

KINPO ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

REPRESENTATION LETTER

English Translation of the Representation Letter Originally Issued in Chinese

The companies that are required to be included in the combined financial statements of Kinpo Electronics, Inc. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Kinpo Electronics, Inc. and Subsidiaries do not prepared a separate set of combined financial statements.

Very truly yours,

Kinpo Electronics, Inc.

By

HSU, SHENG-HSIUNG

Chairman

March 10, 2023

English Translation of Auditors' Report Originally Issued in Chinese

Report of Independent Auditors

To Kinpo Electronics, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Kinpo Electronics, Inc. and its subsidiaries (the “Company” and its subsidiaries) as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements including the summary of significant accounting policies (collectively referred to “the consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2022 and 2021, and its consolidated financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 for our opinion.

Key Audit Matters

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

Timing of Revenue Recognition

The Company and its subsidiaries recognized operating revenue in the amount of NTD 181,414,449 thousand in 2022. The main source of revenue was from the production and sales of a variety of consumer electronic products, which were not manufactured until orders were received. As the Company and its subsidiaries had a large number of customers and products were sold to domestic and international markets involving a various commercial terms, the correctness of revenue recognition timing by transferring commodity control on merchandise to customers was material to the consolidated financial statements, we therefore considered this key audit matter.

For the revenue recognition, we have conducted audit procedures including but not limited to evaluating and testing the design and operating effectiveness of internal controls with respect to the revenue cycle; selecting representative samples to conduct test of details by inspecting transaction record and verifying the key conditions of the orders or agreements to confirm the timing when a performance obligation is satisfied, and conducting cutoff test on transactions recognized within a certain period of time before and after the balance sheet date by selecting samples to review the conditions of transactions and vouch relevant transaction documents as evidence to confirm that a performance obligation is satisfied. We also considered the appropriateness of operating revenue disclosure in Note 6 of consolidated financial statements.

Business Combination

According to IFRS 10, regardless of the nature of the investment, it is necessary for the investor to re-assess whether or not it controls an investee when deciding whether the investor is the parent company. Since the Company and its subsidiaries holds less than 50% of the shares of some consolidated entities, whether the Company has control over the consolidated entities would directly affect the consolidated financial statements. Therefore, we considered this a key audit matter.

We have conducted audit procedures including but not limited to obtaining the Company and its subsidiaries' latest organizational chart of the affiliates and reviewing relevant changes. In addition, we reviewed the overall shareholding percentage of each consolidated entity and analyzed the composition of the board of directors and management, the holding percentages of the top ten shareholders, the level of ownership dispersion, attendance rate in shareholders' meetings, and the power of the shareholders to direct the relevant activities to confirm the Company's evaluation of the control over its consolidated entities. We also considered the appropriateness of the disclosure in respect of business combination in Notes 4 and 5 of the consolidated financial statement.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NTD 8,077,636 thousand and NTD 8,538,312 thousand, constituting 6% and 8% of consolidated total assets as of December 31, 2022 and 2021, respectively, and total operating revenues of NTD 2,907,669 thousand and NTD 5,833,124 thousand, constituting 2% and 4% of consolidated operating revenue for the years ended December 31, 2022 and 2021, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. We did not audit the financial statements of certain investments accounted for using equity method whose statements are based solely on the reports of other auditors. These investments accounted for using equity method to NTD 4,051,172 thousand and NTD 3,935,802 thousand, constituting 3% and 4% of consolidated total assets as of December 31, 2022 and 2021, respectively. The related shares of profit (loss) of associates and joint ventures accounted for using equity method amounted to NTD 142,486 thousand and NTD 352,893 thousand, constituting 9% and 39% of the consolidated net profit before tax for the years ended December 31, 2022 and 2021, respectively, and the related shares of other comprehensive income of associates and joint ventures accounted for using equity method amounted to NTD 85,839 thousand and NTD 89,971 thousand, constituting 6% and (34)% of the consolidated other comprehensive income for the years ended December 31, 2022 and 2021, respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of 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 consolidated financial statements.

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

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

We communicate with those charged with governance regarding, 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 2022 consolidated financial statements 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 circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

We have audited and expressed an unqualified opinion with other matter paragraph on the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021.

Chen, Chih-Chung

Fuh, Wen-Fun

Ernst & Young, Taiwan

March 10, 2023

Taipei, Taiwan

Republic of China

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English translation of consolidated financial statements originally issued in Chinese
KINPO ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2022 and December 31, 2021
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of			
		December 31, 2022	%	December 31, 2021	%
Current assets					
Cash and cash equivalents	6	\$9,915,366	8	\$8,067,899	7
Current financial assets at fair value through profit or loss	6	69,221	-	565,631	1
Current financial assets at fair value through other comprehensive income	6	34,094	-	25,543	-
Current financial assets at amortised cost	6,8	11,959	-	2,001	-
Current contract assets	6	5,626	-	5,626	-
Notes receivable, net	6	44,359	-	102,963	-
Accounts receivable, net	6	32,757,638	26	26,217,665	23
Accounts receivable due from related parties, net	6,7	8,557,035	7	668,411	1
Other receivables	6,12	3,367,870	3	3,071,625	4
Other receivables due from related parties	7	20,339	-	79,138	-
Current tax assets		65,431	-	18,133	-
Current inventories	6	26,460,597	21	29,371,913	27
Prepayments	6	1,435,936	1	1,177,552	1
Non-current assets classified as held for sale, net	6	506,342	1	106,736	-
Other current assets		1,680,999	1	464,819	1
Total current assets		<u>84,932,812</u>	<u>68</u>	<u>69,945,655</u>	<u>65</u>
Non-current assets					
Non-current financial assets at fair value through profit or loss	6	1,468,178	1	1,465,382	1
Non-current financial assets at fair value through other comprehensive income	6	3,989,978	3	4,214,857	4
Non-current financial assets at amortised cost	6	22,770	-	9,096	-
Investments accounted for using equity method	6	4,152,127	3	4,043,968	4
Property, plant and equipment	6,8	25,748,605	21	22,600,963	21
Right-of-use assets	6,8	1,532,641	1	1,584,434	1
Investment property, net	6	137,906	-	131,834	-
Intangible assets	6	204,866	-	796,587	1
Deferred tax assets	6	2,065,832	2	2,409,749	2
Other non-current assets	6	1,208,804	1	1,049,008	1
Total non-current assets		<u>40,531,707</u>	<u>32</u>	<u>38,305,878</u>	<u>35</u>
Total assets		<u>\$125,464,519</u>	<u>100</u>	<u>\$108,251,533</u>	<u>100</u>

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

English translation of consolidated financial statements originally issued in Chinese
KINPO ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
December 31, 2022 and December 31, 2021
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of			
		December 31, 2022	%	December 31, 2021	%
Current liabilities					
Current borrowings	6	\$30,279,151	24	\$28,066,102	26
Short-term notes and bills payable	6	1,722,578	1	2,768,643	2
Current financial liabilities at fair value through profit or loss	6	60,885	-	-	-
Current contract liabilities	6	323,525	-	89,199	-
Notes payable		2,853	-	3,919	-
Accounts payable		23,172,004	18	23,768,425	23
Accounts payable to related parties	7	4,539,857	4	1,986,756	2
Other payables	6,12	6,609,350	6	5,527,815	5
Other payables to related parties	7	1,553	-	438	-
Current tax liabilities		452,537	-	277,988	-
Liabilities related to non-current assets classified as held for sale	6	689,653	1	-	-
Current lease liabilities	6	146,152	-	153,756	-
Long-term liabilities, current portion	6	1,858,002	1	1,914,283	2
Other current liabilities, others		2,946,198	2	2,049,933	1
Total current liabilities		<u>72,804,298</u>	<u>57</u>	<u>66,607,257</u>	<u>61</u>
Non-current liabilities					
Non-current portion of non-current borrowings	6	21,121,199	17	12,444,468	12
Deferred tax liabilities	6	2,161,709	2	2,115,457	2
Non-current lease liabilities	6	252,683	-	337,502	-
Net defined benefit liability, non-current	6	831,576	1	764,829	1
Other non-current liabilities, others		81,121	-	120,420	-
Total non-current liabilities		<u>24,448,288</u>	<u>20</u>	<u>15,782,676</u>	<u>15</u>
Total liabilities		<u>97,252,586</u>	<u>77</u>	<u>82,389,933</u>	<u>76</u>
Equity attributable to owners of parent	6				
Share capital					
Ordinary share		14,944,162	12	14,796,682	14
Capital surplus	6	791,110	1	662,371	1
Retained earnings	6				
Legal reserve		395,320	-	395,320	-
Special reserve		255,058	-	965,808	1
Unappropriated retained earnings		1,006,914	1	(413,303)	(1)
Total retained earnings		<u>1,657,292</u>	<u>1</u>	<u>947,825</u>	<u>-</u>
Total other equity interest		696,968	1	(141,379)	-
Treasury shares	6	(331,782)	-	(331,782)	-
Total equity attributable to owners of parent		<u>17,757,750</u>	<u>15</u>	<u>15,933,717</u>	<u>15</u>
Non-controlling interests	6	10,454,183	8	9,927,883	9
Total equity		<u>28,211,933</u>	<u>23</u>	<u>25,861,600</u>	<u>24</u>
Total liabilities and equity		<u>\$125,464,519</u>	<u>100</u>	<u>\$108,251,533</u>	<u>100</u>

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

English translation of consolidated financial statements originally issued in Chinese
KINPO ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	For the years ended			
		December 31, 2022	%	December 31, 2021	%
Operating revenue	6,7	\$181,414,449	100	\$139,778,507	100
Operating costs	6,7	(170,704,835)	(94)	(130,825,442)	(94)
Gross profit from operations		10,709,614	6	8,953,065	6
Operating expenses	6,7				
Selling expenses		(1,840,404)	(1)	(1,481,550)	(1)
Administrative expenses		(3,184,222)	(2)	(3,328,828)	(3)
Research and development expenses		(2,845,050)	(2)	(2,914,140)	(2)
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		(12,312)	-	4,798	-
Total operating expenses		(7,881,988)	(5)	(7,719,720)	(6)
Net operating income		2,827,626	1	1,233,345	-
Non-operating income and expenses	6				
Interest income		157,083	-	198,852	-
Other income		466,573	-	423,936	-
Other gains and losses, net		(347,172)	-	(529,959)	-
Finance costs, net		(1,602,267)	(1)	(772,665)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method, net		132,331	-	356,038	-
Total non-operating income and expenses		(1,193,452)	(1)	(323,798)	-
Profit before tax		1,634,174	-	909,547	-
Total tax expense	6	(681,682)	-	(688,553)	-
Profit		952,492	-	220,994	-
Other comprehensive income	6				
Components of other comprehensive income that will not be reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans		53,876	-	44,314	-
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(227,027)	-	385,724	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(82,946)	-	131,818	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		6,449	-	(26,220)	-
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translation		1,859,814	1	(845,118)	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		161,814	-	(45,030)	-
Other components of other comprehensive income that will be reclassified to profit or loss		(2,001)	-	528	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		(281,223)	-	91,904	-
Total other comprehensive income		1,488,756	1	(262,080)	-
Total comprehensive income		\$2,441,248	1	\$(41,086)	-
Profit, attributable to:					
Profit, attributable to owners of parent		\$1,012,463	-	\$14,270	-
Profit, attributable to non-controlling interests		(59,971)	-	206,724	-
Total		\$952,492	-	\$220,994	-
Comprehensive income attributable to:					
Comprehensive income, attributable to owners of parent		\$1,906,176	1	\$165,867	-
Comprehensive income, attributable to non-controlling interests		535,072	-	(206,953)	-
Total		\$2,441,248	1	\$(41,086)	-
Earnings per share (in dollars)	6				
Basic earnings per share		\$0.69		\$0.01	
Diluted earnings per share		\$0.69		\$0.01	

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

English translation of consolidated financial statements originally issued in Chinese
KINPO ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Item	Equity attributable to owners of parent											Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings			Other equity interest			Treasury shares	Total equity attributable to owners of parent			
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Others					
Balance on January 1, 2021	\$14,670,052	\$704,818	\$390,226	\$890,759	\$745,013	\$(1,866,720)	\$900,647	\$265	\$(1,526,353)	\$14,908,707	\$10,079,291	\$24,987,998	
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	5,094	-	(5,094)	-	-	-	-	-	-	-	
Special reserve appropriated	-	-	-	75,049	(75,049)	-	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(419,611)	-	-	-	-	(419,611)	-	(419,611)	
Other changes in capital surplus:													
Changes in equity of associates and joint ventures accounted for using equity method	-	956	-	-	-	-	-	-	-	956	-	956	
Profit for the year ended December 31, 2021	-	-	-	-	14,270	-	-	-	-	14,270	206,724	220,994	
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	13,933	(377,335)	514,765	234	-	151,597	(413,677)	(262,080)	
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	28,203	(377,335)	514,765	234	-	165,867	(206,953)	(41,086)	
Disposal of company's share by subsidiaries recognized as treasury share transactions	-	(165,243)	-	-	-	-	-	-	781,975	616,732	-	616,732	
Changes in ownership interests in subsidiaries	-	(18,014)	-	-	-	-	-	-	-	(18,014)	10,923	(7,091)	
Share-based payments	126,630	136,316	-	-	-	-	-	-	412,596	675,542	44,606	720,148	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(686,765)	-	686,765	-	-	-	-	-	
Others	-	3,538	-	-	-	-	-	-	-	3,538	16	3,554	
Balance on December 31, 2021	<u>\$14,796,682</u>	<u>\$662,371</u>	<u>\$395,320</u>	<u>\$965,808</u>	<u>\$(413,303)</u>	<u>\$(2,244,055)</u>	<u>\$2,102,177</u>	<u>\$499</u>	<u>\$(331,782)</u>	<u>\$15,933,717</u>	<u>\$9,927,883</u>	<u>\$25,861,600</u>	
Balance on January 1, 2022	\$14,796,682	\$662,371	\$395,320	\$965,808	\$(413,303)	\$(2,244,055)	\$2,102,177	\$499	\$(331,782)	\$15,933,717	\$9,927,883	\$25,861,600	
Appropriation and distribution of retained earnings:													
Cash dividends of ordinary share	-	-	-	-	(290,551)	-	-	-	-	(290,551)	-	(290,551)	
Reversal of special reserve	-	-	-	(710,750)	710,750	-	-	-	-	-	-	-	
Other changes in capital surplus:													
Changes in equity of associates and joint ventures accounted for using equity method	-	84,713	-	-	(1,136)	-	-	(66,675)	-	16,902	-	16,902	
Profit for the year ended December 31, 2022	-	-	-	-	1,012,463	-	-	-	-	1,012,463	(59,971)	952,492	
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	17,052	1,149,069	(271,679)	(729)	-	893,713	595,043	1,488,756	
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	1,029,515	1,149,069	(271,679)	(729)	-	1,906,176	535,072	2,441,248	
Changes in ownership interests in subsidiaries	-	9,891	-	-	-	-	-	-	-	9,891	23,723	33,614	
Share-based payments	147,480	32,259	-	-	-	-	-	-	-	179,739	4,874	184,613	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(28,361)	-	28,361	-	-	-	-	-	
Others	-	1,876	-	-	-	-	-	-	-	1,876	(37,369)	(35,493)	
Balance on December 31, 2022	<u>\$14,944,162</u>	<u>\$791,110</u>	<u>\$395,320</u>	<u>\$255,058</u>	<u>\$1,006,914</u>	<u>\$(1,094,986)</u>	<u>\$1,858,859</u>	<u>\$(66,905)</u>	<u>\$(331,782)</u>	<u>\$17,757,750</u>	<u>\$10,454,183</u>	<u>\$28,211,933</u>	

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

English translation of consolidated financial statements originally issued in Chinese

KINPO ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Item	For the years ended	
	December 31, 2022	December 31, 2021
Cash flows from (used in) operating activities:		
Profit before tax	\$1,634,174	\$909,547
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	3,117,558	2,939,922
Amortization expense	117,841	104,738
Expected credit loss (gain)	12,312	(4,798)
Net gain on financial assets or liabilities at fair value through profit or loss	(48,116)	(56,478)
Interest expense	1,555,272	745,345
Interest income	(157,083)	(198,852)
Dividend income	(303,977)	(243,544)
Share-based payments	35,467	263,091
Share of loss (profit) of associates and joint ventures accounted for using equity method	(132,331)	(356,038)
Gain on disposal of property, plant and equipment	11,156	(13,317)
Gain on disposal of non-current assets classified as held for sale	(73,351)	(20,896)
Gain on disposal of investments	416,716	(39,436)
Impairment loss on non-financial assets	(7,061)	235,244
Other adjustments to reconcile profit (loss)	(10,975)	3,538
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	543,982	1,252,140
Decrease (increase) in contract assets	-	(5,626)
Decrease (increase) in notes receivable	58,604	58,049
Decrease (increase) in accounts receivable	(6,637,422)	1,070,026
Decrease (increase) in accounts receivable due from related parties	(7,888,624)	(572,239)
Decrease (increase) in other receivable	(409,562)	(1,010,838)
Decrease (increase) in other receivable due from related parties	58,799	(79,096)
Decrease (increase) in inventories	2,836,140	(9,024,964)
Decrease (increase) in prepayments	(258,556)	(189,671)
Decrease (increase) in other current assets	(1,220,975)	631
Increase (decrease) in contract liabilities	234,326	13,927
Increase (decrease) in notes payable	(1,066)	(7,844)
Increase (decrease) in accounts payable	(572,271)	(914,352)
Increase (decrease) in accounts payable to related parties	2,562,756	1,685,539
Increase (decrease) in other payable	1,540,312	732,116
Increase (decrease) in other payable to related parties	1,115	(34,135)
Increase (decrease) in other current liabilities	901,576	337,227
Increase (decrease) in net defined benefit liability	120,623	6,831
Cash inflow (outflow) generated from operations:	(1,962,641)	(2,414,213)
Interest received	89,189	65,355
Interest paid	(1,372,402)	(736,345)
Income taxes paid	(481,072)	(396,757)
Net cash flows from (used in) operating activities	<u>(3,726,926)</u>	<u>(3,481,960)</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	490,402
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	1,777
Acquisition of financial assets at amortised cost	(3,002)	(2,233)
Proceeds from disposal of financial assets at amortised cost	-	6,984
Proceeds from repayments of financial assets at amortised cost	5,006	27,739
Proceeds from disposal of financial assets at fair value through other comprehensive income	33,375	52,340
Proceeds from disposal of subsidiaries	-	225,038
Disposal of non-current assets classified as held for sale	185,329	793,692
Acquisition of property, plant and equipment	(5,197,690)	(4,393,512)
Proceeds from disposal of property, plant and equipment	237,456	490,155
Acquisition of intangible assets	(191,656)	(144,731)
Increase in other financial assets	-	(76,173)
Decrease in other financial assets	13,603	-
Increase in other non-current assets	(151,628)	(195,793)
Increase in prepayments for business facilities	(413,168)	(90,644)
Interest received	26,297	25,382
Dividends received	433,839	389,211
Other investing activities	122,946	767,232
Net cash flows from (used in) investing activities	<u>(4,899,293)</u>	<u>(1,633,134)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	4,251,652	6,840,312
Decrease in short-term loans	(3,362,178)	(82,063)
Increase in short-term notes	25,000	1,290,000
Decrease in short-term notes	(1,070,000)	(54,000)
Proceeds from long-term debt	10,232,142	10,406,862
Repayments of long-term debt	(2,431,447)	(11,306,764)
Repayments of lease liabilities	(205,139)	(167,627)
Decrease in other non-current liabilities	(39,299)	(58,576)
Cash dividends paid	(290,551)	(419,611)
Employee execute stock options	165,762	141,777
Proceeds from sale of treasury shares	-	616,732
Treasury shares sold to employees	-	411,163
Change in non-controlling interests	(20,370)	(102,958)
Net cash flows from (used in) financing activities	<u>7,255,572</u>	<u>7,515,247</u>
Effect of exchange rate changes on cash and cash equivalents	3,235,765	(1,464,778)
Net increase (decrease) in cash and cash equivalents	1,865,118	935,375
Cash and cash equivalents at the beginning of period	8,067,899	7,132,524
Cash and cash equivalents at the end of period	<u>\$9,933,017</u>	<u>\$8,067,899</u>
Cash and cash equivalents reported in the statement of financial position	\$9,915,366	\$8,067,899
Cash and cash equivalents classified to as held for sale (or disposal groups)	17,651	-
Cash and cash equivalents at the end of period	<u>\$9,933,017</u>	<u>\$8,067,899</u>

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

English translation of consolidated financial statements originally issued in Chinese
KINPO ELECTRONICS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. History and organization

Kinpo Electronics, Inc. (the “Company”), was established on April 24, 1973 under the Company Act of the Republic of China (“ROC”). On November 7, 1989, the Company’s shares were listed on the Taiwan Stock Exchange. The Company primarily engages in trading consumer electronic products, computer and peripheral computer equipment, network communication equipment and image products. The Company’s registered address and main operating site are located at 10F., No.99, Nanjing E. Rd., Sec. 5, Songshan Dist., Taipei City and No.147, Beishen Rd., Sec. 3, Shengkeng Dist., New Taipei City, respectively.

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

The consolidated financial statements of Kinpo Electronics, Inc. and its subsidiaries (the Group) for the years period ended December 31, 2022 and 2021 were recommended and authorized for issue by the Board of Directors on March 10, 2023.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2022. The abovementioned amendments that are applicable for annual periods beginning on or after January 1, 2022 have no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	January 1, 2023
B	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
C	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

A. Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

B. Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

C. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB endorsed by FSC at the date when the Group’s financial statements were authorized for issue, and the local effective dates are determined to be 1 January, 2023 by FSC. The Group is still currently determining the potential impact of the remaining standards and interpretations. The impact will be disclosed after evaluation completed.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
B	IFRS 17 “Insurance Contracts”	January 1, 2023
C	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
D	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
E	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

B. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by 2 years to annual beginning on or after 1 January, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

E. Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the new or amended standards and interpretations listed under B. have no material impact on the Group, the Group is still currently determining the potential impact of the remaining standards and interpretations. The impact will be disclosed after evaluation completed.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”), IFRSs, IASSs, IFRIC and SIC which are endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NTD”) unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- B. exposure, or rights, to variable returns from its involvement with the investee, and
- C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- A. the contractual arrangement with the other vote holders of the investee
- B. rights arising from other contractual arrangements
- C. the Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- B. derecognizes the carrying amount of any non-controlling interest;
- C. recognizes the fair value of the consideration received;
- D. recognizes the fair value of any investment retained;
- E. recognizes any surplus or deficit in profit or loss; and
- F. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			December 31, 2022	December 31, 2021
The Company	Kinpo International (Singapore) Pte. Ltd.	Reinvestment on domestic and overseas business	100.00%	100.00%
The Company	Kinpo International Ltd.	Holding Company	100.00%	100.00%
The Company	Lipo Holding Co., Ltd.	Holding Company	51.00%	51.00%
The Company	Crownpo Technology Inc.	Manufacturing and sales of chip diodes, etc.	51.61%	51.61%
The Company	XYZprinting, Inc. (Note 1)	Trading 3D printer	46.40%	46.40%
The Company	Cal-Comp Electronics (Thailand) Public Company Limited (Note 2)	Manufacturing of computers and peripheral devices, telecommunication products and automatic equipment	46.63%	46.75%
The Company	CastleNet Technology Inc.	Development, manufacturing and sales of products including cable modem, powerline communication and digital home applications	68.90%	68.90%
The Company	Cal-Comp Big Data, Inc.	Medical equipment, data processing and provision service	50.00%	50.00%
The Company	New Era AI Robotic Limited (Note 5)	Holding Company	-	50.00%
The Company	New Era AI Robotic Inc. (Note 5)	Trading robot and applications development	50.00%	-
The Company	Cal-Comp Asset Management, Inc.	Asset Management	100.00%	100.00%
Kinpo International (Singapore) Pte. Ltd.	Cal-Comp Technology (Philippines), Inc..	Manufacturing	80.81%	80.81%

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			December 31, 2022	December 31, 2021
Cal-Comp Technology (Philippines), Inc.	Kinpo Electronics (Philippines), Inc.	Manufacturing and sales products of other companies' products	100.00%	100.00%
Kinpo International Ltd.	Kinpo Electronics (China) Co., Ltd.	Manufacturing and sales products of other companies' electronic products	100.00%	100.00%
Kinpo International Ltd.	Dongguan Kaipo Electronics Co., Ltd. (Note 11)	Manufacturing and sales products of other companies' products	-	100.00%
Kinpo Electronics (China) Co., Ltd.	Dongguan Kaipo Electronics Co., Ltd. (Note 11)	Manufacturing and sales products of other companies' products	100.00%	-
Kinpo Electronics (China) Co., Ltd.	XYZprinting (Suzhou) Co., Ltd. (Note 3)	Trading 3D printer	41.78%	41.78%
Lipo Holding Co., Ltd.	LIZ Electronics (Kunshan) Co., Ltd.	Production and marketing chip resistor & chip diodes	88.13%	88.13%
Lipo Holding Co., Ltd.	LIZ Electronics (Nantong) Co., Ltd.	R&D, manufacturing chip components; sales of products and provide after-sales service; wholesaling, importing and exporting electronic components, semiconductors special materials and spare parts	31.33%	31.33%
LIZ Electronics (Kunshan) Co., Ltd.	LIZ Electronics (Nantong) Co., Ltd.	R&D, manufacturing chip components; sales of products and provide after-sales service; wholesaling, importing and exporting electronic components, semiconductors special materials and spare parts	66.02%	66.02%
Crownpo Technology Inc.	Ranashe International Ltd.	Holding Company	100.00%	100.00%
Crownpo Technology Inc.	Li-Cheng Materials Co., Ltd.	Manufacture of various chemical materials	54.69%	54.69%
Ranashe International Ltd.	LIZ Electronics (Kunshan) Co., Ltd.	Production and marketing chip resistor & chip diodes	11.87%	11.87%
Ranashe International Ltd.	LIZ Electronics (Nantong) Co., Ltd.	R&D, manufacturing chip components; sales of products and provide after-sales service; wholesaling, importing and exporting electronic components, semiconductors special materials and spare parts	2.65%	2.65%
XYZprinting, Inc.	XYZprinting, Inc. (USA)	Trading 3D printer	100.00%	100.00%
XYZprinting, Inc.	XYZprinting Japan, Inc.	Trading 3D printer	100.00%	100.00%
XYZprinting, Inc.	XYZprinting Netherlands, B.V.	Trading 3D printer	100.00%	100.00%
XYZprinting, Inc.	XYZprinting (Thailand) Co., Ltd.	Trading 3D printer	100.00%	100.00%

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			December 31, 2022	December 31, 2021
XYZprinting, Inc.	XYZlife (Philippines) Inc. (Note 6)	Sales of medical beauty goods	100.00%	100.00%
XYZprinting, Inc.	XYZprinting (Suzhou) Co., Ltd. (Note 3)	Trading 3D printer	16.44%	16.44%
XYZprinting, Inc.	XYZprinting (Shanghai) Cloud Technology Co., Ltd.	Internet technology development	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	XYZprinting, Inc. (Note 1)	Trading 3D printer	46.40%	46.40%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Manufacturing	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics and Communications (Suzhou) Co., Ltd. (Note 9)	Manufacturing	-	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Technology (Suzhou) Co., Ltd.	Manufacturing	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd. (Note 7)	Dealer	12.92%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal Comp (Malaysia) SDN. BHD.	Manufacturing	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics & Communications Co., Ltd.	Purchase of raw material, research and development	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics (USA) Co., Ltd.	Manufacturing	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Technology (Philippines), Inc.	Manufacturing	19.19%	19.19%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics de Mexico Co., S.A. de C.V.	Manufacturing	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Holding (Brasil) S.A. (Note 8)	Holding Company	-	99.99%

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			December 31, 2022	December 31, 2021
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria e Comercio de Electronicos e Informatica Ltda. (Note 8)	Manufacturing	100.00%	0.82%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Big Data, Inc.	Medical equipment, data processing and provision service	50.00%	50.00%
Cal-Comp Electronics (Thailand) Public Company Limited	QBit Semiconductor Holding Ltd.	Holding Company	91.60%	91.60%
Cal-Comp Electronics (Thailand) Public Company Limited	New Era AI Robotic Limited (Note 5)	Holding Company	-	50.00%
Cal-Comp Electronics (Thailand) Public Company Limited	New Era AI Robotic Inc. (Note 5)	Trading robot and applications development	50.00%	-
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Automation and Industrial 4.0 Service (Thailand) Co., Ltd.	Auto-manage producing system development	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision Holding Co., Ltd.	Holding Company	99.92%	99.92%
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	ICKP (Beijing) Technology Development Co., Ltd.	Developing 3D printers and AI equipments	80.00%	80.00%
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Cal-Comp Optical Electronics (Yueyang) Co., Ltd.	Manufacturing and sales of new printing device, electronic components and their components	100.00%	100.00%
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	NKG Advanced Intelligence & Technology Development (Yueyang) Co., Ltd.	Manufacturing and sales of advanced intelligence electrical equipments and related parts	100.00%	100.00%
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	XYZprinting (Suzhou) Co., Ltd. (Note 3)	Trading 3D printer	41.78%	41.78%
Cal-Comp Precision Holding Co., Ltd.	Cal-Comp Precision (Singapore) Limited	Holding and distribution	100.00%	100.00%
Cal-Comp Precision (Singapore) Limited	Cal-Comp Precision (Thailand) Limited	Injecting precision plastical parts	100.00%	100.00%
Cal-Comp Precision (Singapore) Limited	Cal-Comp Precision (Malaysia) SDN. BHD.	Injecting precision plastical parts	100.00%	100.00%
Cal-Comp Precision (Singapore) Limited	Cal-Comp Precision (Dongguan) Limited	Injecting precision plastical parts; designing and manufacturing of molding for plastic	100.00%	100.00%

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			December 31, 2022	December 31, 2021
Cal-Comp Precision (Singapore) Limited	Cal-Comp Precision (Yueyang) Co., Ltd.	Injecting precision plastical parts	100.00%	100.00%
Cal-Comp Precision (Singapore) Limited	Cal-Comp Precision (Philippines), Inc.	Injecting precision plastical parts	100.00%	100.00%
Cal-Comp Holding (Brasil) S.A.	Cal-Comp Industria de Semicondutores S.A. (Note 8)	Manufacturing	-	58.03%
Cal-Comp Holding (Brasil) S.A.	Cal-Comp Industria e Comercio de Electronicos e Informatica Ltda. (Note 8)	Manufacturing	-	99.18%
Cal-Comp Industria e Comercio de Eletronicos e Informatica Ltda.	Cal-Comp Industria de Semicondutores S.A. (Note 8)	Manufacturing	58.03%	-
Cal-Comp Electronics (USA) Co., Ltd.	Cal-Comp USA (San Diego), Inc.	Manufacturing	100.00%	100.00%
QBit Semiconductor Holding Ltd.	QBit Semiconductor Ltd. (Note 12)	Design semiconductors	100.00%	100.00%
CastleNet Technology Inc.	CastleNet Technology (BVI) Inc.	Holding Company	100.00%	100.00%
CastleNet Technology (BVI) Inc.	CastleNet Technology Inc. (Kunshan)	Design and manufacture of modem, sale of self-production	100.00%	100.00%
Cal-Comp Big Data, Inc.	Cal-Comp Big Data International Ltd. (Note 10)	Reinvestment on domestic and overseas business	-	100.00%
New Era AI Robotic Limited	New Era AI Robotic Inc. (Note 5)	Trading robot and applications development	-	100.00%
Cal-Comp Asset Management, Inc.	Confiar Land Corp. (Note 4)	Sales and lease of land and building	40.00%	40.00%
Cal-Comp Electronics & Communications Co., Ltd.	Logistar International Holding Co., Ltd (Note 7)	Dealer	87.08%	-

Note 1: The Company determined that it has control over XYZprinting, Inc. due to the Company and its subsidiary Cal-Comp Electronics (Thailand) Public Company Limited have obtained over 50% of ownership interests. The Company included it in the consolidated financial statements.

Note 2: Although the ownership interests in Cal-Comp Electronics (Thailand) Public Company Limited is less than 50%, the Company determined that it has control over Cal-Comp Electronics (Thailand) Public Company Limited. This is due to the fact that the Company has obtained control over half of the board of Cal-Comp Electronics (Thailand) Public Company Limited and the remaining ownership is dispersed. The Company is able to appoint or approve the key management personnel of Cal-Comp Electronics (Thailand) Public Company Limited who are capable of directing the related activities. The Company therefore incorporated Cal-Comp Electronics (Thailand) Public Company Limited and its subsidiaries into the consolidated financial statements.

- Note 3: To work in line with the Group’s adjustment of the investment structure for long-term development plan, XYZprinting (Suzhou) Co., Ltd. performed cash capital increase in the fourth quarter of 2021. Kinpo Electronics (China) Co., Ltd and Cal-Comp Optical Electronics (Suzhou) Co., Ltd. subscribed the shares.
- Note 4: To work in line with the Group’s long-term business development, the board of directors of Cal-Comp Asset Management, Inc. resolved to establish and invest Confiar Land Corp. The investment fund has been remitted to Confiar Land Corp in the fourth quarter of 2021.
- Note 5: New Era AI Robotic Limited completed cancellation of local registration in the first quarter of 2022 and had completed liquidation procedure with the local tax authority in the first quarter of 2022; the equity owner of New Era AI Robotic Inc. was switched from New Era AI Robotic Limited to the Company and Cal-Comp Electronics (Thailand) Public Company Limited.
- Note 6: XYZlife Inc. (Philippines) was dissolved in the fourth quarter of 2021. Till the financial report date, the closing procedures had not been completed.
- Note 7: To work in line with the Group’s adjustment of the investment structure for long-term development plan, Logistar International Holding Co., Ltd. performed cash capital increase in the second quarter of 2022, Cal-Comp Electronics & Communications Co., Ltd. subscribed the shares.
- Note 8: To work in line with the Group’s adjustment of the investment structure for long-term development plan, Cal-Comp Industria e Comercio de Eletronicos e Informatica Ltda. merged Cal-Comp Holding (Brasil) S.A. in the second quarter of 2022.
- Note 9: Cal-Comp Electronics and Communications (Suzhou) Co., Ltd. completed cancellation of foreign investment registration in the third quarter of 2022.
- Note 10: Cal-Comp Big Data International Ltd. completed cancellation of local registration in the third quarter of 2022 and had completed liquidation procedure with the local tax authority in the year of 2022.
- Note 11: To work in line with the Group’s adjustment of the investment structure for long-term development plan, the equity owner of Dongguan Kaipu Electronics Co., Ltd. was adjusted from 100% directly held by Kinpo International Ltd to its subsidiary, Kinpo Electronics (China) Co., Ltd. in the fourth quarter of 2022.
- Note 12: In the fourth quarter of 2022, to improve the business structure and improve business performance, the board of directors of subsidiary Cal-Comp Electronics (Thailand) Public Company Limited agreed to sign an investment cooperation agreement to sell its subsidiary, QBit Semiconductor Ltd. According to IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, the Group reclassified the relevant assets and liabilities of QBit Semiconductor Ltd. to non-current assets held for sale, net and liabilities related to non-current assets classified as held for sale. Please refer to Note 6(10) for details.

(4) Foreign currencies

The Group's consolidated financial statements are presented in NTD, which is also the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

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

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of *IFRS 9 Financial Instruments* are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

- A. when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- B. when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. The Group holds the asset primarily for the purpose of trading.
- C. The Group expects to realize the asset within twelve months after the reporting period.
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle.
- B. The Group holds the liability primarily for the purpose of trading.
- C. The liability is due to be settled within twelve months after the reporting period.
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

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

Financial assets and financial liabilities within the scope of *IFRS 9 Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial assets: Recognition and Measurement

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

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) The Group's business model for managing the financial assets and
- (b) The contractual cash flow characteristics of the financial asset.

Financial assets at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable, financial assets at amortized cost and other receivables etc., on balance sheet as of the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

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

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as follows:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial assets at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit loss on debt instrument investments measured at fair value through other comprehensive income and financial assets at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit loss of a financial instrument in a way that reflects:

- (a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) The time value of money; and
- (c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- (a) At an amount equal to 12-month expected credit loss: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit loss in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit loss: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit loss.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities within the scope of *IFRS 9 Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

E. Offsetting of financial instruments

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

(9) Derivative financial instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (not held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

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

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

Raw materials – Purchase cost on a weighted average basis

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

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

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(12) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

(13) Investments accounted for using the equity method

The Group's investment in its associate or joint venture is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro-rata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with *IAS 28 Investments in Associates and Joint Ventures*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with *IAS 36 Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in *IAS 36 Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(14) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of *IAS 16 Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings and structures	1~60 years
Machinery and equipment	1~20 years
Other equipment	1~20 years

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

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(15) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of *IAS 16 Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	11~41 years
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Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers to or from investment properties when there is a change in use for these assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(16) Leases

The Group assesses whether the 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. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset 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.

The Group applies *IAS 36 "Impairment of Assets"* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Group have applied the practical expedient to all rent concessions that meet the conditions for it.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(17) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Group can demonstrate:

- A. The technical feasibility of completing the intangible asset so that it will be available for use or sale
- B. Its intention to complete and its ability to use or sell the asset
- C. How the asset will generate future economic benefits
- D. The availability of resources to complete the asset
- E. The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

A summary of the policies applied to the Group's intangible assets is as follow:

	Intangible assets				
	under development	Patents	Know-how	Licenses	Computer software
Useful lives	Finite	Finite(5~8 years)	Finite(3~10 years)	Finite(10 years)	Finite(1~10 years)
Amortization method used	Amortized on a straight-line basis over the period of expected future sales from the related project	Amortized on a straight-line basis over the shorter of the period of the patent or estimated useful life	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the shorter of legal life period or estimated useful life	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Internally generated and acquired	Acquired	Acquired	Acquired	Acquired

(18) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of *IAS 36 Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

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

(19) Provisions

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

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time.

Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgment and other known factors.

(20) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(21) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers based on the consideration stated in the contract. Therefore, revenue from these sales is recognized based on the price specified in the contract. The Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it

is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts. However, for some of the contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 30 to 180 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit loss.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

Rendering of services

Revenue from engineering service is recognized by reference to the actual service costs. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered. However, for some of the contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

(22) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(23) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deduction of the book value of the related asset and recognized as gain through deducting the depreciation expense over the period of depreciable asset's lifetime. When the grant relates to an expense item, it is recognized as income over the period when the related costs are incurred.

(24) Post-employment benefits

All regular employees of the Group and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Group and its domestic subsidiaries. Therefore fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Group and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Group recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(25) Share-based payment transactions

The cost of equity-settled transactions between the Group and related to employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as of the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(26) Income taxes

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

Current income tax

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

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

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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

(27) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance

with *IFRS 9 Financial Instruments* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgment

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

A. Investment properties

Certain properties of the Group comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Group accounts for the portions separately as investment properties and

property, plant and equipment. If the portions could not be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is under 10% of the total property.

B. Operating lease commitment – Group as the lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

C. De facto control without a majority of the voting rights in subsidiaries

The Group does not have majority of the voting rights in certain subsidiaries. However, after taking into consideration factors such as absolute size of the Group's holding, relative size of the other shareholdings, how widely spread is the remaining shareholding, contractual arrangements between shareholders, potential voting rights, etc., the Group reached the conclusion that it has de facto control over these subsidiaries. Please refer to Note 4 for further details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Impairment of accounts receivable

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

C. Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

D. Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period. Due to the rapid technological changes, the Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumption of future demand within a specific time horizon and therefore could result in significant changes.

E. Post-employment benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Please refer to Note 6 for more details.

F. Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions

about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

G. Revenue recognition – sales returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

H. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for disclosure on unrecognized deferred tax asset of the Group as of December 31, 2022.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of	
	December 31, 2022	December 31, 2021
Petty cash / revolving funds	\$43,317	\$7,574
Cash in banks	7,699,170	6,444,241
Time deposit	2,120,861	1,546,084
Cash equivalents	52,018	70,000
Total	<u>\$9,915,366</u>	<u>\$8,067,899</u>

Please refer to Note 12 for more details on credit risk.

(2) Financial assets/liabilities at fair value through profit or loss

	As of	
	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss:		
Convertible corporate bond	\$1,478,358	\$1,507,752
Structured deposit	-	523,043
Derivatives not designated as hedging instruments	59,041	218
Total	<u>\$1,537,399</u>	<u>\$2,031,013</u>
Current	\$69,221	\$565,631
Non-current	1,468,178	1,465,382
Total	<u>\$1,537,399</u>	<u>\$2,031,013</u>
Financial liabilities mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments	<u>\$60,885</u>	<u>\$-</u>
Current	\$60,885	\$-
Non-current	-	-
Total	<u>\$60,885</u>	<u>\$-</u>

A. In December 2019, the Group obtained convertible corporate bonds issued by SPI. for KRW 54,990,000 thousand. On the basis of the contract, the Group may convert the bonds into ordinary shares of SPI. at KRW 1,000 for one share at any time after January 1, 2022 and expire on December 26, 2024. The Group recognized aforementioned shares as financial assets at fair value through profit or loss, mandatorily measured at fair value.

B. Financial assets at fair value through profit or loss were not pledged.

C. Please refer to Note 12 for more details on derivative investments held by the Group.

(3) Financial assets at fair value through other comprehensive income

	As of	
	December 31, 2022	December 31, 2021
Equity instrument investments measured at fair value through other comprehensive income:		
Listed companies stocks	\$3,529,135	\$3,694,957
Unlisted companies stocks	494,937	545,443
Total	<u>\$4,024,072</u>	<u>\$4,240,400</u>
Current	\$34,094	\$25,543
Non-current	3,989,978	4,214,857
Total	<u>\$4,024,072</u>	<u>\$4,240,400</u>

A. In consideration of working capital planning, the Company and its subsidiary, Jipo Investment Co., Ltd., disposed of the stocks of Innolux Corporation (accounted for current investments in equity instrument designated at fair value through other comprehensive income) at average price NTD 20.77 per share, separately, through centralized securities exchange market in May 2021. The aforementioned stocks disposed of were 16,843 thousand shares and 4,308 thousand shares, traded at the amount of \$349,856 thousand and \$89,462 thousand, respectively. When derecognizing the asset, the Group transferred the previously recognized accumulated unrealized loss in the amount of \$510,809 thousand and \$130,689 thousand, respectively, from other equity interest to retained earnings, in accordance with relevant accounting standards.

B. For equity instrument investments measured at fair value through other comprehensive income, the Group recognized dividend income in the amount of \$303,977 thousand and \$243,544 thousand for the years period ended December 31, 2022 and 2021, respectively. The aforementioned dividend income was related to investments held at the end of the reporting period.

C. Financial assets at fair value through other comprehensive income were not pledged.

(4) Financial assets at amortized cost

	As of	
	December 31, 2022	December 31, 2021
Time deposit and cash in banks	\$34,729	\$11,097
Less: loss allowance	-	-
Total	<u>\$34,729</u>	<u>\$11,097</u>
Current	\$11,959	\$2,001
Non-current	22,770	9,096
Total	<u>\$34,729</u>	<u>\$11,097</u>

A. Please refer to Note 12 for more details on credit risk.

B. Please refer to Note 8 for more details on financial assets at amortized cost under pledge for bank loan and court litigation.

(5) Notes receivable

	As of	
	December 31, 2022	December 31, 2021
Notes receivable arising from operating activities	\$44,378	\$103,105
Less: loss allowance	(19)	(142)
Total	<u>\$44,359</u>	<u>\$102,963</u>

A. Notes receivable were not pledged.

B. The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(23) for more details on loss allowance and Note 12 for more details on credit risk.

(6) Accounts receivable and accounts receivable due from related parties

	As of	
	December 31, 2022	December 31, 2021
Accounts receivable	\$32,798,995	\$26,260,230
Less: loss allowance	(41,357)	(42,565)
Subtotal	<u>32,757,638</u>	<u>26,217,665</u>

	As of	
	December 31, 2022	December 31, 2021
Accounts receivable due from related parties	8,557,035	668,411
Less: loss allowance	-	-
Subtotal	8,557,035	668,411
Total	<u>\$41,314,673</u>	<u>\$26,886,076</u>

A. Accounts receivable were not pledged.

B. Accounts receivable credit terms are generally on 30 to 180 day terms. The total carrying amount (including notes receivable) as of December 31, 2022 and December 31, 2021 was \$41,400,408 thousand and \$27,031,746 thousand, respectively. Please refer to Note 6(23) for more details on loss allowance of account receivables for the years period ended December 31, 2022 and 2021. Please refer to Note 12 for more details on credit risk.

C. Transferred financial assets that were derecognized in their entirety

The Group entered into accounts receivable factoring agreements (without recourse) with a financial institute. Under the agreements, the Group has transferred the contractual rights to receive the cash flows of the financial asset. Pursuant to the factoring agreements, the Group does not bear the credit risk that the accounts receivables are not paid when due. Therefore the related financial assets were derecognized in their entirety as they met the requirement of derecognition. The transferred assets fully derecognized were as follows:

As of December 31, 2022:

	(In thousands)			
The Factor (Transferee)	Accounts receivable transferred	Accounts receivable derecognized	Interest rate	Credit Line
Citibank	USD 665,353	(USD 665,353)	1.95%~5.50%	(Note)
HSBC	USD 43,391	(USD 43,391)	5.46%~5.61%	(Note)
MUFG	USD 22,831	(USD 22,831)	5.14%~5.49%	(Note)

As of December 31, 2021:

	(In thousands)			
The Factor (Transferee)	Accounts receivable transferred	Accounts receivable derecognized	Interest rate	Credit Line
Citibank	USD 309,739	(USD 309,739)	1.37%~1.48%	(Note)
HSBC	USD 159,380	(USD 159,380)	1.60%~1.66%	(Note)
Bank of America	USD 10,867	(USD 10,867)	1.61%	(Note)
MUFG	USD 22,853	(USD 22,853)	1.17%	(Note)

Note : Under the factoring agreement entered into by the Group, customers and financial institutions, the financial institutions will buy the accounts receivable of the Group within the line of credit negotiated by the customers and the financial institutions.

D. To appropriately classify the account receivable, the Group follows IFRS 9 to assess the business model the account receivables were held within. Accounts receivable in the amount of USD 109,646 thousand, and USD 222,668 thousand as of December 31, 2022 and December 31, 2021, respectively, were sold to the aforementioned financial institutions in the subsequent period (the financial assets classified as financial assets at fair value through profit or loss).

E. The financial costs incurred from the aforementioned accounts receivable factoring transactions that were derecognized before due date were \$147,784 thousand and \$113,156 thousand for the years ended December 31, 2022 and 2021, respectively.

(7) Other receivables

	As of	
	December 31, 2022	December 31, 2021
Receivable due from settlement of forward contract	\$41,378	\$25,652
Molds receivable	1,276,176	155,755
Grants receivable— government	1,226,269	2,146,234
Others (Note)	824,047	743,984
Total	<u>\$3,367,870</u>	<u>\$3,071,625</u>

Note : Individual amount not exceeded \$100,000 thousand were aggregated as others.

Please refer to Note 6(23) for more details on the Group's assessment of loss allowance for other receivables.

(8) Inventories

	As of	
	December 31, 2022	December 31, 2021
Raw materials	\$19,797,924	\$23,096,183
Work in process	875,404	1,312,188
Finished goods	4,831,495	4,049,084
Merchandise inventory	37,405	78,434
Goods in transit	918,369	836,024
Total	<u>\$26,460,597</u>	<u>\$29,371,913</u>

A. Expense and loss incurred on inventories were as follows:

	For the years ended	
	December 31, 2022	December 31, 2021
Cost of inventories sold	\$169,906,340	\$129,185,108
Expense recognized from inventory write-down to net realizable value	505,737	993,581
Loss from obsolescence		
Total	<u>\$170,412,077</u>	<u>\$130,178,689</u>

B. Inventories were not pledged.

(9) Prepayments

	As of	
	December 31, 2022	December 31, 2021
Business tax paid (or Input VAT)	\$851,822	\$592,742
Excess business tax paid (or Net Input VAT)	52,074	50,458
Prepayments to suppliers	283,193	388,903
Others (Note)	248,847	145,449
Total	<u>\$1,435,936</u>	<u>\$1,177,552</u>

Note : Individual amount not exceeded \$100,000 thousand were aggregated as others.

(10) Non-current assets held for sale, net and liabilities related to non-current assets classified as held for sale

	As of	
	December 31, 2022	December 31, 2021
Non-current assets held for sale		
Cash and cash equivalents	\$17,651	\$-
Accounts receivable	98,780	-
Other receivables	1,713	-
Inventories	75,176	-
Other current assets	1,220	-
Property, plant and equipment	3,385	106,736
Intangible assets	242,315	-
Right-of-use assets	23,984	-
Deferred tax assets	42,036	-
Refundable deposits	82	-
Total	<u>506,342</u>	<u>106,736</u>

	As of	
	December 31, 2022	December 31, 2021
Assets classified as non-current liabilities held for sale		
Short-term debt	539,840	-
Accounts payable	24,150	-
Accounts payable-related parties	9,655	-
Other payable	92,355	-
Lease liabilities – current	9,084	-
Other current liabilities	5,311	-
Lease liabilities – non-current	9,258	-
Subtotal	<u>689,653</u>	<u>-</u>
Net carrying amount for non-current group held for sale	<u><u>\$(183,311)</u></u>	<u><u>\$106,736</u></u>

To effectively integrate production resources and activate the use of funds, the Group's subsidiary, Cal-Comp Electronics (Thailand) Public Company Limited, resolved to approve the disposal of right-of-use assets- land and plants of its subsidiary, Cal-Comp Electronics and Communications (Suzhou) Co., Ltd., at the board meeting held on October 20, 2020. Cal-Comp Electronics (Thailand) Public Company Limited signed the sale and purchase agreement with the buyer regarding the aforementioned transaction in November 2020 at the price of CNY 121,500 thousand. As of the financial reporting date, the aforementioned full price had been collected and the disposal procedure of transferring property rights had been completed on September 15, 2021.

To effectively integrate production resources and activate the use of funds, the Group's subsidiary, Cal-Comp Electronics (Thailand) Public Company Limited, resolved to approve the disposal of land and plants of its subsidiary, Cal Comp Malaysia SDN. BHD., at the board meeting held on May 14, 2021. Cal-Comp Electronics (Thailand) Public Company Limited signed the sale and purchase agreement with the buyer regarding the aforementioned transaction in May 2021 at the price of MYR 27,000 thousand. As of the financial reporting date, the aforementioned full price had been collected and the disposal procedure of transferring property rights had been completed on January 5, 2022. In addition, the aforementioned assets were measured at the lower of cost or fair value less the cost of sales in accordance with the standards and were classified as non-current assets held for sale. According to the price of the sale and purchase agreement, no impairment loss has been recognized.

To effectively integrate production resources and activate the use of funds, the Group's subsidiary, CastleNet Technology Inc., resolved to approve the disposal of right-of-use assets-land and property, plant and equipment of its subsidiary, CastleNet Technology Inc. (Kunshan), at the board meeting held on December 18, 2020. CastleNet Technology Inc. signed the sale and purchase agreement with the buyer regarding the aforementioned transaction on February 4, 2021 at the price of CNY 71,500 thousand. As of the financial reporting date, the aforementioned full price had been collected and the disposal procedure of transferring property rights had been completed on July 13, 2021. The aforementioned assets were measured at the lower of cost or fair value less the cost of sales in accordance with the standards and were classified as non-current assets held for sale. According to the price of the sale and purchase agreement, no impairment loss has been recognized.

To improve the business structure and enhance business performance, the Group's subsidiary, Cal-Comp Electronics (Thailand) Public Company Limited, resolve to approve the investment cooperation agreement with AB Value Bridge VII, L.P. (hereinafter AB Value), at the board meeting held on December 26, 2022. According to the content of the cooperation, the equity of its subsidiary, QBit Semiconductor Ltd., is gradually transfer to AB group. The aforementioned agreement was executed on February 3, 2023. In accordance with the IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the Group transferred the relevant assets and liabilities of QBit Semiconductor Ltd. to non-current assets classified as held for sale, net and liabilities related to non-current assets classified as held for sale respectively, in 2022.

(11) Investments accounted for using equity method

A. Investments accounted for using equity method consisted were as follows:

Investee companies	As of			
	December 31, 2022		December 31, 2021	
	Carrying amount	% of ownership	Carrying amount	% of ownership
<u>Associates</u>				
AcBel Polytech Inc.	\$2,402,989	23.71%	\$2,388,266	24.15%
Ascendant Private Equity Investment Ltd.	1,405,408	34.72%	1,305,047	34.72%
Teleport Access Services, Inc.	228,362	23.70%	228,328	23.70%
Others (Note)	115,368		122,327	
Total	\$4,152,127		\$4,043,968	

Note: Individual investment amount not exceeded \$100,000 thousand were aggregated as others.

B. Investments in associates

Information on the material associate of the Group:

(a) Company name: AcBel Polytech Inc.

Nature of the relationship with the associate: AcBel Polytech Inc. is in the business of manufacturing and selling related products in the Group's industry chain. The Group invested in AcBel Polytech Inc. for the purpose of upstream/downstream integration.

Principal place of business (country of incorporation): Taiwan

Fair value of the investment in the associate when there is a quoted market price for the investment: AcBel Polytech Inc. is a listed entity on the Taiwan Stock Exchange (TWSE). The fair value of the investment in AcBel Polytech Inc. was \$3,724,949 thousand and \$4,567,274 thousand as of December 31, 2022 and December 31, 2021, respectively.

Reconciliation of the associate's summarized financial information presented to the carrying amount of the Group's interest in the associate:

	As of	
	December 31, 2022	December 31, 2021
Current assets	\$21,389,975	\$19,061,419
Non-current assets	12,474,261	11,617,095
Current liabilities	(11,015,897)	(14,274,799)
Non-current liabilities	(12,115,959)	(5,902,263)
Equity	10,732,380	10,501,452
Non-controlling interest	(597,461)	(612,151)
Shareholders of the parent	10,134,919	9,889,301
Proportion of the Group's ownership	23.71%	24.15%
Carrying amount of the investment	<u>\$2,402,989</u>	<u>\$2,388,266</u>
	For the years ended	
	December 31, 2022	December 31, 2021
Operating revenue	\$25,321,167	\$21,906,395
Profit from continuing operations	675,012	669,648
Other comprehensive income, net	(122,360)	(59,755)
Total comprehensive income	554,652	609,893

(b) The Group's investments in other companies were not individually material. The aggregate carrying amount of the Group's interests in other companies was \$1,749,138 thousand and \$1,655,702 thousand as of December 31, 2022 and 2021, respectively. The aggregate financial information based on Group's share of other companies was as follows:

	For the years ended	
	December 31, 2022	December 31, 2021
Profit (Loss) from continuing operations	\$(20,523)	\$211,615
Other comprehensive income, net	109,057	98,892
Total comprehensive income	<u>\$88,534</u>	<u>\$310,507</u>

C. As of December 31, 2022 and 2021, the difference (Goodwill) between the costs of investment and net equity was all \$115,377 thousand.

D. The aforementioned investments in associate had no contingent liabilities or capital commitments as of December 31, 2022 and 2021.

E. Although the Group is the first major shareholder of some associates; after comprehensive assessment, the Group does not own the major voting rights as the remaining voting rights holders are able to align and prevent the Group from ruling the relevant operation. Therefore, the Group has no control but has significant influence over the aforementioned associates.

(12) Property, plant and equipment

A. Movements of property, plant and equipment of the Group for the years ended December 31, 2022 and 2021 were as follows:

	Land	Buildings and structures	Machinery and molding equipment	Miscellaneous Equipment	Construction in progress and equipment awaiting examination	Total
Cost:						
As of January 1, 2022	\$1,786,487	\$15,399,495	\$19,454,291	\$3,690,075	\$3,071,774	\$43,402,122
Additions	36,941	478,077	1,585,037	459,921	2,100,650	4,660,626
Disposals	-	(21,202)	(975,074)	(254,973)	(408)	(1,251,657)
Transfer to non-current assets held for sale	-	-	(33,707)	(154)	-	(33,861)
Reclassification, effect of exchange rate changes and other changes	274,152	1,844,859	2,439,848	595,345	(1,857,901)	3,296,303
As of December 31, 2022	<u>\$2,097,580</u>	<u>\$17,701,229</u>	<u>\$22,470,395</u>	<u>\$4,490,214</u>	<u>\$3,314,115</u>	<u>\$50,073,533</u>

	Land	Buildings and structures	Machinery and molding equipment	Miscellaneous Equipment	Construction in progress and equipment awaiting examination	Total
As of January 1, 2021	\$1,871,356	\$15,219,842	\$22,050,914	\$3,726,153	\$1,749,260	\$44,617,525
Additions	-	415,811	1,476,414	416,707	2,205,284	4,514,216
Disposals	(10,954)	(133,900)	(2,535,288)	(272,766)	(582)	(2,953,490)
Transfer to non-current assets held for sale	(47,060)	(125,637)	(4,058)	-	-	(176,755)
Reclassification, effect of exchange rate changes and other changes	(26,855)	23,379	(1,533,691)	(180,019)	(882,188)	(2,599,374)
As of December 31, 2021	\$1,786,487	\$15,399,495	\$19,454,291	\$3,690,075	\$3,071,774	\$43,402,122
Accumulated depreciation and impairment:						
As of January 1, 2022	\$-	\$5,527,292	\$12,743,406	\$2,530,461	\$-	\$20,801,159
Depreciation	-	666,502	1,795,791	460,034	-	2,922,327
Loss (Reversal) of impairment	-	-	(823)	(865)	-	(1,688)
Disposals	-	(16,452)	(763,332)	(223,475)	-	(1,003,259)
Transfer to non-current assets held for sale	-	-	(30,322)	(154)	-	(30,476)
Reclassification, effect of exchange rate changes and other changes	-	380,920	1,080,094	175,851	-	1,636,865
As of December 31, 2022	\$-	\$6,558,262	14,824,814	\$2,941,852	\$-	\$24,324,928
As of January 1, 2021	\$-	\$5,147,222	\$13,854,732	\$2,552,941	\$-	\$21,554,895
Depreciation	-	585,206	1,798,105	359,367	-	2,742,678
Impairment	-	-	26,071	12,197	-	38,268
Disposals	-	(48,464)	(2,167,267)	(250,541)	-	(2,466,272)
Transfer to non-current assets held for sale	-	(64,853)	(3,562)	-	-	(68,415)
Reclassification, effect of exchange rate changes and other changes	-	(91,819)	(764,673)	(143,503)	-	(999,995)
As of December 31, 2021	\$-	\$5,527,292	\$12,743,406	\$2,530,461	\$-	\$20,801,159
Net carrying amount as of:						
December 31, 2022	\$2,097,580	\$11,142,967	\$7,645,581	\$1,548,362	\$3,314,115	\$25,748,605
December 31, 2021	\$1,786,487	\$9,872,203	\$6,710,885	\$1,159,614	\$3,071,774	\$22,600,963

B. Capitalized borrowing costs of construction in progress for the year ended December 31, 2021 was \$2,609 thousand, with capitalization rate of borrowing costs at 5.85%~9.00%; there is no capitalization of borrowing costs for the year ended December 31, 2022.

C. The significant part and useful life of the Group's buildings included the following:

Primary buildings	25~60 years
Construction and renovation	2~48 years
Water & electric, air conditioning and fire extinguisher engineering	3~31 years

D. Please refer to Note 8 for more details on property, plant and equipment under pledge.

E. During the year of 2019, some subsidiaries of the Group joined grant agreements with local government to subsidize the purchase of equipment. The aforementioned cooperation agreement is a NDA (Non-disclosed agreement), thus the Group does not disclose content of the agreement. As of December 31, 2022 and December 31, 2021, the Group received \$4,747,009 thousand and \$4,563,123 thousand, respectively of grants provided by the local government. As stated in Note 4, the accounting policies of government grants, the Group elected to deduct the book value of the related assets as they relate to assets. In addition, as of December 31, 2022 and 2021, the Group had prepaid for equipment approximately \$530,218 thousand and \$676,080 thousand accounted for other receivables, respectively.

The production equipment procurement by using aforementioned local government grants which had been accepted for \$5,177,696 thousand and \$5,412,194 thousand as of December 31, 2022 and 2021, respectively. These production equipment should recognize depreciation expense for \$1,017,180 thousand and \$812,994 thousand based on the useful life for the years ended December 31, 2022 and 2021. As stated in the accounting policy for the government subsidy of the Group, recognizing grant in income and also deducting depreciation expenses on the basis of related assets useful life. Thus, these aforementioned production equipment resulted in no impact from net depreciation in income and the Group did not recognize related depreciation expense for the years ended December 31, 2022 and 2021.

(13) Investment property

A. The Group's investment properties were owned investment properties. The Group has entered into commercial property leases on its owned investment properties with remaining terms of 2.58 years. Movements of investment property of the Group for the years ended December 31, 2022 and 2021 were as follows:

	<u>Buildings and Structures</u>
Cost:	
As of January 1, 2022	\$223,338
Reclassification, effect of exchange rate changes and other changes	21,508
As of December 31, 2022	<u>\$244,846</u>
As of January 1, 2021	\$229,793
Reclassification, effect of exchange rate changes and other changes	(6,455)
As of December 31, 2021	<u>\$223,338</u>
Accumulated depreciation and impairment:	
As of January 1, 2022	\$91,504
Depreciation	5,258
Reclassification, effect of exchange rate changes and other changes	10,178
As of December 31, 2022	<u>\$106,940</u>
As of January 1, 2021	\$74,569
Depreciation	19,256
Reclassification, effect of exchange rate changes and other changes	(2,321)
As of December 31, 2021	<u>\$91,504</u>
Net carrying amount as of:	
December 31, 2022	<u>\$137,906</u>
December 31, 2021	<u>\$131,834</u>

B. The rental income and direct operating expenses of the investment property were stated as follows:

	<u>For the years ended</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Rental income from investment property	\$23,266	\$24,508
Deduct: direct operating expenses derived from investment property with rental revenue in current period	(7,010)	(21,435)
Total	<u>\$16,256</u>	<u>\$3,073</u>

C. Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties were categorized within Level 3. The fair value of investment properties held by the Group amounted to \$190,336 thousand and \$174,205 thousand as of December 31, 2022 and

2021, respectively. The aforementioned fair value was determined based on the fair value which were appraised by independent appraiser in 2018 and changes in the local real estate market plus the cost incurred afterward years.

D. Investment properties were not pledged.

(14) Intangible assets

A. Movements of the intangible assets of the Group for the years ended December 31, 2022 and 2021 were as follows:

	Patents	Computer software	Know-how and others	Intangible assets under development	Total
Cost:					
As of January 1, 2022	\$673,911	\$331,352	\$317,755	\$-	\$1,323,018
Additions	88,206	103,450	-	-	191,656
Disposals	(156,440)	(78,021)	(269,620)	-	(504,081)
Transfer to non-current assets held for sale	(587,239)	(2,146)	-	-	(589,385)
Reclassification, effect of exchange rate changes and other changes	(3,071)	5,749	6,694	-	9,372
As of December 31, 2022	<u>\$15,367</u>	<u>\$360,384</u>	<u>\$54,829</u>	<u>\$-</u>	<u>\$430,580</u>
As of January 1, 2021	\$738,038	\$412,742	\$320,357	\$70,618	\$1,541,755
Additions	98,162	46,569	-	-	144,731
Disposals	(233,152)	(119,165)	(192)	-	(352,509)
Reclassification, effect of exchange rate changes and other changes	70,863	(8,794)	(2,410)	(70,618)	(10,959)
As of December 31, 2021	<u>\$673,911</u>	<u>\$331,352</u>	<u>\$317,755</u>	<u>\$-</u>	<u>\$1,323,018</u>
Amortization and impairments:					
As of January 1, 2022	\$54,267	\$200,175	\$271,989	\$-	\$526,431
Amortization	39,976	77,065	800	-	117,841
Disposals	(156,424)	(78,021)	(269,620)	-	(504,065)
Impairment loss	414,829	-	-	-	414,829
Transfer to non-current assets held for sale	(345,286)	(1,784)	-	-	(347,070)
Reclassification, effect of exchange rate changes and other changes	6,506	4,549	6,693	-	17,748
As of December 31, 2022	<u>\$13,868</u>	<u>\$201,984</u>	<u>\$9,862</u>	<u>\$-</u>	<u>\$225,714</u>

	Intangible				Total
	Patents	Computer software	Know-how and others	assets under development	
As of January 1, 2021	\$100,904	\$250,741	\$230,638	\$-	\$582,283
Amortization	32,340	71,492	906	-	104,738
Disposals	(233,152)	(119,165)	(192)	-	(352,509)
Impairment loss	154,204	439	42,333	-	196,976
Reclassification, effect of exchange rate changes and other changes	(29)	(3,332)	(1,696)	-	(5,057)
As of December 31, 2021	<u>\$54,267</u>	<u>\$200,175</u>	<u>\$271,989</u>	<u>\$-</u>	<u>\$526,431</u>
Net carrying amount as of:					
December 31, 2022	<u>\$1,499</u>	<u>\$158,400</u>	<u>\$44,967</u>	<u>\$-</u>	<u>\$204,866</u>
December 31, 2021	<u>\$619,644</u>	<u>\$131,177</u>	<u>\$45,766</u>	<u>\$-</u>	<u>\$796,587</u>

B. Amortization expense of intangible assets were stated as follows:

	For the years ended	
	December 31, 2022	December 31, 2021
Operating cost	\$33,343	\$10,640
Operating expenses	84,498	94,098
Total	<u>\$117,841</u>	<u>\$104,738</u>

(15) Current borrowings

	As of	
	December 31, 2022	December 31, 2021
Unsecured bank loans	\$30,220,964	\$27,971,588
Secured bank loans	58,187	94,514
Total	<u>\$30,279,151</u>	<u>\$28,066,102</u>
Unused amount	<u>\$45,763,356</u>	<u>\$33,772,450</u>
Interest rate	<u>1.10%~6.25%</u>	<u>0.68%~5.10%</u>

Please refer to Note 8 for more details on assets pledged as security for current borrowings.

(16) Short-term notes and bills payable

	As of	
	December 31, 2022	December 31, 2021
Short-term notes	\$1,725,000	\$2,770,000
Discount of short-term notes	(2,422)	(1,357)
Total	<u>\$1,722,578</u>	<u>\$2,768,643</u>
Interest rate	<u>1.36%~1.63%</u>	<u>0.89%~1.29%</u>

(17) Other payables

	As of	
	December 31, 2022	December 31, 2021
Payable due to settlement of forward contract	\$33,887	\$22,273
Wages, salaries and bonus payable	1,656,977	1,731,590
Compensation due to employee	139,965	30,396
Real estate and equipment payable	169,653	706,717
Commissions payable	345,723	194,344
Business tax payable	266,700	184,714
Others (Note)	3,996,445	2,657,781
Total	<u>\$6,609,350</u>	<u>\$5,527,815</u>

Note: Individual amount not exceeded \$100,000 thousand were aggregated as others.

(18) Non-current borrowings

A. Details of non-current borrowings as of December 31, 2022 and 2021 were as follows:

Creditor	As of	
	December 31, 2022	Payment of principal
E.Sun Bank – Syndication unsecured loan	\$12,878,234 (USD 419,350)	The tenure of the loan is from November 8, 2021 to November 8, 2024. The repayment of principal will be due in a lump-sum payment on the expiration of the term or an extension of additional two years to November 8, 2026 shall be applied prior to the expiration date. The extended facilities shall be repaid in five installments starting from November 8, 2024; every 6 months as one installment. The principal shall be repaid equally in 4 installments and the total loan shall be repaid in 5 installments, with the final payment due no later than on November 8, 2026.

Creditor	As of December 31, 2022	Payment of principal
KGI Bank – Unsecured loan	\$1,400,000	The period of the loan is from October 14, 2022 to October 13, 2024. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Yuanta Commercial Bank – Unsecured loan	700,000	The period of the loan is from December 28, 2021 to December 28, 2023. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Yuanta Commercial Bank – Unsecured loan	20,000	The period of the loan is from October 6, 2022 to December 28, 2023. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Chang Hwa Commercial Bank – Unsecured loan	300,000	The period of the loan is from December 2, 2021 to December 2, 2024. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Hua Nan Commercial Bank – Unsecured loan	800,000	The period of the loan is from December 13, 2021 to December 13, 2024. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Bank of Taiwan – Unsecured loan	1,000,000	The period of the loan is from April 8, 2022 to April 8, 2025. Starting from July 8, 2024, the repayment of principal shall be repaid equally in 4 installments; every 3 months as one installment. Interest is payable monthly.
O-Bank – Unsecured loan	575,000	The period of the loan is from December 14, 2020 to December 13, 2023. After receiving the loan 1 and 2 years later, the principal should be each repaid \$50,000 thousand. The rest of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
E.Sun Bank – Unsecured loan	500,000	The period of the loan is from October 12, 2021 to October 9, 2024. After receiving the loan 2 years later, the principal should be repaid quarterly in 5 installments. Interest is payable quarterly.
E.Sun Bank – Unsecured loan	600,000	The period of the loan is from October 12, 2021 to October 9, 2024. After receiving the loan 2 years later, the principal should be repaid quarterly in 5 installments. Interest is payable quarterly.
Jih Sun International Commercial Bank – Unsecured loan	600,000	The period of the loan is from February 10, 2022 to February 8, 2024. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.

Creditor	As of December 31, 2022	Payment of principal
Far Eastern International Bank – Unsecured loan	\$500,000	The period of the loan is from November 23, 2022 to December 21, 2025. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Taiwan Cooperative Bank – Unsecured loan	250,000	The period of the loan is from March 7, 2022 to March 7, 2025. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Mega Bank – Unsecured loan	700,000	The period of the loan is from November 22, 2021 to November 22, 2024. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Entie Commercial Bank, Ltd. – Unsecured loan	300,000	The period of the loan is from August 29, 2022 to May 26, 2024. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Entie Commercial Bank, Ltd. – Unsecured loan	300,000	The period of the loan is from August 30, 2022 to May 26, 2024. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Entie Commercial Bank, Ltd. – Unsecured loan	100,000	The period of the loan is from September 29, 2022 to May 26, 2024. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
DBS Bank, Ltd. – Unsecured loan	270,000	The period of the loan is from September 29, 2022 to September 28, 2024. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
SCSB Leasing (China) Co., Ltd. – Secured loan	13,228 (CNY 3,000)	The period of the loan is from December 27, 2018 to December 27, 2023. The principal should be repaid annually in 5 installments and interest is payable monthly.
Taiwan Business Bank – Secured loan	5,301 (CNY 1,202)	The period of the loan is from January 21, 2020 to January 21, 2023. The principal should be repaid quarterly in 12 installments and interest is payable monthly.
Hua Nan International Leasing Co., Ltd. – Secured loan	87,879 (CNY 19,930)	The period of the loan is from July 27, 2021 to July 27, 2024. The principal should be repaid monthly in 36 installments and interest is payable monthly.
Hua Nan International Leasing Co., Ltd. – Secured loan	88,138 (CNY 19,988)	The period of the loan is from October 21, 2022 to October 21, 2025. The principal should be repaid monthly in 36 installments and interest is payable monthly.

Creditor	As of December 31, 2022	Payment of principal
Taiwan Cooperative International Leasing Co., Ltd. – Secured loan	\$17,638 (CNY 4,000)	The period of the loan is from August 4, 2020 to August 4, 2023. The principal should be repaid semi-annually in 6 installments and interest is payable monthly.
Shanghai Pudong Development Bank Co., Ltd. – Secured loan	22,047 (CNY 5,000)	The period of the loan is from September 18, 2020 to September 18, 2025. 18 months after the start of the period, the principal should be repaid semi-annually in 8 installments and interest is payable monthly.
Shanghai Pudong Development Bank Co., Ltd. – Secured loan	17,638 (CNY 4,000)	The period of the loan is from October 16, 2020 to September 18, 2025. 17 months after the start of the period, the principal should be repaid semi-annually in 8 installments and interest is payable monthly.
Shanghai Pudong Development Bank Co., Ltd. – Secured loan	61,732 (CNY 14,000)	The period of the loan is from January 26, 2021 to September 18, 2025. 13 months after the start of the period, the principal should be repaid semi-annually in 8 installments and interest is payable monthly.
Shanghai Pudong Development Bank Co., Ltd. – Secured loan	11,024 (CNY 2,500)	The period of the loan is from April 21, 2021 to September 18, 2025. 10 months after the start of the period, the principal should be repaid semi-annually in 8 installments and interest is payable monthly.
Shanghai Pudong Development Bank Co., Ltd. – Secured loan	29,984 (CNY 6,800)	The period of the loan is from July 29, 2021 to September 18, 2025. 7 months after the start of the period, the principal should be repaid semi-annually in 8 installments and interest is payable monthly.
Sunny Finance Lease (China) Ltd. – Secured loan	21,606 (CNY 4,900)	The period of the loan is from July 2, 2021 to July 2, 2024. The principal should be repaid annually in 3 installments and interest is payable monthly.
Bank SinoPac (China) Ltd. Shanghai branch – Unsecured loan	23,711 (CNY 5,377)	The period of the loan is from October 29, 2021 to October 28, 2024. The principal should be repaid quarterly in 13 installments and interest is payable monthly.
Bank SinoPac (China) Ltd. Shanghai branch – Unsecured loan	7,904 (CNY 1,792)	The period of the loan is from November 29, 2021 to November 29, 2024. The principal should be repaid quarterly in 13 installments and interest is payable monthly.

Creditor	As of December 31, 2022	Payment of principal
Bank SinoPac (China) Ltd. Shanghai branch – Unsecured loan	\$12,707 (CNY 2,882)	The period of the loan is from December 29, 2021 to December 27, 2024. The principal should be repaid quarterly in 13 installments and interest is payable monthly.
E.SUN Bank (China), Ltd. Dongguan branch – Unsecured loan	3,770 (CNY 855)	The period of the loan is from November 22, 2021 to May 22, 2023. The principal should be repaid monthly in 18 installments and interest is payable monthly.
E.SUN Bank (China), Ltd. Dongguan branch – Unsecured loan	4,515 (CNY 1,024)	The period of the loan is from December 20, 2021 to June 20, 2023. The principal should be repaid monthly in 18 installments and interest is payable monthly.
The Shanghai Commercial and Savings Bank, Ltd. Off – Shore Banking Unit – Unsecured loan	139,338 (CNY 31,600)	The period of the loan is from November 18, 2021 to November 18, 2024. The principal should be repaid every 36 months in 1 installments and interest is payable quarterly.
Sunny Finance Lease (China) Ltd. – Secured loan	21,606 (CNY 4,900)	The period of the loan is from November 8, 2021 to November 8, 2024. The principal should be repaid annually in 3 installments and interest is payable monthly.
Sunny Finance Lease (China) Ltd. – Secured loan	18,520 (CNY 4,200)	The period of the loan is from November 8, 2021 to November 8, 2024. The principal should be repaid annually in 3 installments and interest is payable monthly.
Bank SinoPac (China) Ltd. Shanghai branch – Unsecured loan	16,028 (CNY 3,635)	The period of the loan is from March 28, 2022 to March 28, 2025. The principal should be repaid quarterly in 13 installments and interest is payable monthly.
Bank SinoPac (China) Ltd. Shanghai branch – Unsecured loan	11,822 (CNY 2,681)	The period of the loan is from April 27, 2022 to April 25, 2025. The principal should be repaid quarterly in 13 installments and interest is payable monthly.
Bank SinoPac (China) Ltd. Shanghai branch – Unsecured loan	9,934 (CNY 2,253)	The period of the loan is from May 27, 2022 to May 27, 2025. The principal should be repaid quarterly in 13 installments and interest is payable monthly.
Bank SinoPac (China) Ltd. Shanghai branch – Unsecured loan	5,663 (CNY 1,284)	The period of the loan is from June 27, 2022 to June 25, 2025. The principal should be repaid quarterly in 13 installments and interest is payable monthly.
Bank SinoPac (China) Ltd. Shanghai branch – Unsecured loan	\$6,436 (CNY 1,460)	The period of the loan is from July 22, 2022 to July 21, 2025. The principal should be repaid quarterly in 13 installments and interest is payable monthly.
Bank SinoPac (China) Ltd. Shanghai branch – Unsecured loan	7,804 (CNY 1,770)	The period of the loan is from September 22, 2022 to September 21, 2025. The principal should be repaid quarterly in 13 installments and interest is payable monthly.

Creditor	As of December 31, 2022	Payment of principal
Robina Finance & Leasing Corp.(Suzhou) –Secured loan	\$17,512 (CNY 3,971)	The period of the loan is from April 15, 2022 to April 15, 2025. The principal should be repaid quarterly in 36 installments and interest is payable monthly.
FEIB Financial Leasing Co., Ltd – Secured loan	22,047 (CNY 5,000)	The period of the loan is from May 23, 2022 to May 23, 2025. The principal should be repaid semi-annually in 6 installments and interest is payable monthly.
Bank of Nanjing Co., Ltd. Nantong Branch – Unsecured loan	273,385 (CNY 62,000)	The period of the loan is from June 9, 2022 to May 30, 2027. The principal should be repaid semi-annually in 8 installments and interest is payable monthly.
SCSB Leasing (China) Co., Ltd. – Secured loan	88,189 (CNY 20,000)	The period of the loan is from September 28, 2022 to September 28, 2025. The principal should be repaid semi-annually in 6 installments and interest is payable monthly.
Bank Of Panshin – Unsecured loan	110,236 (CNY 25,000)	The period of the loan is from August 15, 2022 to August 15, 2024. The principal should be repaid every 24 months in 1 installments and interest is payable semi-annually.
Mega Bank –Unsecured loan	2,875	The period of the loan is from October 4, 2021 to October 4, 2026. Starting from November 2022, the repayment of principal shall be repaid monthly in 48 installments. Interest is payable monthly.
Mega Bank –Unsecured loan	5,750	The period of the loan is from February 10, 2022 to October 4, 2026. Starting from November 2022, the repayment of principal shall be repaid monthly in 48 installments. Interest is payable monthly.
Subtotal	\$22,979,201	
Less: current portion	1,858,002	
Total	\$21,121,199	
Interest rate	1.50%~8.53%	

Creditor	As of December 31, 2021	Payment of principal
E.Sun Bank – Syndication unsecured loan	\$5,513,310 (USD199,180)	The tenure of the loan is from November 8, 2021 to November 8, 2024. The repayment of principal will be due in a lump-sum payment on the expiration of the term or an extension of additional 2 years to November 8, 2026 shall be applied prior to the expiration date. The extended facilities shall be repaid in 5 installments starting from November 8, 2024; every 6 months as one installment. The principal shall be repaid equally in 4 installments and the total loan shall be repaid in 5 installments, with the final payment due no later than on November 8, 2026.
KGI Bank – Unsecured loan	1,400,000	The period of the loan is from September 16, 2021 to September 15, 2023. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Yuanta Commercial Bank – Unsecured loan	700,000	The period of the loan is from December 28, 2021 to December 28, 2023. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Chang Hwa Commercial Bank – Unsecured loan	300,000	The period of the loan is from December 2, 2021 to December 2, 2024. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Hua Nan Commercial Bank – Unsecured loan	800,000	The period of the loan is from December 13, 2021 to December 13, 2024. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Bank of Taiwan – Unsecured loan	1,000,000	The period of the loan is from November 27, 2019 to November 25, 2022. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
O-Bank – Unsecured loan	675,000	The period of the loan is from December 14, 2020 to December 13, 2023. After receiving the loan 1 and 2 years later, the principal should be each repaid \$50,000 thousand. The rest of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.

Creditor	As of December 31, 2021	Payment of principal
E.Sun Bank – Unsecured loan	\$500,000	The period of the loan is from October 12, 2021 to October 9, 2024. After receiving the loan 2 years later, the principal should be repaid quarterly in 5 installments. Interest is payable quarterly.
E.Sun Bank – Unsecured loan	600,000	The period of the loan is from October 12, 2021 to October 9, 2024. After receiving the loan 2 years later, the principal should be repaid quarterly in 5 installments. Interest is payable quarterly.
Jih Sun International Commercial Bank – Unsecured loan	600,000	The period of the loan is from December 10, 2020 to December 9, 2022. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Far Eastern International Bank – Unsecured loan	500,000	The period of the loan is from November 10, 2020 to November 10, 2023. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Taiwan Cooperative Bank – Unsecured loan	250,000	The period of the loan is from April 27, 2021 to April 26, 2024. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Mega Bank – Unsecured loan	700,000	The period of the loan is from January 22, 2021 to January 22, 2024. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
SCSB Leasing (China) Co., Ltd. – Secured loan	8,683 (CNY2,000)	The period of the loan is from June 9, 2017 to June 9, 2022. The principal should be repaid annually in 5 installments and interest is payable monthly.
SCSB Leasing (China) Co., Ltd. – Secured loan	17,366 (CNY4,000)	The period of the loan is from July 17, 2017 to July 17, 2022. The principal should be repaid annually in 5 installments and interest is payable monthly.
SCSB Leasing (China) Co., Ltd. – Secured loan	8,683 (CNY2,000)	The period of the loan is from August 29, 2017 to August 29, 2022. The principal should be repaid annually in 5 installments and interest is payable monthly.
SCSB Leasing (China) Co., Ltd. – Secured loan	26,049 (CNY6,000)	The period of the loan is from December 27, 2018 to December 27, 2023. The principal should be repaid annually in 5 installments and interest is payable monthly.

Creditor	As of December 31, 2021	Payment of principal
SinoPac International Leasing Corp. — Secured loan	\$13,474 (CNY3,103)	The period of the loan is from November 28, 2019 to November 28, 2022. The principal should be repaid semi-annually in 6 installments and interest is payable monthly.
SinoPac International Leasing Corp. — Secured loan	25,600 (CNY6,011)	The period of the loan is from January 17, 2020 to December 17, 2022. The principal should be repaid semi-annually in 6 installments and interest is payable monthly.
Taiwan Business Bank — Secured loan	3,182 (CNY733)	The period of the loan is from December 9, 2019 to December 9, 2022. The principal should be repaid quarterly in 12 installments and interest is payable monthly.
Taiwan Business Bank — Secured loan	26,097 (CNY6,011)	The period of the loan is from January 21, 2020 to January 21, 2023. The principal should be repaid quarterly in 12 installments and interest is payable monthly.
Hua Nan International Leasing Co., Ltd. — Secured loan	32,590 (CNY7,507)	The period of the loan is from July 24, 2020 to July 24, 2023. The principal should be repaid monthly in 36 installments and interest is payable monthly.
Hua Nan International Leasing Co., Ltd. — Secured loan	127,829 (CNY29,444)	The period of the loan is from July 27, 2021 to July 27, 2024. The principal should be repaid monthly in 36 installments and interest is payable monthly.
Taiwan Cooperative International Leasing Co., Ltd. — Secured loan	34,732 (CNY8,000)	The period of the loan is from August 4, 2020 to August 4, 2023. The principal should be repaid semi-annually in 6 installments and interest is payable monthly.
Shanghai Pudong Development Bank Co., Ltd. — Secured loan	35,600 (CNY8,200)	The period of the loan is from July 29, 2021 to September 18, 2025. 7 months after the start of the period, the principal should be repaid semi-annually in 8 installments and interest is payable monthly.
Sunny Finance Lease (China) Ltd. — Secured loan	30,391 (CNY7,000)	The period of the loan is from July 2, 2021 to July 2, 2024. The principal should be repaid annually in 3 installments and interest is payable monthly.
Shanghai Pudong Development Bank Co., Ltd. — Secured loan	26,049 (CNY6,000)	The period of the loan is from September 18, 2020 to September 18, 2025. 18 months after the start of the period, the principal should be repaid semi-annually in 8 installments and interest is payable monthly.

Creditor	As of December 31, 2021	Payment of principal
Shanghai Pudong Development Bank Co., Ltd. – Secured loan	\$21,273 (CNY4,900)	The period of the loan is from October 16, 2020 to September 18, 2025. 17 months after the start of the period, the principal should be repaid semi-annually in 8 installments and interest is payable monthly.
Shanghai Pudong Development Bank Co., Ltd. – Secured loan	73,805 (CNY17,000)	The period of the loan is from January 26, 2021 to September 18, 2025. 13 months after the start of the period, the principal should be repaid semi-annually in 8 installments and interest is payable monthly.
Shanghai Pudong Development Bank Co., Ltd. – Secured loan	13,024 (CNY3,000)	The period of the loan is from April 21, 2021 to September 18, 2025. 10 months after the start of the period, the principal should be repaid semi-annually in 8 installments and interest is payable monthly.
Chailease International Financial Services Co., Ltd. (BVI) – Unsecured loan	6,512 (CNY1,500)	The period of the loan is from January 13, 2020 to January 13, 2022. The principal should be repaid quarterly in 8 installments and interest is payable quarterly.
Bank SinoPac (China) Ltd. Shanghai branch – Unsecured loan	36,595 (CNY8,429)	The period of the loan is from October 29, 2021 to October 28, 2024. The principal should be repaid quarterly in 13 installments and interest is payable monthly.
Bank SinoPac (China) Ltd. Shanghai branch – Unsecured loan	12,198 (CNY2,810)	The period of the loan is from November 29, 2021 to November 29, 2024. The principal should be repaid quarterly in 13 installments and interest is payable monthly.
Bank SinoPac (China) Ltd. Shanghai branch – Unsecured loan	\$18,729 (CNY4,314)	The period of the loan is from December 29, 2021 to December 27, 2024. The principal should be repaid quarterly in 13 installments and interest is payable monthly.
E.SUN Bank (China), Ltd. Dongguan branch – Unsecured loan	13,025 (CNY3,000)	The period of the loan is from November 22, 2021 to May 22, 2023. The principal should be repaid monthly in 18 installments and interest is payable monthly.
E.SUN Bank (China), Ltd. Dongguan branch – Unsecured loan	12,325 (CNY2,839)	The period of the loan is from December 20, 2021 to June 20, 2023. The principal should be repaid monthly in 18 installments and interest is payable monthly.

Creditor	As of December 31, 2021	Payment of principal
The Shanghai Commercial and Savings Bank, Ltd. Off – Shore Banking Unit – Unsecured loan	\$137,191 (CNY31,600)	The period of the loan is from November 18, 2021 to November 18, 2024. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable quarterly.
Sunny Finance Lease (China) Ltd. – Secured loan	30,390 (CNY7,000)	The period of the loan is from November 8, 2021 to November 8, 2024. The principal should be repaid annually in 3 installments and interest is payable monthly.
Sunny Finance Lease (China) Ltd. – Secured loan	26,049 (CNY6,000)	The period of the loan is from November 8, 2021 to November 8, 2024. The principal should be repaid annually in 3 installments and interest is payable monthly.
Mega Bank – Unsecured loan	3,000	The period of the loan is from October 4, 2021 to October 4, 2026. The principal should be repaid monthly in 48 installments since November, 2022 and interest is payable monthly.
Subtotal	\$14,358,751	
Less: current portion	(1,914,283)	
Total	\$12,444,468	
Interest rate	0.66%~8.54%	

B. Please refer to Note 8 for more details on assets pledged as security for non-current borrowings.

(19) Post-employment benefits

A. Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of other overseas subsidiaries are provided in accordance with the local regulations.

Pension expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were \$587,430 thousand and \$549,189 thousand, respectively.

B. Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contributes an amount equivalent to 2% ~ 15% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandating, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Group does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute \$47,391 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

The local pension system applicable to some foreign subsidiaries of the Group is a defined benefit plan, which is calculated based on years of service and salary before the approved retirement date.

The duration of the defined benefits plan obligation as of December 31, 2022 and 2021 were 2032 to 2038 and 2031 to 2038, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended	
	December 31, 2022	December 31, 2021
Current service cost	\$61,155	\$60,847
Net interest on the net defined benefit liabilities (assets)	12,541	8,460
Past service cost and gains and losses arising from settlements	2,780	779
Total	<u>\$76,476</u>	<u>\$70,086</u>

Changes in the defined benefit obligation and fair value of plan assets were as follows:

	As of		
	December 31, 2022	December 31, 2021	January 1, 2021
Defined benefit obligation	\$1,212,252	\$1,179,447	\$1,192,057
Plan assets at fair value	(498,051)	(477,506)	(459,994)
Net defined benefit liabilities (assets) recognized on the balance sheets	<u>\$714,201</u>	<u>\$701,941</u>	<u>\$732,063</u>

	As of	
	December 31, 2022	December 31, 2021
Net defined benefit assets – non-current (Note)	\$(117,375)	\$(62,888)
Net defined benefit liabilities – non-current	831,576	764,829
Total	<u>\$714,201</u>	<u>\$701,941</u>

Note: Included in other non-current assets.

Reconciliations of liabilities (assets) of the defined benefit plan was as follows:

	Defined benefit obligation	Plan assets at fair value	Benefit liabilities (assets)
As of January 1, 2021	\$1,192,057	\$(459,994)	\$732,063
Current period service cost	60,847	-	60,847
Interest expense (income)	8,944	(484)	8,460
Past service cost and gains and losses arising from settlements	779	-	779
Subtotal	<u>70,570</u>	<u>(484)</u>	<u>70,086</u>
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	24,669	-	24,669
Actuarial gains and losses arising from changes in financial assumptions	(72,012)	(4,165)	(76,177)
Experience adjustments	5,909	-	5,909
Remeasurements of the defined benefit assets	-	1,285	1,285
Subtotal	<u>(41,434)</u>	<u>(2,880)</u>	<u>(44,314)</u>
Payments from the plan	(25,703)	25,703	-
Contribution by employer	-	(37,618)	(37,618)
Exchange differences	(16,043)	(2,233)	(18,276)
As of December 31, 2021	<u>\$1,179,447</u>	<u>\$(477,506)</u>	<u>\$701,941</u>
As of January 1, 2022	\$1,179,447	\$(477,506)	\$701,941
Current period service cost	61,155	-	61,155
Interest expense (income)	13,986	(1,445)	12,541
Past service cost and gains and losses arising from settlements	2,780	-	2,780
Subtotal	<u>77,921</u>	<u>(1,445)</u>	<u>76,476</u>
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	\$(2,501)	\$-	\$(2,501)
Actuarial gains and losses arising from changes in financial assumptions	(68,242)	(24,048)	(92,290)
Experience adjustments	45,971	-	45,971

	Defined benefit obligation	Plan assets at fair value	Benefit liabilities (assets)
Remeasurements of the defined benefit assets	4,420	(9,476)	(5,056)
Subtotal	(20,352)	(33,524)	(53,876)
Payments from the plan	(57,185)	57,185	-
Contribution by employer	-	(37,869)	(37,869)
Exchange differences	32,421	(4,892)	27,529
As of December 31, 2022	<u>\$1,212,252</u>	<u>\$(498,051)</u>	<u>\$714,201</u>

The following significant actuarial assumptions were used to determine the present value of the defined benefit obligation:

	As of	
	December 31, 2022	December 31, 2021
Discount rate	1.40% ~ 8.30%	0.75% ~ 8.30%
Expected rate of salary increases	3.00% ~ 6.00%	3.00% ~ 6.00%

A sensitivity analysis for significant assumption was shown below:

	For the years ended			
	December 31, 2022		December 31, 2021	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.25%	\$-	\$26,913	\$-	\$22,640
Discount rate decrease by 0.25%	12,063	-	15,712	-
Future salary increase by 0.25%	12,780	-	17,465	-
Future salary decrease by 0.25%	-	15,588	-	19,626

The sensitivity analysis above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(20) Equity

A. Ordinary share

As of January 1, 2021, the Company's authorized capital was \$20,000,000 thousand and the paid-in capital was \$14,670,052 thousand; the outstanding shares was 1,467,005 thousand shares, each at a par value of \$10.

Share options which was issued by the Company in May 2015 had 6,944 thousand and 6,830 thousand shares been executed and converted for the years ended December 31, 2022 and 2021, respectively. The Company had received all capital amount, but the aforementioned conversion of employee share options amounted to 0 thousand and 3,396 thousand shares were not completed amendment of registration as of December 31, 2022 and 2021, respectively.

Share options which was issued by the Company in December 2019 had 7,804 thousand and 5,833 thousand shares been executed and converted for the years ended December 31, 2022 and 2021, respectively. The Company had received all capital amount, but the aforementioned conversion of employee share options amounted to 1,361 thousand and 5,833 thousand shares were not completed amendment of registration as of December 31, 2022 and 2021, respectively.

As of December 31, 2022 and 2021, the Company's authorized capital were all \$20,000,000 thousand and the paid-in capital were \$14,944,162 thousand and \$14,796,682 thousand, respectively; the outstanding shares were 1,494,416 thousand shares and 1,479,668 thousand shares, respectively, each at a par value of \$10. Each share has one voting right and right to receive dividends.

B. Capital surplus

	As of	
	December 31, 2022	December 31, 2021
Additional paid-in capital arising from ordinary share	\$226,385	\$148,475
Treasury share transactions	371,990	371,990
Changes in equity of subsidiaries, associates and joint ventures and others	192,735	141,906
Total	<u>\$791,110</u>	<u>\$662,371</u>

According to the Company Act, the capital surplus shall not be used except for offsetting the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus generated from the excess of the issuance price over the par value of share capital and donations. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury shares

As of December 31, 2022 and December 31, 2021, the treasury shares held by the Group were all \$331,782 thousand, respectively and the number of treasury shares held by the Group was all 28,443 thousand shares, respectively. The shares held by the Company's subsidiaries were as follows:

- (a) As of December 31, 2020, the investment amount held by the Company's subsidiary, Jipo Investment Co., Ltd., was \$781,975 thousand and 46,197 thousand shares of the Company's stock. These shares held by Jipo Investment Co., Ltd. were acquired for the purpose of shareholder's interests. The aforementioned beneficiary certificates were all sold on May 14, 2021 through the resolution of the board of directors, and the difference between the net purchase price and the cost was used to offset the capital surplus-treasury share transactions in the amount of \$165,243 thousand.
- (b) Please refer to Note 6(21)(C) for more details on treasury shares transferred to Company's employees of the parent entity.

D. Retained earnings and dividend policy

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

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

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. The proportion of stock dividends may be within 0% to 90% of the total dividends, and the cash dividends may be within 10% to 100% of the total dividends.

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

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

Details of the year of 2021 and 2020 earnings distribution and dividends per share which were special resolved and reported by the Board of Directors and shareholders’ meeting held on March 10, 2023 and June 27, 2022, respectively were as follows:

	Appropriation of earnings		Dividend per share (NTD\$)	
	2022	2021	2022	2021
Legal reserve	\$100,002	\$-		
Special reserve(Note 1)	-	(710,750)		
Cash dividends of ordinary share (Note 2)	440,245	290,551	\$0.3	\$0.2

Note 1: In accordance with regulatory requirements law and regulations, the Company set aside special reserve equivalent to the for contra account in net deductions from the shareholders’ equity on January 1, 2021. The amount has been reversed due to removal elimination of such restriction as of December 31, 2021.

Note 2: The Board of Directors is authorized by the Articles of Incorporation and special resolved the cash distribution.

Please refer to Note 6(26) for further details on employees' compensation and remuneration to directors and supervisors.

E. Non-controlling interests

	For the years ended	
	December 31, 2022	December 31, 2021
Beginning balance	\$9,927,883	\$10,079,291
Profit, attributable to non-controlling interest	(59,971)	206,724
Other comprehensive income, attributable to non-controlling interest:		
Remeasurements for benefit plans	34,776	28,815
Exchange differences on translation	591,155	(420,851)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(29,798)	(21,877)
Other components of other comprehensive income that will be reclassified to profit or loss	(1,090)	236
Subsidiaries appropriated and distributed retained earnings for cash dividends	(70,396)	(65,644)
Changes in ownership interests in subsidiaries	23,723	10,923
Share-based payments	4,874	44,606
Exercise of share options	33,027	66,933
Others	-	(1,273)
Ending balance	<u>\$10,454,183</u>	<u>\$9,927,883</u>

(21) Share-based payments

Certain employees of the Group are entitled to share-based payments as part of their remunerations. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payments transactions.

A. Share-based payments plan for employees of the parent entity

On December 15, 2014 and November 28, 2019, the Company was authorized by the Securities and Futures Bureau of the FSC to issue employee share options with a total number of 40,000 units and 45,000 units, respectively. Each unit entitles an optioned to

subscribe for 1,000 shares of the Company's common shares. The exercise price of the option was set at the closing price of the Company's common share on the grant date. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by the Company.

The fair value of the share options is estimated at the grant date using a binomial option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The contractual term of each option granted is 7 years. There are no cash settlement alternatives. The Company does not have a past practice of cash settlement for these employee share options.

The relevant details of the aforementioned share-based payments plan were as follows:

Date of grant	Total number of share options granted (in thousands)	Exercise price of share options (\$) (Note)
May 18, 2015	40	\$10.49
December 16, 2019	45	\$11.75

Note: After the share options are granted, if the capital shares changes (issuance of common stock, retained earnings transferred to common stock, capital reserve transferred to common stock, business combination, share split or raising capital by participating in depository receipt, issuance overseas certificates, etc.), decreases for reasons other than decrease in treasury stocks or issues cash dividends per share amounting more than 1.5% of the stock price at that time, it would be adjusted following the Company's order of share-based payment plan for employees.

The following table lists the inputs to the model used for the plan granted during the years of 2015 and 2019:

	Year of 2015	Year of 2019
Dividend yield (%)	-	-
Expected volatility (%)	32.20%	26.94%
Risk-free interest rate (%)	1.2476%	0.6165%
Expected option life (year)	7 years	7 years
Weighted average share price (\$)	\$12.35	\$12.55
Option pricing model	Binomial option pricing model	Binomial option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The further details on the aforementioned share-based payments plan were as follows:

	For the years ended			
	December 31, 2022		December 31, 2021	
	Number of share options outstanding	Weighted average exercise price of share options (\$)	Number of share options outstanding	Weighted average exercise price of share options (\$)
Outstanding at beginning of period	45,606	\$11.55	61,191	\$11.73
Granted	-	-	-	-
Forfeited	(5,076)	11.94	(2,922)	12.07
Exercised	(14,748)	11.26	(12,663)	11.20
Expired	(5,413)	10.49	-	-
Outstanding at end of period	<u>20,369</u>	<u>\$11.75</u>	<u>45,606</u>	<u>\$11.55</u>
Exercisable at end of period	<u>12,500</u>	<u>11.75</u>	<u>25,871</u>	<u>11.25</u>
For share options granted during the period, weighted average fair value of those options at the measurement date (\$)		\$-		\$-

The information on the outstanding share options was as follows:

	Range of exercise price (\$)	Weighted average remaining contractual life (years)
As of December 31, 2022		
Share options outstanding at the end of the period	\$11.75	3.96
As of December 31, 2021		
Share options outstanding at the end of the period	\$10.49 and \$11.94	0.38 and 4.96

B. Share-based payments plan for employees of the subsidiaries

- (a) On February 25, 2019, the Company's subsidiary, Cal-Comp Electronics (Thailand) Public Company Limited, issued employee share options with a total number of 225,000 thousand units. Each unit entitles an optionee to subscribe for 1 share of the subsidiary's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares by the subsidiary. The exercise price of the option was set at THB \$2.16. The contractual term of each option granted is 4 years. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan upon maturity of 1 year following the grant date.

The fair value of the share options is estimated at the grant date using Black scholes pricing model, taking into account the terms and conditions upon which the share options were granted.

The relevant details of the aforementioned share-based payment plan were as follows:

<u>Date of grant</u>	<u>Total number of share options granted (in thousands)</u>	<u>Exercise price of share options (THB \$)</u>
February 25, 2019	225,000	\$2.16

On May 11, 2021, the abovementioned employee share options were resolved and approved by the board of directors of the Company's subsidiary, Cal-Comp Electronics (Thailand) Public Company Limited, to adjust the exercise method that each unit entitles an optionee to subscribe for 1.083 shares of the subsidiary's common shares. The exercise price per share of the option was set at THB \$1.994. Therefore, the exercise price per unit of the option remained at THB \$2.16.

The following table lists the inputs to the model used for the plan granted during the year of 2019:

Dividend yield (%)	-
Expected volatility (%)	25.26%
Risk-free interest rate (%)	1.83%~1.99%
Expected option life (year)	4 years
Weighted average share price (THB \$)	\$1.805
Option pricing model	Black scholes option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The further details on the aforementioned share-based payment plan were as follows:

	For the years ended			
	December 31, 2022		December 31, 2021	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (THB \$)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (THB \$)
Outstanding at beginning of period	171,755	\$2.16	203,771	\$2.16
Granted	-	-	-	-
Forfeited	(3,794)	2.16	(8,434)	2.16
Exercised	(11,340)	2.16	(23,582)	2.16
Expired	-	-	-	-
Outstanding at end of period	<u>156,621</u>	\$2.16	<u>171,755</u>	\$2.16
Exercisable at end of period	<u>156,621</u>	2.16	<u>93,620</u>	2.16
For share options granted during the period, weighted average fair value of those options at the measurement date (THB \$)		\$-		\$-

The information on the outstanding share options was as follows:

	Range of exercise price (THB \$)	Weighted average remaining contractual life (years)
As of December 31, 2022		
Share options outstanding at the end of the period	\$2.16	0.15
As of December 31, 2021		
Share options outstanding at the end of the period	\$2.16	1.15

- (b) On April 30, 2019, the Company's subsidiary, Qbit Semiconductor Holding, Ltd., issued employee share options with a total number of 518 thousand units. Each unit entitles an option to subscribe for 1 share of the subsidiary's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares by the subsidiary. The optionee may exercise the options all at USD \$0.1 in accordance with certain schedules as prescribed by the plan upon maturity of 3 to 4 years following the grant date.

The fair value of the share options is estimated at the grant date using Black-Scholes option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The exercise price of the option was set at par value of the subsidiary's common share on the grant date. The contractual term of each option granted is 3 to 4 years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

The relevant details of the aforementioned share-based payment plan were as follows:

Date of grant	Total number of share options granted (in thousands)	Exercise price of share options (USD \$)
April 30, 2019	518	\$0.1

The following table lists the inputs to the model used for the plan granted during the years of 2019:

Dividend yield (%)	-
Expected volatility (%)	28.93%~30.58%
Risk-free interest rate (%)	0.58%~0.59%
Expected option life (year)	3.5~4 years
Weighted average share price (USD \$)	\$0.095
Option pricing model	Black-Scholes option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The further details on the aforementioned share-based payment plan were as follows:

	For the years ended			
	December 31, 2022		December 31, 2021	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (USD \$)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (USD \$)
Outstanding at beginning of period	518	\$0.1	518	\$0.1
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at end of period	<u>518</u>	<u>\$0.1</u>	<u>518</u>	<u>\$0.1</u>
Exercisable at end of period	<u>259</u>	<u>\$0.1</u>	<u>-</u>	<u>\$-</u>
For share options granted during the period, weighted average fair value of those options at the measurement date (USD \$)		\$-		\$-

The information on the outstanding share options was as follows:

	Range of exercise price (USD \$)	Weighted average remaining contractual life (years)
As of December 31, 2022		
Share options outstanding at the end of the period	\$0.1	0.33
As of December 31, 2021		
Share options outstanding at the end of the period	\$0.1	1.33

- (c) On August 12, 2019, November 12, 2020 and November 11, 2021, the Company's subsidiary, CastleNet Technology Inc., resolved and approved by the Board of Directors to issue employee share options with a total number of 10,000 units, 3,000 units and 3,000 units, respectively. Each unit entitles an optionee to subscribe for 1,000 shares of the subsidiary's common shares. The exercise price of the option was set at the closing price of the subsidiary's common share on the grant date. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by the Company.

The fair value of the share options is estimated at the grant date using Black-Scholes option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The relevant details of the aforementioned share-based payment plan were as follows:

Date of grant	Total number of share options granted (in units)	Exercise price of share options (\$) (Note)
August 30, 2019	8,508	\$12.60
December 25, 2020	1,663	\$11.45
November 24 2021	1,337	\$10.80

Note: After the share options are granted, except for issuance of various securities with common stock conversion rights or share options to exchange common stock shares or issuance of new shares for employee compensation, when the capital shares change (including private offering), the exercise price of share options would be adjusted according to the company's share-based payment plan for employees.

The following table lists the inputs to the model used for the plan granted during the years of 2019 to 2021:

	Year of 2019	Year of 2020	Year of 2021
Dividend yield (%)	-	-	-
Expected volatility (%)	39.979%~41.061%	43.540%~46.311%	41.680%
Risk-free interest rate (%)	0.522%~0.543%	0.1771%~0.1968%	0.460%
Expected option life (year)	7 years	7 years	7 years
Weighted average share price (\$)	\$13.60	\$11.45	\$10.80
Option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The further details on the aforementioned share-based payment plan were as follows:

	For the years ended			
	December 31, 2022		December 31, 2021	
	Number of share options outstanding (in units)	Weighted average exercise price of share options (\$)	Number of share options outstanding (in units)	Weighted average exercise price of share options (\$)
Outstanding at beginning of period	9,075	\$12.13	8,448	\$13.56
Granted	-	-	1,337	10.80
Forfeited	(460)	12.07	(710)	12.54
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at end of period	<u>8,615</u>	\$12.13	<u>9,075</u>	\$12.13
Exercisable at end of period	<u>4,364</u>	\$12.60	<u>3,058</u>	\$12.60
For share options granted during the period, weighted average fair value of those options at the measurement date (\$)		\$-		\$10.80

The information on the outstanding share options was as follows:

	Range of exercise price (\$)	Weighted average remaining contractual life (years)
As of December 31, 2022		
Share options outstanding at the end of the period	\$12.60, \$11.45 and \$10.80	3.67、4.99 and 5.90
As of December 31, 2021		
Share options outstanding at the end of the period	\$12.60, \$11.45 and \$10.80	4.67、5.99 and 6.90

C. Treasury shares transferred to Company's employees of the parent entity

To motivate employees and retain the best talent, a resolution of repurchasing and transferring shares to employees was approved at the board meeting held on March 20, 2018. The number of shares to be repurchased was 40,000 thousand shares. The Company has repurchased all the aforementioned shares at the cost of \$412,597 thousand during the year of 2018. In addition, the board meeting held on March 30, 2020 has approved a resolution of repurchasing 45,000 thousand shares of the Company for employee compensation plan, and the Company has repurchased 28,443 thousand shares at the cost of \$331,782 thousand as of the expiry date of the buyback period. As of December 31, 2022, the Company has transferred 40,000 thousand shares to employees and the details were as follows:

Agreement type	Date of grant	Shares (in thousands)	Contract period	Vested condition	Date of transferring
Treasury shares transferred to employees	April 6, 2021	40,000	-	Vested immediately	May 14, 2021

The fair value of treasury shares transferred to employees was as follow:

Agreement type	Date of grant	Stock price	Exercise price	Fair value (per unit)
Treasury shares transferred to employees	April 6, 2021	\$13.10	\$10.31	\$2.79

D. Expenses incurred on share-based payment transactions were shown as follows:

	For the years ended	
	December 31, 2022	December 31, 2021
Equity-settled	\$35,467	\$263,091

(22) Operating revenue

A. Breakdown of operating revenue was as follows:

	For the years ended	
	December 31, 2022	December 31, 2021
Revenue from contracts with customers		
Sale of goods	\$180,574,833	\$139,021,918
Revenue arising from rendering of services	621,992	603,511
Other revenue	217,624	153,078
Total	<u>\$181,414,449</u>	<u>\$139,778,507</u>

B. Analysis of revenue from contracts with customers was shown as follows:

(a) Disaggregation of revenue

For the years end ended December 31, 2022:

	Consumer electronic products	Other operating segments	Total
Sale of goods	\$178,882,932	\$1,691,901	\$180,574,833
Rendering of services	621,992	-	621,992
Total	<u>\$179,504,924</u>	<u>\$1,691,901</u>	<u>\$181,196,825</u>
Timing of revenue recognition:			
At a point in time	\$179,391,977	\$1,691,901	\$181,083,878
Over time	112,947	-	112,947
Total	<u>\$179,504,924</u>	<u>\$1,691,901</u>	<u>\$181,196,825</u>

For the years end ended December 31, 2021:

	Consumer electronic products	Other operating segments	Total
Sale of goods	\$135,053,526	\$3,968,392	\$139,021,918
Rendering of services	600,998	2,513	603,511
Total	<u>\$135,654,524</u>	<u>\$3,970,905</u>	<u>\$139,625,429</u>

	Consumer electronic products	Other operating segments	Total
Timing of revenue recognition:			
At a point in time	\$135,490,392	\$3,970,905	\$139,461,297
Over time	164,132	-	164,132
Total	<u>\$135,654,524</u>	<u>\$3,970,905</u>	<u>\$139,625,429</u>

(b) Contract balances

Current contract liabilities

	As of		
	December 31, 2022	December 31, 2021	January 1, 2021
Sales of goods	<u>\$323,525</u>	<u>\$89,199</u>	<u>\$75,272</u>

The significant changes in the Group's balances of contract liabilities for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended	
	December 31, 2022	December 31, 2021
The opening balance transferred to revenue	\$(62,616)	\$(68,271)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	295,748	89,958
Effect of exchange rate changes and others	1,194	(7,760)

(c) The Group's transaction price allocated to unsatisfied performance obligations as of December 31, 2022 and 2021 were expected to be recognized as revenue within a year.

(d) There were no assets recognized from costs to fulfill a contract during the period.

(23) Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9

A. The impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9 recognized as operating expenses was as follows:

	For the years ended	
	December 31, 2022	December 31, 2021
Operating expenses –impairment loss (reversal of impairment loss) determined in accordance with IFRS 9		
Notes receivable	\$(126)	\$(60)
Accounts receivable	(5,489)	(30,226)
Other receivables	17,927	25,488
Total	<u>\$12,312</u>	<u>\$(4,798)</u>

B. Please refer to Note 12 for more details on credit risk.

C. The credit risk for the Group’s financial assets measured at amortized cost as of December 31, 2022 and 2021, was assessed as low (the same as the assessment result in the beginning of the period). Therefore, the expected credit loss which was measured at an amount equal to twelve-month expected credit loss was not significant.

D. The Group measures the loss allowance of its receivables (including notes receivable, accounts receivable and accounts receivable due from related parties) at an amount equal to lifetime expected credit loss. The assessment of the Group’s loss allowance as of December 31, 2022 and 2021 was as follow:

(a) The Group considers the grouping of notes receivable and accounts receivable by counterparties’ credit rating, by geographical region and by industry sector. Based on the historical credit loss experience, different customer groups do not have significantly different loss patterns. Therefore, the loss allowance is measured by using a provision matrix without distinguishing the sectors. The details as of December 31, 2022 and 2021 are as follows:

	As of December 31, 2022					Total
	Not yet due (Note1)	Overdue				
		<=30 days	31-60 days	61-90 days	>=91 days	
Gross carrying amount	\$40,344,682	\$742,210	\$238,136	\$14,969	\$60,411	\$41,400,408
Loss ratio	0%~0.625%	0%~0.625%	0%~10%	0%~30%	0%~100%	
Lifetime expected credit loss	(396)	(61)	-	(226)	(40,693)	(41,376)
Carrying amount of accounts receivable	<u>\$40,344,286</u>	<u>\$742,149</u>	<u>\$238,136</u>	<u>\$14,743</u>	<u>\$19,718</u>	<u>\$41,359,032</u>

	As of December 31, 2021					Total
	Not yet due	Overdue				
	(Note1)	<=30 days	31-60 days	61-90 days	>=91 days	
Gross carrying amount	\$25,799,157	\$704,933	\$83,436	\$275,057	\$169,163	\$27,031,746
Loss ratio	0%~0.05%	0%~0.05%	0%~10%	0%~30%	0%~100%	
Lifetime expected credit loss	(343)	-	(35)	(248)	(42,081)	(42,707)
Carrying amount of accounts receivable	\$25,798,814	\$704,933	\$83,401	\$274,809	\$127,082	\$26,989,039

Note 1: The Group's notes receivable was not overdue.

Note 2: The Group follows the requirement of IFRS 9 to assess the business model the accounts receivable was held within. Certain amount of USD 109,646 thousand and USD 222,668 thousand included in the accounts receivable as of December 31, 2022 and December 31, 2021, respectively, were sold to the aforementioned financial institutions in the subsequent period.

- (b) The credit period of the Group's sale of goods is from 30 to 180 days. To manage the credit risk, before accepting a new customer, the Group will evaluate the potential customer's credit quality and set credit line for the customer through the credit rating system. Customers' credit line and rating shall be reviewed according to the type of customer on a periodical basis to ensure that adequate loss allowance has been provided. In addition, most of the counterparties the Group transacts with are large international companies with good credit rating. Moreover, based on the historical default rates and other internal and external resources for the assessment, there's no significant credit loss for the Group.

E. The movements in the provision for impairment of receivables during the years ended December 31, 2022 and 2021 were shown as follows:

	Accounts receivable	Other accounts receivable	Total
Beginning balance as of January 1, 2022	\$42,707	\$39,942	\$82,649
Allowance (reverse) for the current period	(5,615)	17,927	12,312
Write off	-	(10,687)	(10,687)
Reclassification, effect of exchange rate changes and others	4,284	4,595	8,879
Ending balance as of December 31, 2022	\$41,376	\$51,777	\$93,153

	Accounts receivable	Other accounts receivable	Total
Beginning balance as of January 1, 2021	\$75,616	\$16,533	\$92,149
Allowance (reverse) for the current period	(30,286)	25,488	(4,798)
Write off	(868)	-	(868)
Reclassification, effect of exchange rate changes and others	(1,755)	(2,079)	(3,834)
Ending balance as of December 31, 2021	<u>\$42,707</u>	<u>\$39,942</u>	<u>\$82,649</u>

(24) Operating costs

	For the years ended	
	December 31, 2022	December 31, 2021
Cost of sales	\$170,412,077	\$130,178,689
Cost of services	45,928	500,274
Others	246,830	146,479
Total	<u>\$170,704,835</u>	<u>\$130,825,442</u>

(25) Leases

A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings, and other equipment. The lease terms range from 1 to 50 years.

The Group's leases effect on the financial position, financial performance and cash flows were as follows:

(a) Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	As of	
	December 31, 2022	December 31, 2021
Land	\$1,163,419	\$1,119,395
Buildings	369,001	464,080
Other equipment	221	959
Total	<u>\$1,532,641</u>	<u>\$1,584,434</u>

During the years ended December 31, 2022 and 2021, the Group's additions to right-of-use assets amounted to \$119,894 thousand and \$166,930 thousand.

ii. Lease liabilities

	As of	
	December 31, 2022	December 31, 2021
Lease liabilities	\$398,835	\$491,258
Current	\$146,152	\$153,756
Non-current	\$252,683	\$337,502

Please refer to Note 6(27)(D) for the interest expense on lease liabilities recognized during the years ended December 31, 2022 and 2021; refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2022 and 2021.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended	
	December 31, 2022	December 31, 2021
Land	\$18,838	\$15,708
Buildings	168,139	161,369
Machinery	2,201	-
Other equipment	795	911
Total	\$189,973	\$177,988

(c) Income and costs relating to leasing activities

	For the years ended	
	December 31, 2022	December 31, 2021
The expenses relating to short-term leases	\$91,588	\$19,870
The relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	8,610	6,963
The expenses relating to variable lease payments not included in the measurement of lease liabilities	15,769	17,553
Total	\$115,967	\$44,386

(d) Cash outflow relating to leasing activities

The Group's total cash outflows for leases amounted to \$321,106 thousand and \$212,013 thousand for the years ended December 31, 2022 and 2021, respectively.

(e) Other information relating to leasing activities

i. Variable lease payments

The Group does not have significant variable lease payments.

ii. Extension and termination options

Some of the Group's building and equipment rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group. After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

iii. Residual value guarantees

There is no residual value guarantee provided by the Group, and no residual value guarantee was recognized as part of the lease liability.

(26) Additional information of expenses by function

- A. Summary statement of employee benefits, depreciation and amortization expenses by function were as follows:

By feature	By function		For the years end ended			
	December 31, 2022			December 31, 2021		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Wages and salaries	\$8,643,452	\$3,701,403	\$12,344,855	\$8,570,099	\$3,902,949	\$12,473,048
Labor and health insurance	529,460	234,881	764,341	389,861	243,479	633,340
Pension	480,771	183,135	663,906	419,744	199,531	619,275
Other employee benefits expense	330,753	151,675	482,428	282,175	152,286	434,461
Depreciation	2,729,772	387,786	3,117,558	2,479,571	460,351	2,939,922
Amortization	33,343	84,498	117,841	10,640	94,098	104,738

- B. According to the Articles of Incorporation of the Company, no lower than 2% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the years ended December 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors to be 9.0% and 1.2%, respectively. As such, employees' compensation and remuneration to directors were recognized as employee benefits expense at \$129,844 thousand and \$17,312 thousand, for the years end ended December 31, 2022, respectively. The aforementioned amount was distributed based on current year profit and recognized in wages and salaries. If the Board of Directors resolves to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price one day earlier than the date of resolution. Differences between the estimated amount and the actual distribution of the employee' compensation and remuneration to directors and supervisors will recognized in profit or loss of the subsequent year.

A resolution was approved through the Board of Directors' meeting held on March 10, 2022 to distribute \$9,865 thousand and \$2,192 thousand in cash as employees' compensation and remuneration to directors for the year of 2021, respectively. There were no significant differences between the approved amount and the estimated amount which recognized in the year of 2021.

There were no significant differences between actual distribution amount in the year of 2021 and the estimated amount which recognized in the year of 2020.

(27) Non-operating income and expenses

A. Interest income

	For the years ended	
	December 31, 2022	December 31, 2021
Bank deposits	\$155,692	\$66,121
Financial assets measured at amortized cost	6	293
Others	1,385	132,438
Total	<u>\$157,083</u>	<u>\$198,852</u>

B. Other income

	For the years ended	
	December 31, 2022	December 31, 2021
Dividend income	\$303,977	\$243,544
Government grants revenue	8,068	15,825
Other revenue – others	154,528	164,567
Total	<u>\$466,573</u>	<u>\$423,936</u>

C. Other gains and losses

	For the years ended	
	December 31, 2022	December 31, 2021
Gain (loss) on financial assets/liabilities at fair value through profit or loss		
Forward currency contracts (Note)	\$(323,569)	\$(302,997)
Convertible corporate bond (Note)	40,503	(23,038)
Structured deposit (Note)	7,613	42,515
Accounts receivable factoring	(147,784)	(113,156)
Gain (loss) on disposal of property, plant and equipment	(11,156)	13,317
Gain on disposal of non-current assets held for sale	73,351	20,896
Gain on disposal of investments	7,061	39,436
Impairment gain (loss) on non-financial assets	(416,716)	(235,244)
Foreign exchange gain (loss), net	425,503	79,006
Other losses	(1,978)	(50,694)
Total	<u><u>\$(347,172)</u></u>	<u><u>\$(529,959)</u></u>

Note: Balances were arising from financial assets and liabilities mandatorily measured at fair value through profit or loss.

D. Finance costs

	For the years ended	
	December 31, 2022	December 31, 2021
Interest expenses (Note)	\$1,546,893	\$736,630
Interest due from lease liabilities	8,379	8,715
Others	46,994	27,320
Total	<u><u>\$1,602,267</u></u>	<u><u>\$772,665</u></u>

Note: Mainly arose from current borrowings, short-term notes and bills payable and non-current borrowings.

(28) Components of other comprehensive income

For the years end ended December 31, 2022:

		Reclassification	Other	Income tax	
		adjustments	comprehensive	relating to	Other
	Arising during	during the	income, before	components of	comprehensive
	the period	period	tax	other	income, net of
				comprehensive	tax
				income	
Will not be reclassified to profit or loss in subsequent periods:					
Remeasurements of the defined plan	\$53,876	\$-	\$53,876	\$(3,485)	\$50,391
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(227,027)	-	(227,027)	5,151	(221,876)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(82,946)	-	(82,946)	4,783	(78,163)
Will be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation	1,860,032	(218)	1,859,814	(253,462)	1,606,352
Share of other comprehensive income of associates and joint ventures accounted for using equity method	161,814	-	161,814	(27,943)	133,871
Other components of other comprehensive income that will be reclassified to profit or loss	(2,001)	-	(2,001)	182	(1,819)
Total of other comprehensive income	\$1,763,748	\$(218)	\$1,763,530	\$(274,774)	\$1,488,756

For the years end ended December 31, 2021:

		Reclassification	Other	Income tax	
		adjustments	comprehensive	relating to	Other
	Arising during	during the	income, before	components of	comprehensive
	the period	period	tax	other	income, net of
				comprehensive	tax
				income	
Will not be reclassified to profit or loss in subsequent periods:					
Remeasurements of the defined plan	\$44,314	\$-	\$44,314	\$(2,801)	\$41,513
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	385,724	-	385,724	3,754	389,478

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Share of other comprehensive income of associates and joint ventures accounted for using equity method	131,818	-	131,818	(27,173)	104,645
Will be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation	(845,118)	-	(845,118)	85,196	(759,922)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(45,030)	-	(45,030)	6,767	(38,263)
Other components of other comprehensive income that will be reclassified to profit or loss	528	-	528	(59)	469
Total of other comprehensive income	<u>\$(327,764)</u>	<u>\$-</u>	<u>\$(327,764)</u>	<u>\$65,684</u>	<u>\$(262,080)</u>

(29) Tax

A. The major components of tax expense (income) were as follows:

Tax recognized in profit or loss

	For the years ended	
	December 31, 2022	December 31, 2021
Current tax expense (income):		
Current income tax charge	\$545,390	\$477,838
Adjustments in respect of current income tax of prior periods (including overestimated and underestimated)	6,389	-
Others	37	42
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	33,228	35,842
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	(44,969)	23,385
Deferred tax expense arising from write-down of deferred tax assets	172,966	152,274

	For the years ended	
	December 31, 2022	December 31, 2021
Tax loss, tax credits or temporary differences not recognised in previous years are recognised in the current period	(987)	(828)
Deductible temporary difference	(1,093)	-
Other	(29,279)	-
Total tax expense (income)	<u>\$681,682</u>	<u>\$688,553</u>

Tax recognized in other comprehensive income

	For the years ended	
	December 31, 2022	December 31, 2021
Deferred tax expense (income):		
Remeasurements of defined benefit	\$3,485	\$2,801
Exchange differences on translation	253,462	(85,196)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(5,151)	(3,754)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	23,160	20,406
Other components of other comprehensive income that will be reclassified to profit or loss	(182)	59
Income tax related to components of other comprehensive income	<u>\$274,774</u>	<u>\$(65,684)</u>

B. A reconciliation of income before income tax and income tax expense recognized in profit or loss were as follows:

	For the years ended	
	December 31, 2022	December 31, 2021
Accounting profit before tax from continuing operations	<u>\$1,634,174</u>	<u>\$909,547</u>
Tax at the domestic rates applicable to profits in the country concerned	\$326,834	\$181,909
Tax effect of revenues exempt from taxation	(183,884)	(326,258)
Tax effect of expenses not deductible for tax purposes	67	100,883
Tax effect of deferred tax assets/liabilities	500,940	424,379
Tax effect of statutory rate difference in foreign jurisdiction	(115,065)	92,807
Income tax adjustments on prior years	9,790	-
Others	143,000	214,833
Total income tax expense	<u>\$681,682</u>	<u>\$688,553</u>

C. Significant components of deferred income tax assets and liabilities were as follows :

For the year ended December 31, 2022:

	Beginning balance	Recognized in profit or loss	Recognized in other Comprehensive income	Exchange difference	Ending balance
Temporary differences					
<u>Deferred tax assets</u>					
Investments accounted for using the equity method-investment losses	\$551,413	\$(50,533)	\$-	\$-	\$500,880
Exchange difference on translation	447,230	-	(268,221)	17,969	196,978
Net defined benefit liability, non-current	101,343	-	1,645	-	102,988
Others	339,781	57,023	12,671	(17,286)	392,189
Unused tax losses	969,982	(104,621)	-	7,436	872,797
<u>Deferred tax liabilities</u>					
Investments accounted for using the equity method-investment gains	\$(1,301,480)	\$(37,921)	\$-	\$(1)	\$(1,339,402)
Revaluation on land	(209,505)	-	-	-	(209,505)
Gains recognized in bargain purchase transaction	(335,566)	-	-	-	(335,566)
Others	(268,906)	6,186	(20,869)	6,353	(277,236)
Deferred income tax benefit (expense)		<u>\$(129,866)</u>	<u>\$(274,774)</u>	<u>\$14,471</u>	
Net offset balance of deferred tax assets(liabilities)	<u>\$294,292</u>				<u>\$(95,877)</u>
Reported in balance sheets :					
Deferred tax assets	<u>\$2,409,749</u>				<u>\$2,065,832</u>
Deferred tax liabilities	<u>\$(2,115,457)</u>				<u>\$(2,161,709)</u>

For the year ended December 31, 2021:

	Beginning balance	Recognized in profit or loss	Recognized in other Comprehensive income	Exchange difference	Ending balance
Temporary differences					
<u>Deferred tax assets</u>					
Investments accounted for using the equity method-investment losses	\$623,160	\$(71,747)	\$-	\$-	\$551,413
Exchange difference on translation	358,446	-	88,179	605	447,230

	Beginning balance	Recognized in profit or loss	Recognized in other		Ending balance
			Comprehensive income	Exchange difference	
Net defined benefit liability, non-current	99,057	-	2,286	-	101,343
Others	358,043	(4,899)	(21,942)	8,579	339,781
Unused tax losses	1,072,753	(100,457)	-	(2,314)	969,982
<u>Deferred tax liabilities</u>					
Investments accounted for using the equity method-investment gains	\$(1,257,798)	\$(43,682)	-	-	\$(1,301,480)
Revaluation on land	(209,505)	-	-	-	(209,505)
Gains recognized in bargain purchase transaction	(335,566)	-	-	-	(335,566)
Others	(280,088)	10,112	(2,839)	3,909	(268,906)
Deferred income tax benefit (expense)		<u>\$(210,673)</u>	<u>\$65,684</u>	<u>\$10,779</u>	
Net offset balance of deferred tax assets(liabilities)	<u>\$428,502</u>				<u>\$294,292</u>
Reported in balance sheets :					
Deferred tax assets	<u>\$2,511,459</u>				<u>\$2,409,749</u>
Deferred tax liabilities	<u>\$(2,082,957)</u>				<u>\$(2,115,457)</u>

Note: The balances of individual temporary differences less than \$100,000 thousand were consolidated in the disclosure.

D. The following table contains information of the unused tax losses of the Group :

Year	Deficit Amount	Unused tax losses as of		Expiration year
		December 31 2022	December 31 2021	
The company (Note 1) :				
2011	\$4,331,868	\$-	\$1,377,164	2021
2013	2,730,326	2,006,727	2,730,326	2023
2014	4,600,104	4,600,104	4,600,104	2024
2021	-	-	309,066	2031
Subsidiaries :	3,394,362	3,394,362	3,668,017	Note 2
		<u>\$10,001,193</u>	<u>\$12,684,677</u>	

Note 1: The differences of unused amount as of December 31, 2022 and 2021 were due to filed amount and approved amount and also between estimated filed amount and actual filed amount.

Note 2: Subsidiaries' unused tax losses were in accordance with the regulations of the countries where the subsidiaries located and applied to local expiration years.

E. Unrecognized deferred tax assets

As of December 31, 2022 and 2021, the total amount of deductible temporary differences and unused tax losses of the Group that does not recognize deferred income tax assets in the balance sheet were \$15,844,594 thousand and \$13,739,970 thousand, respectively.

F. The assessment of income tax returns

The assessment of the income tax returns of the Company and its subsidiaries in Taiwan were as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2020 (2019 not yet assessed and approved)
Crownpo Technology Inc.	Assessed and approved up to 2020
Li-Cheng Materials Corporation	Assessed and approved up to 2020
XYZprinting, Inc.	Assessed and approved up to 2020
Cal-Comp Electronics & Communications Co., Ltd.	Assessed and approved up to 2019 (2018 not yet assessed and approved)
CastleNet Technology Inc.	Assessed and approved up to 2020
QBit Semiconductor Ltd.	Assessed and approved up to 2020
Cal-Comp Big Data, Inc.	Assessed and approved up to 2020
New Era AI Robotic Inc.	Assessed and approved up to 2020
Cal-Comp Asset Management, Inc.	Assessed and approved up to 2020

(30) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended	
	December 31, 2022	December 31, 2021
Basic earnings per share		
Profit, attributed to owners of parents (in thousands of NTD)	<u>\$1,012,463</u>	<u>\$14,270</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands of shares)	<u>1,461,390</u>	<u>1,413,523</u>
Basic earnings per share (NTD)	<u>\$0.69</u>	<u>\$0.01</u>

Considering that the potential ordinary shares, if converted to ordinary shares will not result in a significant dilution effect and the diluted earnings per share would equal to basic earnings per share, the Company only disclosed basic earnings per share for the aforementioned periods.

There have been no other transactions involving ordinary shares or potential ordinary shares between the financial report date and the date the financial statements were authorized for issue.

(31) Subsidiaries that have material non-controlling interests

Financial information of subsidiaries that have material non-controlling interests was provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of Incorporation and operation	As of	
		December 31, 2022	December 31, 2021
Cal-Comp Electronics (Thailand) Public Company Limited	Thailand	53.37%	53.25%

A. Accumulated balances of material non-controlling interest:

	As of	
	December 31, 2022	December 31, 2021
Cal-Comp Electronics (Thailand) Public Company Limited	<u>\$9,363,115</u>	<u>\$8,463,930</u>

B. Profit (loss) allocated to material non-controlling interest:

	For the years ended	
	December 31, 2022	December 31, 2021
Cal-Comp Electronics (Thailand) Public Company Limited	\$362,910	\$124,809

C. Dividends paid to material non-controlling interests

	For the years ended	
	December 31, 2022	December 31, 2021
Cal-Comp Electronics (Thailand) Public Company Limited	\$70,396	\$65,644

D. The summarized financial information of Cal-Comp Electronics (Thailand) Public Company Limited and subsidiaries was provided below. This information was based on amounts before inter-company eliminations.

(a) Summarized information of profit or loss as follows:

	For the years ended	
	December 31, 2022	December 31, 2021
Operating revenue	\$144,967,155	\$109,993,606
Profit from continuing operations	661,817	311,367
Total comprehensive income	142,996	222,281

(b) Summarized information of financial position as follows:

	As of	
	December 31, 2022	December 31, 2021
Current assets	\$65,969,732	\$49,729,398
Non-current assets	19,303,480	16,326,440
Current liabilities	(54,975,417)	(44,853,117)
Non-current liabilities	(13,713,326)	(6,297,558)

(c) Summarized cash flows information as follows:

	<u>For the years ended</u>	
	<u>December 31,</u> 2022	<u>December 31,</u> 2021
Operating activities	\$(2,259,555)	\$(2,090,956)
Investing activities	(4,713,255)	(1,726,217)
Financing activities	7,770,627	4,794,628
Net increase in cash and cash equivalents	979,110	408,733

7. Related party transactions

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

Name and Relationship of Related Parties

<u>Name of the related parties</u>	<u>Relationship with the Group</u>
Kinpo Group Management Service Company	Associate
AcBel Polytech Inc. and its subsidiaries	Associate
iHELPER Inc.	Associate
SaveCom International Inc.	Associate
Compal Electronics, Inc. and its subsidiaries	Substantive related party
Metal Component Engineering Limited	Substantive related party
Instituto Cal-Comp De Pesquisa E Inovacao Tecnologica Da Amazonia	Substantive related party
Wei-Chang, Chen	Key management personnel

Significant transactions with the related parties

(1) Sales

	<u>For the years ended</u>	
	<u>December 31,</u> 2022	<u>December 31,</u> 2021
Associates	\$71,416	\$70,974
Substantive related parties		
Compal Electronics, Inc. and its subsidiaries	31,245,453	2,319,346
Other	61,742	19,074
Subtotal	<u>31,307,195</u>	<u>2,338,420</u>
Total	<u>\$31,378,611</u>	<u>\$2,409,394</u>

The terms for sales to related parties were not significantly different from those of sales to third parties. The collection period was about 90 to 120 days after sales.

(2) Purchases

	For the years ended	
	December 31, 2022	December 31, 2021
Associates	\$730,946	\$840,948
Substantive related parties	-	1,326,957
Total	<u>\$730,946</u>	<u>\$2,167,905</u>

The purchase prices from related parties were close to the general trading price and payment term were about 30 to 90 days after purchase.

(3) Accounts receivable

	As of	
	December 31, 2022	December 31, 2021
Associates	\$23,760	\$24,162
Substantive related parties		
Compal Electronics, Inc. and its subsidiaries	8,516,395	644,249
Others	16,880	-
Subtotal	<u>8,533,275</u>	<u>644,249</u>
Total	<u>\$8,557,035</u>	<u>\$668,411</u>

(4) Other receivables

	As of	
	December 31, 2022	December 31, 2021
Associates	\$12	\$11
Substantive related parties		
Compal Electronics, Inc. and its subsidiaries	20,327	79,127
Total	<u>\$20,339</u>	<u>\$79,138</u>

(5) Accounts payable

	As of	
	December 31, 2022	December 31, 2021
Associates	\$168,948	\$289,158
Substantive related parties		
Compal Electronics, Inc. and its subsidiaries	4,370,909	1,697,598
Total	<u>\$4,539,857</u>	<u>\$1,986,756</u>

The above-mentioned amounts included accounts payable to related parties that purchased materials for the Group.

(6) Other payables

	As of	
	December 31, 2022	December 31, 2021
Associates	\$333	\$421
Substantive related parties	1,220	-
Key management personnel	-	17
Total	<u>\$1,553</u>	<u>\$438</u>

(7) Operating lease

The details of rental revenues from related parties were as follows:

		For the years ended	
	Nature	December 31, 2022	December 31, 2021
Associates	Office building and network equipment	<u>\$993</u>	<u>\$1,579</u>

Rental revenue was based on the market price and was received on a monthly basis.

(8) Others

A. Revenue from rendering of service

	For the years ended	
	December 31, 2022	December 31, 2021
Associates	\$240	\$4,229
Substantive related parties	2,803	1,392
	<u>\$3,043</u>	<u>\$5,621</u>

The above-mentioned revenue from rendering of service was generated from providing information service.

B. Other revenue

	For the years ended	
	December 31, 2022	December 31, 2021
Associates		
AcBel Polytech Inc. and its subsidiaries	\$56,961	\$25,456
Substantive related parties	34,845	1,419
	<u>\$91,806</u>	<u>\$26,875</u>

The above-mentioned other revenue was generated from projects' service.

C. Compensation of key management personnel

	For the years ended	
	December 31, 2022	December 31, 2021
Short-term employee benefits	\$279,320	\$283,862
Post-employment benefits	5,674	5,038
Share-based payments	5,527	38,869
Total	<u>\$290,521</u>	<u>\$327,769</u>

D. Properties' transaction – Disposal of other assets

For the years ended December 31, 2022: None.

For the years ended December 31, 2021:

	Shares (in thousands)	Object of transaction	Price on Disposal	Gain/Loss on Disposal
Substantive related parties	5,400 shares	The Group's subsidiaries- Cal-Comp USA (Indiana) Inc. Ordinary shares	<u>\$226,421</u>	<u>\$39,518</u>

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

Assets pledged for security	Carrying amount as of		Secured liabilities
	December 31, 2022	December 31, 2021	
Time deposit (presented in current financial assets at amortized cost)	\$ 5,006	\$2,001	Current borrowings
Buildings and structures	1,132,472	601,160	Current and non-current borrowings
Machinery & other equipment	652,991	753,416	Current and non-current borrowings
Right-of-use assets	24,095	9,770	Current and non-current borrowings
Total	<u>\$1,814,564</u>	<u>\$1,366,347</u>	

9. Commitments and contingencies

- (1) As of December 31, 2022, the Group provided endorsement and guarantee to subsidiaries were amounted to USD 468,000 thousand, EUR 4,500 thousand and NTD 1,505,000 thousand.
- (2) As of December 31, 2022, the Company issued declaration statement to the lending bank related to comprehensive loan facilities amounting to USD 5,000 thousand and PHP 500,000 thousand to Kinpo Electronics (Philippines), Inc., the declaration was as follows:
- A. The Company commits to maintain management and control over Kinpo Electronics (Philippines), Inc.
 - B. The Company commits to support Kinpo Electronics (Philippines), Inc. all the necessary resources (including but not limited to finance, personnel and technology), and ensure that Kinpo Electronics (Philippines), Inc. operates normally and complies with its obligations.
 - C. The Company commits that in case of default, the Company should take a necessary action to promote Kinpo Electronics (Philippines), Inc. to fulfill its repayment obligation.
- (3) As of December 31, 2022, the Company issued declaration statement to the lending bank related to comprehensive loan facilities amounting to USD 20,000 thousand to Kinpo International (Singapore) Pte. Ltd., the declaration was as follows:
- A. The Company commits to maintain management and control over Kinpo International (Singapore) Pte. Ltd.
 - B. The Company commits to support Kinpo International (Singapore) Pte. Ltd. all the necessary resources (including but not limited to finance, personnel and technology), and ensure that Kinpo International (Singapore) Pte. Ltd. operates normally and complies with its obligations.

- C. The Company commits that in case of default, the Company should take a necessary action to promote Kinpo International (Singapore) Pte. Ltd. to fulfill its repayment obligation.
- (4) As of December 31, 2022, the Company issued declaration statement to the lending bank related to comprehensive loan facilities amounting to THB 2,000,000 thousand to Cal-Comp Electronics (Thailand) Public Company Limited, the declaration was as follows:
- A. The Company commits to hold directly or indirectly no less than 40% of total Cal-Comp Electronics (Thailand) Public Company Limited's outstanding shares. And continue to hold the equity until Cal-Comp Electronics (Thailand) Public Company Limited has fully settled its debts to the bank guarantee application.
- B. The Company commits to support Cal-Comp Electronics (Thailand) Public Company Limited all the necessary resources to assist Cal-Comp Electronics (Thailand) Public Company Limited in fulfilling its obligations to the tax bureau and the agreements, documents and applications submitted to the bank.
- (5) As of December 31, 2022, the Company issued declaration statement to the lending bank related to comprehensive loan facilities amounting to USD 2,000 thousand and NTD 40,000 thousand to CastleNet Technology Inc., the declaration was as follows:
- A. The Company commits to hold directly or indirectly no less than 60% of total CastleNet Technology Inc.'s outstanding shares.
- B. The Company commits to maintain management and control over CastleNet Technology Inc.
- C. The Company commits to support CastleNet Technology Inc. all the necessary resources (including but not limited to finance, personnel and technology), and ensure that CastleNet Technology Inc. operates normally and complies with its obligations.
- D. The Company commits that in case of default, the Company should take a necessary action to promote CastleNet Technology Inc. to fulfill its repayment obligation.
- (6) As of December 31, 2022 and 2021, the Group's subsidiaries had outstanding commitments in respect of purchase of the construction of factory building and acquisition of machinery which were as follows:

	(In thousands)	
	As of	
	December 31, 2022	December 31, 2021
THB	\$1,264,000	\$589,000
USD	11,000	9,000
JPY	-	37,000
CNY	134,451	248,947

(7) Guarantees

As of December 31, 2022, there were outstanding bank guarantees of approximately THB 1,430,000 thousand, BRL 11,000 thousand, CNY 7,000 and USD 3,000 thousand issued by the banks on behalf of the Group's subsidiaries in respect of certain performance bonds as required in the normal course of business.

10. Losses due to major disasters

None.

11. Significant subsequent events

(1) The Company's subsidiary, Cal-Comp Electronics (Thailand) Public Company Limited, approved the resolutions in the board meeting held on February 24, 2023 as follows:

- A. Approve the capital increase of XYZprinting, Inc. within the amount of not more than NTD 720,000 thousand for organizational restructuring. The capital increase is expected to be completed in the second quarter of 2023.
- B. Approve the Company's subsidiary, Cal-Comp Electronics & Communications Co., Ltd. to increase its capital in its subsidiary, Logistar International Holding Co., Ltd. within the amount of not more than USD 200,000 thousand for organizational restructuring. The capital increase is expected to be completed in the second quarter of 2023.

(2) The Company approved the resolutions in the board meeting held on March 10, 2023 as follows:

- A. Please refer to Note 6(13) for details for the year of 2022 earnings distribution.
- B. Approve to capital increase of subsidiary XYZprinting, Inc. in amount 720,000 thousands.

12. Others

(1) Financial instruments

Financial assets

	As of	
	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss (including non-current)	\$1,537,399	\$2,031,013
Financial assets at fair value through other comprehensive income (including non-current)	4,024,072	4,240,400

	As of	
	December 31, 2022	December 31, 2021
Financial assets at amortised cost:		
Cash and cash equivalents	9,915,366	8,067,899
Financial assets at amortised cost (including non-current)	34,729	11,097
Notes receivable	44,359	102,963
Accounts receivable (including due from related parties)	41,314,673	26,886,076
Other receivables (including due from related parties)	3,388,209	3,150,763
Subtotal	54,697,336	38,218,798
Total	<u>\$60,258,807</u>	<u>\$44,490,211</u>

Financial liabilities

	As of	
	December 31, 2022	December 31, 2021
Financial liabilities at amortized cost:		
Current borrowings	\$30,279,151	\$28,066,102
Short-term notes and bills payable	1,722,578	2,768,643
Notes payable	2,853	3,919
Accounts payable (including to related parties)	27,711,861	25,755,181
Other payables (including to related parties)	6,610,903	5,528,253
Non-current borrowings (including current portion)	22,979,201	14,358,751
Lease liabilities (including non-current portion)	398,835	491,258
Subtotal	89,705,382	76,972,107
Financial liabilities at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	60,885	-
Total	<u>\$89,766,267</u>	<u>\$76,972,107</u>

(2) Financial risk management objectives

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group reviews its assets and liabilities denominated in foreign currency and enters into forward exchange contracts to hedge the exposure from exchange rate fluctuations. The level of hedging depends on the foreign currency requirements from each operating unit. As the purpose of holding forward exchange contracts are to hedge exchange rate fluctuation risk, the gain or loss made on the contracts from the fluctuation in exchange rates are expected to mostly offset gains or losses made on the hedged item. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates. The information of the sensitivity analysis, please refer to Note 12(10).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investment at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments with variable interest rates. At the balance sheet date, an increase or a decrease of 5 basis points of interest rate could cause the profit for the years ended December 31, 2022 and 2021 to decrease/increase by \$27,288 thousand and \$22,597 thousand, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under financial assets at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

An increase/decrease of 1% in the price of the listed companies stocks classified as investments in equity instruments measured at fair value through other comprehensive income could cause the equity for the years ended December 31, 2022 and 2021 to increase/decrease by \$35,291 thousand and \$36,950 thousand, respectively.

(4) Credit risk management

Credit risk is the risk that counter-party will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivable and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit of the Group subject to established policy, procedures and controls relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment and insurance.

As of December 31, 2022 and 2021, the top three receivables from counter parties represented 48.67% and 48.64% of the total receivables of the Group, respectively. The credit concentration risk of the remaining receivables was insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Group makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

When the credit risk on debt instrument investment has increased, the Group will dispose that investment in order to minimize the credit losses. When assessing the expected credit losses, the evaluation of the forward-looking information (available without undue cost and effort) is mainly based on the macroeconomic information and the credit loss ratio is further adjusted if there is significant impact from forward-looking information.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	1 to 2 years	2 to 5 years	Above 5 years	Total
As of December 31, 2022					
Current borrowings (including interest to be paid)	\$ 30,543,779	\$-	\$-	\$-	\$ 30,543,779
Short-term notes and bills payable	1,725,000	-	-	-	1,725,000
Notes payable	2,853	-	-	-	2,853

	Less than			Above	Total
	1 year	1 to 2 years	2 to 5 years	5 years	
Accounts payable (including to related parties)	27,711,861	-	-	-	27,711,861
Other payables (including to related parties)	6,610,903	-	-	-	6,610,903
Non-current borrowings (including interest to be paid)	2,782,278	20,368,064	1,534,654	-	24,684,996
Lease liabilities (including non-current portion)	154,965	316,593	6,105	-	477,663

	Less than			Above	Total
	1 year	1 to 2 years	2 to 5 years	5 years	
As of December 31, 2021					
Current borrowings (including interest to be paid)	\$28,432,982	\$-	\$-	\$-	\$28,432,982
Short-term notes and bills payable	2,770,000	-	-	-	2,770,000
Notes payable	3,919	-	-	-	3,919
Accounts payable (including to related parties)	25,755,181	-	-	-	25,755,181
Other payables (including to related parties)	5,528,253	-	-	-	5,528,253
Non-current borrowings (including interest to be paid)	2,104,703	3,813,746	8,897,788	-	14,816,237
Lease liabilities (including non-current portion)	158,187	142,374	198,771	650	499,982

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the years ended December 31, 2022:

	Current borrowings	Short-term notes and bills payable	Lease liabilities	Non-current borrowings (including current portion)	Total liabilities from financing activities
As of January 1, 2022	\$ 28,066,102	\$ 2,768,643	\$491,258	\$14,358,751	\$45,684,754
Cash flows	349,634	(1,045,000)	(205,139)	7,800,695	6,900,190
Non-cash changes	-	(1,065)	50,486	-	49,421
Foreign exchange movement	1,863,415	-	62,230	819,755	2,745,400
As of December 31, 2022	<u>\$ 30,279,151</u>	<u>\$ 1,722,578</u>	<u>\$398,835</u>	<u>\$ 22,979,201</u>	<u>\$55,379,765</u>

Reconciliation of liabilities for the years ended December 31, 2021:

	Current borrowings	Short-term notes and bills payable	Lease liabilities	Non-current borrowings (including current portion)	Total liabilities from financing activities
As of January 1, 2021	\$21,731,295	\$1,532,915	\$531,472	\$15,666,160	\$39,461,842
Cash flows	6,758,249	1,236,000	(167,627)	(899,902)	6,926,720
Non-cash charges	252,074	(272)	171,332	(252,074)	171,060
Foreign exchange movement	(675,516)	-	(43,919)	(155,433)	(874,868)
As of December 31, 2021	<u>\$28,066,102</u>	<u>\$2,768,643</u>	<u>\$491,258</u>	<u>\$14,358,751</u>	<u>\$45,684,754</u>

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, accounts receivable (including due from related parties), other receivables (including due from related parties), accounts payable (including to related parties), other payables (including to related parties) and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates and bonds etc.) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

- (d) Fair value of debt instruments without market quotations, bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
- (e) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

Among the Group's financial assets and financial liabilities measured at amortized cost, other than cash and cash equivalents, financial assets at amortised cost, accounts receivable (including due from related parties), other receivables (including due from related parties), current borrowings, short-term notes and bills payable, accounts payable (including to related parties), other payables (including to related parties), other current liabilities and non-current borrowings, the carrying amount approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivatives financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of December 31, 2022 and 2021 was as follows:

Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts were not designated as hedging instruments. The table below listed the information related to forward currency contracts:

As of December 31, 2022

Items	Contract Amount				Exchange	Contract Period
					Currency	
Forward currency contract	Sell	USD	10,000	thousand	PHP	January 31, 2023
Forward currency contract	Sell	USD	21,501	thousand	THB	From March 21, 2023 to April 24, 2023
Forward currency contract	Sell	USD	40,000	thousand	THB	From January 13, 2023 to January 26, 2023
Forward currency contract	Sell	USD	5,000	thousand	MXN	January 31 2023
Forward currency contract	Sell	USD	68,000	thousand	THB	January 31 2023
Forward currency contract	Sell	USD	13,000	thousand	THB	January 31 2023
Forward currency contract	Sell	USD	4,500	thousand	PHP	January 31 2023
Forward currency contract	Buy	USD	21,517	thousand	THB	From March 21 , 2023 to April 24, 2023
Forward currency contract	Buy	USD	53,110	thousand	BRL	From January 12, 2023 to January 31, 2023

As of December 31, 2021

Items	Contract Amount				Exchange	Contract Period
					Currency	
Forward currency contract	Sell	USD	1,500	thousand	NTD	March 22, 2022
Forward currency contract	Sell	USD	30,000	thousand	THB	From January 12, 2022 to January 21, 2022
Forward currency contract	Sell	USD	71,000	thousand	THB	January 31, 2022
Forward currency contract	Buy	USD	45,000	thousand	BRL	From January 6, 2022 to January 31, 2022

The counterparties for the aforementioned derivatives transactions were well known local or overseas banks, as they had sound credit ratings, the credit risk was insignificant.

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

As of December 31, 2022 and 2021, the Group had forward currency contract transactions which were settled but not received, recognized as other receivables, amounted to \$41,378 thousand and \$25,652 thousand, respectively. The forward currency contract transactions which were settled but not paid, recognized as other payables, amounted to \$33,887 thousand and \$22,273 thousand, respectively.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group’s assets and liabilities

The Group did not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group assets and liabilities measured at fair value on a recurring basis was as follows:

As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Financial assets:				
At fair value through profit or loss				
Convertible corporate bond	\$-	\$-	\$1,478,358	\$1,478,358
Structured deposit				
Forward currency contracts	-	59,041	-	59,041
Assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	3,529,135	-	494,937	4,024,072
Financial liabilities :				
At fair value through profit or loss				
Forward contract	-	60,885	-	60,885

As of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Financial assets:				
At fair value through profit or loss				
Convertible corporate bond	\$-	\$-	\$1,507,752	\$1,507,752
Structured deposit	-	-	523,043	523,043
Foreign Exchange Forward Contract	-	218	-	218

	Level 1	Level 2	Level 3	Total
At fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	3,694,957	-	545,443	4,240,400

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy

The movements during the period were as follows:

	Assets			
	At fair value through profit and loss			At fair value through other comprehensive income
	Convertible	Structured		
	Corporate Bond	Deposit	Stocks	Total
Beginning balances As of January 1, 2022	\$1,507,752	\$523,043	\$545,443	\$2,576,238
Total gains and losses recognized for the years ended December 31, 2022:				
Amount recognized in profit or loss (presented in "other profit or loss")	40,503	7,613	-	48,116
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-	-	(61,205)	(61,205)
Acquisition for the years ended December 31, 2022	-	1,898,180	-	1,898,180
Disposal/settlements/reclassification for the years ended December 31, 2022	(69,897)	(2,440,100)	-	(2,509,997)
Effect of exchange rate changes	-	11,264	10,699	21,963
Ending balances As of December 31, 2022	\$1,478,358	\$-	\$494,937	\$1,973,295

	Assets			
	At fair value through other comprehensive			Total
	At fair value through profit and loss		income	
	Convertible Corporate Bonds	Structured Deposit	Stocks	
Beginning balances as of January 1, 2021	\$1,608,961	\$1,742,291	\$886,360	\$4,237,612
Total gains and losses recognized for the years ended December 31, 2021:				
Amount recognized in profit or loss (presented in “other profit or loss”)	(23,038)	42,515	-	19,477
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-	-	(344,562)	(344,562)
Acquisition for the years ended December 31, 2021	-	10,647,014	-	10,647,014
Disposal/settlements/reclassification for the years ended December 31, 2021	(77,722)	(11,899,154)	(785)	(11,977,661)
Effect of exchange rate changes and others	(449)	(9,623)	4,430	(5,642)
Ending balances as of December 31, 2021	<u>\$1,507,752</u>	<u>\$523,043</u>	<u>\$545,443</u>	<u>\$2,576,238</u>

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy was as follows:

As of December 31, 2022:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship	
				between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through profit and loss					
Convertible corporate bonds	Cox-Ross-Rubinstein	Volatility of the stock price	44.58%	The higher the volatility of the stock price, the higher the fair value of the convertible bonds	1% increase (decrease) in the volatility of the stock price would not have significant effect on the Group’s profit or loss

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Convertible corporate bonds	Binomial Model	Long-term net profit before tax weighted average cost of funds	15.50%	The higher the long-term net profit before tax, the higher the fair value of the convertible bonds	1% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's profit or loss
		Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value of the convertible bonds	by \$14,682 thousand
Structured deposit	Market approach	Price of the structured deposit	-	-	Structured deposit is a monetary transaction, therefore its value is equal to fair value
At fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by \$6,187 thousand

As of December 31, 2021:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through profit and loss					
Convertible corporate bonds	Cox-Ross-Rubinstein	Volatility of the stock price	47.48%	The higher the volatility of the stock price, the higher the fair value of the convertible bonds	1% increase (decrease) in the volatility of the stock price would not have significant effect on the Group's profit or loss

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Convertible corporate bonds	Binomial Model	Long-term net profit before tax weighted average cost of funds	14.60%	The higher the long-term net profit before tax, the higher the fair value of the convertible bonds	1% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's profit or loss by \$14,544 thousand
		Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value of the convertible bonds	
Convertible corporate bonds	Assets approach	Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value of the convertible bonds	1% increase (decrease) in the discount for lack of marketability would not have significant effect on the Group's profit or loss
Structured deposit	Market approach	Price of the structured deposit	-	-	Structured deposit is a monetary transaction; therefore its value is equal to fair value
At fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by \$6,818 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's finance department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent

exercisable prices. The department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

C. Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value was disclosed.

As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Financial assets did not measure at fair value but for which the fair value was disclosed:				
Financial assets measured at amortized cost				
Time deposit and cash in banks	\$-	\$34,729	\$-	\$34,729
Investments accounted for using equity method (Note1)	3,724,949	-	-	3,724,949
Investment property (Note2)	-	-	190,336	190,336
Financial liabilities did not measure at fair value but for which the fair value was disclosed:				
Non-current borrowings (including current portion)	-	22,979,201	-	22,979,201

As of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Financial assets did not measure at fair value but for which the fair value was disclosed:				
Financial assets measured at amortized cost				
Time deposit and cash in banks	\$-	\$11,097	\$-	\$11,097
Investments accounted for using equity method (Note1)	4,567,274	-	-	4,567,274
Investment property (Note2)	-	-	174,205	174,205
Financial liabilities did not measure at fair value but for which the fair value was disclosed:				
Non-current borrowings (including current portion)	-	14,358,751	-	14,358,751

Note 1: Please refer to Note 6(11) for more detailed information for the investments in associates.

Note 2: Please refer to Note 6(13) for more detailed information for the investment property.

(10) Significant assets and liabilities denominated in foreign currencies

(In thousands)

	As of December 31, 2022				
	Foreign currencies	Exchange rate	Carrying amount (NTD)	Sensitivity analysis	
				Fluctuation	Effect on income
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$503,735	30.7100	\$15,469,700	0.5%	\$77,349
CNY	187,026	4.4094	824,674	0.5%	4,123
THB	1,455,000	0.8899	1,294,805	0.5%	6,474
PHP	140,582	0.5508	77,432	0.5%	387
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	\$59,754	30.7100	\$1,835,040	0.5%	\$9,175
CNY	463,005	4.4094	2,041,573	0.5%	10,208
THB	2,793,000	0.8899	2,485,491	0.5%	12,427
PHP	1,207,119	0.5508	664,881	0.5%	3,234

(In thousands)

	As of December 31, 2021				
	Foreign currencies	Exchange rate	Carrying amount (NTD)	Sensitivity analysis	
				Fluctuation	Effect on income
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$258,193	27.6800	\$7,146,789	0.5%	\$35,734
CNY	201,258	4.3415	873,763	0.5%	4,369
THB	915,000	0.8326	761,829	0.5%	3,809
PHP	78,214	0.5428	42,455	0.5%	212
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	208,411	27.6800	5,768,810	0.5%	28,844
CNY	677,778	4.3415	2,942,573	0.5%	14,713
THB	3,207,000	0.8326	2,670,148	0.5%	13,351
PHP	783,295	0.5428	425,173	0.5%	2,126

The Group's foreign currency transactions were denominated in multiple currency; therefore, the information of the foreign exchange gains (losses) of monetary assets and liabilities denominated by each currency was not applicable for disclosure. The Group's significant monetary financial assets and liabilities denominated in foreign currencies incurred foreign exchange gain (loss) (including realized and unrealized) of \$425,503 thousand and \$79,006 thousand for the years ended December 31, 2022 and 2021, respectively.

The above information was disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information at significant transactions (portion of transactions were eliminated upon consolidation)

A. Financings provided to others: Please refer to table 1 for more details.

B. Endorsements/guarantees provided to others: Please refer to table 2 for more details.

C. Marketable securities held (not including subsidiaries, associates and joint ventures): Please refer to table 3 for more details.

D. Individual securities acquired or disposed of with accumulated amount exceeding NTD 300 million or 20 percent of the capital stock: Please refer to table 4 for more details.

E. Acquisition of individual real estate properties at costs of at least NTD 300 million or 20 percent of the paid-in capital: No such circumstances.

F. Disposal of individual real estate properties at costs of at least NTD 300 million or 20 percent of the paid-in capital: No such circumstances.

G. Total purchases from or sales to related parties of at least NTD 100 million or 20 percent of the paid-in capital: Please refer to table 5 for more details.

- H. Receivables due from related parties amounting to at least NTD 100 million or 20 percent of the paid-in capital: Please refer to table 6 for more details.
 - I. Derivative instruments transactions: Please refer to Note 6 and Note 12 for more details.
 - J. Significant intercompany transactions between consolidated entities: Please refer to table 7 for more details.
- (2) Information on investees (portion of investees information were eliminated upon consolidation)
- A. Financings provided to others: Please refer to table 1 for more details.
 - B. Endorsements/guarantees provided to others: Please refer to table 2 for more details.
 - C. Marketable securities held (not including subsidiaries, associates and joint ventures): Please refer to table 3 for more details.
 - D. Individual securities acquired or disposed of with accumulated amount exceeding NTD 300 million or 20 percent of the capital stock: Please refer to table 4 for more details.
 - E. Acquisition of individual real estate properties at costs of at least NTD 300 million or 20 percent of the paid-in capital: No such circumstances.
 - F. Disposal of individual real estate properties at costs of at least NTD 300 million or 20 percent of the paid-in capital: No such circumstances.
 - G. Total purchases from or sales to related parties of at least NTD 100 million or 20 percent of the paid-in capital: Please refer to table 5 for more details.
 - H. Receivables due from related parties amounting to at least NTD 100 million or 20 percent of the paid-in capital: Please refer to table 6 for more details.
 - I. Derivative instruments transactions: Please refer to Note 6 and Note 12 for more details.
 - J. Names, locations and related information of investees over which the company exercises significant influence (not including information on investments in Mainland China): Please refer to table 8 for more details.

(3) Information on investments in Mainland China (Eliminated upon consolidation)

A. Names, main business, paid-in capital, method of investment, investment flows, percentage of ownership, share of profits (losses), carrying amount at the end of the period, accumulated inward remittance of earnings and the upper limit of investment: Please refer to table 9 for more details.

B. Significant transactions with investee in Mainland China

Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: Please refer to tables 5 to 7 for more details.

(4) Information on major shareholders

Shares	Total shares owned	Ownership percent
Major shareholders		
Compal Electronics, Inc.	124,043,763 shares	8.30%

Note 1: The major shareholders information was from the date that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialized form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were kept in trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

14. Segment information

(1) Segment information

	For the years end ended December 31, 2022			
	Consuming electronic products	Other operating segments	Adjustment and elimination	Consolidated
External customer	\$ 179,722,548	\$1,691,901	\$-	\$181,414,449
Segment profit	\$1,796,737	\$(844,245)	\$-	\$952,492

	For the years end ended December 31, 2021			
	Consuming electronic products	Other operating segments	Adjustment and elimination	Consolidated
External customer	\$135,807,602	\$3,970,905	\$-	\$139,778,507
Segment profit	\$(138,521)	\$359,515	\$-	\$220,994

The Group's only reportable segment was the Consumer Electronic Products Segment. The segment mainly engages in design and manufacturing of calculator/computer, web-based communications, computer peripherals and storage products. The Group also had other segments that did not exceed the quantitative threshold. The segments mainly engage in production and sale of passive components.

The segment assets information of the Group as of December 31, 2022 and 2021 were as follows:

Segment assets

	Consumer electronic products	Other operating segments	Adjustment and elimination	Consolidated
December 31, 2022	\$120,159,659	\$5,304,860	\$-	\$125,464,519
December 31, 2021	\$102,600,823	\$5,650,710	\$-	\$108,251,533

The amount reported by the Group was consistent with that used by the operating decision makers. There was no material inconsistency between the accounting policies of the operating segment and the accounting policies described in Note 4. The Group uses the operating profit or loss (net of tax) as the measurement for segment profit and the basis of performance assessment.

(2) Geographical information

See the table below for the sales from the external clients of the Group categorized by the regions where the clients are and the non-current assets categorized by where they are:

	Operating revenues		Non-current assets	
	For the years ended		As of	
	December 31,2022	December 31,2021	December 31,2022	December 31,2021
Taiwan	\$31,339,265	\$898,794	\$1,590,223	\$1,323,643
Asia(Other than Taiwan)	120,496,462	75,118,351	25,822,757	22,677,297
Americas	21,951,677	58,112,601	1,040,176	1,002,205
Others	7,627,045	5,648,761	262,292	1,159,681
Total	<u>\$181,414,449</u>	<u>\$139,778,507</u>	<u>\$28,715,448</u>	<u>\$26,162,826</u>

Non-current assets were referred to property, plant and asset, investment property, intangible assets and other non-current assets, but financial instruments and deferred tax assets were not included.

(3) Product information

Product	For the years ended	
	December 31, 2022	December 31, 2021
Consumer electronics products	\$179,722,548	\$135,807,602
Other product	1,691,901	3,970,905
Total	<u>\$181,414,449</u>	<u>\$139,778,507</u>

(4) Information about major customers

Customers that contribute revenues exceeding 10% of total revenues for the years ended December 31, 2022 and 2021 were as follows:

For the years ended					
December 31, 2022			December 31, 2021		
Client name	Amount	%	Client name	Amount	%
A company	\$31,226,000	17%	B company	\$37,178,459	27%
B company	30,731,748	17%	D company	24,774,482	18%
C company	25,521,900	14%	C company	17,539,809	13%
D company	22,117,656	12%	A company	2,319,346	2%
Total	<u>\$109,636,304</u>		Total	<u>\$81,812,096</u>	

Table 1: Financings provided to others

(Unit: thousands of NTD/ foreign currency)

No. <Note1>	Financing Company	Related Party	Financial Statement Account	Related Party	Maximum Balance for the period	Ending Balance (Passed by the Board of Directors)	Amount Actually Drawn	Interest rate	Nature of Financing <Note2>	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company <Note3>	Financing Company's Total Financing Amount Limits <Note4>
													Item	Value		
0	Kinpo Electronics, Inc.	Kinpo International Ltd.	Other receivables due from related parties	Yes	USD 60,000 (1,853,400)	USD 60,000 (1,842,600)	USD 60,000 (1,842,600)	4.88%~5.78%	2	-	Need for operating	-	-	-	\$3,551,550	\$14,206,200
0	Kinpo Electronics, Inc.	Kinpo Electronics (Philippines), Inc.	"	Yes	USD 50,000 (1,544,500)	USD 50,000 (1,535,500)	-	1M TAIFX3+0.5%	2	-	Need for operating	-	-	-	3,551,550	14,206,200
0	Kinpo Electronics, Inc.	XYZprinting Japan, Inc.	"	Yes	JPY 600,000 (145,860)	JPY 600,000 (139,440)	JPY 300,000 (69,720)	0.5%	2	-	Need for operating	-	-	-	3,551,550	14,206,200
0	Kinpo Electronics, Inc.	XYZprinting, Inc.	"	Yes	1,100,000	550,000	550,000	1.72811%	2	-	Need for operating	-	-	-	3,551,550	14,206,200
0	Kinpo Electronics, Inc.	Cal-Comp Big Data, Inc.	"	Yes	200,000	-	-	0%	2	-	Need for operating	-	-	-	3,551,550	14,206,200
0	Kinpo Electronics, Inc.	New Era AI Robotic Inc.	"	Yes	400,000	-	-	0%	2	-	Need for operating	-	-	-	3,551,550	14,206,200
1	Kinpo International Ltd.	XYZprinting, Inc. (USA)	"	Yes	USD 8,000 (257,720)	USD 3,000 (92,130)	USD 3,000	5.8%	2	-	Need for operating	-	-	-	722,278	3,611,388
1	Kinpo International Ltd.	Cal-Comp Big Data International Ltd.	"	Yes	USD 5,000 (149,700)	-	-	0%	2	-	Need for operating	-	-	-	722,278	3,611,388
2	Kinpo International (Singapore) Pte. Ltd.	Kinpo Electronics (Philippines), Inc.	"	Yes	USD 65,000 (2,093,975)	USD 65,000 (1,996,150)	USD 25,500 (783,105)	5.23629%~5.58629%	2	-	Need for operating	-	-	-	7,516,983	7,516,983
3	Cal-Comp Technology (Philippines), Inc.	Kinpo Electronics (Philippines), Inc.	"	Yes	USD 13,000 (401,570)	USD 13,000	USD 12,000 (368,520)	5.5471%~5.69355%	2	-	Need for operating	-	-	-	8,732,234	8,732,234
3	Cal-Comp Technology (Philippines), Inc.	Confiar Land Corp.	"	Yes	USD 2,000 (64,430)	USD 2,000 (61,420)	USD 1,400 (42,994)	5.69903%	2	-	Need for operating	-	-	-	1,746,447	8,732,234
4	Kinpo Electronics (Philippines), Inc.	Confiar Land Corp.	"	Yes	USD 5,000 (143,125)	-	-	0%	2	-	Need for operating	-	-	-	1,609,215	8,046,073
5	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria de Semicondutores S.A.	"	Yes	USD 7,500 (241,613)	USD 7,500 (230,325)	USD 7,500 (230,325)	2.5%	2	-	Need for operating	-	-	-	3,290,329	14,206,200
5	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria e Comercio de Eletronicos e Informatica Ltda.	"	Yes	USD 44,825 (1,444,023)	USD 38,388 (1,178,895)	USD 18,388 (564,695)	3M CME SOFR+2.6%	2	-	Need for operating	-	-	-	3,290,329	14,206,200
5	Cal-Comp Electronics (Thailand) Public Company Limited	XYZprinting, Inc.	"	Yes	USD 11,747 (357,516)	-	-	0%	2	-	Need for operating	-	-	-	3,290,329	14,206,200
5	Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd.	"	Yes	USD 100,000 (3,221,500)	-	-	0%	2	-	Need for operating	-	-	-	3,290,329	14,206,200
6	Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Cal-Comp Optical Electronics (Yueyang) Co., Ltd.	"	Yes	CNY 200,000 (901,840)	CNY 140,000 (617,316)	CNY 140,000 (617,316)	1.92%	2	-	Need for operating	-	-	-	4,608,715	4,608,715
7	Cal-Comp Electronics (USA) Co., Ltd.	Qbit Semiconductor Ltd.	"	Yes	USD 8,044 (255,407)	-	-	0%	2	-	Need for operating	-	-	-	437,978	2,189,888
7	Cal-Comp Electronics (USA) Co., Ltd.	Cal-Comp USA (San Diego), Inc.	"	Yes	USD 15,527 (444,457)	-	-	0%	2	-	Need for operating	-	-	-	2,189,888	2,189,888
8	Cal-Comp Precision (Thailand) Limited	Cal-Comp Precision (Philippines), Inc.	"	Yes	USD 35,000 (1,127,525)	USD 35,000 (1,074,850)	USD 27,000 (829,170)	5.30441%~5.66057%	2	-	Need for operating	-	-	-	1,709,752	1,709,752
8	Cal-Comp Precision (Thailand) Limited	Cal-Comp Precision (Singapore), Inc.	"	Yes	USD 10,000 (322,150)	USD 10,000 (307,100)	USD 10,000 (307,100)	4.40441%	2	-	Need for operating	-	-	-	1,709,752	1,709,752
9	Crownpo Technology Inc.	Li-Cheng Materials Co., Ltd.	"	Yes	32,000	16,000	16,000	2%	2	-	Need for operating	-	-	-	24,692	98,767
10	Kinpo Electronics (China) Co., Ltd.	LIZ Electronics (Nantong) Co., Ltd.	"	Yes	CNY 400,000 (1,803,680)	CNY 200,000 (881,880)	CNY 200,000 (881,880)	6.35%	2	-	Need for operating	-	-	-	6,302,662	6,302,662
11	LIZ Electronics (Kunshan) Co., Ltd.	LIZ Electronics (Nantong) Co., Ltd.	"	Yes	CNY 30,000 (135,276)	CNY 30,000 (132,282)	-	4.35%	1	CNY 86,071 (379,520)	Need for trading	-	-	-	695,041	695,041
12	LIZ Electronics (Nantong) Co., Ltd.	LIZ Electronics (Kunshan) Co., Ltd.	"	Yes	CNY 30,000 (135,276)	CNY 30,000 (132,282)	-	4.35%	1	CNY 86,071 (379,520)	Need for trading	-	-	-	646,726	646,726

<Note1> The numbers filled in for the financings provided by the group or subsidiaries are as follows:

1. The Company is "0".
2. The subsidiaries are numbered in order starting from "1".

<Note2> The codes represent the nature of financing activities as follows:

1. Trading partner is "1".
2. Short-term financing is "2".

<Note3> Financing limits for each borrowing companies are as follows:

1. Non related party
 - (1) Trading Partners: The maximum of total financing is higher of the transaction amount during the most recent 3 months or 30% of transaction amount during current year, and shall not exceed 10% of its net worth.
 - (2) Short-term financing: The maximum of total financing is 80% of counter-party's net worth and shall not exceed 4% of its net worth.
2. Related Party
 - (1) Trading Partners: The maximum of total financing is higher of the transaction amount during the most recent 3 months or during current year, and shall not exceed 20% of its net worth.
 - (2) Short-term financing: The maximum of total financing is 20% of its net worth.
 - (3) Subsidiaries 100% held by the company: The maximum of total financing is 100% of the company's net worth.

<Note4> Financing company's total financing amount limits are as follows:

1. The maximum amount of financing to trading partners is 100% of transaction amount during current year and shall not exceed 40% of its net worth.
2. The maximum amount of short-term financing is 40% of financing company's net worth.
3. The maximum amount of short-term financing to subsidiaries 100% held by the company is 100% of the company.
4. The summary of the three situations above shall not exceed 80% of the company's net worth.

Kinpo Electronics, Inc. and subsidiaries
Notes to parent company only financial statements (continued)

Table 2: Endorsements/guarantees provided to others

(Unit: thousands of NTD/ foreign currency)

No. <Note1>	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party <Note3>	Maximum Balance for the period	Ending Balance	Amount Actually Drawn	Amounts of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable <Note3>	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of relationship <Note2>										
0	Kinpo Electronics, Inc.	Kinpo International Ltd.	2	\$17,757,750	USD 146,000 (4,703,390)	USD 141,000 (4,330,110)	USD 15,000 (460,650)	\$-	24.38%	\$17,757,750	YES	NO	NO
0	Kinpo Electronics, Inc.	Kinpo International (Singapore) Pte. Ltd.	2	17,757,750	USD 30,000 (966,450)	USD 30,000 (921,300)	USD 12,200 (374,662)	-	5.19%	17,757,750	YES	NO	NO
0	Kinpo Electronics, Inc.	XYZprinting, Inc.	2	17,757,750	950,000	930,000	663,000	-	5.24%	17,757,750	YES	NO	NO
0	Kinpo Electronics, Inc.	Cal-Comp Big Data International Ltd.	2	17,757,750	USD 3,000 (89,820)	-	-	-	-	17,757,750	YES	NO	NO
0	Kinpo Electronics, Inc.	Cal-Comp Big Data, Inc.	2	17,757,750	250,000 USD 3,000 (339,820)	-	-	-	-	17,757,750	YES	NO	NO
0	Kinpo Electronics, Inc.	New Era AI Robotic Inc.	2	17,757,750	535,000	-	-	-	-	17,757,750	YES	NO	NO
1	Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd.	2	16,451,645	USD 159,000 EUR 8,000 (5,378,101)	USD 135,000 EUR 4,500 (4,293,028)	USD 28,000 -	-	24.18%	16,451,645	YES	NO	NO
1	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics (USA) Co., Ltd.	2	16,451,645	USD 45,000 (1,449,675)	USD 35,000 (1,074,850)	-	-	6.05%	16,451,645	YES	NO	NO
1	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Singapore) Limited	2	16,451,645	USD 10,000 (322,150)	USD 10,000 (307,100)	USD 10,000 (307,100)	-	1.73%	16,451,645	YES	NO	NO
1	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics & Communications Co., Ltd.	2	16,451,645	USD 50,000 (1,610,750)	USD 50,000 (1,535,500)	-	-	8.65%	16,451,645	YES	NO	NO
1	Cal-Comp Electronics (Thailand) Public Company Limited	Qbit Semiconductor Ltd.	2	16,451,645	575,000 USD 22,000 (1,254,580)	575,000 USD 22,000 (1,250,620)	374,115 USD 8,656 (639,955)	-	7.04%	16,451,645	YES	NO	NO
2	Cal-Comp Electronics & Communications Co., Ltd.	Qbit Semiconductor Ltd.	4	-	USD 6,500 (186,063)	-	-	-	-	-	NO	NO	NO
3	Cal-Comp Precision Holding Co., Ltd.	Cal-Comp Precision (Singapore) Limited	2	3,339,467	USD 45,000 (1,390,050)	USD 45,000 (1,381,950)	USD 23,830 (731,819)	-	7.78%	3,339,467	YES	NO	NO

<Note1> The numbers filled in for the endorsements/guarantees provided by the group or subsidiaries are as follows:

1. The Company is "0".
2. The subsidiaries are numbered in order starting from "1".

<Note2> The following code represents the relationship with the company:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

<Note3> The limit amount of endorsement/guarantee are as follows:

1. The aggregate amount of endorsement/guarantee:
 - (1) The aggregate amount of transactions of endorsement/guarantee must be less than 100% of net worth of provider company.
 - (2) The aggregate amount of endorsement /guarantee of the Company and subsidiaries should be less than 2% of the company's net worth.
 - (3) The aggregate amount of endorsements/guarantees that the Company as a whole may exceed 50% of the Company's net worth, and the Company should explain the rationality of it in the shareholders meeting.
2. The amount of endorsement/guarantee for any single entity is as follow:
 - (1) The amount of endorsement/guarantee for trading partners should be less than 30% of the total sales or purchase transactions between endorser/guarantor and the receiving party from the previous fiscal year, and should be less than 65% of the Company's net worth.
 - (2) For subsidiaries jointly or directly owned over 50% by the company, the amount of endorsement/guarantee for the entity should be less than 100% of the company's net worth.
 - (3) For subsidiaries jointly or directly owned over 90% by the company, the amount of endorsement/guarantee for the entity should be less than 10% of the company's net worth, except for 100% owned companies. The ceiling for subsidiaries owned 100% is 100% of the Company's net worth.

Kinpo Electronics, Inc. and subsidiaries
Notes to parent company only financial statements (continued)

Table 3: Marketable securities held (not including subsidiaries, associates and joint ventures)

(Unit: thousands of NTD/ foreign currency)

No. <Note1>	Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	As of December 31, 2022				Remark
					Share/Units	Carrying Value	Percentage	Fair Value	
0	Kinpo Electronics, Inc.	Amphastar Pharmaceuticals, Inc. / Stock	—	Current financial assets at fair value through other comprehensive income	\$39,622	\$34,094	0.07%	\$34,094	Public: AMPH
0	Kinpo Electronics, Inc.	Compal Electronics, Inc. / Stock	—	Non-current financial assets at fair value through other comprehensive income	151,628,692	3,495,041	3.44%	3,495,041	Public: 2324
0	Kinpo Electronics, Inc.	Helios Semiconductor, Inc. / Stock	—	"	42,001	21	0.64%	21	
0	Kinpo Electronics, Inc.	Taiwan Star Telecom Corp. Ltd. / Stock	—	"	98,860,342	445,662	1.58%	445,662	
0	Kinpo Electronics, Inc.	Norm Pacific Automation Corp. / Stock	—	"	469,240	6,194	1.64%	6,194	
0	Kinpo Electronics, Inc.	Prudence Capital Management Ltd. / Stock	—	"	104,367	1,873	1.00%	1,873	
0	Kinpo Electronics, Inc.	Puritron Technology Inc. / Stock	—	"	629,148	994	3.85%	994	
0	Kinpo Electronics, Inc.	Intergrafx Holding Ltd. / Convertible preferred stock	—	"	1,166,667	-	-	-	
0	Kinpo Electronics, Inc.	PChome Ventures fund / Stock	—	"	157,080	-	6.06%	-	
0	Kinpo Electronics, Inc.	iMedtac Company Limited / Stock	—	"	890,400	15,217	6.25%	15,217	
0	Kinpo Electronics, Inc.	GEOSAT Aerospace & Technology Inc. / Convertible corporate bond	—	Current financial assets at fair value through profit and loss	-	10,180	-	10,180	
1	Kinpo International (Singapore) Pte. Ltd.	URSrobot Holding Ltd. / Preferred stock	—	Non-current financial assets at fair value through other comprehensive income	2,033,180	USD 813	-	USD 813	
2	XYZprinting, Inc.	Taiwan Tech 3D Co., Ltd. / Stock	—	"	200,000	-	10.00%	-	
3	CastleNet Technology Inc.	SPI. / Convertible corporate bond	—	Non-current financial assets at fair value through profit and loss	-	1,468,178	-	1,468,178	
4	Cal-Comp Electronics (Thailand) Public Company Limited	Nexa3D Inc. / Stock	—	Non-current financial assets at fair value through other comprehensive income	57,445,600	-	11.75%	-	
5	Logistar International Holding Co., Ltd.	Mojoose Inc. / Convertible corporate bond	—	Non-current financial assets at fair value through profit and loss	-	-	-	-	
6	Cal-Comp Electronics (USA) Co., Ltd.	Fellow, Inc. / Stock	—	"	480,815	-	4.72%	-	

<Note1> The numbers filled in for the marketable securities held by the group or subsidiaries are as follows:

(1) The company is "0".

(2) The subsidiaries are numbered in order starting from "1".

Kinpo Electronics, Inc. and subsidiaries
Notes to parent company only financial statements (continued)

Table 4: Individual securities acquired or disposed of with accumulated amount exceeding NTD 300 million or 20 percent of the capital stock

(Unit: thousands of NTD/ foreign currency)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance		
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount	Remark
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics & Communications Co., Ltd.	Investments accounted for using equity method	Capital increment in cash	—	6,992,078	USD 10,194	110,905,714	USD 270,000	-	-	-	-	117,897,792	(USD 154,776)	<Note1>
Cal-Comp Electronics & Communications Co., Ltd.	Logistar International Holding Co., Ltd.	"	Capital increment in cash	—	-	-	270,000,000	7,960,950	-	-	-	-	270,000,000	(5,110,513)	<Note1>
Cal-Comp Electronics (USA) Co., Ltd.	Cal-Comp USA (San Diego), Inc.	"	Capital increment by swapping debt to equity	—	860,000	(USD 9,303)	-	USD 15,650	-	-	-	-	860,000	USD 7,002	<Note1>
Kinpo Electronics (China) Co., Ltd.	YieldPlus Structured Deposit	Current financial assets at fair value through profit and loss	Bank of Donguan	—	-	CNY 90,408	-	CNY 140,000	-	CNY 230,985	CNY 230,000	CNY 985	-	-	-
Kinpo Electronics (China) Co., Ltd.	YieldPlus Structured Deposit	"	Bank of Communications	—	-	CNY 30,067	-	CNY 210,000	-	CNY 240,646	CNY 240,000	CNY 646	-	-	-

<Note1> The ending balance included the recognition of share of profit (loss) of associates and joint ventures accounted for using equity method, exchange differences on translation and unrealised gains (losses) from investments in financial assets/liabilities, etc.

Table 5: Total purchases from or sales to related parties of at least NTD 100 million or 20% of the paid-in capital

(Unit: thousands of NTD/ foreign currency)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction Terms Different From Regular Transactions		Notes/Accounts Receivable (Payable)		Remark
			Purchase /Sales	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total <Note>	
Kinpo Electronics, Inc.	Kinpo International Ltd.	Subsidiary	Purchases	\$112,569	0.30%	About 30 days	Similar to general terms and conditions	About 30 days	\$-	-	
Kinpo Electronics, Inc.	Kinpo Electronics (Philippines), Inc.	Subsidiary	Purchases	3,622,446	9.56%	About 30 days	Similar to general terms and conditions	About 30 days	(153,680)	1.52%	
Kinpo Electronics, Inc.	Cal-Comp Electronics (Thailand) Public Company Limited	Subsidiary	Purchases	34,108,640	90.04%	About 30 days	Similar to general terms and conditions	About 30 days	(9,484,462)	93.94%	
Kinpo Electronics, Inc.	Compal Electronics, Inc.	Substantive Related Parties	Sales	31,147,620	80.66%	About 50 days	Similar to general terms and conditions	About 50 days	8,476,775	82.05%	
Kinpo International Ltd.	Kinpo Electronics, Inc.(China)	Subsidiary	Purchases	CNY 70,884	5.32%	—	Similar to general terms and conditions	—	(CNY 48,454)	19.66%	
Kinpo International Ltd.	Kinpo Electronics, Inc.	Parent company	Sales	CNY 25,347	29.07%	About 30 days	Similar to general terms and conditions	About 30 days	-	-	
Kinpo Electronics, Inc.(China)	Cal-Comp Precision (Dongguan) Limited	Affiliated company	Purchases	CNY 31,039	1.92%	About 30 days	Similar to general terms and conditions	About 30 days	(CNY 4,818)	1.43%	
Kinpo Electronics, Inc.(China)	Kinpo International Ltd.	Parent company	Sales	CNY 70,884	3.82%	—	Similar to general terms and conditions	—	(CNY 48,454)	5.93%	
Kinpo Electronics (Philippines), Inc.	Kinpo Electronics, Inc.	Parent company	Sales	USD 123,442	12.60%	About 30 days	Similar to general terms and conditions	About 30 days	USD 5,004	1.98%	
Kinpo Electronics (Philippines), Inc.	Cal-Comp Precision (Philippines), Inc.	Affiliated company	Purchases	USD 141,658	18.32%	About 30 days	Similar to general terms and conditions	About 30 days	(USD 24,341)	15.77%	
Kinpo Electronics (Philippines), Inc.	AcBel Polytech (Philippines), Inc.	Affiliated company	Purchases	USD 7,925	1.02%	About 30 days	Similar to general terms and conditions	About 30 days	(USD 2,205)	1.43%	
XYZprinting, Inc.	Cal-Comp Electronics (Thailand) Public Company Limited	Affiliated company	Purchases	203,858	90.52%	About 90 days	Similar to general terms and conditions	About 90 days	(79,782)	82.23%	
CastleNet Technology Inc.	Cal-Comp Electronics (Thailand) Public Company Limited	Affiliated company	Purchases	961,574	62.97%	About 90-120 days	Similar to general terms and conditions	About 90-120 days	(403,476)	74.01%	
Cal-Comp Electronics (Thailand) Public Company Limited	Kinpo Electronics, Inc.	Parent company	Sales	USD 1,135,117	32.84%	About 30 days	Similar to general terms and conditions	About 30 days	USD 308,840	40.08%	
Cal-Comp Electronics (Thailand) Public Company Limited	XYZprinting, Inc.	Affiliated company	Sales	USD 6,938	0.20%	About 90 days	Similar to general terms and conditions	About 90 days	USD 2,599	0.34%	
Cal-Comp Electronics (Thailand) Public Company Limited	CastleNet Technology Inc.	Affiliated company	Sales	USD 283,517	8.20%	About 90-120 days	Similar to general terms and conditions	About 90-120 days	USD 179,783	23.33%	
Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd.	Subsidiary	Purchases	USD 5,002	0.15%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	-	-	
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Thailand) Limited	Subsidiary	Purchases	USD 4,002	0.12%	About 60 days	Similar to general terms and conditions	About 60 days	(USD 9,681)	1.90%	
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics & Communications Co., Ltd.	Subsidiary	Sales	USD 25,443	0.74%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	USD 14,802	1.92%	
Cal-Comp Electronics (Thailand) Public Company Limited	Compal Electronics, Inc.	Substantive Related Parties	Purchases	USD 64,866	1.93%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(USD 142,329)	27.94%	
Logistar International Holding Co., Ltd.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Sales	USD 5,002	34.23%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	-	-	
Logistar International Holding Co., Ltd.	Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Affiliated company	Purchases	USD 8,490	86.73%	About 45-120 days	Similar to general terms and conditions	About 45-120 days	(USD 4,371)	9.25%	
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Logistar International Holding Co., Ltd.	Affiliated company	Sales	CNY 55,531	9.29%	About 45-120 days	Similar to general terms and conditions	About 45-120 days	CNY 30,443	24.74%	
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Cal-Comp Electronics & Communications Co., Ltd.	Affiliated company	Sales	CNY 542,486	90.71%	About 45-90 days	Similar to general terms and conditions	About 45-90 days	CNY 92,599	75.26%	
Cal-Comp Optical Electronics (Yueyang) Co., Ltd.	Cal-Comp Precision (Yueyang) Co., Ltd.	Affiliated company	Purchases	CNY 584,040	13.99%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(CNY 112,804)	17.63%	
Cal-Comp Optical Electronics (Yueyang) Co., Ltd.	Cal-Comp Electronics & Communications Co., Ltd.	Affiliated company	Sales	CNY 3,796,657	94.13%	About 90 days	Similar to general terms and conditions	About 90 days	CNY 127,125	20.13%	
Cal-Comp Precision (Thailand) Limited	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Sales	USD 67,290	97.23%	About 60 days	Similar to general terms and conditions	About 60 days	USD 9,757	96.97%	
Cal-Comp Precision (Philippines), Inc.	Kinpo Electronics (Philippines), Inc.	Affiliated company	Sales	USD 146,253	95.27%	About 30 days	Similar to general terms and conditions	About 30 days	USD 24,358	93.78%	
Cal-Comp Precision (Yueyang) Co., Ltd.	Cal-Comp Optical Electronics (Yueyang) Co., Ltd.	Affiliated company	Sales	CNY 584,040	98.12%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	CNY 112,804	95.12%	
Cal-Comp Precision (Dongguan) Limited	Kinpo Electronics, Inc.(China)	Affiliated company	Sales	CNY 31,239	39.86%	About 30 days	Similar to general terms and conditions	About 30 days	CNY 5,543	35.09%	
Cal-Comp Electronics & Communications Co., Ltd.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Purchases	13,102,536	44.16%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(454,560)	31.90%	
Cal-Comp Electronics & Communications Co., Ltd.	Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Affiliated company	Purchases	2,396,401	8.08%	About 45-90 days	Similar to general terms and conditions	About 45-90 days	(178,072)	12.50%	
Cal-Comp Electronics & Communications Co., Ltd.	Cal-Comp Optical Electronics (Yueyang) Co., Ltd.	Affiliated company	Purchases	14,160,573	47.73%	About 90 days	Similar to general terms and conditions	About 90 days	(560,675)	39.34%	
Cal-Comp Electronics (USA) Co., Ltd.	Qbit Semiconductor Ltd.	Affiliated company	Sales	USD 3,691	3.00%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	USD 20,090	45.07%	
Cal-Comp Electronics de Mexico Co., S.A. de C.V.	Cal-Comp Electronics (USA) Co., Ltd.	Affiliated company	Sales	USD 12,696	100.00%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	USD 5,554	98.32%	

<Note> Percentage to total sales (purchases), accounts and notes receivable (payable).

Kinpo Electronics, Inc. and subsidiaries
Notes to unaudited consolidated financial statements (continued)

Table 6: Receivables due from related parties amounting to at least NTD 100 million or 20% of the paid-in capital

(Unit: thousands of NTD/ foreign currency)

Company Name	Related Party	Nature of Relationship	Financial Statement Account	Ending Balance	Turover Ratio	Overdue	Amounts Received in Subsequent Period	Allowance for Bad Debts
Kinpo Electronics, Inc.	Compal Electronics, Inc.	Substantive Related Parties	Accounts receivable due from related parties	\$8,476,775	6.92	\$-	\$8,476,775	\$-
Kinpo Electronics, Inc.	Kinpo International Ltd.	Subsidiary	Other receivables due from related parties	1,865,873	-	-	-	-
Kinpo Electronics, Inc.	Kinpo Electronics (Philippines), Inc.	Subsidiary	Accounts receivable due from related parties	907,212	-	-	439,118	-
Kinpo Electronics, Inc.	XYZprinting, Inc.	Subsidiary	Other receivables due from related parties	552,185	-	-	31	-
Kinpo International (Singapore) Pte. Ltd.	Kinpo Electronics (Philippines), Inc.	Subsidiary	Long-term receivable due from related parties	USD 26,317	-	-	-	-
Kinpo International Ltd.	Kinpo Electronics, Inc.(China)	Subsidiary	Accounts receivable due from related parties	CNY 153,312	-	-	CNY 68,957	-
Kinpo Electronics, Inc.(China)	Kinpo International Ltd.	Parent company	"	CNY 48,454	1.03	-	-	-
Kinpo Electronics, Inc.(China)	NKG Advanced Intelligence & Technology Development (Yueyang) Co., Ltd.	Affiliated company	Other receivables due from related parties	CNY 32,129	-	-	CNY 977	-
Kinpo Electronics, Inc.(China)	LIZ Electronics (Nantong) Co., Ltd.	Affiliated company	Long-term receivable due from related parties	CNY 204,490	-	-	-	-
Kinpo Electronics (Philippines), Inc.	Kinpo Electronics, Inc.	Parent company	Accounts receivable due from related parties	USD 5,004	20.01	-	USD 5,004	-
Kinpo Electronics (Philippines), Inc.	Cal-Comp Precision (Philippines), Inc.	Affiliated company	Other receivables due from related parties	USD 3,505	-	-	USD 1,216	-
Cal-Comp Technology (Philippines), Inc.	Kinpo Electronics (Philippines), Inc.	Subsidiary	"	USD 12,204	-	-	-	-
Cal-Comp Electronics (Thailand) Public Company Limited	Kinpo Electronics, Inc.	Parent company	"	USD 308,840	55.40	-	-	-
Cal-Comp Electronics (Thailand) Public Company Limited	XYZprinting, Inc.	Affiliated company	"	USD 2,599	6.49	-	-	-
Cal-Comp Electronics (Thailand) Public Company Limited	CastleNet Technology Inc.	Subsidiary	"	USD 179,783	16.89	-	USD 27,931	-
Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd.	Subsidiary	"	USD 13,140	0.26	-	-	-
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics & Communications Co., Ltd.	Subsidiary	"	USD 14,802	27.50	-	USD 9,958	-
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria de Semicondutores S.A.	Subsidiary	Long-term receivable due from related parties	USD 7,500	-	-	-	-
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria e Comercio de Eletronicos e Informatica Ltda.	Subsidiary	"	USD 18,388	-	-	-	-
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Logistar International Holding Co., Ltd.	Affiliated company	Accounts receivable due from related parties	USD 30,443	3.79	-	-	-
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Cal-Comp Electronics & Communications Co., Ltd.	Affiliated company	"	USD 92,599	93.73	-	USD 5,798	-
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Cal-Comp Optical Electronics (Yueyang) Co., Ltd.	Subsidiary	Other receivables due from related parties	CNY 147,489	-	-	-	-
Cal-Comp Optical Electronics (Yueyang) Co., Ltd.	Logistar International Holding Co., Ltd.	Affiliated company	Accounts receivable due from related parties	USD 479,181	-	-	-	-
Cal-Comp Optical Electronics (Yueyang) Co., Ltd.	Cal-Comp Electronics & Communications Co., Ltd.	Affiliated company	"	USD 127,125	477.85	-	-	-
Cal-Comp Precision (Thailand) Limited	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	"	USD 9,757	45.29	-	USD 5,515	-
Cal-Comp Precision (Thailand) Limited	Cal-Comp Precision (Philippines), Inc.	Subsidiary	Long-term receivable due from related parties	USD 27,108	-	-	-	-
Cal-Comp Precision (Thailand) Limited	Cal-Comp Precision (Singapore), Inc.	Parent company	"	USD 10,039	-	-	-	-
Cal-Comp Precision (Philippines), Inc.	Kinpo Electronics (Philippines), Inc.	Affiliated company	Accounts receivable due from related parties	USD 24,358	50.97	-	USD 24,358	-
Cal-Comp Precision (Yueyang) Co., Ltd.	Cal-Comp Optical Electronics (Yueyang) Co., Ltd.	Affiliated company	"	USD 112,804	31.24	-	USD 7,226	-
Cal-Comp Electronics (USA) Co., Ltd.	QBit Semiconductor Holding Ltd.	Affiliated company	"	USD 20,090	2.06	-	-	-
Cal-Comp Electronics de Mexico Co., S.A. de C.V.	Cal-Comp Electronics (USA) Co., Ltd.	Affiliated company	"	USD 5,554	13.38	-	USD 1,800	-

Kinpo Electronics, Inc. and subsidiaries
Notes to unaudited consolidated financial statements (continued)

Table 7: Significant intercompany transactions between consolidated entities

(Unit: thousands of NTD/ foreign currency)

No. <Note1>	Company Name	Counter-party	Nature of Relationship <Note2>	Intercompany Transactions			Percentage of Consolidated Net Revenue or Total Assets <Note3>
				Financial Statement Account	Amount	Terms	
0	Kinpo Electronics, Inc.	Cal-Comp Technology (Philippines), Inc. and Subsidiary	1	Accounts receivables	\$918,913	Similar to general terms and conditions	0.73%
0	Kinpo Electronics, Inc.	Cal-Comp Technology (Philippines), Inc. and Subsidiary	1	Accounts payable	153,680	Similar to general terms and conditions	0.12%
0	Kinpo Electronics, Inc.	Cal-Comp Technology (Philippines), Inc. and Subsidiary	1	Purchases	3,622,446	Similar to general terms and conditions	2.00%
0	Kinpo Electronics, Inc.	Cal-Comp Electronics (Thailand) Public Company Limited and Subsidiary	1	Accounts payable	9,484,462	Similar to general terms and conditions	7.56%
0	Kinpo Electronics, Inc.	Cal-Comp Electronics (Thailand) Public Company Limited and Subsidiary	1	Purchases	34,108,640	Similar to general terms and conditions	18.80%
0	Kinpo Electronics, Inc.	Kinpo International Ltd. and Subsidiary	1	Other receivables	1,842,600	Similar to general terms and conditions	1.47%
0	Kinpo Electronics, Inc.	Kinpo International Ltd. and Subsidiary	1	Purchases	112,569	Similar to general terms and conditions	0.06%
0	Kinpo Electronics, Inc.	XYZprinting, Inc. and Subsidiary	1	Other receivables	622,199	Similar to general terms and conditions	0.50%
1	Kinpo International Ltd. and Subsidiary	Cal-Comp Electronics (Thailand) Public Company Limited and Subsidiary	3	Other receivables	148,695	Similar to general terms and conditions	0.12%
1	Kinpo International Ltd. and Subsidiary	Cal-Comp Electronics (Thailand) Public Company Limited and Subsidiary	3	Accounts payable	181,001	Similar to general terms and conditions	0.14%
1	Kinpo International Ltd. and Subsidiary	Cal-Comp Electronics (Thailand) Public Company Limited and Subsidiary	3	Purchases	137,691	Similar to general terms and conditions	0.08%
1	Kinpo International Ltd. and Subsidiary	Cal-Comp Electronics (Thailand) Public Company Limited and Subsidiary	3	Service costs	372,451	Similar to general terms and conditions	0.21%
1	Kinpo International Ltd. and Subsidiary	Lipo Holding Co., Ltd. and Subsidiary	3	Long-term receivables	901,677	Similar to general terms and conditions	0.72%
2	Cal-Comp Technology (Philippines), Inc. and Subsidiary	Cal-Comp Electronics (Thailand) Public Company Limited and Subsidiary	3	Other receivables	114,513	Similar to general terms and conditions	0.09%
2	Cal-Comp Technology (Philippines), Inc. and Subsidiary	Cal-Comp Electronics (Thailand) Public Company Limited and Subsidiary	3	Accounts payable	769,696	Similar to general terms and conditions	0.61%
2	Cal-Comp Technology (Philippines), Inc. and Subsidiary	Cal-Comp Electronics (Thailand) Public Company Limited and Subsidiary	3	Purchases	4,250,910	Similar to general terms and conditions	2.34%
3	XYZprinting, Inc. and Subsidiary	Cal-Comp Electronics (Thailand) Public Company Limited and Subsidiary	3	Purchases	205,188	Similar to general terms and conditions	0.11%
4	CastleNet Technology Inc. and Subsidiary	Cal-Comp Electronics (Thailand) Public Company Limited and Subsidiary	3	Other receivables	109,365	Similar to general terms and conditions	0.09%
4	CastleNet Technology Inc. and Subsidiary	Cal-Comp Electronics (Thailand) Public Company Limited and Subsidiary	3	Accounts payable	403,476	Similar to general terms and conditions	0.32%
4	CastleNet Technology Inc. and Subsidiary	Cal-Comp Electronics (Thailand) Public Company Limited and Subsidiary	3	Purchases	961,574	Similar to general terms and conditions	0.53%

<Note1> The numbers filled in represent:

- (1) The company is "0".
- (2) The subsidiaries are numbered in order starting from "1".

<Note2> The following lists the three types of intercompany transactions (one transaction between parent company and subsidiary or between subsidiaries could be disclosed only once.)

- (1) Transactions from parent company to subsidiary is "1".
- (2) Transactions from subsidiary to parent company is "2".
- (3) Transactions between subsidiaries is "3".

<Note3> The percentage is divided by:

- (1) Consolidated total assets if the transaction account belongs to balance sheet.
- (2) Consolidated net revenue if the transaction account belongs to comprehensive income statement.

<Note4> We included only the intercompany transactions with amount larger than 100 millions in the table.

Kinpo Electronics, Inc. and subsidiaries
Notes to parent company only financial statements (continued)

Table 8: Names, locations and related information of investees over which the company exercises significant influence (not including information on investments in Mainland China)

(Unit: thousands of NTD/ foreign currency)

Investor Company	Investee Company	Location	Main Businesses	Original Investment Amount		Balance at The End of Period			Net Income (Losses) of The Investee	Share of Profits (Losses) of Investee	Nature of Relationship
				Ending balance	Beginning balance	Shares	Percentage of Ownership	Carrying Value			
Kinpo Electronics, Inc.	Cal-Comp Electronics (Thailand) Public Company Limited	Thailand	Manufacturing and sales of computer peripherals and IT products	\$2,320,469	\$2,320,469	2,511,896,605	46.63%	\$8,188,704	\$680,625	\$302,527	Subsidiary
Kinpo Electronics, Inc.	Kinpo International (Singapore) Pte. Ltd.	Singapore	Reinvestment on domestic and overseas business	3,203,059	3,203,059	247,955,881	100.00%	7,422,840	623,310	623,310	Subsidiary
Kinpo Electronics, Inc.	Kinpo International Ltd.	BVI	Holding company	4,801,764	4,801,764	154,223,270	100.00%	3,611,388	256,436	256,436	Subsidiary
Kinpo Electronics, Inc.	Lipo Holding Co., Ltd.	Cayman Islands	Holding company	505,305	505,305	102,000	51.00%	415,671	(667,002)	(340,171)	Subsidiary
Kinpo Electronics, Inc.	Crownpo Technology Inc.	Taiwan	Manufacturing and sales of chip diodes, etc.	341,730	341,730	5,805,765	51.61%	63,717	(95,015)	(49,037)	Subsidiary
Kinpo Electronics, Inc.	XYZprinting, Inc.	Taiwan	Trading 3D printer	431,518	431,518	43,151,760	46.40%	(509,674)	(222,056)	(103,034)	Subsidiary
Kinpo Electronics, Inc.	CastleNet Technology Inc.	Taiwan	Development, manufacturing and sales of products including cable modem, powerline communication and digital home application	1,775,923	1,775,923	129,958,907	68.90%	1,330,855	16,306	11,235	Subsidiary
Kinpo Electronics, Inc.	Cal-Comp Big Data, Inc.	Taiwan	Medical equipment, data processing and provision service	610,000	325,000	61,000,000	50.00%	13,883	1,163	581	Subsidiary
Kinpo Electronics, Inc.	New Era AI Robotic Limited	Cayman Islands	Holding company	-	61,000	-	-	-	-	-	Subsidiary
Kinpo Electronics, Inc.	New Era AI Robotic Inc.	Taiwan	Trading robot and applications development	310,000	-	31,000,000	50.00%	10,423	(3,629)	(1,814)	Subsidiary
Kinpo Electronics, Inc.	Cal-Comp Asset Management, Inc.	Taiwan	Asset management	50,000	50,000	5,000,000	100.00%	52,838	2,647	2,647	Subsidiary
Kinpo Electronics, Inc.	AcBel Polytech Inc.	Taiwan	Manufacturing switching power supply & sales of main materials	1,107,044	1,107,044	124,788,917	23.71%	2,402,989	636,360	152,854	Associate
Kinpo Electronics, Inc.	Kinpo Group Management Service Company	Taiwan	Investment and management consulting	3,000	3,000	300,000	37.50%	6,042	284	106	Associate
Kinpo Electronics, Inc.	Teleport Access Services, Inc.	Taiwan	First rate telecommunications, system design and engineering, integration, construction, and product services; restrained telecom radio frequency equipments and materials import	322,376	322,376	10,145,800	23.70%	228,362	20,342	4,822	Associate
Kinpo Electronics, Inc.	Ascendant Private Equity Investment Ltd. (Preferred Stock)	BVI	Reinvestment on domestic and overseas business	949,219	949,219	31,250,000	34.72%	1,405,312	(44,465)	(15,438)	Associate
Kinpo Electronics, Inc.	Ascendant Private Equity Investment Ltd. (Stock)	BVI	Reinvestment on domestic and overseas business	95	95	3,125	34.72%	96	(44,465)	-	Associate
Kinpo Electronics, Inc.	iHELPER Inc.	Taiwan	Healthcare industry robot , etc.	15,840	15,840	1,584,000	44.00%	7,370	323	142	Associate
Kinpo Electronics, Inc.	NTNU Innovation Investment Holding Company	Taiwan	Industry-academia cooperation	17,470	17,470	1,990,129	19.92%	13,585	(8,323)	(1,604)	Associate
Kinpo Electronics, Inc.	McTEC Taiwan Limited	Samoa	Reinvestment on domestic and overseas business	47,193	47,193	1,500,000	26.04%	-	-	-	Associate
Kinpo International (Singapore) Pte. Ltd.	Cal-Comp Technology (Philippines), Inc.	Philippines	Manufacturing	USD 100,000	USD 100,000	895,638,400	80.81%	USD 226,714	USD 27,138	<Note1>	Subsidiary
Cal-Comp Technology (Philippines), Inc.	Kinpo Electronics (Philippines), Inc.	Philippines	Manufacturing and sales products of other companies' electronic products	USD 100,000	USD 100,000	49,260,075	100.00%	USD 258,936	USD 26,972	<Note1>	Subsidiary
Crownpo Technology Inc.	Ranashe International Ltd.	BVI	Holding company	137,962	137,962	50,000	100.00%	99,134	(USD 2,735)	<Note1>	Subsidiary
Crownpo Technology Inc.	Li-Cheng Materials Corporation	Taiwan	Manufacturing chemical materials	23,000	23,000	140,000	54.69%	(3,349)	(5,135)	<Note1>	Subsidiary
XYZprinting, Inc.	XYZprinting, Inc. (USA)	USA	Trading 3D printer	551,977	551,977	5,000	100.00%	(80,202)	(74,155)	<Note1>	Subsidiary
XYZprinting, Inc.	XYZprinting Japan, Inc.	Japan	Trading 3D printer	96,852	96,852	7,013,200	100.00%	(46,642)	(24,726)	<Note1>	Subsidiary
XYZprinting, Inc.	XYZprinting Netherlands, B.V.	Netherlands	Trading 3D printer	308,340	308,340	1,488,901	100.00%	114,797	6,189	<Note1>	Subsidiary
XYZprinting, Inc.	XYZprinting (Thailand) Co., Ltd.	Thailand	Trading 3D printer	16,178	16,178	1,800,000	100.00%	(2,373)	6,735	<Note1>	Subsidiary
XYZprinting, Inc.	XYZlife (Philippines) Inc.	Philippines	Trading aesthetic medicine products	6,325	6,325	93,995	100.00%	1,322	(168)	<Note1>	Subsidiary
Cal-Comp Big Data, Inc.	Cal-Comp Big Data International Ltd.	BVI	Reinvestment on domestic and overseas business	-	270,925	-	-	-	(USD 62)	<Note1>	Subsidiary
New Era AI Robotic Limited	New Era AI Robotic Inc.	Taiwan	Trading robot and applications development	-	USD 4,000	-	-	-	-	<Note1>	Subsidiary
CastleNet Technology Inc.	CastleNet Technology (BVI) Inc.	BVI	Holding company	302,692	302,692	8,708	100.00%	40,294	(USD 16)	<Note1>	Subsidiary
Cal-Comp Asset Management, Inc.	Confiar Land Corp.	Philippines	Acquire, purchase, lease, hold, sell or otherwise deal in land and real estate	PHP 79,920	PHP 79,920	2,700,000	40.00%	47,363	PHP 5,331	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd.	BVI	Dealer	USD 43,208	USD 43,208	40,050,000	12.92%	(USD 24,784)	(USD 25,396)	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics & Communications Co., Ltd.	Taiwan	Purchasing materials and R&D	USD 277,594	USD 7,546	117,897,792	100.00%	(USD 154,776)	(22,439)	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	Cal Comp Malaysia SDN. BHD.	Malaysia	Manufacturing	USD 2,481	USD 8,699	38,680	100.00%	USD 50	USD 2,181	<Note1>	Subsidiary

Kinpo Electronics, Inc. and subsidiaries
Notes to parent company only financial statements (continued)

Table 8: Names, locations and related information of investees over which the company exercises significant influence (not including information on investments in Mainland China)

(Unit: thousands of NTD/ foreign currency)

Investor Company	Investee Company	Location	Main Businesses	Original Investment Amount		Balance at The End of Period			Net Income (Losses) of The Investee	Share of Profits (Losses) of Investee	Nature of Relationship
				Ending balance	Beginning balance	Shares	Percentage of Ownership	Carrying Value			
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics (USA) Co.,Ltd	USA	Manufacturing	USD 98,736	USD 98,736	60,000,000	100.00%	USD 71,387	USD 632	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria e Comercio de Electronica e Informatica Ltda.	Brazil	Manufacturing	USD 79,120	USD 698	205,009,086	100.00%	USD 130,833	USD 22,032	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics de Mexico Co., S.A. de C.V.	Mexico	Manufacturing	USD 9,557	USD 9,557	141,182,050	100.00%	USD 18,142	USD 2,486	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Technology (Philippines), Inc.	Philippines	Manufacturing	USD 24,348	USD 24,348	212,711,600	19.19%	USD 54,578	USD 27,138	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Holding (Brasil) S.A.	Brazil	Holding company	-	USD 78,422	-	-	-	USD 3,411	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	XYZprinting, Inc.	Taiwan	Trading 3D printer	USD 14,231	USD 14,231	43,151,760	46.40%	(USD 16,577)	(222,056)	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	Pehome (Thailand) Co., Ltd.	Thailand	E-commerce, selling and customer services	USD 2,075	USD 2,075	6,750,000	33.75%	USD 266	(USD 910)	<Note1>	Associate
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Big Data, Inc.	Taiwan	Medical equipment, data processing and provision service	USD 20,419	USD 10,841	61,000,000	50.00%	USD 452	1,163	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	Qbit Semiconductor Holding Ltd.	Cayman Islands	Holding company	USD 12,873	USD 12,873	10,340,514	91.60%	(USD 23,959)	(USD 19,745)	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	New Era AI Robotic Limited	Cayman Islands	Holding company	-	USD 2,087	-	-	-	-	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	New Era AI Robotic Inc.	Taiwan	Trading robot and applications development	USD 10,180	-	31,000,000	50.00%	USD 340	(3,629)	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Automation and Industrial 4.0 Service (Thailand) Co., Ltd.	Thailand	Auto-manage producing system development	USD 3,082	USD 3,082	10,000,000	100.00%	USD 5,406	USD 253	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision Holding Co., Ltd.	Cayman Islands	Holding company	USD 85,244	USD 85,240	56,455,000	99.92%	USD 106,115	USD 9,865	<Note1>	Subsidiary
QBit Semiconductor Holding, Ltd.	Qbit Semiconductor Ltd.	Taiwan	Design of semiconductors	USD 11,912	USD 11,912	15,800,000	100.00%	(USD 26,081)	(600,081)	<Note1>	Subsidiary
Cal-Comp Holding (Brasil) S.A.	Cal-Comp Industria e Comercio de Eletronicos e Informatica Ltda.	Brazil	Manufacturing	-	BRL 163,674	-	-	-	USD 22,032	<Note1>	Subsidiary
Cal-Comp Holding (Brasil) S.A.	Cal-Comp Industria de Semicondutores S.A.	Brazil	Manufacturing	-	BRL 40,466	-	-	-	BRL 13,727	<Note1>	Subsidiary
Cal-Comp Industria e Comercio de Eletronicos e Informatica Ltda.	Cal-Comp Industria de Semicondutores S.A.	Brazil	Manufacturing	BRL 40,466	-	40,466,000	58.03%	BRL 47,326	BRL 13,727	<Note1>	Subsidiary
Cal-Comp Precision Holding Co., Ltd.	Cal-Comp Precision (Singapore) Limited	Singapore	Holding company and distributor	USD 82,198	USD 82,198	1,124,132,310	100.00%	USD 106,935	USD 9,891	<Note1>	Subsidiary
Cal-Comp Precision (Singapore) Limited	Daviscooms (S) Pte Ltd	Singapore	Designing and manufacturing of communication products	USD 2,955	USD 2,955	340,458	20.00%	USD 2,579	USD 119	<Note1>	Associate
Cal-Comp Precision (Singapore) Limited	Cal-Comp Precision (Malaysia) Sdn. Bhd.	Malaysia	Plastic Molding	USD 5,550	USD 5,550	11,968,000	100.00%	USD 6,458	(USD 86)	<Note1>	Subsidiary
Cal-Comp Precision (Singapore) Limited	Cal-Comp Precision (Thailand) Co.,Ltd.	Thailand	Plastic Molding	USD 44,426	USD 44,426	16,425,695	100.00%	USD 55,674	(USD 22)	<Note1>	Subsidiary
Cal-Comp Precision (Singapore) Limited	Cal-Comp Precision (Philippine) Inc.	Philippines	Plastic Molding	USD 55,098	USD 55,098	24,645,685	100.00%	USD 69,627	USD 7,420	<Note1>	Subsidiary
Cal-Comp Electronics (USA) Co., Ltd.	Cal-Comp USA (San Diego), Inc.	USA	Manufacturing	USD 16,513	USD 859	860,000	100.00%	USD 7,002	USD 651	<Note1>	Subsidiary
Cal-Comp Electronics & Communications Co., Ltd.	Logistar International Holding Co.,Ltd	BVI	Dealer	7,960,950	-	270,000,000	87.08%	(5,110,513)	(USD 25,396)	<Note1>	Subsidiary
Cal-Comp Electronics & Communications Co., Ltd.	Kinpo Group Management Service Company	Taiwan	Investment and management consulting	1,000	1,000	100,000	12.50%	USD 33	284	<Note1>	Associate

<Note1> The share of profits (losses) of investee have already been included in the net income of the investor company. We decided not to further disclose in case of causing confusion.

Table 9: Informations on investments in Mainland China

(Unit: thousands of NTD/ foreign currency)

Investee Company	Main Business and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Percentage of Ownership	Net Income (Loss) of the Investee Company	Share of Profits/Losses	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Kinpo Electronics (China) Co., Ltd.	Processing, manufacturing and selling electronic products of other companies	CNY 889,298 (3,921,271)	Indirect investment via Kinpo International Ltd.	USD 55,100 (1,692,121)	\$-	\$-	USD 55,100 (1,692,121)	100.00%	CNY 117,624 (521,662)	Please refer to <Note1>(2)-iii	CNY 1,429,370 (6,302,664)	\$-
Dongguan Kaipo Electronics Co., Ltd.	Manufacturing and sales of other companies' products	CNY 128,945 (568,570)	Indirect investment via Kinpo International Ltd.	USD 1,000 (30,710)	-	-	USD 1,000 (30,710)	100.00%	CNY 645 (2,861)	Please refer to <Note1>(2)-iii	CNY 47,734 (210,478)	-
Superpower Mould & Plastic Ltd.	Manufacturing and sales of other companies' products	-	Indirect investment via Kinpo International Ltd.	USD 1,573 (48,307)	-	-	USD 1,573 (48,307)	-	-	-	-	-
Kinpo Electronics (Shanghai) Co., Ltd.	Manufacturing & wholesaling electronics dictionary, design, R&D and sales for calculator software	-	Indirect investment via Kinpo International Ltd.	USD 1,120 (34,395)	-	-	USD 1,120 (34,395)	-	-	-	-	-
Kinpo Electronics (Beijing) Co., Ltd.	Manufacturing & wholesaling electronics dictionary, design, R&D and sales for calculator software	-	Indirect investment via Kinpo International Ltd.	USD 1,000 (30,710)	-	-	USD 1,000 (30,710)	-	-	-	-	-
McTECH Guangzhou Co., Ltd.	Producing automatic bike & battery exchange station	CNY 63,304 (279,133)	Indirect investment via McTEC Taiwan Limited	USD 1,350 (41,459)	-	-	USD 1,350 (41,459)	19.61%	-	-	-	-
LIZ Electronics (Kunshan) Co., Ltd.	Producing and marketing chip resistors & ceramic multilayer capacitors & chip diodes	CNY 252,202 (1,112,059)	Indirect investment via Lipo Holding Co., Ltd. & Ranashe International Ltd.	USD 14,270 (438,232)	-	-	USD 14,270 (438,232)	51.07%	CNY 128,368 (-571,101)	Please refer to <Note1>(2)-iii	USD 11,557 (354,915)	-
LIZ Electronics (Nantong) Co., Ltd.	R&D, manufacturing chip components; sales of products and provide after-sales service; wholesaling, improtng and exporting electronic components, semiconductors special materials and spare parts	CNY 217,756 (960,173)	Indirect investment via Lipo Holding Co., Ltd. & LIZ Electronics (Kunshan) Co., Ltd.	USD 1,530 (46,986)	-	-	USD 1,530 (46,986)	51.06%	CNY 115,837 (-515,351)	Please refer to <Note1>(2)-iii	USD 10,750 (330,133)	-
XYZprinting (Suzhou) Co., Ltd.	Trading 3D printer	CNY 38,859 (171,345)	Indirect investment via XYZprinting, Inc.	-	-	-	-	72.45%	CNY 375 (1,663)	Please refer to <Note1>(2)-iii	CNY 251 (1,107)	-
XYZprinting (Shanghai) Cloud Technology Co., Ltd.	Internet technology development	CNY 1,343 (5,922)	Indirect investment via XYZprinting, Inc.	-	-	-	-	68.04%	CNY 59 (-262)	Please refer to <Note1>(2)-iii	CNY 341 (1,504)	-
CastleNet Technology Inc. (Kunshan)	Design and manufacture of modem; sale of self-production	CNY 56,470 (230,325)	Indirect investment via CastleNet Technology (BVI) Inc.	-	-	-	-	68.90%	CNY 96 (-427)	Please refer to <Note1>(2)-iii	USD 743 (22,832)	-
Cal-Comp Electronics (Suzhou) Co., Ltd.	Manufacturing	-	Indirect investment via Cal-Comp Electronics (Thailand) Public Company Limited	-	-	-	-	-	-	-	-	-
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Manufacturing	CNY 547,148 (2,412,594)	Indirect investment via Cal-Comp Electronics (Thailand) Public Company Limited	-	-	-	-	46.63%	CNY 47,950 (-212,658)	Please refer to <Note1>(2)-iii	USD 60,588 (1,860,657)	-
Cal-Comp Technology (Suzhou) Co., Ltd.	Manufacturing	CNY 73,046 (322,089)	Indirect investment via Cal-Comp Electronics (Thailand) Public Company Limited	-	-	-	-	46.63%	CNY 16,967 (75,249)	Please refer to <Note1>(2)-iii	USD 12,212 (375,031)	-
Cal-Comp Electronics and Communications (Suzhou) Co., Ltd.	Manufacturing	-	Indirect investment via Cal-Comp Electronics (Thailand) Public Company Limited	-	-	-	-	-	CNY 280 (1,242)	Please refer to <Note1>(2)-iii	-	-
Cal-Comp Precision (Dongguan) Limited	Plastic Molding	CNY 110,805 (488,584)	Indirect investment via Cal-Comp Precision (Singapore) Limited	-	-	-	-	46.59%	CNY 2,349 (10,418)	Please refer to <Note1>(2)-iii	USD 5,897 (181,097)	-
Cal-Comp Precision (Wujiang) Co., Ltd.	Plastic Molding	-	Indirect investment via Cal-Comp Precision (Thailand) Limited	-	-	-	-	-	-	-	-	-
Cal-Comp Precision (Yueyang) Co., Ltd.	Plastic Molding	CNY 79,015 (348,409)	Indirect investment via Cal-Comp Precision (Singapore) Limited	-	-	-	-	46.59%	CNY 42,785 (189,751)	Please refer to <Note1>(2)-iii	USD 10,840 (332,896)	-
Shanghai Cuang Ge Education Technology Co., Ltd.	R&D of educational and internet products	CNY 4,250 (18,740)	Indirect investment via Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	-	-	-	-	20.30%	CNY 49 (-217)	Please refer to <Note1>(2)-iii	-	-
ICKP (Beijing) Technology Development Co., Ltd.	Developing 3D printers and AI equipments	CNY 10,000 (44,094)	Indirect investment via Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	-	-	-	-	37.30%	CNY 32 (142)	Please refer to <Note1>(2)-iii	CNY 3,215 (14,176)	-
Cal-Comp Optical Electronics (Yueyang) Co., Ltd.	Manufacturing and sales of new printing device, electronic components and their components and other components	CNY 136,000 (599,678)	Indirect investment via Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	-	-	-	-	46.63%	CNY 10,013 (44,408)	Please refer to <Note1>(2)-iii	CNY 143,335 (632,021)	-
NKG Advanced Intelligence & Technology Development (Yueyang) Co., Ltd.	Production and sale of various intelligent electronic equipment and its consumables and parts	CNY 350,000 (1,543,290)	Indirect investment via Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	-	-	-	-	46.63%	CNY 70,350 (-312,002)	Please refer to <Note1>(2)-iii	CNY 101,310 (446,716)	-
Jun-Hui LED Electronics, Co., Limited	R&D and manufacturing optical electronics technique	HKD 494,706 (1,948,449)	Others	-	-	-	-	1.52%	-	-	USD 567 (17,413)	-

Accumulated Investment in Mainland China as of December 31, 2022 (in thousands)	Investment Amount Authorized by Investment Commission, MOEA (in thousands)	Upper Limit of Investment (60% of Net value) (in thousands)
USD 76,943 (\$2,362,920)	USD 250,737 (\$7,700,133)	\$10,654,650

<Note1> In the shared profits/losses column:

- (1) The investments that are in preparation and thus haven't generated any profits/losses should be specified.
- (2) The resources of shared profits/losses should be specified as one of the three below:
 - i. Financial report audited by international audit firm that has partnership with audit firm in Taiwan.
 - ii. Financial report audited by CPA who audits the parent company in Taiwan.
 - iii. Others. (The share of profits/losses were already included in the investor's profits/losses. In case of causing confusion, we decided not to disclose in this table.)

<Note2> The figures in this table are presented in NTD. The exchange rate on the financial reporting date used for translating the amount of investment in foreign currency is as following:

(1) Ending investment balance as of report date were translated using the exchange rates as follows:

USD:NTD 1: 30.7100

CNY:NTD 1: 4.4094

(2) Investment gains or losses were translated using the average rates for the year ended period ended December 31, 2022 as follows:

USD:NTD 1: 29.7948

CNY:NTD 1: 4.4350