AVISION INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022 AND 2021

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

AVISION INC.
DECEMBER 31, 2022 AND 2021 CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
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AVISION INC.
Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Additionally, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

AVISION INC.
Representative: SHENG,SHAO-LAN
March 23, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000642

To the Board of Directors and Shareholders of AVISION INC.

Opinion

We have audited the accompanying consolidated balance sheets of AVISION INC. and its subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

The key audit matters in relation to the consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Impairment assessment of property, plant and equipment and right-of-use assets

Description

The Group's property, plant and equipment and right-of-use assets amounted to NT$675,672 thousand as at December 31, 2022. Please refer to Note 5(1) for accounting estimates and assumption uncertainty related to impairment assessment of property, plant and equipment and right-of-use assets and Notes 6(5) and 6(6) for details of property, plant and equipment and right-of-use assets. The Group determined the recoverable amounts of property, plant and equipment and right-of-use assets at the higher of the value in use and fair value less costs of disposal and assessed whether there was any impairment on property, plant and equipment and right-of-use assets utilising the recoverable amounts. Given that the assessment of value in use of property, plant and equipment and right-of-use assets involves the estimation of future cash flows and determination of discount rates and the assumptions used to forecast future cash flows and determination of discount rates have significant influence on the estimation results of value in use of property, plant and equipment and right-of-use assets, we consider the impairment assessment of property, plant and equipment and right-of-use assets a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures on the above key audit matter:

1. Discussed the estimation procedures of future cash flows with the management and obtained an understanding on the Group's product strategy and execution status.
2. Assessed the reasonableness of various assumptions used by the management to estimate future cash flows, including the expected growth rate and gross margin; and assessed the parameters used for discount rates, including the risk-free return rate, industry's risk coefficient and long-term market return rate that were used to calculate cost of equity.

Assessment of allowance for inventory valuation loss

Description

The Group mainly manufactures and sells multi-function peripherals, document scanners and network peripherals. Due to the rapid technology innovation and the paperless trend in the market for development of environmental protection, energy saving and carbon reduction, these inventories have a higher risk of incurring loss on decline in market value or obsolescence. Please refer to Note 5(2) for accounting estimates and assumption uncertainty related to assessment of allowance for inventory valuation loss and Note 6(4) for details of inventories. Inventories of the Group are stated at the lower of cost and net realisable value. Given that the amount and items of the Group's inventories are significant and numerous and the management must determine the net realisable value of inventories on balance sheet date using judgements and estimates, we consider the assessment of allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures on the above key audit matter:

1. Assessed the consistency of provision policies and reasonableness of procedures used for allowance for inventory valuation loss.
2. Verified the accuracy of logic in inventory aging reports to ascertain whether the inventories aged over a certain period had been included in the report.
3. Reviewed the appropriateness of estimation basis used for net realisable value of inventories and discussed and verified the supporting documents obtained from the management to assess the reasonableness of allowance for valuation loss determined by the management.

Assessment of going concern assumption

Description

The Company had a deficit of NT$32,399 thousand for the year ended December 31, 2022 and the accumulated deficit as at December 31, 2022 was NT$924,847 thousand. As described in Note 12(1), the management of the Company had taken necessary measures to ascertain the Company can continue to operate in the future and gradually improve financial position.

Given that the aforementioned measures have significant influence on financial position of the Company within the next year, we consider the assessment of going concern assumption a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures on the above key audit matter:

1. Discussed with the management the events or conditions that affected going concern assumption and its response plan.
2. Assessed the feasibility of the management's response plan and the result of improving financial position.
3. Obtained the reasonableness of cash flow projections for the next 12 months which were prepared by the management, including:
   (1) Assessed the reasonableness of various assumptions in the forecasted financial information used by the management;
   (2) Inquired the terms of the borrowing contracts and ascertained there were no defaults resulting in unexpected cash outflows;
   (3) Reviewed the existing financing contracts and ascertained the credit periods and unused facilities. In addition, reviewed the contracts newly added after the balance sheet date to ascertain whether the financing facilities and periods are sufficient to cover working capital for the next 12 months.
4. Obtained and reviewed the management's response plan and the declaration issued for feasibility of the plan.
5. Assessed the appropriateness of notes to the financial statement disclosed by the management.

Others － parent company only financial statements statements

We have audited and express an unmodified opinion on the parent company only financial statements of AVISION INC. as at and 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 the Standard on Auditing of the Republic of China, we exercise professional judgment and maintain 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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the company 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 the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ 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.

Chiang, Tsai-Yen

Lin, Yu-Kuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 23, 2023

AVISION INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 445,355	15	$ 235,373	9
1136	Current financial assets at amortised cost, net	8	7,000	-	7,000	-
1150	Notes receivable, net	6(2)	2	-	4	-
1170	Accounts receivable, net	6(2)	787,647	27	387,392	15
1200	Other receivables		23,855	1	37,271	2
130X	Inventories	6(4)	776,193	26	899,513	35
1410	Prepayments		53,557	2	57,843	2
1470	Other current assets		28	-	224	-
11XX	**Total current assets**		2,093,637	71	1,624,620	63
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	97,187	3	136,583	5
1600	Property, plant and equipment	6(5) and 8	467,785	16	490,729	19
1755	Right-of-use assets	6(6)	207,887	7	232,010	9
1780	Intangible assets		54,962	2	40,262	2
1840	Deferred income tax assets	6(23)	13,250	1	13,619	-
1920	Guarantee deposits paid	8	10,678	-	2,824	-
1990	Other non-current assets		1,190	-	44,761	2
15XX	**Total non-current assets**		852,939	29	960,788	37
1XXX	**Total assets**		$ 2,946,576	100	$ 2,585,408	100

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AVISION INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(7), 7 and 8	$ 807,262	27	$ 558,136	22
2110	Short-term notes and bills payable		25,000	1	-	-
2130	Current contract liabilities	6(16)	37,191	1	80,949	3
2150	Notes payable		90	-	-	-
2170	Accounts payable		283,825	10	394,799	15
2200	Other payables	6(8)	190,111	7	179,571	7
2230	Current income tax liabilities		3,028	-	-	-
2250	Provisions for liabilities - current		20,683	1	20,000	1
2280	Current lease liabilities		28,428	1	25,532	1
2320	Long-term liabilities, current portion	6(9) and 8	54,886	2	2,963	-
2399	Other current liabilities	8	7,887	-	9,863	-
21XX	**Total current Liabilities**		1,458,391	50	1,271,813	49
	Non-current liabilities					
2540	Long-term borrowings	6(9) and 8	59,520	2	17,037	1
2580	Non-current lease liabilities		179,887	6	205,029	8
2600	Other non-current liabilities	6(10)	60,690	2	91,264	3
25XX	**Total non-current liabilities**		300,097	10	313,330	12
2XXX	**Total liabilities**		1,758,488	60	1,585,143	61
	Equity attributable to owners of parent					
	Share capital	6(11)(12)				
3110	Share capital - common stock		2,132,211	72	1,894,441	73
	Capital surplus	6(13)				
3200	Capital surplus		92,215	3	77,455	3
	Retained earnings	6(14)				
3320	Special reserve		5,836	-	5,836	-
3350	Accumulated deficit		(924,847)	(31)	(902,020)	(35)
	Other equity	6(15)				
3400	Other equity interest		(129,446)	(4)	(80,556)	(3)
3500	Treasury stocks	6(12)	(6,669)	-	(6,669)	-
31XX	**Equity attributable to owners of the parent**		1,169,300	40	988,487	38
36XX	Non-controlling interest		18,788	-	11,778	1
3XXX	**Total equity**		1,188,088	40	1,000,265	39
	Significant commitments and contingencies	9				
	Significant events after the balance msheet date	11				
3X2X	**Total liabilities and equity**		$ 2,946,576	100	$ 2,585,408	100

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

AVISION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except loss per share)

	Items	Notes	2022 AMOUNT	2022 %	2021 AMOUNT	2021 %
4000	Operating revenue	6(16)	$ 2,832,440	100	$ 2,828,116	100
5000	Operating costs	6(4)(21)(22)	(2,093,944)	(74)	(2,224,378)	(78)
5900	Gross profit		738,496	26	603,738	22
	Operating expenses	6(21)(22)				
6100	Selling expenses		(166,031)	(6)	(161,847)	(6)
6200	General and administrative expenses		(190,430)	(7)	(166,956)	(6)
6300	Research and development expenses		(401,691)	(14)	(401,938)	(14)
6450	Expected credit impeairment (loss) gain	12(3)	(39,344)	(1)	292	-
6000	Total operating expenses		(797,496)	(28)	(730,449)	(26)
6900	Operating loss		(59,000)	(2)	(126,711)	(4)
	Non-operating income and expenses					
7100	Interest income	6(17)	1,653	-	5,704	-
7010	Other income	6(18)	15,939	1	15,432	1
7020	Other gains and losses	6(19)	27,999	1	(953)	-
7050	Finance costs	6(20) and 7	(32,839)	(1)	(25,621)	(1)
7000	Total non-operating income and expenses		12,752	1	(5,438)	-
7900	**Loss before income tax**		(46,248)	(1)	(132,149)	(4)
7950	Income tax benefit	6(23)	9,648	-	6,262	-
8200	**Loss for the year**		($ 36,600)	(1)	($ 125,887)	(4)

Year ended December 31

(Continued)

AVISION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except loss per share)

	Items	Notes	2022 AMOUNT	2022 %	2021 AMOUNT	2021 %
	Other comprehensive income					
	Item that will not be reclassified to profit or loss:					
8311	Remeasurements of defined benefit plans	6(10)	$ 14,348	1	$ 11,897	-
8316	Unrealised loss from investments in equity instruments measured at fair value through other comprehensive income	6(3)(15)	(45,826)	(2)	(72,215)	(2)
8310	Total items that will not be reclassified to profit or loss		(31,478)	(1)	(60,318)	(2)
	Items that may be reclassified to profit or loss:					
8361	Financial statements translation differences of foreign operations	6(15)	(3,064)	-	(19,187)	(1)
8370	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	6(15)	11,211	-	(1,158)	-
8360	Total items that may be reclassified to profit or loss		8,147	-	(20,345)	(1)
8300	**Total other comprehensive loss, net of tax**		($ 23,331)	(1)	($ 80,663)	(3)
8500	**Total comprehensive loss for the year**		($ 59,931)	(2)	($ 206,550)	(7)
	Profit (loss), attributable to:					
8610	Owners of the parent		($ 32,399)	(1)	($ 125,928)	(4)
8620	Non-controlling interest		(4,201)	-	41	-
			($ 36,600)	(1)	($ 125,887)	(4)
	Comprehensive (loss) income attributable to:					
8710	Owners of the parent		($ 66,941)	(2)	($ 205,433)	(7)
8720	Non-controlling interest		7,010	-	(1,117)	-
			($ 59,931)	(2)	($ 206,550)	(7)
	Loss per share	6(24)				
9750	Basic loss per share		($ 0.17)		($ 0.69)	
9850	Diluted loss per share		($ 0.17)		($ 0.69)	

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

AVISION INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
				Retained Earnings		Other equity interest					
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Special reserve	Accumulated deficit	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	Total equity
Year ended December 31, 2021											
Balance at January 1, 2021		$1,794,441	$ 71,660	$ 5,836	($ 769,829)	$ 56,090	($ 50,804)	($ 6,669)	$1,100,725	$ 140	$1,100,865
Loss for the year		-	-	-	(125,928)	-	-	-	(125,928)	41	(125,887)
Other comprehensive loss for the year	6(10)(15)	-	-	-	11,897	(19,187)	(72,215)	-	(79,505)	(1,158)	(80,663)
Total comprehensive loss		-	-	-	(114,031)	(19,187)	(72,215)	-	(205,433)	(1,117)	(206,550)
Cash capital increase	6(12)	100,000	-	-	(12,600)	-	-	-	87,400	-	87,400
Disposal of investment in equity instruments designated at fair value through other comprehensive income	6(3)(15)	-	-	-	(5,560)	-	5,560	-	-	-	-
Share-based payments	6(11)(13)(22)	-	5,795	-	-	-	-	-	5,795	-	5,795
Put in non-controling interest		-	-	-	-	-	-	-	-	12,755	12,755
Balance at December 31, 2021		$1,894,441	$ 77,455	$ 5,836	($ 902,020)	$ 36,903	($ 117,459)	($ 6,669)	$ 988,487	$ 11,778	$1,000,265
Year ended December 31, 2022											
Balance at January 1, 2022		$1,894,441	$ 77,455	$ 5,836	($ 902,020)	$ 36,903	($ 117,459)	($ 6,669)	$ 988,487	$ 11,778	$1,000,265
Loss for the year		-	-	-	(32,399)	-	-	-	(32,399)	(4,201)	(36,600)
Other comprehensive income (loss) for the year	6(10)(15)	-	-	-	14,348	(3,064)	(45,826)	-	(34,542)	11,211	(23,331)
Total comprehensive income (loss)		-	-	-	(18,051)	(3,064)	(45,826)	-	(66,941)	7,010	(59,931)
Cash capital increase	6(12)	237,770	(840)	-	(4,776)	-	-	-	232,154	-	232,154
Share-based payments	6(11)(13)(22)	-	15,600	-	-	-	-	-	15,600	-	15,600
Balance at December 31, 2022		$2,132,211	$ 92,215	$ 5,836	($ 924,847)	$ 33,839	($ 163,285)	($ 6,669)	$1,169,300	$ 18,788	$1,188,088

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

AVISION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 46,248)	($ 132,149)
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss (gain)	12(3)	39,344	(292)
Depreciation expense	6(5)(6)(21)	113,391	113,093
Amortisation expense	6(21)	32,047	10,923
Interest expense	6(20)	32,839	25,621
Interest income	6(17)	(1,653)	(5,704)
Share-based payments	6(11)(22)	15,600	5,795
Proceeds from disposal of property, plant and equipment	6(19)	(44)	(3,093)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		2	217
Accounts receivable		(403,897)	8,136
Other receivables		14,189	(1,702)
Inventories		114,078	(374,898)
Prepayments		1,475	(13,908)
Other current assets		196	(134)
Other non-current assets		(887)	(156)
Changes in operating liabilities			
Contract liabilities		(50,693)	(30,805)
Notes payable		90	-
Accounts payable		(114,457)	87,929
Other payables		(7,909)	(6,277)
Provisions		521	4,363
Other current liabilities		(1,976)	6,136
Net defined benefit liability		(16,246)	(22,439)
Cash outflow generated from operations		(280,238)	(329,344)
Interest received		1,653	5,704
Interest paid		(32,839)	(25,621)
Net cash flows used in operating activities		(311,424)	(349,261)

(Continued)

AVISION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income	12(3)	($ 1,138)	$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	-	6,647
Acquisition of property, plant and equipment	6(25)	(37,311)	(35,605)
Proceeds from disposal of property, plant and equipment		459	8,430
Acquisition of intangible assets		(14,599)	(16,932)
Increase in guarantee deposits paid		(7,127)	(334)
Increase in other non-current assets		-	(44,458)
Net cash flows used in investing activities		(59,716)	(82,252)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(26)	263,529	4,416
Increase in long-term borrowings	6(26)	135,000	-
Repayment of long-term borrowings	6(26)	(40,595)	-
Increase in short-term notes and bills payable	6(26)	25,000	-
Decrease (increase) in guarantee deposits paid	6(26)	24	(810)
Payments of lease liabilities	6(26)	(27,305)	(25,880)
Cash capital increase	6(12)	232,154	87,400
Changes in non-controlling interests		-	12,755
Net cash flows from financing activities		587,807	77,881
Effect of exchange rate change		(6,685)	(6,538)
Net increase (decrease) in cash and cash equivalents		209,982	(360,170)
Cash and cash equivalents at beginning of year	6(1)	235,373	595,543
Cash and cash equivalents at end of year	6(1)	$ 445,355	$ 235,373

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

AVISION INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

AVISION INC. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the development and manufacture of digital office equipment (multi-function peripherals, document scanners and network peripherals).

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 23, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts— cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income 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.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%) December 31, 2022	Ownership(%) December 31, 2021	Description
Avision Inc.	Avision International Inc.	General Investment	100	100	
Avision International Inc.	Fortune Investments Ltd.	General Investment	100	100	
Fortune Investments Ltd.	Avision (Suzhou) Co., Ltd.	Manufacture and sale of scanners and multifunction printers	100	100	
Fortune Investments Ltd.	Avision Digital Office Equipment (Shanghai) Trading Co.,Ltd.	International Trade Career	100	100	
Avision (Suzhou) Co., Ltd.	Yichun Avision Co.,Ltd.	Manufacture and sale of scanners and multifunction printers	100	100	
Avision (Suzhou) Co., Ltd.	Suzhou Hongxin Microelectronics Technology Co.,Ltd.	Engaging in development, production, sale and after sale services of integrated circuit chip products.	79	79	
Avision Inc.	Quantum Investment Co.,Ltd.	General Investment	100	100	
Quantum Investment Co.,Ltd.	Avision Europe GmbH	Sale and repairing services of scanners.	100	100	
Avision Inc.	Avision Development Inc.	General Investment	100	100	
Avision Development Inc.	Sunglow International Inc.	General Investment	100	100	
Sunglow International Inc.	Avision Labs, Inc.	Sale and repairing services of scanners.	96.39	96.39	
Avision Inc.	Avision Brasil Ltda.	Sale and repairing services of scanners.	99	99	

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates:None

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: The non-controlling interest is small.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in currency, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the

Company retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost including accounts receivable that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated based on the standard cost. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	4 ~ 51 years
Machinery and equipment	3 ~ 10 years
Transportation equipment	4 ~ 6 years
Office equipment	4 ~ 6 years
Other equipment	3 ~ 6 years

(13) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(14) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 10 years.

(15) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(16) Borrowings

Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(17) Notes and accounts payable

Accounts payable and bills are payable in the normal course of business for picking up goods or services from suppliers and sales obligation measure. The short-term accounts receivable that may be unpaid news, because the impact of discounting is not significant, the original issued bills will be used later amount to measure.

(18) Provisions

Provisions are contingent liabilities from warranties and are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense.

(19) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, after taking into account the effects of ex-rights and ex-dividends, the Company calculates the number of shares based on the fair value per share at the day before the shareholders' meeting held in the year following the financial reporting year.

(20) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(21) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws substantively enacted at the balance sheet date where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) <u>Share capital</u>

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Group repurchases the Group's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

(23) <u>Dividends</u>

Dividends are recorded in the Group's financial statements in the period in which they are resolved by the Group's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) <u>Revenue recognition</u>

A. Sales of goods

(a) The Company manufactures and sells multi-function peripherals, document scanners, network peripherals and related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. As the time interval between the transfer of committed goods and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(b) The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

(a) The Group provides product maintenance services or design services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

(25) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Impairment assessment of property, plant and equipment and right-of-use assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

As of December 31, 2022, the carrying amount of property, plant and equipment and right-of-use assets was $675,672.

(2) Assessment of allowance for inventory valuation loss

Due to the rapid technology innovation and the paperless trend in the market for development of environmental protection, energy saving and carbon reduction, inventories of the Group have a higher risk of incurring loss on decline in market value or obsolescence. Inventories are stated at the lower of cost and net realisable value. The management must determine the net realisable value of inventories on balance sheet date using judgements and estimates.

As of December 31, 2022, the carrying amount of inventories was $776,193.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 804	$ 886
Checking accounts and demand deposits	431,327	225,799
Time deposits	13,224	8,688
	$ 445,355	$ 235,373

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 2	$ 4
Accounts receivable due from general customers	$ 836,724	$ 398,594
Less: Allowance for uncollectible accounts	(49,077)	(11,202)
	$ 787,647	$ 387,392

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows：

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 579,598	$ 2	$ 243,553	$ 4
Up to 30 days	128,639	-	82,478	-
31 to 90 days	61,397	-	34,965	-
91 to 180 days	24,354	-	36,038	-
180 to 270 days	41,934	-	-	-
271 to 360 days	-	-	132	-
Over 360 days	802	-	1,428	-
	$ 836,724	$ 2	$ 398,594	$ 4

The above ageing analysis was based on past due date

B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to $404,151.

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s notes and accounts receivable was the carrying amount.

D. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(3).

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

Items	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
SOLIDLITE CORPORATION	$ 12,816	$ 12,816
Henan Centrix Technology Co.,Ltd.	9,713	9,713
eLCOs Microdisplay Technology Ltd.	2,343	2,343
AETAS Technology Inc.	1,015	1,015
OTO PHOTONICS INC.	18,344	17,206
PROTECTLIFE INTERNATIONAL BIOMEDICAL INC.	13,375	13,375
WIN CO E-TECHNOLOGY CORP.	3,000	3,000
JimTec Group Holding Inc.	2,999	2,999
Capsovision Inc.	49,282	49,282
Yichun Yilian Print Tech Co., Ltd.	130,321	130,321
	243,208	242,070
Valuation adjustment of financial assets at fair value through other comprehensive income	(146,021)	(105,487)
	$ 97,187	$ 136,583

A. The Group has elected to classify equity instruments investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $97,187 and $136,583 as at December 31, 2022 and 2021, respectively.

B. Aiming to satisfy the working capital needs, the Group sold $6,647 of equity instruments investments at fair value and resulted in $5,560 of cumulative losses on disposal during the year ended December 31, 2021.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

Equity instruments at fair value through other comprehensive income	Year ended December 31, 2022	Year ended December 31, 2021
Fair value change recognised in other comprehensive income	($ 45,826)	($ 72,215)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	$ -	$ 5,560

D. The Group has no financial assets at fair value through other comprehensive income pledged to others.

E. Information relating to fair value of financial assets at fair value through other comprehensive income is provided in Note 12(4).

(4) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 327,983	($ 46,505)	$ 281,478
Semi-finished goods and work in progress	142,435	(19,588)	122,847
Finished goods	416,504	(44,636)	371,868
Total	$ 886,922	($ 110,729)	$ 776,193

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 394,346	($ 50,986)	$ 343,360
Semi-finished goods and work in progress	160,759	(17,728)	143,031
Finished goods	463,376	(50,254)	413,122
Total	$ 1,018,481	($ 118,968)	$ 899,513

The cost of inventories recognised as expense：

	Year ended December 31	
	2022	2021
Cost of goods sold	$ 2,076,961	$ 2,216,893
Gain on reversal of decline in market value	(1,240)	(12,843)
Scrap loss	18,762	17,866
(Gain) loss on physical inventory	(539)	2,462
Others	22,332	27,156
	$ 2,116,276	$ 2,251,534

The Group reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because inventories with decline in market value were partially sold and scrapped for the year ended December 31, 2022 and 2021.

(5) Property, plant and equipment

	2022					
	Buildings and structures	Machinery amd equipment	Transportation equipment	Office equipment	Others	Total
At January 1						
Cost	$ 811,615	$ 1,089,459	$ 11,461	$ 19,810	$ 86,570	$ 2,018,915
Accumulated depreciation and impairment	(446,598)	(1,000,898)	(9,324)	(16,651)	(54,715)	(1,528,186)
	$ 365,017	$ 88,561	$ 2,137	$ 3,159	$ 31,855	$ 490,729
Opening net book amount as at January 1	$ 365,017	$ 88,561	$ 2,137	$ 3,159	$ 31,855	$ 490,729
Additions	732	10,872	-	965	44,199	56,768
Disposal	-	(389)	-	(26)	-	(415)
Reclassifications	-	14,504	-	-	(14,504)	-
Depreciation expense	(29,227)	(44,560)	(289)	(980)	(9,070)	(84,126)
Net exchange difference	2,065	1,317	54	(2,184)	3,577	4,829
Closing net book amount as at December 31	$ 338,587	$ 70,305	$ 1,902	$ 934	$ 56,057	$ 467,785
At December 31						
Cost	$ 817,974	$ 1,125,171	$ 8,146	$ 18,209	$ 114,828	$ 2,084,328
Accumulated depreciation and impairment	(479,387)	(1,054,866)	(6,244)	(17,275)	(58,771)	(1,616,543)
	$ 338,587	$ 70,305	$ 1,902	$ 934	$ 56,057	$ 467,785

	2021					
	Buildings and structures	Machinery amd equipment	Transportation equipment	Office equipment	Others	Total
At January 1						
Cost	$ 814,615	$ 1,144,179	$ 11,738	$ 24,407	$ 115,078	$ 2,110,017
Accumulated depreciation and impairment	(419,513)	(1,056,746)	(10,025)	(20,857)	(56,209)	(1,563,350)
	$ 395,102	$ 87,433	$ 1,713	$ 3,550	$ 58,869	$ 546,667
Opening net book amount as at January 1	$ 395,102	$ 87,433	$ 1,713	$ 3,550	$ 58,869	$ 546,667
Additions	-	12,178	1,128	604	20,130	34,040
Disposal	-	(5,175)	(34)	-	(128)	(5,337)
Reclassifications	-	41,279	-	-	(41,279)	-
Depreciation expense	(28,913)	(48,629)	(567)	(963)	(5,379)	(84,451)
Net exchage difference	(1,172)	1,475	(103)	(32)	(358)	(190)
Closing net book amount as at December 31	$ 365,017	$ 88,561	$ 2,137	$ 3,159	$ 31,855	$ 490,729
At December 31						
Cost	$ 811,615	$ 1,089,459	$ 11,461	$ 19,810	$ 86,570	$ 2,018,915
Accumulated depreciation and impairment	(446,598)	(1,000,898)	(9,324)	(16,651)	(54,715)	(1,528,186)
	$ 365,017	$ 88,561	$ 2,137	$ 3,159	$ 31,855	$ 490,729

A. There was no interest capitalised for the years ended December 31, 2022 and 2021.

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(6) Leasing arrangements－lessee

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 3 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Land	$ 145,696	$ 150,782
Buildings	61,529	80,811
Transportation equipment	662	417
	$ 207,887	$ 232,010

	Year ended December 31	
	2022	2021
	Depreciation expense	Depreciation expense
Land	$ 5,201	$ 5,197
Buildings	23,891	23,433
Transportation equipment	173	12
	$ 29,265	$ 28,642

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $3,871 and $429, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 3,586	$ 6,621
Expense on short-term lease contracts	$ 13,198	$ 14,004
Expense on leases of low-value assets	$ 373	$ 98
Gain on sublease of right-of-use assets	$ 503	$ 503

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were $44,462 and $46,603, respectively.

F. In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(7) Short-term borrowings

Type of borrowings	December 31, 2022	December 31, 2021
Unsecured bank borrowings	$ 110,141	$ 100,000
Secured bank borrowings	697,121	454,895
Other unsecured short-term borrowings	-	3,241
Total	$ 807,262	$ 558,136
Interest rate range	2.2%~6.9133%	2.1%~3.8%

Information about the collateral that was pledged for secured bank borrowings is provided in Note 8.

(8) Other accounts payable

	December 31, 2022	December 31, 2021
Salary and bonus accounts	$ 78,611	$ 73,123
Pension	2,993	3,126
Equipment accounts	20,145	953
Others	88,362	102,369
	$ 190,111	$ 179,571

(9) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022	
Long-term bank borrowings					
Credit loans Taiwan Cooperative Financial Holding Co. Ltd.	Borrowing period is from October 25, 2021 to October 25, 2026; interest is repayable monthly.	2.1%~2.73%	None	$	17,179
Credit loans First Commercial Bank	Borrowing period is from January3, 2022 to Januaryr 3; 2027 interest is repayable monthly.	1.5%~2.88%	None		24,741
Credit loans Bank of Panhsin	Borrowing period is from January 26, 2022 to January 15, 2025,; interest is repayable monthly.	2%~2.57%	None		20,833
Credit loans Chang Hwa Commercial Bank, Ltd.	Borrowing period is from 2022 June, 30 to 2025 June, 30 ; interest is repayable monthly.	2.53%	None		16,757
Other bank borrowings					
Credit loans Chailease Finance Co., Ltd.	Borrowing period is from March 21, 2022 to March 21, 2024; interest is repayable monthly.	4.07%	Inventories		34,896
					114,406
Less: Current portion				(	54,886)
				$	59,520

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
Credit loans				
Taiwan Cooperative Financial Holding Co. Ltd.	Borrowing period is from October 25, 2021 to October 25, 2026; interest is repayable monthly.	2.1%~2.73%	None	$ 20,000
Less: Current portion				(2,963)
				$ 17,037

Details of collateral for secured borrowings of Chailease Finance Co., Ltd. are provided in Note 8.

(10) Pensions

A. (a) The Group has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Group would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 186,147	$ 206,097
Fair value of plan assets	(126,970)	(116,322)
Net defined benefit liability	$ 59,177	$ 89,775

(c) Movements in net defined benefit liabilities are as follows:

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 206,097	($ 116,322)	$ 89,775
Current service cost	1,127	-	1,127
Interest expense (income)	1,443	(814)	629
	208,667	(117,136)	91,531
Remeasurements:			
Return on plan assets	$ -	($ 8,410)	($ 8,410)
Change in financial assumptions	(9,243)	-	(9,243)
Experience adjustments	3,305	-	3,305
	(5,938)	(8,410)	(14,348)
Pension fund contribution	-	(18,006)	(18,006)
Paid pension	(16,582)	16,582	-
At December 31	$ 186,147	($ 126,970)	$ 59,177

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 223,734	($ 99,623)	$ 124,111
Current service cost	1,344	-	1,344
Interest expense (income)	671	(299)	372
	225,749	(99,922)	125,827
Remeasurements:			
Return on plan assets	$ -	($ 1,388)	($ 1,388)
Change in demographic assumptions	169	-	169
Change in financial assumptions	(7,542)	-	(7,542)
Experience adjustments	(3,136)	-	(3,136)
	(10,509)	(1,388)	(11,897)
Pension fund contribution	-	(24,155)	(24,155)
Paid pension	(9,143)	9,143	-
At December 31	$ 206,097	($ 116,322)	$ 89,775

(d) The Bank of Taiwan was commissioned to manage the Fund of the Group's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Group is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2022	2021
Discount rate	1.30%	0.70%
Future salary increases	4.00%	4.00%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2022.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows：

	Discount rate		Future salary increases	
	Increase0.25%	Decrease0.25%	Increase0.25%	Decrease0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 3,655)	$ 3,768	$ 3,226	($ 3,152)
	Increase0.25%	Decrease0.25%	Increase0.25%	Decrease0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	($ 4,417)	$ 4,563	$ 3,920	($ 3,823)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the next year amount to $13,413.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	19,812
1-2 year(s)		10,769
2-5 years		38,824
5-10 years		64,699
	$	134,104

B. (a) Effective July 1, 2005, the Group has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) Avision (Suzhou) Co., Ltd. and Avision Digital Office Equipment (Shanghai) Trading Co.,Ltd., based on the regulations of according to the People's Republic of China, allocates pension insurance funds according to a certain percentage of the total salary of local employees every month. The appropriation ratio was 20% in 2021 and 2020. The pension of each employee is managed by the government.

(c) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021, were $61,064 and $56,570, respectively.

(11) Share-based payment

A. For the years ended December 31, 2022 and 2021, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (share in thousands)	Contract period	Vesting conditions
10th employee stock options	2021.05~ 2021.11	10,000	5 years	2 years' service vested 40% 3 years' service vested 70% 4 years' service vested 100%
Cash capital increase reserved for employee preemption	2022.12.27	2,000	Not applicated	Immediate acquisition

B. Details of the share-based payment arrangements are as follows:

	2022			2021		
	No. of options (share in thousands)	Weighted-average exercise price (in dollars)		No. of options (share in thousands)	Weighted-average exercise price (in dollars)	
Options outstanding at January 1	10,000	$	12.69	-	$	-
Options granted	-		-	10,000		12.69
Options invalidated due to resignation	(451)		12.69	-		-
Options outstanding at December 31	10,000		12.69	10,000		12.69
Options exercisable at December 31	-		-	-		-

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2022		
Issue date approved	Expiry date	No. of shares(in thousands)	Exercise price(in dollars)	
2021.05	2026.05	6,000	$	14.35
2021.11	2026.11	4,000	$	10.20

		December 31, 2021		
Issue date approved	Expiry date	No. of shares(in thousands)	Exercise price(in dollars)	
2021.05	2026.05	6,000	$	14.35
2021.11	2026.11	4,000	$	10.20

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (Note)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per share (in dollars)
Employee stock options	2021.05.03	$ 10	$ 14.35	30.00%~ 47.00%	2.50-4.50 years	0.00%	0.20%- 0.28%	$2.7416 ~5.5586
Employee stock options	2021.11.10	10	10.20	48.00%~ 63.00%	2.50-4.50 years	0.00%	0.36%- 0.41%	3.0406 ~5.0994

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

E.Information on other equity interest measured at fair value:

Type of arrangement	Grant date	Share price	Exercise price	Fair value per unit (in dollars)
Cash capital increase reserved for employee preemption	2022.12.17	$ 11.70	$ 10.00	$ 1.70

F. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31	
	2022	2021
Equity-settled	$ 15,600	$ 5,795

(12) Share capital

A. As of December 31, 2022, the Company's authorised capital was $3,000,000, consisting of 300,000 thousand shares of ordinary stock (including 400,000 thousand shares reserved for employee stock options), and the paid-in capital was $2,132,211 with a par value of $10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding are as follows:

(unit: share in thousands)

	2022	2021
At January 1	189,248	179,248
Cash capital increase	23,777	10,000
At December 31	213,025	189,248

B. To fulfill working capital, repay bank borrowings or meet capital needs of future development and consider mobility and flexibility in raising capital, the Company's shareholders at their annual meeting on July 12, 2021 adopted a resolution to raise additional cash by issuing 10,000 thousand ordinary shares through private placement and authorised the Board of Directors to fully handle the capital increase within a year from the date of the resolution at their annual meeting.

The Company's Board of Directors approved the private placement to be priced at NT$8.74 (in dollars) per share on September 3, 2021. The Company issued 10,000 thousand shares through the private placement and collected $87,400 of proceeds on September 6, 2021 (the effective date).

Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

C. To fulfill working capital, repay bank borrowings or meet capital needs of future development and consider mobility and flexibility in raising capital, the Company's shareholders at their annual meeting on June 15, 2022 adopted a resolution to raise additional cash by issuing 20,000 thousand ordinary shares through private placement and authorised the Board of Directors to fully handle the capital increase within a year from the date of the resolution at their annual meeting.

The Company's Board of Directors approved the private placement to be priced at NT$8.736 (in dollars) per share on June 15, 2022. The Company issued 3,777 thousand shares through the private placement and collected $32,996 of proceeds on June 29, 2022 (the effective date).

Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

D. On March 18, 2022, the Company's Board of Directors resolved to increase its capital, and increased 20,000 thousand shares and share capital of $200,000, with par value of $10 (in dollars), with the issuing price of $10 (in dollars) per share. The effective date was set on December 1, 2022. The registration has been completed on January 10, 2023.

E. Treasury shares

(a) Reason for share reacquisition was that those shares were held by the subsidiary, Quantum Investment Co.,Ltd. Movements in the number of the Company's treasury shares (unit: in thousands) are as follows:

	December 31, 2022		December 31, 2021	
	Number of shares	Carrying amount	Number of shares	Carrying amount
At January 1/ December 31	196	$ 6,669	196	$ 6,669

(b) Shares of the parent company held by subsidiaries had no voting rights before being reissued.

(13) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2022				
	Share premium	Employee stock options	Changes in equity of associates and joint ventures accounted for using the equity method	Stock options expired	Total
At January 1	$ -	$ 5,795	$ 63	$ 71,597	$ 77,455
Cash capital increase	(840)	-	-	-	(840)
Share-based payments	3,060	12,200	-	340	15,600
At December 31	$ 2,220	$ 17,995	$ 63	$ 71,937	$ 92,215

	2021			
	Employee stock options	Changes in equity of associates and joint ventures accounted for using the equity method	Stock options expired	Total
At January 1	$ -	$ 63	$ 71,597	$ 71,660
Share-based payments	5,795	-	-	5,795
At December 31	$ 5,795	$ 63	$ 71,597	$ 77,455

(14) Retained earnings

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay income tax and offset operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, special reserve shall be set aside or reverse in accordance with the regulations or resolution of shareholders. The remainder, if any, along with prior years’ accumulated undistributed earnings, with a limit of 5% to 70%, shall be proposed by the Board of Directors to the shareholdings’ meeting for approval. Earnings distributed in the form of cash shall be resolved by the Board of Directors and earnings distributed in the form of shares shall be resolved by the shareholders according to the requirements.

B. The Company’s dividend policy is summarised below：

As the Company operates in a volatile business environment and is in the stable growth stage, the distribution ratio of stock dividends and cash dividends will be determined based on the Group’s future capital expenditures budget and capital needs to consider the Company’s future capital needs and long-term financial plan and maximise the shareholders’ equity. The Company distributes dividends following the aforementioned policy. However, when there are cash dividends distributed, the total amount of cash dividends distributed is between 10% and 100% of the total dividends distributed.

The Company shall distribute earnings or compensate deficit after the end of every half fiscal year according to the Company Act. When distributing earnings, the Company shall first estimate and reserve taxes payable, offset operating losses and set aside legal reserve. Earnings distributed in the form of cash shall be resolved by the Board of Directors and earnings distributed in the form of shares shall be resolved by the shareholders according to the requirements.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Group shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The Company will not distribute dividends as the shareholders resolved the deficit compensation for 2022 and 2021 at their meeting on June 15, 2022 and July 12, 2021, respectively. The deficit compensation for 2022 was proposed by the Board of Directors on March 23, 2023 and is yet to be resolved by the shareholders' meeting in 2023.

Information about deficit compensation of the Company as approved by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(15) Other equity items

	2022		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	$ 36,903	($ 117,459)	($ 80,556)
Revaluation – the Group	-	(45,826)	(45,826)
Currency translation differences:			
–The Group	(3,064)	-	(3,064)
At December 31	$ 33,839	($ 163,285)	($ 129,446)

	2021		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	$ 56,090	($ 50,804)	$ 5,286
Revaluation – the Group	-	(72,215)	(72,215)
Revaluation transferred to retained earnings	-	5,560	5,560
Currency translation differences:			
–The Group	(19,187)	-	(19,187)
At December 31	$ 36,903	($ 117,459)	($ 80,556)

(16) Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contracts with customers	$ 2,832,440	$ 2,828,116

A. Disaggregation of revenue from contracts with customers

The Group derives revenue as follows:

2022	Revenue recognised at a point in time	Revenue recognised over time	Total
Total segment revenue			
Taiwan	$ 1,222,666	$ -	$ 1,222,666
Germany	1,279,295	-	1,279,295
USA	509,572	-	509,572
China	1,424,896	21,705	1,446,601
Brazil	82,894	-	82,894
Japan	32,016	-	32,016
Others	422,943	-	422,943
Inter-segment revenue	(2,163,547)	-	(2,163,547)
Revenue from external customer contracts	$ 2,810,735	$ 21,705	$ 2,832,440

2021	Revenue recognised at a point in time	Revenue recognised over time	Total
Total segment revenue			
Taiwan	$ 854,743	$ -	$ 854,743
Germany	426,504	-	426,504
USA	410,141	-	410,141
China	2,125,009	33,938	2,158,947
Brazil	57,493	-	57,493
Japan	31,552	-	31,552
Others	287,399	-	287,399
Inter-segment revenue	(1,398,663)	-	(1,398,663)
Revenue from external customer contracts	$ 2,794,178	$ 33,938	$ 2,828,116

B. Contract assets and liabilities

(a) The Group has recognised the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities	$ 37,191	$ 80,949	$ 113,569

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	Year ended December 31	
	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the year	$ 73,921	$ 56,573

(17) Interest income

	Year ended December 31	
	2022	2021
Interest income：		
Interest income from bank deposits	$ 1,577	$ 5,647
Interest income from financial assets measured at amortised cost	76	57
	$ 1,653	$ 5,704

(18) Other income

	Year ended December 31	
	2022	2021
Government grants	$ 3,508	$ 6,573
Other income, others	12,431	8,859
	$ 15,939	$ 15,432

(19) Other gains and losses

	Year ended December 31	
	2022	2021
Gains on disposals of property, plant and equipment	$ 44	$ 3,093
Foreign currency exchange gain (loss)	30,938	(1,690)
Other gains and losses	(2,983)	(2,356)
	$ 27,999	($ 953)

(20) Finance costs

	Year ended December 31	
	2022	2021
Bank borrowings	$ 27,678	$ 18,998
Other borrowings	1,575	2
Lease liabilities	3,586	6,621
	$ 32,839	$ 25,621

(21) Expenses by nature

	Year ended December 31	
	2022	2021
Employee benefit expense	$ 847,130	$ 835,542
Depreciation expense	113,391	113,093
Amortisation expense	32,047	10,923
	$ 992,568	$ 959,558

(22) Employee benefit expense

	Year ended December 31	
	2022	2021
Wages and salaries	$ 701,842	$ 700,985
Share-based payments	15,600	5,795
Labour and health insurance fees	31,745	31,328
Pension costs	62,820	56,570
Other personnel expenses	35,123	40,864
	$ 847,130	$ 835,542

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 6% for employees' compensation and shall not be higher than 2% for directors' remuneration. If the Company has accumulated losses, profit should be reserved to cover losses first.

   Whether the aforementioned employees' compensation shall be distributed in the form of shares or in cash shall be resolved by the Board of Directors with a majority vote at its meeting attended by two-thirds of the total number of directors and reported to the shareholders' meeting. In addition, the Articles of Incorporation shall specify the employees that are entitled to receive the aforementioned shares or cash, including the employees of subsidiaries who meet specific requirements.

B. For the years ended December 31, 2022 and 2021, the Company did not accrue employees' compensation and directors' remuneration as it had accumulated deficit.

C. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax benefit

(a) Components of income tax benefit:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	$ -	$ -
Impact of changes in applicable tax rates	-	3,447
Tax on undistributed surplus earnings	467	-
Withholding income tax on source of foreign income	2,617	23
Prior year income tax underestimation	2,008	1,175
Total current tax	5,092	4,645
Deferred tax:		
Origination and reversal of temporary differences	(14,740)	(10,907)
Effect from tax losses	-	-
Total deferred tax	(14,740)	(10,907)
Income tax benefit	($ 9,648)	($ 6,262)

(b) Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	($ 14,164)	($ 20,098)
Effect from items disallowed by the regulation	(5,335)	(2,074)
Tax exempt income by tax regulation	-	(723)
Prior year income tax underestimation	2,008	1,175
Temporary difference not recognised as deferred tax assets	(4,648)	(4,755)
Taxable loss not recognised as deferred tax assets	(1,983)	(11,638)
Withholding income tax on source of foreign income	2,617	23
Tax losses not recognized as deferred tax assets	11,390	31,828
Tax on undistributed surplus earnings	467	-
Income tax benefit	($ 9,648)	($ 6,262)

(c) The income tax (charge)/credit relating to components of other comprehensive income: None.

B. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses:

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
－Deferred tax assets:				
Unrealized loss on market price decline and slow-moving inventory	$ 4,654	$ 68	$ -	$ 4,722
Others	2,455	(141)	-	2,314
Tax losses	6,510	(296)	-	6,214
	$ 13,619	($ 369)	$ -	$ 13,250

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
－Deferred tax assets:				
Unrealized loss on market price decline and slow-moving inventory	$ 7,984	($ 3,330)	$ -	$ 4,654
Others	2,037	418	-	2,455
Tax losses	7,273	(763)	-	6,510
	$ 17,294	($ 3,675)	$ -	$ 13,619

C. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022				
Year incurred	Amount assessed / filed	Unused amount	Unrecognised deferred tax assets	Expiry year
2010	$ 20,730	$ 20,730	$ 1,546	2030
2011	4,055	4,055	-	2031
2012	8,363	8,363	-	2032
2013	821	821	-	2033
2013	196,668	196,668	196,668	2023
2014	199,011	199,011	199,011	2024
2015	76,074	76,074	76,074	2025
2016	390	390	-	2036
2016	248,588	248,588	248,588	2026
2016	34,422	34,422	34,422	2026
2017	14,746	14,746	14,746	2027
2017	411,043	411,043	411,043	2027
2017	2,229	2,229	-	2037
2018	572	572	572	2028
2018	360,210	360,210	360,210	2028
2019	62,528	62,528	62,528	2029
2019	37,173	37,173	37,173	2029
2020	393,599	393,599	393,599	2030
2020	55,645	55,645	55,645	2030
2021	19	19	19	2031
2022	56,950	56,950	56,950	2032
	$ 2,224,848	$ 2,224,848	$ 2,189,806	

December 31, 2021				
Year incurred	Amount assessed / filed	Unused amount	Unrecognised deferred tax assets	Expiry year
2010	$ 20,730	$ 20,730	$ 1,546	2030
2010	368	368	368	2030
2011	4,055	4,055	-	2031
2012	8,363	8,363	-	2032
2013	821	821	-	2033
2013	196,668	196,668	196,668	2023
2014	199,011	199,011	199,011	2024
2015	76,074	76,074	76,074	2025
2016	390	390	-	2036
2016	248,588	248,588	248,588	2026
2016	40,644	40,644	40,644	2026
2016	34,422	34,422	34,422	2026
2017	14,746	14,746	14,746	2027
2017	411,043	411,043	411,043	2027
2017	2,229	2,229	-	2037
2018	572	572	572	2028
2018	360,210	360,210	360,210	2028
2019	62,528	62,528	62,528	2029
2019	37,173	37,173	37,173	2029
2020	393,599	393,599	393,599	2030
2020	55,645	55,645	55,645	2030
2021	19	19	19	2031
2021	148,511	148,511	148,511	2031
	$ 2,316,409	$ 2,316,409	$ 2,281,367	

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 172,580	$ 171,798

E. Income tax returns through 2020 of the Company and its subsidiary, Quantum Investment Co.,Ltd., both have been assessed and approved by the Tax Authority.

(24) Loss per share

A. Employee stock options for the years ended December 31, 2022 and 2021 had no dilutive effect and were not included in the calculation.

B. Weighted average number of treasury shares outstanding had been deducted from weighted average number of ordinary shares outstanding for the years ended December 31, 2022 and 2021.

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic and diluted losses per share			
Loss attributable to ordinary shareholders of the parent	($ 32,399)	192,806	($ 0.17)

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic and diluted losses per share			
Loss attributable to ordinary shareholders of the parent	($ 125,928)	182,426	($ 0.69)

(25) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31	
	2022	2021
Purchase of property, plant and equipment	$ 56,768	$ 34,040
Add: Opening balance of payable on equipment	953	2,518
Less: Ending balance of payable on equipment	(20,410)	(953)
Cash paid during the year	$ 37,311	$ 35,605

(26) Changes in liabilities from financing activities

	2022					
	Short-term borrowings	Long-term borrowings (including current portion)	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 558,136	$ 20,000	$ -	$ 230,561	$ 1,490	$ 810,187
Changes in cash flow from financing activities	263,529	94,405	25,000	-	24	382,958
Increase in lease debt	-	-	-	3,871	-	3,871
Payment of lease principal	-	-	-	(27,305)	-	(27,305)
Interest expense	-	-	-	3,586	-	3,586
Interest paid	-	-	-	(3,586)	-	(3,586)
Effect of exchange rate change	(14,403)	-	-	1,188	-	(13,215)
At December 31	$ 807,262	$ 114,405	$ 25,000	$ 208,315	$ 1,514	$ 1,156,496

	2021				
	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 577,118	$ -	$ 256,822	$ 2,300	$ 836,240
Changes in cash flow from financing activities.	(15,584)	20,000	-	-	4,416
Increase in lease debt	-	-	322	-	322
Decrease in guarantee deposits paid	-	-	-	(810)	(810)
Payment of lease principal	-	-	(25,880)	-	(25,880)
Interest expense	-	-	6,621	-	6,621
Interest paid	-	-	(6,621)	-	(6,621)
Effect of exchange rate change	(3,398)	-	(703)	-	(4,101)
At December 31	$ 558,136	$ 20,000	$ 230,561	$ 1,490	$ 810,187

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
SHENG,SHAO-LAN	Chairman of the board

(2) Significant related party transactions

Borrowing from relationships:

	December 31, 2022				
	Ending balance	Loan	Contract period	Rate	Interest expense
SHENG,SHAO-LAN	$ -	$ 19,500	2022/1/26 ~2023/1/26	2.10%	$ 168

At December 31, 2021: None.

(3) Key management compensation

	Year ended December 31	
	2022	2021
Salaries and other short-term employee benefits	$ 29,251	$ 22,984
Post-employment benefits	755	-
Share-based payments	1,002	476
	$ 31,008	$ 23,460

8. Pledged Assets

The Company’s assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2022	December 31, 2021	Purpose
Time deposits (shown as “current financial assets at amortised cost)	$ 7,000	$ 7,000	Performance guarantee for land lease
Inventory	34,896	-	Other long-term borrowings
Property, plant and equipment	400,449	364,958	Short-term borrowings and credit line
Guarantee deposits paid	10,678	2,824	Other long-term borrowings and performance guarantee
	$ 453,023	$ 374,782	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On March 23, 2023, the Board of Directors resolved to increase its capital through private placement by issuing 20 million shares, which is yet to be resolved by the shareholders.

12. Others

(1) Countermeasures to improve operating and financial condition

The Company incurred losses of NT$32,399 thousand for the year ended December 31, 2022. As of December 31, 2022, the accumulated deficit balance amounted to NT$924,847 thousand. However, due to the deficit in recent years, the Company intends to implement the following measures to improve the Company’s operations and financial condition：

A. Actively developing business

Under the technical support of our existing products, the Company actively developed new customers and product cooperation projects and will endeavour to continually increase our shipments in the future, in order to bring growth momentum to our future operations.

B. Adjust operation strategies

Optimize the purchasing and producing process, calculate the minimum production volumes to reduce excessive raw material purchases through integrating orders for the same products, actively closeout inventory and increase inventory turnover.

C. Capital financing plan

(a) The Company has been maintaining good credit relationships with correspondent banks and based on the history record and experience, the Company will actively apply for renewal of existing financing limit from financial institutions. Additionally, the Company pledged the property as collateral to obtain new financing limits in order to make the capital movement flexibly.

(b) Obtained financing limits from non-financial institutions through negotiating to increase the space for capital movement.

(c) On March 23, 2023, the Board of Directors resolved to issue ordinary shares to raise the capital.

D. Assets revitalization

The Company makes more effective utilization (including the possibility of leasing or selling) of the Company's existing tangible assets, such as, land, factories and premises (including three plants in Hsinchu and Suzhou). Additionally, the Company negotiated for selling patent-related intellectual property rights and other intangible assets or collecting royalties from the aforementioned intangible assets. For the reinvestment, the Company is also actively seeking for counterparties to dispose of its shareholdings in order to obtain cash inflows. The Company has disposed part of financial assets at fair value through other comprehensive income to obtain cash inflows.

The Company assesses that the implementation of the above countermeasures will effectively improve its operations and financial condition and that there is no significant uncertainty regarding events or circumstances that may cause significant doubt on the Company's ability to continue as a going concern.

(2) Capital management

The Group's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. During the year ended December 31, 2022, the Company's strategy, which was unchanged from 2021, was to maintain the gearing ratio within 50%.

(3) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through other comprehensive income	$ 97,187	$ 136,583
Financial assets at amortised cost		
Cash and cash equivalents	445,355	235,373
Financial assets at amortised cost	7,000	7,000
Notes receivable	2	4
Accounts receivable	787,647	387,392
Other receivables	23,855	37,271
Guarantee deposits paid	10,678	2,824
	$ 1,371,724	$ 806,447
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 807,262	$ 558,136
Short-term notes and bills payable	25,000	-
Accounts payable	283,825	394,799
Other payables	190,111	179,571
Long-term borrowings (including current portion)	114,406	20,000
Guarantee deposits received	1,514	1,490
	$ 1,422,208	$ 1,153,996
Lease liability	$ 208,315	$ 230,561

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (the Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, EUR, JPY and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity’s functional currency.

iii. The Group’s businesses involve some non-functional currency operations (the Group’s and certain subsidiaries’ functional currency: NTD; other subsidiaries’ functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows：

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (in thousands of New Taiwan Dollars)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 23,645	30.71	$ 726,138
EUR: NTD	1,277	32.72	41,783
JPY: NTD	820	0.23	191
RMB: NTD	153	4.408	674
USD: RMB	33,933	6.670	226,333
Non-monetary items			
USD: NTD	$ 338	30.71	10,378
Financial liabilities			
Monetary items			
USD: NTD	$ 31,884	30.71	$ 979,158
USD: RMB	9,445	6.670	290,056

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (in thousands of New Taiwan Dollars)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 13,495	27.68	$ 373,542
EUR: NTD	219	31.32	6,859
JPY: NTD	2,259	0.2405	543
RMB: NTD	6,762	4.344	29,374
USD: RMB	31,709	6.372	877,705
Non-monetary items			
USD: NTD	$ 464	27.68	$ 12,849
Financial liabilities			
Monetary items			
USD: NTD	$ 31,469	27.68	$ 871,062
USD: RMB	4,329	6.372	119,827

iv. The total exchange gain and (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to $30,938 and ($1,690), respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation：

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	$ 7,261	$ -
EUR: NTD	1%	418	-
JPY: NTD	1%	2	-
RMB: NTD	1%	7	-
Non-monetary items		2,209	
USD: NTD	1%	$ -	$ 104
Financial liabilities			
Monetary items			
USD: NTD	1%	$ 9,664	$ -
USD: RMB	1%	1,329	-

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	$ 3,735	$ -
EUR: NTD	1%	69	-
JPY: NTD	1%	5	-
RMB: NTD	1%	294	-
USD: NTD	1%	8,777	-
Non-monetary items			
Investments accounted for under equity method			
USD: NTD	1%	$ -	$ 128
Financial liabilities			
Monetary items			
USD: NTD	1%	($ 8,711)	$ -
USD: RMB	1%	(1,198)	-

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, other components of equity would have increased/decreased by $9,719 and $13,658, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2022 and 2021, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.

ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased/decreased by $7,065 and $4,459, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable, other receivables and guarantee deposits paid based on the agreed terms, and the contract cash flows of bank deposits.

ii. The Group manages their credit risk taking into consideration the entire Group's concern. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. In line with credit risk management procedure, when the counterparty's contract payments are past due over 365 days, the default has occurred.

iv. The Group adopts the assumptions under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix to estimate expected credit loss.

vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable (including related parties). On December 31, 2022 and 2021, the provision matrix is as follows:

At December 31, 2022	Expected loss rate	Total book value	Loss allowance
Not past due	0.10%	$ 579,598	$ 580
Up to 30 days	1.97%	128,639	2,531
31~90 days	3.62%	61,397	2,223
91~180 days	4.14%	24,354	1,008
181~270 days	100.00%	41,934	41,934
271~360 days	-	-	-
Over 360 days	100.00%	802	802
		$ 836,724	$ 49,077

At December 31, 2021	Expected loss rate	Total book value	Loss allowance
Not past due	0.10%	$ 243,553	$ 244
Up to 30 days	2.33%	82,478	1,925
31~90 days	7.52%	34,965	2,629
91~180 days	13.58%	36,038	4,894
180~270 days	38.14%	-	-
271~360 days	62.71%	132	83
Over 360 days	100.00%	1,428	1,428
		$ 398,594	$ 11,202

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2022
	Accounts receivable
At January 1	$ 11,202
Provision for impairment	39,344
Amount written off due to irrecoverability	(1,244)
Effect of foreign exchange	(225)
At December 31	$ 49,077

	2022
	Accounts receivable
At January 1	$ 11,445
Reversal of impairment loss	(292)
Effect of foreign exchange	49
At December 31	$ 11,202

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. The Group has the following undrawn borrowing facilities:

	December 31, 2022	December 31, 2021
NTD	$ 101,899	$ 130,000

iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2022	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 807,262	$ -	$ -
Short-term notes and bills payable	25,000	-	-
Accounts payable	283,825	-	-
Other payables	190,111	-	-
Lease liability	33,322	68,657	153,036
Long-term borrowings (including current portion)	54,886	59,520	-

Non-derivative financial liabilities

December 31, 2021	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 558,136	$ -	$ -
Accounts payable (including related parties)	394,799	-	-
Other payables (including related parties)	179,571	-	-
Lease liability	51,429	91,873	159,763
Long-term borrowings (including current portion)	2,963	17,037	-

(4) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificate is included in Level 1.

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. Other than those equity investments without active market whose fair value are included in level 2, the fair value of equity investments without active market are included in Level 3.

B. The carrying amounts of cash, notes receivable, accounts receivable, other receivables, long-term and short-term borrowings, notes payable, accounts payable, other payables and lease liabilities are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 97,187	$ 97,187

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$136,583	$136,583

(b) The methods and assumptions the Group used to measure fair value are as follows：

i. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

ii. When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group’s financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group’s management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

		Equity instrument
At January 1,2022	$	136,583
Acquire for the year		1,138
Losses recognised in other comprehensive income	(	45,826)
Effect of exchange rate changes		5,292
At December 31,2022	$	97,187

		Equity instrument
At January 1,2021	$	216,435
Disposals for the year	(	6,647)
Losses recognised in other comprehensive income	(	72,215)
Effect of exchange rate changes	(	990)
At December 31,2021	$	136,583

E. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

G. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by frequently calibrating valuation model and updating inputs used to the valuation model and making any other necessary adjustments to the fair value

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Equity instrument:					
Unlisted shares	$ 97,187	Market comparable companies	Price to book ratio multiple	0.97~4.2	The higher the multiple, the higher the fair value;
			Discount for lack of marketability	20%~40%	The higher the discount for lack of marketability,the lower the fair value.

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Equity instrument:					
Unlisted shares	$ 136,583	Market comparable companies	Price to book ratio multiple	0.72~6.08	The higher the multiple, the higher the fair value;
			Discount for lack of marketability	20%~40%	The higher the discount for lack of marketability,the lower the fair value.

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Multipliers and discounts	±1	$ -	$ -	$ 384	($ 384)

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Multipliers and discounts	±1	$ -	$ -	$ 527	($ 527)

(5) Details of the impact of the Covid-19 pandemic to the Company's operations in 2022

With the gradual recovery of global business activities in 2022, the number of customer orders also gradually increased. As of December 31, 2022, the Covid-19 pandemic had no significant impact on the Group's going concern, impairment of assets and financing risks under the Group's assessment. The Group will continue to track the development of the pandemic so that the Group can timely adjust the operational strategies in response.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative financial instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. Segment Information

(1) General information

The Company and its subsidiaries operate business only in a single industry, which allocate resources and assess performance of the Group as a whole, have identified that the Group has only one reportable operating segment. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4. The operating segments are measured using the profit (loss) before tax from continuing operations.

(2) Measurement of segment information

Interest income and expense are not allocated to operating segments, as this type of activity is driven by the Group’s central treasury function, which manages the cash position of the group.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is the financial statements prepared in accordance with the IFRSs.

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm’s length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

(5) Information on products and services

Revenue from external customers is mainly from sales of digital office equipment:

Composition of income balance details is as follows:

	Year ended December 31	
	2022	2021
Sales revenue	$ 2,799,043	$ 2,755,689
Service revenue	21,705	33,938
Others	11,692	38,489
Total	$ 2,832,440	$ 2,828,116

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 25,854	$ 381,439	$ 59,284	$ 391,380
Germany	669,639	1,306	235,449	1,170
USA	468,329	37	357,953	-
China	1,136,387	347,789	1,802,532	370,371
Brazil	77,272	63	53,947	80
Japan	32,016	-	31,552	-
Others	422,943	-	287,399	-
Total	$ 2,832,440	$ 730,634	$ 2,828,116	$ 763,001

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022			Year ended December 31, 2021	
	Revenue	Segment		Revenue	Segment
CN152	$ 287,320	Group	CN152	$ 312,499	Group
CN224	268,793	Group	CN224	20,709	Group
USV01	244,356	Group	USV01	192,108	Group
CN213	233,258	Group	CN213	741,558	Group
CN189	-	Group	CN189	226,101	Group

AVISION INC. And Subsidiaries

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3)	Celling on total loans granted (Note 3)	Footnote
													Item	Value			
1	AVISION INC.	Avision Europe GMBH	Other receivables - related parties	Yes	$ 4,938	$ -	$ -	2.867%	1	$ 187,896	-	$ -	None	$ -	$ 598,577	$ 116,930	
0	AVISION INC.	Avision Brasil Ltda.	Other receivables - related parties	Yes	445	-	-	2.867%	1	3,546	-	-	None	-	9,147	116,930	

Note 1: The Company is ‘0’, and the subsidiaries are numbered in order starting from ‘1’.

Note 2: Fill in the nature of the loan as follows:

A. Fill in 1 for business transactions.

B. Fill in 2 for short-term financing.

Note3: For the companies having business relationship with the Company, ceiling on total loans granted is 10% of the Company’s net assets; financial limit on loans granted to a single party is the higher value of business transactions amount during current year on the year of financing. For companies having short-term loans, celling on total loans is 20% of the Company’s net assets, and celling on loans to a single party with short-term financing is 10% of the Company’s net assets.

AVISION INC. And Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value (Note)	Ownership (%)	Fair value	
AVISION INC.	Stocks of OTO PHOTONICS INC.	None	Financial assets at fair value through other comprehensive income	1,046,243 shares of ordinary shares.	$ 4,662	3.13	$ 4,662	
AVISION INC.	Stocks of AETAS Technology Inc.	None	Financial assets at fair value through other comprehensive income	250,000 shares of ordinary shares.	-	0.56	-	
AVISION INC.	Stocks of PROTECTLIFE INTERNATIONAL BIOMEDICAL INC.	None	Financial assets at fair value through other comprehensive income	323,400 shares of ordinary shares.	699	2.72	699	
AVISION INC.	Stcoks of WIN CO E-TECHNOLOGY CORP.	None	Financial assets at fair value through other comprehensive income	390,950 shares of ordinary shares.	5,092	19.35	5,092	
AVISION INC.	JimTec Group Holding Inc.	None	Financial assets at fair value through other comprehensive income	50,000 shares of ordinary shares.	4,270	1.00	4,270	
AVISION INC.	Capsovision Inc.	None	Financial assets at fair value through other comprehensive income	1,269,566 shares of preference shares.	6,108	1.10	6,108	
Quantum Investment Co.,Ltd.	SOLIDLITE CORPORATION	None	Financial assets at fair value through other comprehensive income	1,256,000 shares of ordinary shares.	7,997	5.72	7,997	
Quantum Investment Co.,Ltd.	AVISION INC.	The parent company	Financial assets at fair value through other comprehensive income	195,879 shares of ordinary shares.	2,184	0.09	2,184	
Sunglow International Inc.	Henan Centrix Technology Co.,Ltd.	None	Financial assets at fair value through other comprehensive income	Cash of USD 281,320	-	15.00	-	
Avision (Suzhou) Co., Ltd.	Yichun Yilian Print Tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income	Cash of CNY 30,000,000	68,378	9.54	68,378	

Note: Fill in the amount after adjusted at fair value for the marketable securities measured at fair value.

AVISION INC. And Subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
AVISION INC.	Avision (Suzhou) Co., Ltd.	The company's subsidiary	Purchases	$ 541,592	54	45 days after monthly billings	Not applicable	Not applicable	($ 896,674)	(90)	
AVISION INC.	Avision Europe GMbH	The company's subsidiary	Sales	(610,616)	36	90 days after monthly billings	Not applicable	Not applicable	339,595	44	
Avision (Suzhou) Co., Ltd.	Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	Affiliate	Sales	(291,280)	(13)	90 days after monthly billings	Not applicable	Not applicable	43,373	6	

AVISION INC. And Subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
Avision (Suzhou) Co., Ltd.	AVISION INC.	The ultimate parent company	$ 896,674	0.65	$ -	Not applicable	$ 261,391	$ -
AVISION INC.	Avision Europe GMbH	The company's subsidiary	339,595	2.86	-	Not applicable	110,188	-

Note: The Group's capital is used in an overall coordinated plan, and the net inter-company accounts receivable and accounts payable will be reserved first, and then remaining funds are remitted according to each company's capital requirement plan.

AVISION INC. And Subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	AVISION INC.	Avision (Suzhou) Co., Ltd.	1	Purchases	$ 541,592	Based on the price lists in force and terms	0.19
0	AVISION INC.	Avision (Suzhou) Co., Ltd.	1	Accounts payable	896,674	Payment terms for 45 days after monthly billings	0.30
0	AVISION INC.	Avision(Suzhou) Co., Ltd.	1	Sales revenue	594,098	Based on the price lists in force and terms	0.21
0	AVISION INC.	Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	1	Sales revenue	14,489	Based on the price lists in force and terms	0.01
0	AVISION INC.	Avision Labs, Inc.	1	Other expenses	29,610	Based on the price lists in force and terms	0.01
0	AVISION INC.	Avision Labs, Inc.	1	Sales	10,983	Based on the price lists in force and terms	-
0	AVISION INC.	Avision Labs, Inc.	1	Accounts payable	11,180	Based on the price lists in force and terms	-
0	AVISION INC.	Avision Europe GMbH	1	Sales	610,616	Based on the price lists in force and terms	0.22
0	AVISION INC.	Avision Europe GMbH	1	Accounts receivable	339,595	Collection term for 90 days after the transation	0.12
1	Avision (Suzhou) Co., Ltd.	Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	3	Sales	291,280	Based on the price lists in force and terms	0.10
1	Avision (Suzhou) Co., Ltd.	Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	3	Accounts receivable	43,373	Payment terms for 60 days after monthly billings	0.01

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1)Parent company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:
for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction:
(1)Parent company to subsidiary.
(2)Subsidiary to parent company.
(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Disclosing only the amount exceeded NT$10 million of transactions, and then the corresponding related party transactions are not disclosed separately.

AVISION INC. And Subsidiaries

Information on investees (not including investees in Mainland China)

Year ended December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2022					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income(loss) recognised by the Company for the year ended December 31, 2022	Note
AVISION INC.	Avision International Inc.	Samoa	Investment	$ 1,067,810	$ 1,067,810	38,546,389	100.00	$ 1,042,792	($ 9,230)	($ 9,230)	Subsidiary
AVISION INC.	Avision Development Inc.	Samoa	Investment	287,794	287,794	8,390,475	100.00	15,920	9,294	9,294	Subsidiary
AVISION INC.	Avision Brasil Ltda.	Brazil	Maintenance of scanners and multifunction printers	49,822	49,822	-	99.00	11,033	1,891	1,872	Subsidiary
AVISION INC.	Quantum Investment Co.,Ltd.	Taiwan	Investment	1,000	1,000	100,000	100.00	34,303	26,688	26,688	Subsidiary
Avision International Inc.	Fortune Investments Ltd.	Samoa	Investment	1,098,614	1,098,614	39,498,705	100.00	1,354,920	(9,230)	(9,230)	Second-tier subsidiary
Quantum Investment Co., Ltd.	Avision Europe GmbH	Germany	Maintenance service of scanners	2,379	2,379	-	100.00	40,098	27,187	27,187	Investee companies of the Company's subsidiary
Avision Development Inc.	Sunglow International Inc.	Samoa	Investment	287,794	287,794	8,390,475	100.00	17,460	9,294	9,294	Second-tier subsidiary
Sunglow International Inc.	Avision Labs, Inc.	United States	Sales and maintenance service of scanners	48,694	48,694	800,000	96.39	17,448	9,642	9,294	Investee companies of the Company's second-tier subsidiary

AVISION INC. And Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
Avision (Suzhou) Co., Ltd.	Scanners and multifunction printers	$ 1,352,791	2	$ 1,352,791	$ -	$ -	$ 1,352,791	($ 30,905)	100	($ 30,905)	$ 1,229,418	$ 205,688	Note 2
Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	International Trade	6,943	2	6,943	-	-	6,943	19,875	100	19,875	141,552	54,950	Note 2
Henan Centrix Technology Co., Ltd.	Discs for laser reading system and international trade	63,727	2	9,559	-	-	9,559	-	15	-	-	-	
Yichun Avision Co., Ltd.	Scanners and multifunction printers	15,608	3	-	-	-	-	(168)	100	(168)	2,183	-	Note 4
Suzhou Hongxin Microelectronics Technology Co., Ltd.	Research and development and sales of wafers	69,988	3	-	-	-	-	(21,735)	79	(17,170)	47,038	-	Note 4

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022 (Note 3)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
AVISION INC.	$ 1,240,878	$ 1,296,195	$ 701,580

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, Avision International Inc.and Fortune Investments Ltd., which then invested in the Avision (Suzhou) Co., Ltd. and Avision Digital Office Equipment (Shanghai) Trading Co., Ltd. in Mainland China.
Through investing in an existing company in the third area, Avision Development Inc.and Sunglow International Inc., which then invested in the Henan Centrix Technology Co.,Ltd. in Mainland China.

(3) Others

Note 2: Investment income (loss) recognised by the Company was based on the financial statements of the investee that were audited by R.O.C. parent company's independent accountants.

Note 3: At the end of this period, the investment amount transmitted from Taiwan to mainland China was US$41,634 thousand counted with original currency. The investment amount permitted by the Investment Commission of Ministry of Economic Affairs (MOEA) was US$43,490 thousand counted with original currency, of which US$1,135 thousand was capital increase through capitalisation of earnings, and did not include in the limit of the Investment Commission of Ministry of Economic Affairs (MOEA).

Note 4: It was pertained to the investment in the investee in Mainland China through Avision (Suzhou) Co., Ltd. There was no amount remitted to Mainland China during the year.

AVISION INC. And Subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2022

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2022	%	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022	Interest rate	Interest during the year ended December 31, 2022	Others
Avision (Suzhou) Co., Ltd.	($ 1,135,691)	75	$ -	-	($ 953,584)	91	$ -	-	$ -	$ -	-	$ -	None
Avision (Suzhou) Co., Ltd.	594,098	27	-	-	56,910	7	-	-	-	-	-	-	None
Avision Digital Office Equipment (Shanghai) Trading Co., Ltd.	14,489	1	-	-	40	-	-	-	-	-	-	-	None

AVISION INC. And Subsidiaries
Major shareholders information
December 31, 2022

Table 9

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
LUO,SIOU-CHUN	21,370,178	11.05
SHENG,SHAO-LAN	14,117,300	7.00
“Avision Inc. trust, hope and love” fund account of the charitable trust in Bank SinoPac	10,325,886	5.34
TAIWAN MASK CORPORATION	10,000,000	5.17