer to table 9.

(d) Major shareholders:

Shareholding / Shareholders' Name	Shares	Percentage
Qisda Corporation	58,004,667	20.71%
BenQ Corporation	14,016,563	5.00%

Note: The information of major shareholders in this table was calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter, based on the Company's common shares (including treasury stock) without physical registration for which the major shareholders own more than 5% of the total shares. The total common shares stated in the accompanying financial statements and the actual number of shares delivered without physical registration may vary due to the different use of calculation basis.

14. Segment information

Please refer to the consolidated financial statements for the year ended December 2022.

DARFON ELECTRONICS CORP.
Financing provided to other parties
For the year Ended December 31, 2022

Table 1 **(In Thousands of NTD/ERU/USD/CNY)**

No.	Name of Lender	Name of Borrower	Financial Statement Account	Is a Related Party	Highest Balance of Financing During the Period	Ending Balance	Actual Usage Amount During the Period	Range of Interest Rates During the Period	Purpose of Fund Financing for the Borrower	Transaction Amounts	Reason for the Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
1	KST	KSG	Other receivables from other related parties	Yes	65,640 (EUR 2,000)	-	-	3.00%	2	-	Operating requirements	-	-	-	461,102	461,102
1	KST	KSG	Other receivables from other related parties	Yes	82,050 (EUR 2,500)	-	-	3.00%	2	-	Operating requirements	-	-	-	461,102	461,102
1	KST	KSG	Other receivables from other related parties	Yes	40,967 (USD1,194 and NTD4,287)	-	-	3.00%	2	-	Operating requirements	-	-	-	461,102	461,102
1	KST	KSG	Other receivables from other related parties	Yes	67,606 (USD2,200)	67,606 (USD2,200)	67,606 (USD2,200)	4.00%	2	-	Operating requirements	-	-	-	461,102	461,102
1	KST	KSV	Other receivables from other related parties	Yes	153,650 (USD 5,000)	153,650 (USD 5,000)	122,920 (USD 4,000)	3.00%	2	-	Operating requirements	-	-	-	461,102	461,102
1	KST	KSV	Other receivables from other related parties	Yes	30,730 (USD 1,000)	30,730 (USD 1,000)	30,730 (USD 1,000)	3.00%	2	-	Operating requirements	-	-	-	461,102	461,102
1	KST	KSV	Other receivables from other related parties	Yes	55,314 (USD1,800)	55,314 (USD1,800)	30,730 (USD 1,000)	4.00%	2	-	Operating requirements	-	-	-	461,102	461,102
2	DFS	DFQ	Other receivables from other related parties	Yes	245,840 (USD 8,000)	-	-	1.30%	2	-	Operating requirements	-	-	-	1,406,938	1,406,938
2	DFS	DFQ	Other receivables from other related parties	Yes	245,840 (USD 8,000)	245,840 (USD 8,000)	122,920 (USD 4,000)	4.73%	2	-	Operating requirements	-	-	-	1,406,938	1,406,938
2	DFS	ISC	Other receivables from other related parties	Yes	79,303 (CNY18,000)	79,303 (CNY18,000)	39,651 (CNY9,000)	3.65%	2	-	Operating requirements	-	-	-	1,406,938	1,406,938
2	DFS	DTC	Other receivables from other related parties	Yes	153,650 (USD5,000)	153,650 (USD5,000)	76,825 (USD2,500)	4.65%	2	-	Operating requirements	-	-	-	1,406,938	1,406,938
3	DPS	DFQ	Other receivables from other related parties	Yes	132,171 (CNY 30,000)	-	-	3.85%	2	-	Operating requirements	-	-	-	184,158	184,158
3	DPS	DFQ	Other receivables from other related parties	Yes	132,171 (CNY 30,000)	132,171 (CNY 30,000)	132,171 (CNY 30,000)	3.70%	2	-	Operating requirements	-	-	-	184,158	184,158
4	DZL	DTC	Other receivables from other related parties	Yes	47,000	-	-	1.30%	2	-	Operating requirements	-	-	-	261,910	261,910
4	DZL	DTC	Other receivables from other related parties	Yes	60,000	-	-	1.30%	2	-	Operating requirements	-	-	-	261,910	261,910
4	DZL	DTC	Other receivables from other related parties	Yes	64,000	64,000	64,000	1.30%	2	-	Operating requirements	-	-	-	261,910	261,910
4	DZL	DTC	Other receivables from other related parties	Yes	100,000	100,000	100,000	2.00%	2	-	Operating requirements	-	-	-	261,910	261,910
4	DZL	KSMC	Other receivables from other related parties	Yes	20,000	-	-	1.30%	2	-	Operating requirements	-	-	-	261,910	261,910
5	DTC	IOC	Other receivables from other related parties	Yes	15,365 (USD 500)	-	-	3.20%	2	-	Operating requirements	-	-	-	242,837	242,837
5	DTC	IOC	Other receivables from other related parties	Yes	15,365 (USD 500)	15,365 (USD 500)	-	4.00%	2	-	Operating requirements	-	-	-	242,837	242,837

(Continued)

Note 1: The aggregate financing amount and individual financing amount of KST to subsidiaries shall not exceed 40% of the most recent net worth of KST.

Note 2: The aggregate financing amount and individual financing amount of DFS to subsidiaries shall not exceed 40% of the most recent net worth of DFS.

Note 3: The aggregate financing amount and individual financing amount of DPS to subsidiaries shall not exceed 40% of the most recent net worth of DPS.

Note 4: The aggregate financing amount and individual financing amount of DZL to subsidiaries shall not exceed 40% of the most recent net worth of DZL.

Note 5: The aggregate financing amount and individual financing amount of DTC to subsidiaries shall not exceed 40% of the most recent net worth of DTC.

Note 6: Purpose of Fund Financing:

Business transaction purpose.

Short-term financing purpose.

Note 7: The above amounts were translated into New Taiwan dollars at the exchange rate of EUR$1=NT$32.82, US$1=NT$30.73 and CN$1=NT$4.4057 according to the exchange rate on December 31, 2022.

DARFON ELECTRONICS CORP.

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates, and Jointly Controlled Entities)

For the year Ended December 31, 2022

Table 2

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance				Note
				Number of Shares (In Thousands of Shares)	Carrying Value	Percentage of Ownership	Fair Value	
The Company	Qisda Corp.	Investor with significant influence over the Group	Financial assets at fair value through other comprehensive income－non-current	39,859	1,122,031	2.03%	1,122,031	-
DZL	Qisda Corp.	Investor with significant influence over the Group	Financial assets at fair value through other comprehensive income－current	5,887	165,719	0.30%	165,719	-
DZL	Wistron NeWeb Corporation	-	Financial assets at fair value through other comprehensive income－current	102	7,997	0.03%	7,997	-
DZL	DFI	Subsidiary of investor with significant influence over the Group	Financial assets at fair value through other comprehensive income－current	50	2,945	0.04%	2,945	-
UTC	Qisda Corp.	Investor with significant influence over the Group	Financial assets at fair value through other comprehensive income－current	2,860	80,509	0.15%	80,509	-
TDI	Qisda Corp.	Investor with significant influence over the Group	Financial assets at fair value through other comprehensive income－current	3,264	91,881	0.17%	91,881	-
TDI	Jih Sun Money Market Fund Beneficiary Certificate	-	Financial assets at fair value through profit or loss－current	-	30,252	-	30,252	-
DPS	Bank of Suzhou—Principal protected currency deposit in CNY	-	Financial assets at fair value through profit or loss－current	-	367,441	-	367,441	-
KST	Haro Bicycle Corporation	-	Financial assets at fair value through other comprehensive income－non-current	26	-	10.00%	-	-

DARFON ELECTRONICS CORP.

Marketable Securities for Which the Accumulated Purchase or Sale Amounts Exceed $300 Million or 20% of the Paid in Capital

For the year Ended December 31, 2022

Table 3 **(Amount In Thousands of NTD/CNY)**

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter Party	Name of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Share (in thousands)	Amount (Note 1)	Share (in thousands)	Amount	Share (in thousands)	Amount	Carrying Value	Gain (loss) on disposal	Share (in thousands)	Amount (Note 1)
DPS	Bank of Suzhou—Principal protected currency deposit in CNY	Financial assets at fair value through profit or loss—current	Bank of Suzhou	-	-	360,342 (CNY81,790)	-	878,938 (CNY199,500)	-	873,003 (CNY198,153)	871,839 (CNY197,889)	1,164 (CNY264)	-	367,441 (CNY83,401)

Note 1: Adjustment measured at fair value included.

Note 2: The above amounts were translated into New Taiwan dollars at the exchange of CN$1=NT$4.4057 at December 31, 2022.

DARFON ELECTRONICS CORP.

Acquisition of Real Estate Which Exceed $300 Million or 20% of the Paid in Capital

For the year Ended December 31, 2022

Table 4

(Amount In Thousands of Shares)

Company Name	Property Name	Transaction Date	Transaction Amount	Status of Payment	Counter Party	Relationship with the Counter Party	Ending Balance				Price Reference	Purpose of Acquisition and Current Condition	Notes
							Owner	Relationship with the Counter Party	Date of Transfer	Amount			
DFV	Buildings	2021.8.1	794,277	597,878	MeiZic steel Building Co., Ltd. Jianxing Viet Nam Construction Development Co., Ltd. Best Sun Technology Co., Ltd. R.J. Wu Architects and Engineers Acter Group Co., Ltd.	-	-	-	-	-	Open bidding	Operating requirements	NA

DARFON ELECTRONICS CORP.

Disposal of Real Estate Which Exceed $300 Million or 20% of the Paid in Capital

For the year Ended December 31, 2022

Table 5 **(Amount In Thousands of Shares)**

Company Name	Property Name	Transaction Date	Acquisition Date	Carrying Amount	Transaction Amount	Status of Payment	Gain and Loss of Disposal	Relationship with the Counter Party	Counter Party	Purpose of Acquisition	Price Reference	Notes
DFS	Land and Buildings	2022.12.21	Land: 2002.12 Phase 1: 2005.12 Phase 2: 2007.8 Phase 1: 2009.7	921,812 (CNY209,232)	3,131,950 (CNY710,886) (Note 1)	2023/1/15 received CNY215,000 At the end of 2023/4 received CNY142,000 At the end of 2023/8 Received CNY142,000 Received CNY211,886 after checking and handing over within 1 month	(Note 2)	-	Suzhou High-tech Zone (Huqiu District) Land Reserve Center Management Committee of Suzhou High-tech Industrial Development Zone	Revitalize assets and meet the needs of urban construction and development of local government units in mainland China	According to the purchase amount of the local government	Finish checking and handing over before December, 2023

Note 1: The above amounts were translated into New Taiwan dollars at the exchange of CN$1=NT$4.4057 at December 31, 2022.

Note 2: Disposal gains and losses will be calculated after the relevant taxes and fees are confirmed.

DARFON ELECTRONICS CORP.

Total Purchases From Sales and Sales to Related Parties Which Exceed $100 Million or 20% of the Paid in Capital

For the year Ended December 31, 2022

Table 6

Company Name	Related Party	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes and Accounts Receivable (Payable)		Note
			Purchase /(Sale)	Amount	% of Total Purchase/ (Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	DFS	Parent-subsidiary	Sales	(255,296)	2%	OA90 to OA13	Note 1	OA30 to OA135	53,755	1%	-
The Company	DFH	Parent-subsidiary	Sales	(105,188)	1%	OA90 to OA135	Normal price	OA30 to OA135	498,334	11%	-
The Company	DFA	Parent-subsidiary	Sales	(356,398)	2%	OA135	Normal price	OA30 to OA135	202,947	4%	-
The Company	DFC	Parent-subsidiary	Sales	(134,426)	1%	OA180	Normal price	OA30 to OA135	98,350	2%	-
The Company	DTC	Parent-subsidiary	Sales	(121,004)	1%	OA135	Normal price	OA30 to OA135	91,276	2%	-
The Company	DET	Parent-subsidiary	Purchases	131,397	1%	OA90	Normal price	OA30 to OA135	(101,696)	2%	-
The Company	DFS	Parent-subsidiary	Purchases	1,689,463 (Note 2)	13%	OA90 to OA135	Note 1	OA30 to OA135	(1,272,816)	27%	-
The Company	DFH	Parent-subsidiary	Purchases	6,194,156	48%	OA90 to OA135	Note 1	OA30 to OA135	(2,373,161)	50%	-
The Company	DFQ	Parent-subsidiary	Purchases	3,446,025	27%	OA90 to OA135	Note 1	OA30 to OA135	(790,526)	17%	-
The Company	DTC	Parent-subsidiary	Purchases	141,454	1%	OA135	Normal price	OA30 to OA135	(2,716)	0%	-
DET	The Company	Parent-subsidiary	Sales	(131,397)	22%	OA90	Normal price	OA30 to OA135	101,696	33%	-
DET	DFS	Parent-subsidiary	Purchases	311,566	66%	OA90	Normal price	OA30 to OA135	(301,793)	81%	-
DFS	DET	Affiliates	Sales	(311,566)	6%	OA90	Normal price	OA30 to OA135	301,793	14%	-
DFS	The Company	Parent-subsidiary	Sales	(1,689,463) (Note 2)	31%	OA90 to OA135	Note 1	OA30 to OA135	1,272,816	60%	-
DFS	DFH	Affiliates	Sales	(312,008)	6%	OA90 to OA135	Note 1	OA30 to OA135	112,909	5%	-
DFS	The Company	Parent-subsidiary	Purchases	255,296	7%	OA90 to OA135	Normal price	OA30 to OA135	(53,755)	7%	-
DFS	DFQ	Affiliates	Purchases	403,686	9%	OA90 to OA135	Note 1	OA30 to OA135	(52,206)	7%	-
DFH	The Company	Parent-subsidiary	Sales	(6,194,156)	99%	OA90 to OA135	Note 1	OA30 to OA135	2,373,161	98%	-
DFH	The Company	Parent-subsidiary	Purchases	105,188	2%	OA90 to OA135	Normal price	OA30 to OA135	(498,334)	33%	-
DFH	DFS	Affiliates	Purchases	312,008	7%	OA90 to OA135	Note 1	OA30 to OA135	(112,909)	8%	-

(Continued)

DARFON ELECTRONICS CORP.

Total Purchases From Sales and Sales to Related Parties Which Exceed $100 Million or 20% of the Paid in Capital

For the year Ended December 31, 2022

Table 6

Company Name	Related Party	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes and Accounts Receivable (Payable)		Note
			Purchase /(Sale)	Amount	% of Total Purchase/ (Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
DFQ	DFS	Affiliates	Sales	(403,686)	9%	OA90 to OA135	Note 1	OA30 to OA135	52,206	6%	-
DFQ	The Company	Parent-subsidiary	Sales	(3,446,025)	88%	OA90 to OA135	Note 1	OA30 to OA135	790,526	89%	-
DFA	The Company	Parent-subsidiary	Purchases	356,398	97%	OA135	Normal price	OA30 to OA135	(202,947)	100%	-
DFC	The Company	Parent-subsidiary	Purchases	134,426	41%	OA180	Normal price	OA30 to OA135	(98,350)	91%	-
KST	KSG	Parent-subsidiary	Sales	(198,943)	4%	Individual stipulation	Normal price	OA30 to OA120	623,493	43%	-
KST	KSV	Parent-subsidiary	Sales	(148,898)	3%	Individual stipulation	Normal price	OA30 to OA120	188,327	13%	-
KSV	KST	Parent-subsidiary	Purchases	148,898	23%	Individual stipulation	Normal price	OA30 to OA120	(188,327)	76%	-
KSG	KST	Parent-subsidiary	Purchases	198,943	17%	Individual stipulation	Normal price	OA30 to OA120	(623,493)	87%	-
DTC	Dfeu	Affiliates	Sales	(359,133)	43%	OA135	Normal price	OA30 to OA135	277,806	69%	-
DTC	The Company	Parent-subsidiary	Sales	(141,454)	17%	OA135	Normal price	OA30 to OA135	2,716	1%	-
DTC	BESVJ	Joint ventures	Sales	(178,756)	21%	EOM60	Normal price	OA30 to OA135	84,495	21%	-
DTC	The Company	Parent-subsidiary	Purchases	121,004	10%	OA135	Normal price	OA30 to OA135	(91,276)	57%	-
Dfeu	DTC	Affiliates	Purchases	359,133	100%	OA135	Normal price	OA30 to OA135	(277,806)	99%	-
BESVJ	DTC	Joint ventures	Purchases	178,756	100%	EOM60	Normal price	OA30 to OA135	(84,495)	100%	-

Note 1: The size of the products may vary from the product specification. There is no comparable transaction available.

Note 2: The sales from repurchasing after processing have been reduced.

DARFON ELECTRONICS CORP.

Receivables From Related Parties Which Exceed $100 Million or 20% of the Paid in Capital

For the year Ended December 31, 2022

Table 7

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Loss Allowance	Note
					Amount	Action Taken			
The Company	DFH	Parent-Subsidiary	498,334	0.17	163,544	-	203,688	-	-
The Company	DFA	Parent-Subsidiary	202,947	1.20	22,048	-	49,587	-	-
DET	The Company	Parent-Subsidiary	101,696	2.58	-	-	-	-	-
DFS	The Company	Parent-Subsidiary	1,272,816	1.22 (note 2)	421,457	-	207,629	-	-
DFS	DET	Affiliates	301,793	2.06	100,269	-	100,269	-	-
DFS	DFH	Affiliates	112,909	2.14	26,638	-	26,322	-	-
DFS	DFQ	Affiliates	123,114	(note 1)	-	-	-	-	-
DFH	The Company	Parent-Subsidiary	2,373,161	2.33	1,182,794	-	898,190	-	-
DFQ	The Company	Parent-Subsidiary	790,526	3.24	287,203	-	287,203	-	-
DPS	DFQ	Affiliates	135,255	(note 1)	-	-	-	-	-
DZL	DTC	Affiliates	165,081	(note 1)	-	-	-	-	-
KST	KSG	Parent-Subsidiary	623,493	0.33	-	-	-	-	-
KST	KSV	Parent-Subsidiary	188,327	1.03	-	-	-	-	-
KST	KSV	Parent-Subsidiary	187,194	(note 1)	-	-	-	-	-
DTC	DFeu	Affiliates	277,806	2.52	-	-	-	-	-

Note 1: Since the receivables are not caused by selling and purchasing transactions, calculation of turnover rate is not applicable.

Note 2: The turnover ratio is calculated without deducting the repurchasing after processing amounts.

DARFON ELECTRONICS CORP.

Information on Investees (Excluding Investments in Mainland China)

For the year Ended December 31, 2022

Table 8 **(In Thousands of Shares)**

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Investment Income (Loss)	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount			
The Company	DFBVI	BVI	Investment holding	317,103	317,103	34,150	100.00%	1,835,486	34,690	34,690	Parent-Subsidiary
The Company	DFLB	Malaysia	Investment holding	2,633,584	2,536,514	77,989	100.00%	5,631,763	352,101	352,101	Parent-Subsidiary
The Company	DMC	Taiwan	Manufacture and sale of LTCC, inductors and paste	6,969	6,969	2,772	100.00%	27,796	1,796	1,796	Parent-Subsidiary
The Company	DZL	Taiwan	Investment holding	550,000	450,000	55,910	100.00%	654,776	38,805	38,805	Parent-Subsidiary
The Company	DTC	Taiwan	Manufacture and trading of E-bike and related products	314,328	217,892	26,467	55.72%	338,304	27,488	15,036	Parent-Subsidiary
The Company	DFeu	Netherlands	Trading of green products	219,038	219,038	6,200	100.00%	21,927	(15,183)	(15,183)	Parent-Subsidiary
The Company	UTC	Taiwan	Manufacture and trading of wireless antennas for telecommunication, modules and piezoelectric ceramics, and ultrasound components	714,680	714,680	17,551	37.44%	904,996	269,773	75,827	Parent-Subsidiary
The Company	KST	Taiwan	Manufacture, processing and trading of bicycles and related products	819,960	720,000	28,300	58.54%	820,969	20,359	4,081	Parent-Subsidiary
The Company	DFV	Vietnam	Manufacture of electronic products	292,558	292,558	-	100.00%	269,389	(26,344)	(26,344)	Parent-Subsidiary
The Company	TDI	Taiwan	Manufacture and trading of battery for high power application	407,809	407,809	26,410	62.75%	425,756	37,183	21,844	Parent-Subsidiary
The Company	ATC	Taiwan	Manufacture and sale of bicycles and related products	1,224,000	1,224,000	24,480	46.36%	1,380,184	368,492	156,426	Parent-Subsidiary
The Company	DET	Taiwan	Manufacturing and wholesale of batteries and electric components	421,800	250,000	21,090	87.00%	492,236	63,497	63,451	Parent-Subsidiary
DZL	DTC	Taiwan	Manufacture and trading of E-bike and related products	77,138	45,300	6,398	13.47%	81,775	27,488	-	Parent-Subsidiary

(Continued)

DARFON ELECTRONICS CORP.

Information on Investees (Excluding Investments in Mainland China)

For the year Ended December 31, 2022

Table 8 **(In Thousands of Shares)**

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Investment Income (Loss)	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount			
DZL	UTC	Taiwan	Manufacture and trading of wireless antennas for telecommunication, modules and piezoelectric ceramics, and ultrasound components	174,455	174,455	4,361	9.31%	234,754	269,773	-	Parent-Subsidiary
UTC	UTI	Mauritius	Investment holding	29,756	25,291	968	100.00%	11,048	(6,341)	-	Affiliates
KST	KSG	Germany	Assemble and sale of bicycles and related products	361,371	361,371	-	100.00%	-	(93,102)	-	Affiliates
KST	KSI	Germany	Lease, purchase and management of movable property and immovable property, and sale of bicycles and related products	87,853	87,853	-	100.00%	-	2,912	-	Affiliates
KST	KSV	Vietnam	Manufacture and sale of bicycles and related products	475,406	475,406	-	100.00%	-	(41,545)	-	Affiliates
DFLB	DFC	Czech	Trading of electronic products	94,514	299	-	100.00%	197,956	7,187	-	Affiliates
DFLB	DFA	America	Trading of electronic products	6,364	6,364	200	100.00%	48,920	2,664	-	Affiliates
DFLB	DFK	South Korea	Trading of electronic products	1,781	1,781	10	100.00%	1,547	356	-	Affiliates
DFLB	DPH	BVI	Investment holding	29,314	29,314	1,000	100.00%	463,113	5,647	-	Affiliates
DFeu	DFG	Germany	Trading of green products	5,243	5,243	-	100.00%	-	0	-	Affiliates
DTC	BESVJ	Japan	Trading of green products	43,793	26,690	3	49.00%	33,826	(7,796)	-	Joint Venture
DTC	IOC	Hong Kong	Agent of bicycles and related products	148,235	148,235	19,000	76.00%	155,277	10,575	-	Affiliates
DTC	KSMC (Note)	Taiwan	Manufacture and sale of bicycles and related products	-	47,465	-	-	-	8,986	-	Affiliates
ATC	Rich Glory International Inc.	Samoa	Investment holding	35,107	35,107	1,241	33.33%	41,419	1,367	-	Associates
ATC	ATB	BVI	Investment holding	577,385	577,385	3	100.00%	596,940	65,920	-	Affiliates

(Continued)

DARFON ELECTRONICS CORP.

Information on Investees (Excluding Investments in Mainland China)

For the year Ended December 31, 2022

Table 8 **(In Thousands of Shares)**

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Investment Income (Loss)	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount			
ATB	ATV	Vietnam	Manufacture and sale of bicycles and related products	872,463	872,463	-	100.00%	596,940	65,919	-	Affiliates

Note: In 2022, DTC absorbed and merged KSMC, which was an eliminated company.

DARFON ELECTRONICS CORP.
Information on Investees in Mainland China
For the year Ended December 31, 2022

Table 9 **(In Thousands of NTD/USD)**

i. Name and main businesses and products of investee companies in Mainland China:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital		Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
DFS	Manufacture and sale of the Company's products	851,989 (USD 27,725) (Note 4)	(Note 1)	719,082 (USD 23,400)	-	-	719,082 (USD 23,400)	65,774	100.00%	65,774	3,517,346	249,466 (USD 8,118)
DFH	Manufacture and sale of the Company's products	1,505,770 (USD 49,000)	(Note 1)	1,505,770 (USD 49,000)	-	-	1,505,770 (USD 49,000)	206,999	100.00%	206,999	2,397,827	-
DPS	Mold development and manufacture	30,730 (USD 1,000)	(Note 1)	30,730 (USD 1,000)	-	-	30,730 (USD 1,000)	7,082	100.00%	7,082	460,398	-
DFQ	Manufacture and sale of the Company's products	307,300 (USD 10,000)	(Note 1)	307,300 (USD 10,000)	-	-	307,300 (USD 10,000)	94,380	100.00%	94,380	864,313	-
UTZ	Wireless antennas for telecommunication, components design and marketing	27,811 (USD 905)	(Note 1)	23,201 (USD 755)	4,610 (USD 150)	-	27,811 (USD 905)	(6,250)	100.00%	(6,250)	10,236	-
ISC	Agent of bicycles and related products	7,882 (HKD 2,000)	(Note 3)	-	-	-	-	10,004	76.00%	7,603	7,882	-

Note 1: Indirect investment in Mainland China is through a holding company established in a third party.

Note 2: Investment income or loss was recognized based on the audited financial statements by the Parent Company's auditors.

Note 3: It is invested in the Mainland China by IOC's own funds.

Note 4: Including US$4,325 thousand from capitalization of retained earnings.

ii. Limits on investments in Mainland China:

Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
The Company	2,313,416 (USD 75,282)	2,415,593 (USD 78,607)	(Note)
DET	-	153,650 (USD 5,000)	339,467
UTC	27,811 (USD 905)	27,811 (USD 905)	1,014,012
DTC	-	5,990 (HKD 1,520)	364,255

The above amounts were translated into New Taiwan dollars at the exchange rate of US$1=NT$30.73.

Note: Since the Company has obtained the certificate of headquarters operation, there is no upper limit on investments in Mainland China.

iii. Significant transactions with investee companies in Mainland China.

The transaction between the Company and investee companies (the intercompany transactions): please refer to "Information on significant transactions".

DARFON ELECTRONICS CORP.

Statement of Cash and Cash Equivalents

For the Year Ended December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Items	Description	Amount
Cash and cash equivalents		$ 753
Checking accounts		1,476
Demand deposits		69,708
Foreign currency deposits (Note)		319,853
Time deposits		507,046
		$ 898,836

Note：Foreign currency deposits were translated at the spot exchange rate on December 31, 2022 as follows:

USD 10,054 thousand (USD：NTD=1：30.73)

Euro 2 thousand (EUR：NTD=1：32.82)

JPY 46,238 thousand (JPY：NTD=1：0.2330)

VND 225 thousand (VND：NTD=1：0.0013)

CNY 13 thousand (CNY：NTD=1：4.41)

DARFON ELECTRONICS CORP.

Statement of Notes and Accounts Receivable

For the Year Ended December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Client Name	Amount
Customer A	$ 769,049
Customer B	560,654
Customer C	555,277
Customer D	241,326
Customer E	215,580
Customer F	176,172
Others（Note）	1,102,089
	3,620,147
Less: loss allowance	(25,841)
	$ 3,594,306

Note: The amount of each item in others does not exceed 5% of the account balance.

Statement of Inventories

Item	Amount: Carrying amount	Amount: Net realizable value	Note
Raw materials	$ 334,610	344,648	Net realizable value
Work in progress	35,909	36,986	Net realizable value
Finished goods	641,868	699,636	Net realizable value
	$ 1,012,387	1,081,270	

DARFON ELECTRONICS CORP.

Statement of Payables and Other Current Assets

For the Year Ended December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Input tax and offset against business tax payable	$ 49,017
Prepaid expenses	24,528
Tax receivables	6,012
Prepaid remittance	4,539
Others (Note)	3,043
	$ 87,139

Note: The amount of each item in others does not exceed 5% of the account balance.

DARFON ELECTRONICS CORP.

Statement of Changes in Financial Assets at Fair Value through Other Comprehensive Income—Non-current

For the Year Ended December 31, 2022

(Expressed in Thousands of New Taiwan Dollars/Shares)

	Balance as of January 1, 2022		Addition		Decrease		Financial Assets at Fair Value through Other Comprehensive Income	Balance as of December 31, 2022			
Name	Share	Amount	Share	Amount	Share	Amount	Unrealized Gain (Loss)	Share	Amount	Collateral	Note
Domestic Listed Stocks－Qisda	39,859	$ 1,213,707	-	-	-	-	(91,676)	39,859	1,122,031	-	

DARFON ELECTRONICS CORP.

Statement of Changes in Investments Accounted for Using the Equity Method

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars/Shares)

	Balance as of January 1, 2022		Additions		Decrease (Note 1)		Other	Balance as of December 31, 2022			Market Value or Net Assets Value		
							Adjustments		Percentage of		Unit Price		
Name of Investee	**Share**	**Amount**	**Share**	**Amount**	**Share**	**Amount**	**(Note 3)**	**Share**	**Ownership**	**Amount**	**(in dollars)**	**Total Amount**	**Collateral**
DFBVI	34,150	$ 1,622,358	-	-	-	-	213,128	34,150	100%	1,835,486	53.75	1,835,486	-
DFLB	74,589	4,956,257	3,400	97,070	-	-	578,435	77,989	100%	5,631,762	72.21	5,631,762	-
DMC	2,772	26,000	-	-	-	-	1,796	2,772	100%	27,796	10.03	27,796	-
DZL	45,910	592,074	10,000	100,000	-	(53,114)	15,816	55,910	100%	654,776	11.71	654,776	-
DTC	20,035	216,377	6,432	96,435	-	-	25,492	26,467	55.72%	338,304	15.87	420,046	-
DFeu	6,200	36,183	-	-	-	-	(14,256)	6,200	100%	21,927	3.54	21,927	-
UTC	17,551	946,337	-	-	-	(96,531)	55,190	17,551	37.44%	904,996	66.10 (Note 2)	1,160,121	-
KST	24,302	696,714	3,998	99,960	-	-	24,295	28,300	58.54%	820,969	23.84	674,823	-
TDI	26,410	419,499	-	-	-	(10,564)	16,821	26,410	62.75%	425,756	13.89	366,768	-
DFV	-	275,248	-	-	-	-	(5,859)	-	100.00%	269,389	-	269,389	-
ATC	24,480	1,256,928	-	-	-	(29,376)	152,632	24,480	46.36%	1,380,184	39.51	967,155	-
DET	12,500	250,003	8,590	171,800(Note 3)	-	-	70,433	21,090	87.00%	492,236	23.34	492,236	-
Subtotal		11,293,978		565,265		(189,585)	1,133,923			12,803,581			
Less: Deferred benefits between affiliates－sales		(625,007)		-		61,315	-			(563,692)			
Less: Deferred benefits between affiliates－disposal of fixed assets		(813)		-		445	-			(368)			
Less: Deferred benefits between affiliates－Others		(21,684)		-		3,189	-			(18,495)			
		$ 10,646,474		565,265		(124,636)	1,133,923			12,221,026			

Note: Other adjustments:

Share of income (loss) of subsidiaries accounted for using the equity method	$ 722,530
Foreign currency translation differences	467,266
Unrealized gain (loss) from financial assets measured at FVOCI	(30,744)
Recognition of changes in ownership and equity of subsidiaries	(16,709)
Others	(8,420)
	$ 1,133,923

Note 1: Decrease is due to the cash dividend from the investee.

Note 2: The price is the closing price of the Emerging Stock Market.

Note 3: The Company spin off the "Energy Storage B.D." to DET and obtained new shares issued by DET as consideration.

DARFON ELECTRONICS CORP.

Statement of Short-term Borrowings

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Types of Loan	Description	Ending Balance	Contract Period	Credit Facilities	Collateral (Commercial Paper)
Operating Requirements	Mega Bank	$ 149,000	111.12.21~112.3.22	500,000	700,000 (Note 2)
〃	Bank of Taiwan	340,000	111.12.7~112.6.27	400,000	400,000
〃	Fubon Bank	475,000	111.12.9~112.1.28	830,000	2,000,000 (Note 2)
〃	Far Eastern Bank	300,000	111.12.28~112.3.28	300,000	300,000
〃	The Export-Import Bank of the Republic of China	600,000	111.12.26~112.12.26	600,000	600,000
		$ 1,864,000			

Note 1: The above short-term borrowings bear interest rate at 1.53% to 2.02% per annum.

Note 2: The amount is shared with long-term loans.

DARFON ELECTRONICS CORP.

Statement of Notes and Accounts Payable

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Vendor Name	Amount
Vendor A	$ 141,411
Vendor B	14,404
Vendor C	9,898
Others (Note)	70,385
	$ 236,098

Note: The amount of each item in others does not exceed 5% of the account balance.

Statement of Other Payables

Item	Amount
Salaries and bonuses payable (including remuneration of employees and directors)	$ 611,392
Modeling expenses payable	388,157
Other expenses payable (Note)	330,723
	$ 1,330,272

Note: The amount of each item does not exceed 5% of account balance.

DARFON ELECTRONICS CORP.
Statement of Other Current Liabilities
December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Items	Amount
Refund liabilities	$ 393,597
Others (Note)	11,459
	$ 405,056

The amount of each item does not exceed 5% of account balance.

Statement of Long-term Debt

Creditors	Description	Loan Amount	Contract Period	Collateral
Fubon Bank	3 years loan	$ 1,500,000	111.12~114.12	Land and Plant
KGI Bank	2 years loan	500,000	111.12~114.07	Land and Plant
Mega Bank	3 years loan	350,000	111.12~114.05	-
E.SUN Bank	3 years loan	1,000,000	111.12~114.08	Land and Plant
MUFG Bank	3 years loan	400,000	111.09~114.10	-
Far Eastern Bank	3 years loan	300,000	111.12~114.03	-
Total		4,050,000		

Note: The interest rates for long-term debt listed above are 1.63% to 2.10%.

DARFON ELECTRONICS CORP.

Statement of Other Non-current Liabilities

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Items	Account	
Lease Liabilities—non-current	$	212
Guarantee deposits received		428
	$	**640**

DARFON ELECTRONICS CORP.

Statement of Operating Costs

For the Year Ended December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Raw Materials:	
Raw materials, beginning of year	$ 369,594
Add: Purchase of raw materials	1,411,837
Less: Raw materials, end of the year	425,841
Sale and transfer to other expenses	479,706
Raw materials used	875,884
Direct labor	141,763
Manufacturing overhead	468,434
Manufacturing cost	1,486,081
Work in process, beginning of year	69,170
Add: Purchase of work in process	50,024
Less: Work in process, end of year	51,468
Cost of goods manufactured	1,553,807
Finished goods, beginning of year	1,408,535
Add: Purchase of finished goods	10,714,350
Less: Finished goods, end of year	1,005,547
Cost of goods sold	12,671,145
Write-downs of inventories	59,738
Operating cost	**$ 12,730,883**

DARFON ELECTRONICS CORP.

Statement of Selling Expense

For the Year Ended December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Salary expenses	$ 311,735
Depreciation	17,994
Insurance expenses	13,973
Other expenses (Note)	119,554
	$ 463,256

Note: The amount of each item in others does not exceed 5% of account balance.

Statement of Administrative Expenses

Item	Amount
Salary expenses	$ 228,353
Insurance expenses	33,761
Depreciation	19,851
Other expenses (Note)	8,013
	$ 289,978

Note: The amount of each item in others does not exceed 5% of account balance.

DARFON ELECTRONICS CORP.

Statement of Research and Development Expenses

For the Year Ended December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Salary expenses	$ 351,590
Indirect materials	28,139
Depreciation	20,435
Insurance expenses	19,842
Other expenses (Note)	69,189
	$ 489,195

Note: The amount of each item in others does not exceed 5% of account balance.

For details on statement of Changes in Financial Assets at Fair Value through Profit or Loss-current, please refer to note 6(b).
For details on statement of Changes in Accounts Receivable from related parties, please refer to note 7.
For details on statement of Changes in Other Receivables from related parties, please refer to note 7.
For details on statement of Changes in Property, Plant and Equipment, please refer to note 6(g).
For details on statement of Changes in Accumulated Depreciation of Property, Plant and Equipment, please refer to note 6(g).
For details on statement of Changes in Deferred Tax Assets, please refer to note 6(l).
For details on statement of Changes in Accounts Payable from related parties, please refer to note 7.
For details on statement of Provisions, please refer to note 6(j).
For details on statement of Net Defined Benefit Liabilities, please refer to note 6(k).
For details on statement of Revenues, please refer to note 6(o).
For details on statement of interest income, other income, other gains and losses and finance costs for Income and Expenses, please refer to note 6(q).