English Translation of a Report and Financial Statements Originally Issued in Chinese

UNITECH COMPUTER CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH
REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

Address: 3F., No. 236, Xinhu 2nd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)
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Notice to Readers

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

REPRESENTATION LETTER

The entities included in the consolidated financial statements as of December 31, 2022 and for the year then ended prepared under the International Financial Reporting Standards, No.10 are the same as the entities to be included in the combined financial statements of the Group, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as “Combined Financial Statements”). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Group did not prepare any other set of Combined Financial Statements than the Consolidated Financial Statements.

Very truly yours,

Unitech computer Co., Ltd.

Chairman: YE, KUO-CHUAN

March 22, 2023

English Translation of Auditors’ Report Originally Issued in Chinese

Independent Auditors’ Report

To UNITECH COMPUTER CO., LTD.

Opinion

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021,and their consolidated financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the 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 (the ”Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue recognition

The Group recognized NT$25,070,558 thousand as operating revenue which mainly stemmed from the sale of computer peripherals and automatic data capture products for the year ended December 31, 2022. Sale of computer peripherals and automatic data capture products are the main operating activity of the Group. The revenue was recognized when the Group has transferred the promised goods to its customers and satisfied the performance obligations. Timing of revenue recognition may vary due to the differences in trade terms of goods agreed in the contract that increased the complexity of the revenue recognition. As a result, we determined this matter as a key audit matter. Our audit procedures include (but are not limited to): assessing the appropriateness of the accounting policies regarding revenue recognition; evaluating and testing the design and operating effectiveness of internal control over revenue recognition; performing test of details on a sampling basis by checking relevant documents to verify when performance obligations were satisfied and the accuracy of timing of revenue recognition; vouching relevant documents of the selected samples of sales transactions before and after a certain period of the balance sheet date to ensure the appropriate cut-off of sales and sales returns; reviewing the significant returns and allowances in subsequent periods; and reviewing the rationality of major manual adjustment entries in the sales revenue sub-account, etc. We also assessed the adequacy of accounting policy and disclosures of operating revenue. Please refer to Note 4, Note 5 and Note 6 to the consolidated financial statements.

Inventory evaluation

The Group had net inventory of NT$2,140,031 thousand, representing 21.38% of total assets as of December 31, 2022. Due to the rapid change of technology of computer peripherals and automatic data capture products, management had to evaluate the write-down of inventories caused by obsolescence. As this assessment involves management's judgement, we therefore determined this matter as a key audit matter. Our audit procedures include (but are not limited to): evaluating and testing the design and operating effectiveness of internal controls over the slow-moving and obsolete inventories valuation, including the methods and assumptions used; testing the key assumptions used in evaluating the reserve of slow-moving inventories, including evaluating the reasonableness of inventory reserve percentages; and on-the-spot observation performed to confirm the quantity and status of inventories; verifying the correctness of inventory aging; and analyzing the changes in inventory age to confirm whether appropriate allowance of the inventories have been made for those with longer inventory ages; and comparing previous estimates with actual results to assess the accuracy of assumptions made by management about the slow-moving and obsolete inventories, etc.

We also assessed the adequacy of accounting policy and disclosures of inventories. Please refer to Note 4, Note 5, and Note 6 to the consolidated financial statements.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Group, 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 audit committee, are responsible for overseeing the financial reporting process of the Group.

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

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

As part of an audit in accordance with the Standards 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 internal control of the Group.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other

We have audited and expressed an unqualified opinion including Other Matter Paragraph on the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021.

Kuo, Shao-Pin

Yang, Chih-Huei

Ernst & Young, Taiwan

March 22, 2023

<u>Notice to Readers</u>

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

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

English Translation of Financial Statements Originally Issued in Chinese

UNITECH COMPUTER CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars)

ASSETS		December 31, 2022		December 31, 2021	
Description	Notes	Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4, 6(1)	$1,085,701	10.85	$700,298	8.35
Financial assets at fair value through profit or loss-current	4, 5, 6(2)	211	-	241,648	2.88
Financial assets measured at amortized cost-current	4, 6(4), 6(21)	7,071	0.07	6,861	0.08
Contract assets, current	4, 6(20), 6(21)	1,804	0.02	6,254	0.08
Notes receivable, net	4, 6(5), 6(21)	263,144	2.63	156,589	1.87
Trade receivables, net	4, 6(6), 6(21)	4,445,625	44.42	3,401,681	40.55
Installment accounts receivable	4, 6(7), 6(21)	73,247	0.73	67,391	0.80
Financing lease receivables	4, 6(21)	2,898	0.03	-	-
Other receivables		12,908	0.13	8,590	0.10
Current tax assets	4, 5, 6(26)	5,530	0.06	4,976	0.06
Inventories, net	4, 5, 6(8)	2,140,031	21.38	1,768,977	21.09
Prepayments		99,496	0.99	136,516	1.63
Total current assets		8,137,666	81.31	6,499,781	77.49
Non-current assets					
Financial assets at fair value through other comprehensive income-noncurrent	4, 5, 6(3)	27,713	0.28	27,815	0.33
Financial assets measured at amortized cost-noncurrent	4, 6(4), 6(21), 8	4,913	0.05	5,358	0.07
Property, plant and equipment	4, 6(9), 8	1,389,585	13.89	1,395,593	16.64
Right-of-use assets	4, 6(22)	90,999	0.91	43,949	0.52
Intangible assets	4, 6(11)	39,961	0.40	49,050	0.58
Deferred tax assets	4, 5, 6(26)	145,100	1.45	160,541	1.91
Prepayment for equipment		20,928	0.21	3,233	0.04
Refundable deposits		34,242	0.34	41,301	0.49
Long-term installment accounts receivable	4, 6(7), 6(21)	105,493	1.05	161,566	1.93
Long-term financing lease receivables	4, 6(21)	11,169	0.11	-	-
Total non-current assets		1,870,103	18.69	1,888,406	22.51
Total assets		$10,007,769	100.00	$8,388,187	100.00

LIABILITIES AND EQUITY		December 31, 2022		December 31, 2021	
Description	Notes	Amount	%	Amount	%
Current liabilities					
Short-term borrowings	4, 6(12), 8	$1,507,260	15.06	$560,000	6.68
Short-term commercial notes	4, 6(13), 8	510,000	5.10	220,000	2.62
Financial liabilities at fair value through profit or loss-current	4, 5, 6(2)	1,211	0.01	286	-
Contract liabilities, current	4, 6(20)	141,983	1.42	87,810	1.05
Notes payable		9,650	0.10	3,957	0.05
Trade payables		2,184,139	21.82	2,000,309	23.85
Other payables		480,286	4.80	432,695	5.16
Current tax liabilities	4, 5, 6(26)	53,392	0.53	82,902	0.99
Provisions	4, 6(17)	1,926	0.02	2,374	0.03
Lease liabilities-current	4, 6(22)	33,201	0.33	25,828	0.31
Current portion of long-term loans	4, 6(14), 8	28,417	0.28	28,332	0.34
Current portion of long-term trade payables	6(15)	70,797	0.71	42,422	0.50
Other current liabilities	4, 6(18)	492,082	4.92	520,268	6.20
Total current liabilities		5,514,344	55.10	4,007,183	47.78
Non-current liabilities					
Contract liabilities, non-current	4, 6(20)	57,627	0.57	55,835	0.67
Long-term loans	4, 6(14), 8	85,274	0.85	113,509	1.35
Deferred tax liabilities	4, 5, 6(26)	1,651	0.02	380	-
Lease liabilities, non-current	4, 6(22)	73,728	0.74	18,236	0.22
Long-term trade payables	6(15)	68,977	0.69	79,382	0.95
Net defined benefit liabilities, non-current	4, 6(16)	48,353	0.48	55,187	0.66
Deposits received		908	0.01	620	-
Total non-current liabilities		336,518	3.36	323,149	3.85
Total liabilities		5,850,862	58.46	4,330,332	51.63
Equity					
Share capital					
Common stock	6(19)	1,617,358	16.16	1,617,358	19.28
Capital surplus	6(19)	296,159	2.96	296,159	3.53
Retained earnings	6(19)				
Legal reserve		539,901	5.40	485,741	5.79
Special reserve		16,410	0.16	15,471	0.18
Undistributed earnings		602,409	6.02	612,888	7.31
Total retained earnings		1,158,720	11.58	1,114,100	13.28
Other equities	4	(9,256)	(0.09)	(16,409)	(0.20)
Equity attributable to owners of the parent		3,062,981	30.61	3,011,208	35.89
Non-controlling interests		1,093,926	10.93	1,046,647	12.48
Total equity	4, 6(19), 6(28)	4,156,907	41.54	4,057,855	48.37
Total liabilities and equity		$10,007,769	100.00	$8,388,187	100.00

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

Chairman: Kuo-Chuan Yeh

President: Kuo-Chuan Yeh

Chief Financial Officer: Li-Ping Hung

English Translation of Financial Statements Originally Issued in Chinese

UNITECH COMPUTER CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	2022	%	2021	%
Operating revenue	4, 5, 6(20)	$25,070,558	100.00	$23,900,560	100.00
Operating costs	6(8) , 6(11) , 6(23)	(22,981,781)	(91.67)	(21,789,924)	(91.17)
Gross profit		2,088,777	8.33	2,110,636	8.83
Operating expenses	6(11), 6(21), 6(22), 6(23)				
Selling expenses		(871,280)	(3.47)	(841,827)	(3.52)
Administrative expenses		(367,666)	(1.47)	(374,495)	(1.57)
Research and development expenses		(137,650)	(0.55)	(150,618)	(0.63)
Expected credit losses	4, 6(21)	(19,550)	(0.08)	(6,405)	(0.03)
Total operating expenses		(1,396,146)	(5.57)	(1,373,345)	(5.75)
Operating income		692,631	2.76	737,291	3.08
Non-operating income and expenses					
Interest income	6(24)	5,370	0.03	4,534	0.02
Other income	6(10), 6(24)	7,585	0.03	3,732	0.02
Other gains and losses	6(10), 6(24)	11,924	0.05	(3,752)	(0.02)
Finance costs	6(22)	(26,712)	(0.11)	(9,503)	(0.04)
Total non-operating income and expenses		(1,833)	-	(4,989)	(0.02)
Net income before income tax		690,798	2.76	732,302	3.06
Income tax expense	4, 6(26)	(137,733)	(0.55)	(157,616)	(0.66)
Net income		553,065	2.21	574,686	2.40
Other comprehensive income	6(25)				
Items that may not be reclassified subsequently to profit or loss					
Remeasurements of the defined benefit plan		(346)	-	(1,369)	-
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income		(102)	-	240	-
Income tax relating to those items not to be reclassified to profit or loss	6(26)	89	-	226	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences resulting from translating the financial statements of foreign operations		22,392	0.09	(18,523)	(0.08)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(26)	(4,491)	(0.02)	3,653	0.02
Other comprehensive income, net of tax		17,542	0.07	(15,773)	(0.06)
Total comprehensive income		$570,607	2.28	$558,913	2.34
Net income for the periods attributable to :					
Owners of the parent		$498,161		$556,027	
Non-controlling interests	6(19), 6(28)	54,904		18,659	
		$553,065		$574,686	
Total comprehensive income for the periods attributable to :					
Owners of the parent		$504,633		$547,073	
Non-controlling interests	6(19), 6(28)	65,974		11,840	
		$570,607		$558,913	
Earnings per share (in dollars)	4, 6(27)				
Basic Earnings Per Share (in New Taiwan Dollars)		$3.08		$3.44	
Diluted Earnings Per Share (in New Taiwan Dollars)		$3.05		$3.41	

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

Chairman: Kuo-Chuan Yeh President: Kuo-Chuan Yeh Chief Financial Officer: Li-Ping Hung

English Translation of Financial Statements Originally Issued in Chinese

UNITECH COMPUTER CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent								Non-controlling interests	Total equity
			Retained earnings			Other equity				
	Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Equity attributable to owners of the parent		
Balance as of January 1, 2021	$1,617,358	$309,619	$449,382	$11,081	$403,163	$(14,126)	$(1,345)	$2,775,132	$463,410	$3,238,542
Appropriation and distribution of 2020 retained earnings :										
Legal reserve appropriated	-	-	36,359	-	(36,359)	-	-	-	-	-
Special reserve appropriated	-	-	-	4,390	(4,390)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(291,125)	-	-	(291,125)	(3,016)	(294,141)
Profit for the year ended December 31, 2021	-	-	-	-	556,027	-	-	556,027	18,659	574,686
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(614)	(8,160)	(180)	(8,954)	(6,819)	(15,773)
Total comprehensive income	-	-	-	-	555,413	(8,160)	(180)	547,073	11,840	558,913
Changes in ownership interests in subsidiaries	-	(13,460)	-	-	(13,814)	6,725	677	(19,872)	19,872	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	554,541	554,541
Balance as of December 31, 2021	$1,617,358	$296,159	$485,741	$15,471	$612,888	$(15,561)	$(848)	$3,011,208	$1,046,647	$4,057,855
Balance as of January 1, 2022	$1,617,358	$296,159	$485,741	$15,471	$612,888	$(15,561)	$(848)	$3,011,208	$1,046,647	$4,057,855
Appropriation and distribution of 2021 retained earnings :										
Legal reserve appropriated	-	-	54,160	-	(54,160)	-	-	-	-	-
Special reserve appropriated	-	-	-	939	(939)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(452,860)	-	-	(452,860)	(18,695)	(471,555)
Profit for the year ended December 31, 2022	-	-	-	-	498,161	-	-	498,161	54,904	553,065
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	(681)	7,186	(33)	6,472	11,070	17,542
Total comprehensive income	-	-	-	-	497,480	7,186	(33)	504,633	65,974	570,607
Balance as of December 31, 2022	$1,617,358	$296,159	$539,901	$16,410	$602,409	$(8,375)	$(881)	$3,062,981	$1,093,926	$4,156,907

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

Chairman: Kuo-Chuan Yeh　　President: Kuo-Chuan Yeh　　Chief Financial Officer: Li-Ping Hung

English Translation of Financial Statements Originally Issued in Chinese
UNITECH COMPUTER CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021
(Amounts in thousands of New Taiwan Dollars)

Description	2022	2021
Cash flows from operating activities :		
Profit before tax from continuing operations	$690,798	$732,302
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation	85,035	79,046
Amortization	20,744	23,253
Expected credit losses	19,550	6,405
Losses (gains) on financial assets and liabilities at fair value through profit or loss	1,066	(1,773)
Interest expense	26,712	9,503
Interest income	(5,370)	(4,534)
Losses (gains) on disposal of property, plant and equipment	233	(1,184)
Losses (gains) on lease modification	446	(20)
Changes in operating assets and liabilities:		
Contract assets	4,960	(648)
Notes receivable	(106,807)	(21,657)
Trade receivables	(1,013,232)	(345,390)
Other receivables	(4,318)	62
Inventories	(371,054)	(303,538)
Prepayments	37,020	(81,376)
Contract liabilities	55,965	38,271
Notes payable	5,693	(422)
Trade payables	201,800	376,597
Other payables	45,702	66,742
Provisions	(448)	1,748
Other current liabilities	(28,186)	81,405
Net defined benefit liabilities, non-current	(7,820)	(5,523)
Cash (outflow) inflow generated from operations	(341,511)	649,269
Interest received	5,370	2,226
Interest paid	(24,823)	(8,602)
Income tax paid	(154,847)	(129,113)
Net cash flows (used in) provided by operating activities	(515,811)	513,780
Cash flows from investing activities :		
Acquisition of financial assets measured at amortized cost	-	(6,861)
Proceeds from redemption of financial assets measured at amortized cost	235	100,201
Acquisition of financial assets at fair value through profit or loss-current	(60,000)	(390,000)
Proceeds from disposal of financial assets at fair value through profit or loss-current	301,296	160,255
Acquisition of property, plant and equipment	(40,188)	(83,732)
Proceeds from disposal of property, plant and equipment	225	1,965
Increase in refundable deposits	(24,606)	(45,334)
Decrease in refundable deposits	32,840	34,884
Acquisition of intangible assets	(11,284)	(16,124)
Decrease in long-term financing lease receivables	1,861	-
Increase in prepayment for equipment	(20,836)	(1,060)
Net cash flows provided by (used in) investing activities	179,543	(245,806)
Cash flows from financing activities :		
Increase in short-term borrowings	16,272,896	10,068,359
Decrease in short-term borrowings	(15,325,636)	(10,042,938)
Increase in short-term commercial notes	5,550,000	3,020,000
Decrease in short-term commercial notes	(5,260,000)	(3,170,000)
Repayment of long-term loans	(28,150)	(28,071)
Increase in deposits received	307	-
Decrease in deposits received	(18)	(3,640)
Cash payment for the principal portion of the lease liabilities	(36,981)	(32,027)
Cash dividends	(471,555)	(294,141)
Increase in non-controlling interests	-	554,541
Net cash provided by financing activities	700,863	72,083
Effect of changes in exchange rate on cash and cash equivalents	20,808	(18,352)
Net increase in cash and cash equivalents	385,403	321,705
Cash and cash equivalents at the beginning of the year	700,298	378,593
Cash and cash equivalents at the end of the year	$1,085,701	$700,298

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

Chairman: Kuo-Chuan Yeh   President: Kuo-Chuan Yeh   Chief Financial Officer: Li-Ping Hung

English Translation of Consolidated Financial Statements Originally Issued in Chinese
UNITECH COMPUTER CO., LTD.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. History and Organization

Unitech Computer Co., Ltd. (hereinafter referred to as the “Company”) was established in March 1979, formerly known as Jingji Industrial Co., Ltd. In order to meet the needs of business specialization, the Company was renamed Unitech Computer Co., Ltd. in June 1991. The Company merged with United Technology Electronics Co., Ltd. in July 1995, and the Company became the surviving company after the merger. The Company's stock had been listed and traded in the Taipei Stock Exchange since February 1998. But in August 2000, its stocks were transferred to the Taiwan Stock Exchage for trading. The Company’s registered office and main business is at 3F., No. 236, Xinhu 2nd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.).

In order to achieve organizational restructuring and to improve competitiveness and business performance, on January 1, 2008, the Company, in accordance with the Business Mergers and Acquisitions Act, carved out its automatic identification data division, with the business value of $900,000 thousand, and established Unitech Electronics Co., Ltd. (hereinafter referred to as “UTE”). In this carve-out transaction, the Company acquired 40,000,000 shares of UTE and the related carved-out net assets were recorded on the book value basis. Thereafter, the Company disposed of portion of its UTE shares for UTE’s IPO purposes that reduced the Company’s shareholding to 58.149% as of September 30, 2021. In order to introduce strategic investors for UTE, the Company’s board of directors resolved on November 4, 2021 not to subscribe to UTE’s new shares that further diluted its shareholding to 40%.

The main business of the Company before the carve-out included the design, manufacture, trade, import and export of computers and computer peripheral equipment products and automatic identification systems. After the carve-out on January 1, 2008, the Company mainly engaged in product channel business.

2. Date and Procedures of Authorization of Financial Statements for Issue

The consolidated financial statements of the Company and subsidiaries (hereinafter referred to as the "Group") as of and for the years ended December 31, 2022 and 2021 were authorized for issue in accordance with a resolution of its board of directors (hereinafter referred to as "Board of Directors") on March 22, 2023.

3. Newly Issued or Revised Standards and Interpretations

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

The Group applied for the first-time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2022. The adoption of these new standards and amendments had no material impact on the Group.

(b) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below:

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

(a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

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

(b) Definition of Accounting Estimates – Amendments to IAS 8

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

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

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

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023. The standards and interpretations have no material impact on the Group.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

(a) IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

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

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

(b) IFRS 17 “Insurance Contracts”

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

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

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

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

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

(d) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

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

(e) Non-current Liabilities with Covenants – Amendments to IAS 1

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

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(a) Statement of compliance

The consolidated financial statements of the Company as of and for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations"), IFRSs, IASs, IFRIC and interpretations, which are endorsed by the Financial Supervisory Committee.

(b) Basis of preparation

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

(c) Basis of consolidation

Preparation principle of consolidated financial statements

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

(a) power over the investee (i. e., existing rights that give it the current ability to direct the relevant activities of the investee);
(b) exposure, or rights, to variable returns from its involvement with the investee;
(c) the ability to use its power over the investee to affect its returns.

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

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements;
(c) the Group's voting rights and potential voting rights.

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

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

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

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

If the Group loses control of a subsidiary, it:

(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) derecognizes the carrying amount of any non-controlling interest;
(c) recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) recognizes any surplus or deficit in profit or loss; and
(f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Name of the investors	Name of subsidiaries	Nature of business	Percentage of ownership (%)	
			Dec. 31, 2022	Dec. 31, 2021
The Company	Unitech Electronics Co., Ltd. ("UTE")	Development, manufacture and marketing of automatic identification data collection products	40.00%	40.00%
The Company	Jingho Computer Co., Ltd.	Trading of computer peripherals and retailing of electronic materials (sales of domestic computer-related consumables)	100.00%	100.00%
The Company	Jingyong Computer Co., Ltd. ("Jingyong Computer")	Trading of computer peripherals and retailing of electronic materials (sales of domestic computer-related consumables)	100.00%	100.00%
UTE	Unitech America Ventures Inc. ("UAV")	Holding and general investing	100.00%	100.00%
UTE	Unitech Europe Ventures Inc. ("UEV")	Holding and general investing	100.00%	100.00%
UTE	Unitech Japan Holding Inc. ("UJH")	Holding and general investing	100.00%	100.00%
UTE	Unitech Asia Ventures Inc. ("UCV")	Holding and general investing	100.00%	100.00%
UTE	Unitech Japan Co., Ltd.	Selling of automatic data capture product in Japan	10.86%	10.86%
UAV	Unitech America Holding Inc. ("UAH")	Holding and general investing	100.00%	100.00%
UAH	Unitech America Inc.	Selling of automatic data capture product in America	100.00%	100.00%
UEV	Unitech Europe Holding Inc. ("UEH")	Holding and general investing	100.00%	100.00%
UEH	Unique Technology Europe B.V.	Selling of automatic data capture product in Europe	100.00%	100.00%
UJH	Unitech Japan Co., Ltd.	Selling of automatic data capture product in Japan	85.57%	85.57%
UCV	Unitech Industries Holding Inc. ("UIH")	Holding and general investing	100.00%	100.00%
UIH	Xiamen Unitech Computer Co., Ltd.	Selling of automatic data capture product in China	100.00%	100.00%

The Company determines that even if it holds less than 50% of the voting rights, it still has control over Unitech Electronics because it has been the largest shareholder of Unitech Electronics since the date of investing in Unitech Electronics. The remaining interests of Unitech Electronics are widely held by many other shareholders, and the Company can obtain the power of attorney for the relative majority of voting rights, and designate key management personnel of Unitech Electronics who have the ability to lead relevant activities.

(d) Foreign currency transactions

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

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

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

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

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

(e) Translation of financial statements in foreign currency

Each foreign operation of the Group determines its function currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the rate prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considered a disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is adjusted in "investments accounted for using the equity method". In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

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

(f) Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(g) Cash and cash equivalents

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

(h) Financial instruments

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

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

A. Financial instruments: recognition and measurement

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

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

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

Financial assets measured at amortized cost

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

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

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

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

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

Financial assets measured at fair value through other comprehensive income

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

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

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

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
    (i) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
    (ii) inancial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

Financial assets at fair value through profit or loss

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

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

B. Impairment of financial assets

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

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

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

The loss allowance is measured as follows:

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

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

C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

D. Financial liabilities and equity

<u>Classification between liabilities or equity</u>

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

<u>Equity instruments</u>

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

<u>Financial liabilities</u>

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

Financial liabilities at fair value through profit or loss

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

A financial liability is classified as held for trading if:

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

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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

E. Offsetting of financial instruments

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

(i) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as effective hedging instruments and are classified as financial assets or liabilities for hedging.

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

(j) Fair value measurement

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

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

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

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

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

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

(k) Inventories

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

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

Raw material	—	At actual purchase cost using weighted-average method.
Finished goods progress	—	Including cost of direct raw materials, labor, and a proportion of fixed manufacturing overhead based on normal production capacity but excluding borrowing costs.

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

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

(l) Property, plant and equipment

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

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

Buildings	2-55 years
Machinery and equipment	3-10 years
Mold Equipment	2-10 years
Transportation equipment	5-6 years
Office equipment	3-7 years
Lease improvement	3-16 years

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

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

(m) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

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

Buildings	55 years

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

The Group transfers properties to or from investment properties according to the actual use of the properties.

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

(n) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether it, throughout the period of use, has both of the following:

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

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

Group as a lessee

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

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

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

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

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

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

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

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

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

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

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

Group as a lessor

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

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

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

(o) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

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

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

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

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

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3~10 years).

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

	Computer software
Useful lives	Finite
Amortization method used	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Externally acquired

(p) Impairment of non-financial assets

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

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

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

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

(q) Provisions

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

Provision for warranties

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

(r) Post-employment benefits

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

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

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

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

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

(s) Share-based payment transactions

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

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

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

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

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

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

(t) Revenue recognition

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

Sale of goods

The Group manufactures and sells products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main products of the Group are computer, computer and peripheral equipment products and automatic identification system; the revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts. Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. The Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. Refund liability is recognized for the expected volume discounts during the period the contract specifies.

The warranty provided by the Group is based on the guarantee that the products provided will work as expected by the customer and is handled in accordance with the provisions of IAS 37.

The credit period of the Group's sale of goods is from 30-120 day terms. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. These accounts receivable usually have a short period and do not have a significant financial component. If part of the consideration has been collected from the customer first, and the obligation to provide goods is still required, it shall be recognized as a contract liability and transferred to revenue when the performance obligation is subsequently met. The period during which the Group's aforementioned contract liabilities are transferred to income is usually not more than one year, and it has not resulted in the generation of significant financial component.

Rendering of services

The Group provides labor, machinery and equipment maintenance services and warranty for certain projects. These services are separately priced or negotiated and are recognized as revenue when the performance obligations are met. Warranty is initially recorded as contract liabilities, based on amounts received or allocated, and is recognized as revenue over time during the warranty period.

(u) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(v) Income tax

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

Current Income tax

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

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

Deferred tax

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

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

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

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

A. where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
B. in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

(w) Business Combinations and Goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments, either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

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

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

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

5. Significant accounting judgements, estimates and assumptions

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

Estimates and assumptions

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

(a) Fair value of financial instruments

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

(b) Revenue recognition – sales returns and allowance

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

(c) Inventories

As inventories must be priced at the lower of cost and net realizable value, the Group uses judgment and estimation to determine the net realizable value of inventories at the end of the reporting period.

Due to the rapid changes in technology and product demand, the Group assesses at each reporting period whether any inventory loss occurs due to normal wear and tear, obsolescence, or decline in market value, and reduces the inventory costs to its net realizable value.

(d) Income tax

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

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6(26) for the explanation of the Group’s unrecognized deferred income tax assets as of December 31, 2022.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2022	2021
Cash on hand	$889	$1,326
Checking and savings accounts	1,084,812	698,972
Total	$1,085,701	$700,298

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

	As of December 31,	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss:		
Funds	$-	$240,008
Forward exchange contracts	211	1,640
Total	$211	$241,648
Financial liabilities mandatorily measured at fair value through profit or loss:		
Forward exchange contracts	$1,211	$286

Financial assets measured at fair value through profit or loss were not pledged as collateral.

Please refer to Note 12(10) for more details on derivative transactions.

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

	As of December 31,	
	2022	2021
Equity instrument investments measured at fair value through other comprehensive income		
Preferred stocks	$27,713	$27,815

Financial assets measured at fair value through other comprehensive income were not pledged as collateral.

(4) Financial assets measured at amortized cost

	As of December 31,	
	2022	2021
Time deposits - current	$7,071	$6,861
Time deposits - noncurrent	4,913	5,358
Total	$11,984	$12,219

The Group classified certain financial assets as financial assets measured at amortized cost. The credit risk is low and expected credit loss during the duration is not material. For more details on financial assets measured at amortized cost under pledge, please refer to Note 8. Please refer to Note 12(7) for more details on credit risk.

(5) Notes receivable

	As of December 31,	
	2022	2021
Notes receivable (due to business)	$263,803	$156,996
Less: loss allowance	(659)	(407)
Total	$263,144	$156,589

Notes receivable were not pledged as collateral.

The Group's loss allowance within the scope of IFRS 9 Financial Instruments is evaluated based on the accounting policy for financial instruments. Please refer to Note 6(21) for more details on loss allowance of notes receivable. Please refer to Note 12(7) for more details on credit risk management.

(6) Trade receivables

	As of December 31,	
	2022	2021
Trade receivables	$4,484,379	$3,420,328
Less: loss allowance	(38,754)	(18,647)
Total	$4,445,625	$3,401,681

Trade receivables were not pledged as collateral.

The Group's trade receivables measured at fair value through profit or loss due to regular factoring without recourse were $4,011 thousand and $4,470 thousand as of December 31, 2022 and 2021, respectively.

The Group's transactions involving the transfer of accounts receivable were as follows:

Total derecongnition of transferred financial assets

The Group entered into several factoring agreements without recourse with financial institutions. In addition to the transfer of the Group's contractual rights to these cash flows of accounts receivable, according to those agreements, the Group does not take the risk of uncollectible trade receivables (except for commercial disputes). The factoring agreements that meet the criteria of derecognition of financial assets are as follows:

As of December 31,2022			
The Factor (Transferee)	Amounts	Cash withdrawn	Interest rate
MUFG Bank, Ltd.,	$8,032	$8,032	0.975%~1.475%

As of December 31,2021			
The Factor (Transferee)	Amounts	Cash withdrawn	Interest rate
MUFG Bank, Ltd.,	$8,977	$8,977	0.975%~1.475%

The Group's trade receivables of factoring contracts were not pledged as collateral.

(7) Installment accounts receivable

	As of December 31,	
	2022	2021
Installment accounts receivable - current	$76,082	$71,254
Less: unrealized interest income	(2,651)	(3,695)
Less: loss allowance	(184)	(168)
Total	$73,247	$67,391

	As of December 31,	
	2022	2021
Installment accounts receivable – non-current	$107,801	$166,270
Less: unrealized interest income	(2,044)	(4,299)
Less: loss allowance	(264)	(405)
Total	$105,493	$161,566

The expected maturity of installment accounts receivable is as follows:

	As of December 31,	
	2022	2021
Not later than one year	$76,082	$71,254
Later than one year and not later than two years	66,538	70,279
More than two years	41,263	95,991
Total	$183,883	$237,524

Installment accounts receivable were not pledged as collateral.

Receivables are generally on 30~120 day terms. The total carrying amount of notes receivable and trade receivables (including installment accounts receivable) as of December 31, 2022 and 2021 were $4,927,370 thousand and $3,806,854 thousand, respectively. Please refer to Note 6(21) for more details on loss allowance of accounts receivable for the years ended December 31, 2022 and 2021. Please refer to Note 12(7) for more details on credit risk management.

(8) Inventories

(a) Inventories include:

	As of December 31,	
	2022	2021
Raw materials	$40,263	$45,783
Work in process	134,623	135,378
Finished goods	201,762	183,098
Merchandise	1,763,383	1,404,718
Total	$2,140,031	$1,768,977

(b) For the years ended December 31, 2022 and 2021, the Group recognized inventory cost in the amount of $22,765,393 thousand and $21,586,050 thousand, respectively. The gain from price recovery of inventories amounted to $7,200 thousand and $37,436 thousand, respectively. The recovery gain was as a result that the net realizable value of inventories is no longer lower than the cost.

(c) No inventories were pledged as collateral.

(9) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Mold Equipment	Transportation equipment	Office equipment	Leasehold improvement	Total
Cost:								
As of January 1, 2022	$903,499	$704,660	$204,545	$233,804	$41,596	$22,875	$10,599	$2,121,578
Additional	-	5,606	14,819	15,251	1,515	558	2,439	40,188
Disposals and Scrapping	-	-	(3,153)	(31,560)	(3,588)	(168)	(439)	(38,908)
Transfers	-	1,667	-	1,103	-	-	-	2,770
Effect of movement in exchange rate	-	-	199	-	-	285	198	682
As of December 31, 2022	$903,499	$ 711,933	$216,410	$218,598	$39,523	$23,550	$12,797	$2,126,310
As of January 1, 2021	$878,299	$610,567	$196,716	$293,661	$39,763	$26,496	$17,777	$2,063,279
Additional	-	35,155	16,547	21,210	8,693	1,445	682	83,732
Disposals and Scrapping	-	-	(3,267)	(85,841)	(6,860)	(10,052)	(7,831)	(113,851)
Transfers	25,200	58,938	(4,833)	4,774	-	5,433	-	89,512
Effect of movement in exchange rate	-	-	(618)	-	-	(447)	(29)	(1,094)
As of December 31, 2021	$903,499	$704,660	$204,545	$233,804	$41,596	$22,875	$10,599	$2,121,578
Depreciation and impairment:								
As of January 1, 2022	$-	$317,218	$180,118	$174,295	$27,187	$20,588	$6,579	$725,985
Depreciation	-	14,289	8,018	20,279	3,917	880	1,274	48,657
Disposals and Scrapping	-	-	(3,153)	(31,560)	(3,145)	(153)	(439)	(38,450)
Effect of movement in exchange rate	-	-	195	-	-	220	118	533
As of December 31, 2022	$-	$331,507	$185,178	$163,014	$27,959	$21,535	$7,532	736,725
As of January 1, 2021	$-	$298,963	$181,391	$240,512	$29,684	$24,115	$13,110	$787,775
Depreciation	-	13,173	7,683	19,623	3,618	1,705	1,331	47,133
Disposals and Scrapping	-	-	(3,267)	(85,841)	(6,115)	(10,016)	(7,831)	(113,070)
Effect of movement in exchange rate	-	5,082	(4,890)	-	-	4,891	-	5,083
Depreciation	-	-	(799)	1	-	(107)	(31)	(936)
As of December 31, 2021	$-	$317,218	$180,118	$174,295	$27,187	$20,588	$6,579	$725,985
Net carrying amount as of :								
December 31, 2022	$903,499	$380,426	$31,232	$55,584	$11,564	$2,015	$5,265	$1,389,585
December 31, 2021	$903,499	$387,442	$24,427	$59,509	$14,409	$2,287	$4,020	$1,395,593

For the years ended December 31, 2022 and 2021, no borrowing costs were capitalized for property, plant and equipment.

Please refer to Note 8 for more details on property, plant and equipment under pledge for the years ended December 31, 2022 and 2021.

(10) Investment property

Investment property is the Group's own investment property. The Group entered into a commercial property lease contract for its own investment property, and the lease period ranged from 1 to 5 years. However, on January 1, 2021, the Group terminated the lease agreement and transferred the investment property to owner-occupied property, plant and equipment.

	Land	Buildings	Total
Cost:			
As of January 1, 2021	$25,200	$16,580	$41,780
Transfers	(25,200)	(16,580)	(41,780)
As of December 31, 2021	$-	$-	$-
Depreciation and impairment:			
As of January 1, 2021	$-	$5,033	$5,033
Depreciation	-	49	49
Transfers	-	(5,082)	(5,082)
As of December 31, 2021	$-	$-	$-
Net carrying amount as of:			
December 31, 2021	$-	$-	$-

	For the years ended December 31,
	2021
Rental income from investment property	$-

(11) Intangible assets

	Software	Goodwill	Total
Cost:			
As of January 1, 2022	$268,470	$13,204	$281,674
Addition-acquired separately	11,284	-	11,284
Disposals	(61,487)	-	(61,487)
Transfers	371	-	371
Effect of movement in exchange rate	221	-	221
As of December 31, 2022	$218,859	$13,204	$232,063
As of January 1, 2021	$265,410	$13,204	$278,614
Addition-acquired separately	16,124	-	16,124
Disposals	(12,746)	-	(12,746)
Transfers	288	-	288
Effect of movement in exchange rate	(606)	-	(606)
As of December 31, 2021	$268,470	$13,204	$281,674
Amortization and impairment:			
As of January 1, 2022	$232,624	$-	$232,624
Amortization	20,744	-	20,744
Disposals	(61,487)	-	(61,487)
Effect of movement in exchange rate	221	-	221
As of December 31, 2022	$192,102	$-	$192,102
As of January 1, 2021	$222,683	$-	$222,683
Amortization	23,253	-	23,253
Disposals	(12,746)	-	(12,746)
Effect of movement in exchange rate	(566)	-	(566)
As of December 31, 2021	$232,624	$-	$232,624
Net carrying amount as of:			
December 31, 2022	$26,757	$13,204	$39,961
December 31, 2021	$35,846	$13,204	$49,050

The amortization of intangible assets is as follows:

	For the years ended December 31,	
	2022	2021
Operating costs	$330	$162
Selling expenses	$763	$1,167
Administrative expenses	$2,810	$3,017
Research and development expenses	$16,841	$18,907

(12) Short-term borrowings

	As of December 31,	
	2022	2021
Unsecured bank loans	$1,490,260	$357,000
Secured bank loans	17,000	203,000
Total	$1,507,260	$560,000
	1.45%~2.16%	0.77%~1.00%

The Group's unused short-term lines of credits as of December 31, 2022 and 2021 amounted to $2,343,746 thousand, and $2,208,952 thousand, respectively.

Secured bank loans are guaranteed by some property, plant and equipment and investment property. Please refer to Note 8 for more details.

(13) Short-term commercial notes

	Guarantee or acceptance agency	As of December 31, 2022	2021
Commercial notes	Bills finance corporation	$510,000	$220,000
Interest rates		2.04%~2.23%	0.81%

Secured short-term commercial notes are guaranteed by some property, plant and equipment. Please refer to Note 8 for more details.

(14) Long-term loans

Details of long-term loans as of December 31, 2022 and 2021 were as follows:

December 31, 2022

Lenders	Amount	Interest Rate (%)	Maturity date and terms of repayment
(a) Secured bank loans	$113,691	1.45%	Effective from November 27, 2019 to November 27, 2026, principal is to be repaid in 84 monthly installments, and the interest is paid on a monthly basis.
Less: current portion	(28,417)		
Total	$85,274		

December 31, 2021

Lenders	Amount	Interest Rate (%)	Maturity date and terms of repayment
(a)Secured bank loans	$141,841	0.92%	Effective from November 27, 2019 to November 27, 2026, principal is to be repaid in 84 monthly installments, and the interest is paid on a monthly basis.
Less: current portion	(28,332)		
Total	$113,509		

(a) Secured bank loans are guaranteed by some property, plant and equipment and investment property. Please refer to Note 8 for more details.

(15) Long-term trade payables

The Group has purchased goods from Company A and paid by installments since February 1, 2020. The details of long-term trade payables as of December 31, 2022 and 2021 (including current portion) were as follows:

	As of December 31,	
	2022	2021
Long-term trade payables	$141,049	$123,817
Less: unrealized interest expense	(1,275)	(2,013)
Less: current portion	(70,797)	(42,422)
Total	$68,977	$79,382

The expected payment of installment accounts payable of the Group is as follows:

	As of December 31,	
	2022	2021
Not later than one year	$71,619	$43,520
Later than one year and not later than two years	47,422	41,802
More than two years	22,008	38,495
Total	$141,049	$123,817

(16) Post-employment benefits

Defined contribution plan

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

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

The Group’s recognized expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were $35,287 thousand and $34,667 thousand, respectively.

Defined benefits plan

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Group does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute $2,485 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

The Group’s definite benefit plans as of December 31, 2022 and 2021 were expected to expire in 15-16 and 16-17 years, respectively.

Pension costs recognized in profit or loss are as follows:

	For the years ended December 31,	
	2022	2021
Net interest on the net defined benefit liabilities	$403	$257

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets measured at fair value are as follows:

	As of		
	December 31, 2022	December 31, 2021	January 1, 2021
Defined benefit obligation	$51,538	$60,807	$64,337
Plan assets at fair value	(3,185)	(5,620)	(4,467)
Net defined benefit liabilities	$48,353	$55,187	$59,870

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

	Defined benefit obligation	Fair value of plan assets	Net benefit liability (asset)
As of January 1, 2021	$64,337	$(4,467)	$59,870
Current period service costs	-	-	-
Net interest expense (income)	276	(19)	257
Subtotal	64,613	(4,486)	60,127
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(679)	-	(679)
Experience adjustments	2,114	-	2,114
Remeasurements of the defined benefit assets	-	(65)	(65)
Subtotal	66,048	(4,551)	61,497
Payments from the plan	(5,241)	5,241	-
Contributions by employer	-	(6,310)	(6,310)
As of December 31, 2021	60,807	(5,620)	55,187
Current period service costs	-	-	-
Net interest expense (income)	445	(42)	403
Subtotal	61,252	(5,662)	55,590
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	504	-	504
Actuarial gains and losses arising from changes in financial assumptions	(1,623)	-	(1,623)
Experience adjustments	1,889	-	1,889
Remeasurements of the defined benefit assets	-	(424)	(424)
Subtotal	62,022	(6,086)	55,936
Payments from the plan	(10,484)	10,484	-
Contributions by employer	-	(7,583)	(7,583)
As of December 31, 2022	$51,538	$(3,185)	$48,353

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

	As of December 31,	
	2022	2021
Discount rate	1.38%~1.40%	0.68%~0.82%
Expected rate of salary increases	0.80%~1.38%	0.68%~0.82%

A sensitivity analysis for significant assumptions as at December 31, 2022 and 2021 was shown below:

	For the years ended December 31,			
	2022		2021	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.5%	$-	$3,821	$-	$4,666
Discount rate decrease by 0.5%	4,203	-	5,163	-
Expected salary level increase by 0.5%	4,189	-	5,136	-
Expected salary level decrease by 0.5%	-	3,846	-	4,689

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

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

(17) Provision - current

	Warranty
As of January 1, 2022	$2,374
Additions - other	537
Reversal	(1,123)
Exchange differences	138
As of December 31, 2022	$1,926
Current- As of December 31, 2022	$1,926
Current- As of December 31, 2021	$2,374

Warranty

This provision is based on historical experience, management's judgment and other known factors for estimating possible future product warranties.

(18) Other current liabilities

	As of December 31,	
	2022	2021
Refund liabilities	$481,641	$499,924
Benefits of deferred government grants	-	11,345
Others	10,441	8,999
Total	$492,082	$520,268

(19) Equity

A. Common stock

The Company's authorized capital were both $3,200,000 thousand as of December 31, 2022 and 2021. The Company's issued capital were both $1,617,358 thousand as of December 31, 2022 and 2021, each at a par value of $10. The Company issued both 161,736 thousand of common shares as of December 31, 2022 and 2021. Each share has one voting right and a right to receive dividends.

B. Capital surplus

	As of December 31,	
	2022	2021
Additional paid-in capital	$296,159	$296,159

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

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

a. payment of all taxes and dues;
b. offset prior years' operation losses;
c. set aside 10% of the remaining amount as legal reserve;
d. set aside or reverse special reserve in accordance with law and regulations; and
e. the remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. The Board of Directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

The Company considers factors such as its environment and growth stage, future funding needs, long-term financial planning, and shareholders' needs for cash inflows, etc., in making its distribution plan. The actual distribution shall not be less than 50% of the distributable surplus. Cash dividends are preferred and can also be distributed in the form of stock dividends, but the distribution ratio of stock dividends shall not exceed 50% of the total dividends.

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

When the Company distributes earnings, it shall set aside special reserve in the amount equal to the net debit amount of other equity account. If prior years' earnings are not sufficient to cover the net debit amount of other equity account, current earnings and other current items shall be included. When there is a subsequent reversal of the net debit amount of other equity account, the Company may reverse the same amount of special reserve to retained earnings.

Details of the 2022 and 2021 earnings distribution and dividends per share as approved by the board meeting and shareholders' meeting on March 22, 2023 and June 22, 2022, respectively, were as follows:

	Appropriation of earnings		Dividend per share ($)	
	2022	2021	2022	2021
Legal reserve	$49,748	$54,160		
Special reserve	(7,153)	939		
Cash dividends-common stock	404,340	452,860	$2.50	$2.80

Please refer to Note 6(23) for details on employees' compensation and remuneration to directors and supervisors.

D. Non-controlling interests

	For the years ended December 31,	
	2022	2021
Beginning balance	$1,046,647	$463,410
Profit attributable to non-controlling interests	54,904	18,659
Other comprehensive income (losses), attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	10,715	(6,711)
Unrealized evaluation gains and losses of equity instrument investments measured at fair value through other comprehensive income	(49)	372
Actuarial profit and loss under defined benefits plan	404	(481)
Capital increase by cash	-	532,302
Difference for non-proportional subscription to new shares issued by subsidiaries	-	19,872
Others	-	22,240
Cash dividends received	(18,695)	(3,016)
Ending balance	$1,093,926	$1,046,647

(20) Operating revenue

	For the years ended December 31,	
	2022	2021
Revenue from contracts with customers		
Sale of goods	$24,823,512	$23,681,271
Services revenue	247,046	219,289
Total	$25,070,558	$23,900,560

The Group's analysis of revenue from contracts with customers for the years ended December 31, 2022 and 2021 was as follows:

A. Disaggregation of revenue

	For the years ended December 31,	
	2022	2021
Sale of goods	$24,823,512	$23,681,271
Services revenue	247,046	219,289
Total	$25,070,558	$23,900,560
Revenue recognition point:		
At a point in time	$24,834,342	$23,693,199
Satisfies the performance obligation over time	236,216	207,361
Total	$25,070,558	$23,900,560

B. Contract balances

Contract liabilities

	December 31, 2022	December 31, 2021	January 1, 2021
Sale of goods	$1,804	$6,254	$6,115

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

	For the years ended December 31,	
	2022	2021
Revenue recognized during the year that was included in the beginning balance	$(6,254)	$(6,115)
Change in the measurement of progress	1,294	6,763
Inpairment reversal (loss)	510	(509)

Contract liabilities

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities	$199,610	$143,645	$105,374
Current	$141,983	$87,810	$73,003
Non-current	$57,627	$55,835	$32,371

	For the years ended		
	December 31, 2022	December 31, 2021	January 1, 2021
Sale of goods	$59,458	$22,219	$19,444
Service revenue	140,152	121,426	85,930
Total	$199,610	$143,645	$105,374

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

	For the years ended December 31,	
	2022	2021
Revenue recognized during the period that was included in the beginning balance	$(73,400)	$(55,354)
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	129,365	93,625

C. Assets recognized from costs of acquiring or fulfilling customer contracts: None.

(21) Expected credit losses (gains)

	For the years ended December 31,	
	2022	2021
Operating expense – expected credit losses (gains)		
Contract assets	$(510)	$509
Notes receivable	252	104
Trade receivables	19,933	5,558
Installment accounts receivable	(125)	234
Total	$19,550	$6,405

Please refer to Note 12 (7) for more details on credit risk.

The Group assessed that the credit risk of the Group's financial assets measured at amortized cost was low as of December 31, 2022 and 2021 and January 1, 2021. Since the Group's transaction counterparties are all financial institutions with good credit such as banks, the allowance loss is measured by the 12-month expected credit loss (loss rate is 0%), and the amount was $0.

The Group measures the loss allowance of its contract assets, trade receivables (including notes receivable, trade receivables and installment accounts receivable) and financial lease receivables, at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2022 and 2021 was as follows:

A. The carrying amount of financing lease receivables was not past due and the expected credit loss ratio was 0%. The details were as follows:

	As of December 31,	
	2022	2021
Gross carrying amount	$3,214	$-
Less: unearned finance income of finance lease	(316)	-
Subtotal	2,898	-
Long-term financing lease receivables	11,658	-
Less: unearned finance income of finance lease	(489)	-
Subtotal	11,169	-
Total	$14,067	$-

B. The amount of contract assets is measured by the expected credit loss. The details are as follows:

	As of December 31,	
	2022	2021
Gross carrying amount	$1,804	$6,764
Loss ratio	0%	0%~50%
Allowance for doubtful debts	-	(510)
Total	$1,804	$6,254

C. None of the notes receivable is overdue, and the amount of loss allowance is measured by the expected credit loss ratio. Details are as follows:

	As of December 31,	
	2022	2021
Gross carrying amount	$263,803	$156,996
Loss ratio	0%~0.25%	0%~0.25%
Lifetime expected credit losses	(659)	(407)
Net carrying amount	$263,144	$156,589

D. The Company considers the grouping of its trade receivables (including related parties) and installment accounts receivable by counterparties' credit rating, geographical region and industry sector and its loss allowance is measured by using a provision matrix. Details are as follows:

As of December 31, 2022

Group 1

		Overdue					
	Not yet due	Under 30 days	31~ 60 days	61~ 90 days	91~ 360 days	Over 360 days	Total
Gross carrying amount	$3,726,101	$35,775	$18,925	$188,365	$29,969	$-	$3,999,135
Loss ratio	0%-1%	0%-1.25%	0%-1.25%	0%-1.5%	0%-100%	100%	
Lifetime expected credit losses	(18,310)	(367)	(224)	(2,355)	(6,440)	-	(27,696)
Subtotal	3,707,791	35,408	18,701	186,010	23,529	-	3,971,439

Group 2

		Overdue					
	Not yet due	Under 30 days	31~ 60 days	61~ 90 days	91~ 360 days	Over 360 days	Total
Gross carrying amount	$402,640	$50,751	$11,928	$3,375	$13,992	$2,558	$485,244
Loss ratio	-	0%-2%	2%-5%	5%-10%	25%-50%	50%-100%	
Lifetime expected credit losses	-	(572)	(594)	(338)	(6,996)	(2,558)	(11,058)
Subtotal	402,640	50,179	11,334	3,037	6,996	-	474,186
Net carrying amount	$4,110,431	$85,587	$30,035	$189,047	$30,525	$-	$4,445,625

Group 3

		Overdue					
	Not yet due	Under 30 days	31~ 60 days	61~ 90 days	91~ 360 days	Over 360 days	Total
Gross carrying amount	$179,003	$185	$-	$-	$-	$-	$179,188
Loss ratio	0.25%	-	-	-	-	-	
Lifetime expected credit losses	(448)	-	-	-	-	-	(448)
Net carrying amount	$178,555	$185	$-	$-	$-	$-	$178,740

As of December 31, 2021

Group 1

		Overdue					
	Not yet due	Under 30 days	31~ 60days	61~ 90days	91~ 360days	Over 360 days	Total
Gross carrying amount	$2,955,929	$874	$387	$-	$1,440	$-	$2,958,630
Loss ratio	0%-1%	0%-1.25%	0%-1.25%	0%-1.5%	0%-100%	100%	
Lifetime expected credit losses	(13,358)	(7)	(3)	-	(1,416)	-	(14,784)
Subtotal	2,942,571	867	384	-	24	-	2,943,846

Group 2

	Not yet due	Overdue: Under 30 days	31~ 60days	61~ 90days	91~ 360days	Over 360 days	Total
Gross carrying amount	$388,029	$59,616	$7,003	$2,568	$4,135	$347	$461,698
Loss ratio	-	0%-2%	2%-5%	5%-10%	25%-50%	50%-100%	
Lifetime expected credit losses	-	(852)	(353)	(257)	(2,054)	(347)	(3,863)
Subtotal	388,029	58,764	6,650	2,311	2,081	-	457,835
Net carrying amount	$3,330,600	$59,631	$7,034	$2,311	$2,105	$-	$3,401,681

Group 3

	Not yet due	Overdue: Under 30 days	31~ 60days	61~ 90days	91~ 360days	Over 360 days	Total
Gross carrying amount	$229,530	$-	$-	$-	$-	$-	$229,530
Loss ratio	0.25%	-	-	-	-	-	
Lifetime expected credit losses	(573)	-	-	-	-	-	(573)
Net carrying amount	$228,957	$-	$-	$-	$-	$-	$228,957

The movement in the provision for impairment of contract assets, notes receivable, trade receivables and installment accounts receivable for the years ended December 31, 2022 and 2021 was as follows:

	Contract assets	Notes receivable	Trade receivables	Installment accounts receivable	Total
As of January 1, 2022	$510	$407	$18,647	$573	$20,137
Addition/(reversal) for the current period	(510)	252	19,933	(125)	19,550
Write off (Note)	-	-	(129)	-	(129)
Exchange rate changes	-	-	303	-	303
As of December 31, 2022	$-	$659	$38,754	$448	$39,861
As of January 1, 2021	$1	$303	$14,576	$339	$15,219
Addition/(reversal) for the current period	509	104	5,558	234	6,405
Write off (Note)	-	-	(1,422)	-	(1,422)
Exchange rate changes	-	-	(65)	-	(65)
As of December 31, 2021	$510	$407	$18,647	$573	$20,137

Note: The Group wrote off financial assets in the amount of $129 thousand and $1,422 thousand for the years ended December 31, 2022 and 2021, respectively. The collecting activities are still underway.

(22) Leases

The Group as lessee

The Group leases various properties, including buildings, transportation equipment and other equipment. The lease terms range from 1 to 5 years. The Group is not subject to any special restrictions.

Details are as follows:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2022	2021
Buildings	$83,899	$35,132
Transportation equipment	7,084	8,641
Other equipment	16	176
Total	$90,999	$43,949

For the years ended December 31, 2022 and 2021, the Group's additions to right-of-use assets amounted to $97,524 thousand and $21,051 thousand, respectively.

(b) Lease liabilities

	As of December 31,	
	2022	2021
Lease liabilities	$106,929	$44,064
Current	$33,201	$25,828
Non-current	$73,728	$18,236

Please refer to Note 6(24) for the interest on lease liabilities recognized for the years ended December 31, 2022 and 2021 and refer to Note 12(8) for the maturity analysis of lease liabilities as of December 31, 2022 and 2021.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2022	2021
Buildings	$30,115	$27,695
Transportation equipment	6,089	4,002
Other equipment	174	167
Total	$36,378	$31,864

C. Income and costs relating to leasing activities

	For the years ended December 31,	
	2022	2021
The expense relating to short-term leases	$716	$1,347
Income from sub-lease of right-of-use assets	217	-
Net lease modification gain or loss	(446)	20

D. Cash outflow relating to leasing activities

The Group's total cash outflows for leases for the years ended December 31, 2022 and 2021 amounted to $39,294 thousand and $34,323 thousand, respectively.

The Group as a lessor

The Group subleases part of the leased office under finance leases for a period of 5 years and the profit and loss items relating to the lease contracts are as follows:

The total undiscounted lease payments and remaining annual amounts to be received by the Group for the remaining years are as follows:

	As of December 31,	
	2022	2021
Lease income for financial leases		
Financial income on the net investment in the lease	$217	$-

	As of December 31,	
	2022	2021
No later than one year	$3,214	$-
Later than one year and not later than two years	3,344	-
Later than two years and not later than three years	3,477	-
Later than three years and not later than four years	3,616	-
Later than four years and not later than five years	1,221	-
Total non-discounted lease payments	$14,872	$-
Less: unearned finance income of finance lease	(805)	-
Less: allowance for doubtful debts	-	-
Net investments in the finance lease (receivables of a finance lease)	$14,067	$-
Current	$2,898	$-
Non-Current	$11,169	$-

(23) Employment costs:

Employee benefits, depreciation and amortization expenses are summarized by function as follows:

	For the years ended December 31,					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$36,005	$777,687	$813,692	$34,011	$788,780	$822,791
Labor and health insurance	3,635	70,464	74,099	3,497	68,389	71,886
Pension	1,756	33,934	35,690	1,714	33,210	34,924
Other employee benefits expense (Note)	1,622	29,116	30,738	1,319	26,348	27,667
Depreciation	20,281	64,754	85,035	19,191	59,806	78,997
Amortization	330	20,414	20,744	162	23,091	23,253

Note: This includes group insurance premiums, training fees and employee benefits.

According to the Articles of Incorporation, 3%-12% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a board meeting attended by two-thirds of the total number of directors, have the profit distributed as employees' compensation in the form of shares or in cash, and report to the shareholders' meeting. Information on the board meeting resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company estimated the employees' compensation and remuneration to directors and supervisors to be $41,181 thousand and $8,967 thousand for the year ended December 31, 2022, respectively, and $46,723 thousand and $10,008 thousand for the year ended December 31, 2021, respectively. If the Board of Directors resolves to distribute employees' compensation in stock, the number of shares distributed is determined by dividing the amount of bonuses by the closing price (after considering the effect of cash and stock dividends) of shares on the day preceding the board meeting. If there is a difference between the estimated amount and the actual amount allocated by the resolution of the Board of Directors, it will be recorded as profit or loss for the next year.

A resolution was passed at the board meeting held on March 22, 2023 to distribute $41,181 thousand and $8,967 thousand in cash as employees' compensation and remuneration to directors as of December 31, 2022, respectively. No material differences exist between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022.

No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2021.

(24) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2022	2021
Interest income		
Financial assets measured at amortized cost	$1,465	$916
Interest income from installment collection	3,681	3,615
Finance interest income	217	-
Interest income from lease deposit	7	3
Total	$5,370	$4,534

B. Other income

	For the years ended December 31,	
	2022	2021
Rental income	$791	$807
Others	6,794	2,925
Total	$7,585	$3,732

C. Other gains and losses

	For the years ended December 31,	
	2022	2021
Depreciation of investment property	$-	$(49)
(Losses) gains on disposal of property, plant and equipment	(233)	1,184
Foreign exchange gains (losses)	3,574	(10,447)
Gains on financial assets/liabilities at fair value through profit or loss	9,971	7,802
Others	(1,388)	(2,242)
Total	$11,924	$(3,752)

D. Finance costs

	For the years ended December 31, 2022	2021
Interest on bank loans	$23,962	$7,710
Interest on lease liabilities	1,597	949
Interest for installment payment	1,153	844
Total	$26,712	$9,503

(25) Components of other comprehensive income

For the year ended December 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	$(346)	$-	$(346)	$69	$(277)
Unrealized losses from equity instrument investments measured at fair value through other comprehensive income	(102)	-	(102)	20	(82)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	22,392	-	22,392	(4,491)	17,901
Total	$21,944	$-	$21,944	$(4,402)	$17,542

For the year ended December 31, 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	$(1,369)	$-	$(1,369)	$274	$(1,095)
Unrealized losses from equity instrument investments measured at fair value through other comprehensive income	240	-	240	(48)	192
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(18,523)	-	(18,523)	3,653	(14,870)
Total	$(19,652)	$-	$(19,652)	$3,879	$(15,773)

(26) Income tax

(1) The major components of income tax expense are as follows:

<u>Income tax expense recognized in profit or loss</u>

	For the years ended December 31,	
	2022	2021
Current income tax expense:		
Current income tax charge	$123,705	$143,819
Adjustments in respect of current income tax of prior periods	(329)	438
Deferred tax expense:		
Relating to origination and reversal of temporary differences	8,254	15,468
Deferred tax expense (income) related to origination and reversal of temporary differences	6,103	(2,109)
Total income tax expense	$137,733	$157,616

<u>Income tax related to components of other comprehensive income</u>

	For the years ended December 31,	
	2022	2021
Deferred income tax benefit (expense)		
Remeasurements of defined benefit plans	$(69)	$(274)
Unrealized gains on financial assets at fair value through other comprehensive income	(20)	48
Exchange differences resulting from translating the financial statements of foreign operations	4,491	(3,653)
Income tax related to components of other comprehensive income	$4,402	$(3,879)

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

	For the years ended December 31,	
	2022	2021
Net profit before tax from continuing operations	$690,798	$732,302
Tax at the domestic rates applicable to profits in the country concerned	$148,407	$156,275
Tax effect of revenue exempt from taxation	(13,158)	(12,357)
Tax effect of expenses not deductible for tax purposes	106	172
Tax effect of deferred tax assets/liabilities	5,078	8,995
Tax effect of different tax rate between parent company and its subsidiaries	537	4,725
Adjustments in respect of current income tax of prior periods	(329)	438
Investment tax credit	(4,469)	-
Other	1,561	(632)
Total income tax expense recognized in loss	$137,733	$157,616

(3) Deferred tax assets (liabilities) relating to the following:

For the year ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Depreciation difference for tax purpose	$436	$32	$-	$47	$515
Allowance for inventory obsolescence	13,315	(1,320)	-	6	12,001
Evaluation of financial assets and financial liabilities at fair value through profit or loss	(271)	472	-	-	201
Net unrealized exchange gains and losses	77	(283)	-	-	(206)
Employee benefits payables	4,622	42	-	55	4,719
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	530	-	21	-	551
Unrealized intra-group transactions	4,060	1,511	-	-	5,571
Overage of bad debts	208	1,618	-	18	1,844
Refund liabilities	97,851	(2,150)	-	(5)	95,696
Provision - maintenance warranty	132	(15)	-	15	132
California government taxes	37	57	-	4	98
Net defined benefit liabilities	10,533	(1,436)	69	-	9,166
Deffered revenue	3,382	(378)	-	371	3,375
Exchange differences resulting from translating the financial statements of foreign operations	5,656	-	(4,491)	-	1,165
Investments accounted for using the equity method	5,014	(6,405)	-	-	(1,391)
Unused tax losses	14,579	(6,103)	-	1,536	10,012
Deferred tax (expense) income		$(14,358)	$(4,401)	$2,047	
Net deferred tax assets	$160,161				$143,449
Reflected in balance sheet as follows:					
Deferred tax assets	$160,541				$145,100
Deferred tax liabilities	$(380)				$(1,651)

For the year ended December 31, 2021

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Depreciation difference for tax purpose	$17	$417	$-	$2	$436
Allowance for inventory obsolescence	21,067	(7,749)	-	(3)	13,315
Evaluation of financial assets and financial liabilities at fair value through profit or loss	81	(352)	-	-	(271)
Net unrealized exchange gains and losses	(115)	192	-	-	77
Payables of unused leave	3,126	(31)	-	(23)	3,072
Employee benefit payables	1,277	273	-	-	1,550
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	578	-	(48)	-	530
Unrealized intra-group transactions	4,896	(836)	-	-	4,060
Overage of bad debts	189	24	-	(5)	208
Refund liabilities	83,132	14,719	-	-	97,851
Provision - maintenance warranty	173	(36)	-	(5)	132
Inventory cost recognition	10	(10)	-	-	-
California government taxes	(616)	633	-	20	37
Net defined benefit liabilities	11,470	(1,211)	274	-	10,533
Deffered revenue	5,883	(2,325)	-	(176)	3,382
Exchange differences resulting from translating the financial statements of foreign operations	2,003	-	3,653	-	5,656
Investments accounted for using the equity method	13,799	(8,785)	-	-	5,014
Unused tax losses	23,145	(7,945)	-	(621)	14,579
Unrealized scrapping loss	337	(337)	-	-	-
Deferred tax income		$(13,359)	$3,879	$(811)	
Net deferred tax assets	$170,452				$160,161
Reflected in balance sheet as follows:					
Deferred tax assets	$170,955				$160,541
Deferred tax liabilities	$(503)				$(380)

(4) The following table contains information of the Group's unused loss carryforward:

Year	Tax losses for the period	Unused loss carryforward as at December 31, 2022	Unused loss carryforward as at December 31, 2021	Expiration year
2018	31,914	$4,202	$6,773	2038
2019	25,451	5,806	5,233	2039
2020	17,697	-	684	2030
2021	7,901	-	1,885	2041
		$10,008	$14,575	

(5) Unrecognized deferred income tax liabilities related to investments in subsidiaries

The Group has not recognized the relevant deferred income tax liabilities for the income tax payables that may arise when the undistributed earnings of foreign subsidiaries are repatriated. The Group has decided not to distribute the undistributed surplus of its subsidiaries in the foreseeable future. The Group's taxable temporary differences that were not recognized as deferred income tax liabilities as of December 31, 2022 and 2021 amounted to $50,363 and $39,339, respectively.

(6) The assessment of income tax returns

The assessments of the income tax returns of the Company and its material subsidiaries as of December 31, 2022 were as follows:

Entities	The assessment of income tax returns
The Company	Assessed and approved up to 2020
Subsidiary－Unitech Electronics Co., Ltd	Assessed and approved up to 2020
Subsidiary－Jingho Computer Co., Ltd.	Assessed and approved up to 2020
Subsidiary－Jingyong Computer Co., Ltd.	Assessed and approved up to 2020
Sub-subsidiary -UTA	Assessed and approved up to 2021
Sub-subsidiary -UTI	Assessed and approved up to 2020
Sub-subsidiary -UTJ	Assessed and approved up to 2021
Sub-subsidiary -UTC	Assessed and approved up to 2021

(27) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Basic earnings per share and diluted earnings per share are disclosed as follows:

	For the years ended December 31,	
	2022	2021
A Basic earnings per share		
Net income attributable to common shareholders of the parent (in thousands)	$498,161	$556,027
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	161,736	161,736
Basic earnings per share ($)	$3.08	$3.44

	For the years ended December 31,	
	2022	2021
B Diluted earnings per share		
Net income attributable to common shareholders of the parent (in thousands)	$498,161	$556,027
Weighted average number of common shares outstanding for basic earnings per share (in thousands)	161,736	161,736
Effect of dilution:		
Employees' compensation-stock (share)	1,357	1,254
Weighted average number of ordinary shares outstanding after dilution (share)	163,093	162,990
Diluted earnings per share ($)	$3.05	$3.41

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

(28) Subsidiaries with material non-controlling interests

The financial information of subsidiaries with material non-controlling interests are listed as follows:

Proportion of interests held by non-controlling interests:

Name of the subsidiary	Company and country of operation	As of December 31, 2022	As of December 31, 2021
Unitech Electronics Co., Ltd.	Taiwan	60%	60%

Cumulative balance of material non-controlling interests:

	As of December 31, 2022	As of December 31, 2021
Unitech Electronics Co., Ltd.	$1,093,926	$1,046,647

Net profit apportioned to material non-controlling interests:

	For the years ended December 31, 2022	For the years ended December 31, 2021
Unitech Electronics Co., Ltd.	$54,904	$18,659

Dividends paid to material non-controlling interests:

	For the years ended December 31, 2022	For the years ended December 31, 2021
Unitech Electronics Co., Ltd.	$18,695	$3,016

Summarized financial information for these subsidiaries which is based on amounts before intercompany (transactions) eliminations is provided below:

Unitech Electronics Co., Ltd.

The components of other comprehensive income are as follows:

	For the years ended December 31, 2022	For the years ended December 31, 2021
Operating income	$2,350,259	$2,356,165
Net profit of continuing business unit	91,437	51,855
Total amount of comprehensive income	109,930	36,373

Summary of impairment losses of financial assets:

	As of December 31,	
	2022	2021
Current assets	$1,920,808	$1,778,816
Non-current assets	580,060	539,317
Current liabilities	541,418	488,944
Non-current liabilities	137,518	86,029

Summary of cash flows:

	For the years ended December 31,	
	2022	2021
Net cash provided by operating activities	$199,150	$92,046
Net cash provided by (used in) investing activities	203,569	(295,073)
Net cash provided by (used in) financing activities	(61,121)	490,458
Effect of exchange rate fluctuations on cash held	20,808	(18,352)
Net increase in cash and cash equivalents	$362,406	$269,079

(29) Share-based payment transactions

Share-based payment transactions for employees of the Group's subsidiaries

Employees of the Group's subsidiary, Unitech Electronics, are entitled to share-based payment as part of their remuneration; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions. The subsidiary's board of directors resolved to issue 28,000 thousand of common shares with a par value of $10 per share at an exercise price of $21 on September 6, 2011. Certain portion of the new shares were reserved for employees to subscribe and was treated as stock options granted to employees. The fair value of the stock options on the date of grant was estimated using the Black-Scholes option valuation model. The weighted-average information of each parameter of the valuation model and the fair value of the stock options are listed as follows:

	As of December 31, 2021
Grant day stock price	$27.05
Exercise price	21
Dividend yield	0.00%
Expected volatility	13.87%
Risk-free interest rate	0.22%
Expected life of the stock options	0.068 year

The expected life of the stock options is based on historical information and current expectations, and therefore may not necessarily correspond to actual performance. Expected volatility is assumed to be representative of future trends based on historical volatility over the near term of the options, but this may not necessarily correspond to actual future results.

Information on the aforementioned employee stock option plan is as follows:

	As of December 31, 2021	
	Outstanding units (in thousands)	Weighted average exercise price (NT$)
Outstanding at the beginning of the period	-	$-
Granted	3,676	21
Exercised	(3,397)	21
Forfeited (Expired)	(279)	21
Outstanding at the end of the period	-	-
Exercisable at the end of the period	-	-
Weighted average fair value of stock options granted during the period (NT$)	$6.05	

The Company recognizes the following expenses for its share-based payment plans:

	For the years ended December 31,	
	2022	2021
Employee stock option plan	$-	$22,240

7. Related party transactions

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

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Artilux Corporation	Substantive related party
ARTILUX INC.	Substantive related party
HI-JET INCORPORATION	Substantive related party
Shiteh Organic Pharmaceutical Co., Ltd.	Substantive related party
GMI TECHNOLOGY INC.	Substantive related party
GMI Shanghai Limited	Substantive related party

Significant transactions with the related parties

(a) Sales

	For the years ended December 31,	
	2022	2021
Substantive related party	$2,062	$44

Collection periods:

Domestic: Month-end 30-120 days

Overseas: For those who have credit line, payment shall be made within 30~45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment.

(b) Operating expense from related parties

	For the years ended December 31,	
	2022	2021
Substantive related party	$49	$452

(c) For information on special shares of Artilux Corporation held by the Group, please refer to Appendix 3.

(d) Key management personnel compensation

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	$88,388	$88,950
Post-employment benefits	1,477	2,180
Total	$89,865	$91,130

8. <u>Assets pledged as collateral</u>

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

	Carrying amount		
Assets pledged as collateral	December 31, 2022	December 31, 2021	Purpose of pledge
Property, plant and equipment－Land, Buildings	$747,450	$753,621	Secured short-term bank loans
Property, plant and equipment－Land, Buildings	178,340	181,880	Secured short-term commercial notes
Property, plant and equipment－Land, Buildings	338,115	339,752	Long-term loans
Financial assets measured at amortized cost-noncurrent	3,249	3,710	Warranty guarantee
Financial assets measured at amortized cost-noncurrent	1,664	1,648	Execution deposits
Total	$1,268,818	$1,280,611	

9. Significant contingencies and unrecognized contractual commitments

(a) As of December 31, 2022, the Group's promissory notes issued for purchases were as follows:

Company	Amount
A Company	$160,000
B Company	73,000
C Company	52,000
Total	$285,000

(b) As of December 31, 2022, promissory notes issued for customs clearnce were $3,300 thousand.

(c) As of December 31, 2022, promissory notes issued as performance bonds were $4,964 thousand.

(d) The First Commercial Bank provided a revolving company car gas credit line in the amount of $500 thousand to the Group. The Group issued a promissory note of $550 thousand to the First Commercial Bank as a performance bond.

(e) The First Commercial Bank provided the Group a revolving credit line of $550,000 thousand.

(f) As of December 31, 2022, unused letters of credit for purchasing raw materials were $7,640 thousand

(g) HSBC Commercial Bank provided the Group a revolving line of credit of $90,000 thousand.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Other

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2022	2021
Fnancial assets measured at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss (Note 1)	$4,222	$246,118
Financial assets at fair value through other comprehensive income	27,713	27,815
Financial assets measured at amortized cost (Note 2)	6,041,511	4,543,839
Total	$6,073,446	$4,817,772

Financial liabilities

	As of December 31,	
	2022	2021
Financial liabilities at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$1,211	$286
Financial liabilities measured at amortized cost:		
Short-term borrowings	1,507,260	560,000
Short-term commercial notes	510,000	220,000
Notes payable and trade payables	2,193,789	2,004,266
Long-term loans (including current portion)	113,691	141,841
Lease liabilities	106,929	44,064
Other payables	480,286	432,695
Long-term trade payables (including current portion)	139,774	121,804
Deposits received	908	620
Subtotal	5,052,637	3,525,290
Total	$5,053,848	$3,525,576

Note:

1. Including trade receivables classified as financial assets measured at fair value through profit or loss in the amount of $4,011 thousand and $4,470 thousand as of December 31, 2022 and 2021, respectively. Please refer to Note 6(6) for more details.

2. Including cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost (including non-current), receivables, other receivables, financing lease receivables (including non-current) and refundable deposits.

(2) Financial risk management objectives and policies

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

The Group has established appropriate policies, procedures and internal controls for financial risk management. The plans for material treasury activities are reviewed by Board of Directors and Audit Committee in accordance with relevant regulations and internal controls. The Group complies with its financial risk management policies at all time.

(3) Market risk

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

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

(4) Foreign currency risk

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

The Group has certain foreign currency receivables and payables which are denominated in the same currency; therefore, natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2022 and 2021 decreased/increased by $647 thousand and increased/ decreased by $1,224 thousand, respectively.

(5) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the classified fixed rate loans and floating rate loans.

The Group manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, which is a floating rate loan. At the reporting date, a change of 10 basis points of interest rate in a reporting period has no significant impact on the Group's profit and loss for the years ended December 31, 2022 and 2021.

(6) Equity Price Risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's equity securities are classified under the category of equity instrument investments measured at fair value through profit or loss and measured at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors reviews and approves certain equity investments according to level of authority.

Assuming a 1% increase/decrease in fund investment prices as of the end of the financial reporting period, the Group's profit or loss would increase/decrease by $0 and $2,400 for the years ended December 31, 2022 and 2021, respectively.

Please refer to Note 12(12) for sensitivity analysis information of other equity instruments whose fair value measurement is categorized under Level 3 of the fair value hierarchy.

(7) Credit risk management

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

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

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

(8) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments, contractual maturity, and includes agreed interest. The interest cash flow paid at a floating rate is based on the fact that the possibility and range of interest rate changes are small, so the undiscounted interest amount is estimated based on the interest rate at the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2022					
Short-term borrowings	$1,512,150	$-	$-	$-	$1,512,150
Short-term commercial notes	510,000	-	-	-	510,000
Notes payable and trade payables	2,193,789	-	-	-	2,193,789
Lease liabilities	35,246	66,332	10,246	-	111,824
Other payables	480,286	-	-	-	480,286
Long-term loans	29,877	59,754	27,387	-	117,018
Long-term trade payables	71,619	64,045	5,091	294	141,049
Deposits received	-	908	-	-	908
As of December 31, 2021					
Short-term borrowings	$560,286	$-	$-	$-	$560,286
Short-term commercial notes	220,000	-	-	-	220,000
Notes payable and trade payables	2,004,266	-	-	-	2,004,266
Lease liabilities	26,326	18,540	-	-	44,866
Other payables	432,695	-	-	-	432,695
Long-term loans	29,517	59,035	56,575	-	145,127
Long-term trade payables	43,520	78,406	1,891	-	123,817
Deposits received	-	620	-	-	620

Derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2022					
Inflow	$37,569	$-	$-	$-	$37,569
Outflow	(38,780)	-	-	-	(38,780)
Net amount	$(1,211)	$-	$-	$-	$(1,211)
As of December 31, 2021					
Inflow	$95,219	$-	$-	$-	$95,219
Outflow	(95,505)	-	-	-	(95,505)
Net amount	$(286)	$-	$-	$-	$(286)

The disclosure of derivative financial instruments in the above table is expressed by undiscounted net cash flows.

(9) Reconciliation of liabilities arising from financing activities

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

	Short-term borrowings	Short-term commercial notes	Long-term loans (including current portion)	Lease liabilities	Total liabilities from financing activities
As of January 1, 2022	$560,000	$220,000	$141,841	$44,064	$965,905
Cash flows	947,260	290,000	(28,150)	(36,981)	1,172,129
Non-cash change	-	-	-	99,846	99,846
As of December 31, 2022	$1,507,260	$510,000	$113,691	$106,929	$2,237,880

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

	Short-term borrowings	Short-term commercial notes	Long-term loans (including current portion)	Lease liabilities	Total liabilities from financing activities
As of January 1, 2021	$534,579	$370,000	$169,912	$57,745	$1,132,236
Cash flows	25,421	(150,000)	(28,071)	(32,027)	(184,677)
Non-cash change	-	-	-	18,346	18,346
As of December 31, 2021	$560,000	$220,000	$141,841	$44,064	$965,905

(10) Fair value of financial instruments

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

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

(a) The carrying amount of cash and cash equivalents, trade receivables, other receivables, short-term borrowings, short-term commercial notes, trade payables and other payables approximate their fair value due to their short maturities.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.

(c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities

(d) The fair value of derivative financial instruments is based on market quotations. For unquoted derivatives that are not options, the fair value is determined based on discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the option pricing model.

(e) The fair value of other financial assets and liabilities is determined using discounted cash flow analysis; the interest rate and discount rate are selected with reference to those of similar financial instruments.

B. Fair value of financial instruments at amortized cost

Among the financial instruments measured by amortized cost, the fair value of financial assets and financial liabilities measured by amortized cost is as follows, except that the carrying amount of cash and cash equivalents, trade receivables, accounts payables and other current liabilities is a reasonable approximation of the fair value:

	Carrying amount		Fair value	
	As of December 31,		As of December 31,	
	2022	2021	2022	2021
Financial assets:				
Financial assets measured at amortized cost				
Installment accounts receivable	$178,740	$228,957	$183,883	$237,524
Financial liabilities:				
Long-term loans	113,691	141,841	117,018	145,127
Long-term trade payables	139,774	121,804	141,049	123,817

C. Information about the fair value hierarchy of financial instruments

Please refer to Note 12(12) for the information on the fair value hierarchy of the Group's financial instruments.

(11) Derivative financial instruments

As of December 31, 2022 and 2021, the Group's outstanding derivative financial instruments (forward exchange contracts) that did not conform to hedge accounting are as follows:

Forward exchange contracts

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

Item	Contract amount	Maturity
As of December 31, 2022		
Forward exchange contracts	Sell EUR 597 thousand	From January 3, 2023 to February 20, 2023
Forward exchange contracts	Sell JPY 82,800 thousand	From January 3, 2023 to March 31, 2023
Forward exchange contracts	Buy USD 1,662 thousand	From January 31, 2023 to February 24, 2023
As of December 31, 2021		
Forward exchange contracts	Sell EUR 1,617 thousand	From January 3, 2022 to April 19, 2022
Forward exchange contracts	Sell JPY 125,000 thousand	From January 3, 2022 to March 31, 2022
Forward exchange contracts	Buy USD 974 thousand	From January 3, 2022 to January 25, 2022
Forward exchange contracts	Buy USD 2,391 thousand	From January 28, 2022 to February 25, 2022

The Group entered into forward foreign exchange contracts to hedge foreign currency risk of net assets or net liabilities. As there will be corresponding cash inflows or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

(12) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets and liabilities measured or disclosed at fair value are classified into the fair value hierarchy according to the lowest-level input value that is significant to the overall fair value measurement. The input values for each level are as follows:

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

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

Level 3: Unobservable inputs for the assets or liabilities.

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

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

The Group does not have assets measured at fair value on a non-recurring basis.
The following table presents the fair value measurement hierarchy of the Group's assets and liabilities on a recurring basis:

As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	$-	$211	$-	$211
Financial assets at fair value through other comprehensive income				
Preference share	-	-	27,713	27,713
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	-	1,211	-	1,211

As of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Funds	$240,008	$-	$-	$240,008
Forward exchange contracts	-	1,640	-	1,640
Financial assets at fair value through other comprehensive income				
Preference share	-	-	27,815	27,815
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	-	286	-	286

Transfer between Level 1 and Level 2 of the fair value measurement hierarchy

For the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 of the fair value measurement hierarchy.

The detail movement of recurring fair value measurements in Level 3:

Reconciliation for recurring fair value measurements in Level 3 of the fair value hierarchy during the period is as follows:

	Assets
	Financial assets at fair value through other comprehensive income
	Preference share
January 1, 2022	$27,815
Recognized in profit (loss):	
Recognized in other comprehensive income (loss)	(102)
December 31, 2022	$27,713

	Assets
	Financial assets at fair value through other comprehensive income
	Preference share
January 1, 2021	$27,575
Recognized in profit (loss):	
Recognized in other comprehensive income (loss)	240
December 31, 2021	$27,815

Information on significant unobservable inputs to valuation of fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's recurring fair value measurements in Level 3 of the fair value hierarchy and significant unobservable inputs of fair value measurement in Level 3 fair value hierarchy are as follows:

As of December 31, 2022:

	Valuation technique	Significant unobservable inputs	Quantitative information	Interrelationship between inputs and fair value	Sensitivity analysis of interrelationship between inputs and fair value
Financial assets:					
Financial assets at fair value through profit or loss					
Preference share	Income approach	Discount for lack of marketability	22.09%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could increase (decrease) the Group's profit (loss) for the year ended December 31, 2022 by $1,423 thousand.

As of December 31, 2021:

	Valuation technique	Significant unobservable inputs	Quantitative information	Interrelationship between inputs and fair value	Sensitivity analysis of interrelationship between inputs and fair value
Financial assets:					
Financial assets at fair value through profit or loss					
Preference share	Income approach	Discount for lack of marketability	30.00%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could increase (decrease) the Group's profit (loss) for the year ended December 31, 2021 by $1,589 thousand.

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

The Group's Finance Department is responsible for validating the fair value measurements and updating the latest quoted price of trading partners periodically to ensure that the results of the valuation are in line with market conditions, based on stable, independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Group's Finance Department analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date to ensure the measurement or assessment are reasonable.

(13) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of December 31, 2022		
	Foreign currency (thousands)	Exchange rate	NTD (thousands)
Financial assets			
Monetary items:			
USD	$5,564	30.70	$170,827
EUR	155	32.74	5,069
CNY	50	4.41	218
Financial liabilities			
Monetary items:			
USD	3,456	30.70	106,085
CNY	240	4.41	1,058

	As of December 31, 2021		
	Foreign currency (thousands)	Exchange rate	NTD (thousands)
Financial assets			
Monetary items:			
USD	$4,965	27.67	$137,393
EUR	552	31.33	17,309
JPY	1,347	0.24	324
CNY	55	4.35	237
Financial liabilities			
Monetary items:			
USD	9,388	27.67	259,769

Functional currencies of entities of the Group are varied. Accordingly, the Group is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gains (losses) were $3,574 thousand and $(10,447) thousand for the years ended December 31, 2022 and 2021, respectively.

The above information is disclosed based on the carrying amounts of foreign currencies (after conversion to the Group's functional currency).

(14) Capital management

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

13. Additional Disclosures

(1) Information on significant transactions

A. Financing provided to related parties: Please refer to Attachment 1.

B. Endorsement and Guarantee provided to others: Please refer to Attachment 2.

C. Securities held at the end of the period: Please refer to Attachment 3.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of $300 million or 20 percent of the capital stock: None.

E. Acquisition of individual real estate with amount exceeding the lower of $300 million or 20 percent of the capital stock: None.

F. Disposal of individual real estate with amount exceeding the lower of $300 million or 20 percent of the capital stock: None.

G. Related party transactions for purchases and sales amounts exceeding the lower of $100 million or 20 percent of the capital stock: Please refer to Attachment 4.

H. Receivables from related parties with amounts exceeding the lower of $100 million or 20 percent of capital stock: None.

I. Financial instruments and derivative transactions: Please refer to Note 6(2) and Note 12(11).

J. Others: The business relationship and significant transactions between the parent and the subsidiaries: Please refer to Attachment 5.

(2) Information on investees

A. Relevant information of investees over which the Group has direct or indirect significant influence or control, or jointly control (excluding investees in Mainland China) shall disclose their name, location, main business items, original investment amount, shareholding status at the end of the period, current profit and loss, and recognized investment profit and loss. Please refer to Attachment 7.

B. Purchases and sales of goods with related parties' amounts exceeding the lower of $100 million or 20 percent of capital stock: None.

C. Engaging in derivative transactions: Please refer to Attachment 6.

(3) Investment in Mainland China

A. Investee companies' names, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee companies, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 8.

B. Directly or indirectly significant transactions through third regions with the investees in Mainland China:

a. The ending balance and percentage of sales amount and related receivables with Xiamen Unitech Computer Co., Ltd.:

(a) The sales were in the amount of $36,943 thousand, representing 1.97% of the net sales. (Note)

(b) Receivables were in the amount of $14,736 thousand, representing 3.91% of the net receivables. (Note)

b. The ending balance and percentage of purchase amount and related accounts payables with Xiamen Unitech Computer Co., Ltd.:

(a) The purchase amount was $53,410 thousand, representing 4.21% of the net purchase amount. (Note)

(b) The accounts payable were in the amount of $6,770 thousand, representing 3.30% of the total accounts payable (Note)

Note: The above ratios were calculated based on the parent company only financial statements of Unitech Electronics Co., Ltd.

c. Amount of property transactions and resulting gains or losses: None.

d. Ending balance and purpose of endorsement of notes or provision of collaterals: None.

e. The maximum balance of financial financing, the balance at the end of the period, the interest rate range and the total amount of interest for the current period: None.

f. Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of labor services: None.

(4) Information of major shareholders: Please refer to Attachment 9.

14. Segment information

For the purpose of management, the Group determines its operating units according to different products and services. There are two reportable operating segments determined:

(1) Channel business operation segment: This segment is mainly responsible for the “Product channel business.”

(2) Automatic Identification Data Collection Product Operation Segment: This segment is responsible for the development, manufacture, and marketing of “Automatic Identification Data Collection Products” and related services.

The aforementioned reportable operating segments did not aggregate into one operating segment.

Management individually monitors the operating results of its business units to make decisions on resource allocation and performance evaluation. The performance of the segment is evaluated based on the pre-tax profit and loss. The accounting policies of the reportable segments are the same as the Group's significant accounting policies. However, income taxes for the consolidated financial statements are administered on a group basis and are not apportioned to operating segments.

Transfer pricing between operating segments is based on similar routine transactions with external third parties.

(1) Information on segmental profit and loss, assets and liabilities is reported as follows:

For the year ended December 31, 2022

	Channel business operation segment	Automatic Identification Data Collection Product Operation Segment	Subtotal	Reconciliation and elimination	Total
Net sales					
Net sales from external customers	$22,721,806	$2,348,752	$25,070,558	$-	$25,070,558
Net sales from internal	54,049	1,507	55,556	(55,556)	-
Total of net sales	$22,775,855	$2,350,259	$25,126,114	$(55,556)	$25,070,558
Internal profit and loss	$627,912	$114,127	$742,039	$(51,241)	$690,798

For the year ended December 31, 2021

	Channel business operation segment	Automatic Identification Data Collection Product Operation Segment	Subtotal	Reconciliation and elimination	Total
Net sales					
Net sales from external customers	$21,552,428	$2,348,132	$23,900,560	$-	$23,900,560
Net sales from internal	26,560	8,033	34,593	(34,593)	-
Total of net sales	$21,578,988	$2,356,165	$23,935,153	$(34,593)	$23,900,560
Internal profit and loss	$702,752	$78,623	$781,375	$(49,073)	$732,302

Inter-segmental income is eliminated in consolidation and is reflected in the item "Reconciliation and elimination." All other adjustments and eliminations are disclosed in detail later.

The following table lists the information related to the assets and liabilities of the Group's operating segments as of December 31, 2022 and 2021:

Operating sector assets:

	Channel business operation segment	Automatic Identification Data Collection Product Operation Segment	Subtotal	Reconciliation and elimination	Total
As of December 31, 2022	$8,122,120	$2,469,363	$10,591,483	$(728,814)	$9,862,669
As of December 31, 2021	$6,649,156	$2,276,177	$8,925,333	$(697,687)	$8,227,646

Operating sector liabilities:

	Channel business operation segment	Automatic Identification Data Collection Product Operation Segment	Subtotal	Reconciliation and elimination	Total
As of December 31, 2022	$5,139,500	$662,166	$5,801,666	$(808)	$5,800,858
As of December 31, 2021	$3,721,472	$554,465	$4,275,937	$(1,172)	$4,274,765

(2) Reconciliation of segmental income, profit and loss, assets, liabilities and other major items:

A. Net sales

	For the years ended December 31,	
	2022	2021
Net sales of reportable segments	$25,126,114	$23,935,153
Reconciliation and elimination	(55,556)	(34,593)
Net sales of the Group	$25,070,558	$23,900,560

B. Profit and loss

	For the years ended December 31,	
	2022	2021
Profit and loss of reportable segments	$742,039	$781,375
Reconciliation and elimination	(51,241)	(49,073)
Net income before income tax of continuing business units	$690,798	$732,302

C. Assets

	As of December 31,	
	2022	2021
Assets of reportable segments	$10,591,483	$8,925,333
Reconciliation and elimination	(808)	(1,172)
Investments accounted for using the equity method	(728,006)	(696,515)
Assets of the Group	$9,862,669	$8,227,646

D. Liabilities

	As of December 31,	
	2022	2021
Liabilities of reportable segments	$5,801,666	$4,275,937
Reconciliation and elimination	(808)	(1,172)
Liabilities of the Group	$5,800,858	$4,274,765

E. Others

For the years ended December 31, 2022

	Amount of reportable segment	Reconciliation	Total
Interest income	$5,370	$-	$5,370
Finance costs	26,712	-	26,712

For the year ended December 31, 2021

	Amount of reportable segment	Reconciliation	Total
Interest income	$4,735	$(201)	$4,534
Finance costs	9,704	(201)	9,503

(3) Geographical information

Net sales from external customers:

	For the years ended December 31,	
	2022	2021
Asia	$24,110,236	$22,818,733
America	548,822	576,667
Europe	408,777	502,546
Oceania	2,723	2,614
Total	$25,070,558	$23,900,560

Net sales are classified by customers' countries.

Non-current assets

	As of December 31,	
	2022	2021
Taiwan	$1,471,870	$1,475,888
USA	47,753	4,962
Netherlands	14,570	5,182
Japan	5,213	2,310
China	2,067	3,483
Total	$1,541,473	$1,491,825

(4) Important customer information

For the years ended December 31, 2022 and 2021, the Group did not have a single customer whose sales amounted to more than 10% of the consolidated operating income.

ATTACHMENT 1

FINANCING PROVIDED TO RELATED PARTIES (Unit : thousands of NTD)

No (Note1)	Lender	Counterparty	Financial Statement Account (Note 2)	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Note 4)	Actual Amount Provided	Interest Rate (%)	Nature of Financing (Note 5)	Amount of Sales to (purchases from) Counterparty (Note 6)	Reason for Financing (Note 7)	Loss Allowance	Collateral		Limit of Financing Amount for Individual Counterparty	Limit of Total Financing Amount
													Item	Value		
0	The Company	JH	Other receivables from related parties	Y	$70,000	$70,000	$-	1.5%~3%	The need for short-term financing	$-	Business turnover	$-	N	$-	$306,298 (Note 8)	$612,596 (Note 8)
0	The Company	JY	Other receivables from related parties	Y	10,000	10,000	-	1.5%~3%	The need for short-term financing	-	Business turnover	-	N	-	306,298 (Note 8)	612,596 (Note 8)

Note 1: The parent company and its subsidiaries are coded as follows:

(1) The parent company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Accounts receivable from affiliates and related parties, shareholders' transactions, prepayments, temporary payments and others must be filled in this field if they are considered loans in nature.

Note 3: The maximum balance of funds loaned to others in the current year.

Note 4: If the public offering company submits for board resolution the financing provided to related parties on a case-by-case basis in accordance with Item 1, Article 14 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, even though the funds have not been allocated, the amount of the board resolution should still be included in the balance stated in the announcement to disclose the risk; however, if the funds are repaid later, the balance after repayment should be disclosed to reflect the risk adjustment. If the public offering company authorizes the chairman via board resolution to allocate a certain amount of loans or by installments or on a recurring basis within one year in accordance with Item 2, Article 14 of the Regulations, the loan amount approved by the board of directors should still be used as the balance of the announcement declaration. Although the funds will be repaid later, considering the possibility of reappropriation, the loan amount approved by the board of directors should still be used as the balance declared in the announcement.

Note 5: The nature of the capital loan should be listed as a business transaction or a need for short-term financing.

Note 6: If the nature of the capital loan is a business transaction, the business transaction amount should be filled in. The business transaction amount refers to the business transaction amount between the lending company and the borrower in the most recent year.

Note 7: If the nature of the loan is necessary for short-term financing, the reason for the necessary loan and the purpose of the loan should be specified, such as: repayment of loans, purchase of equipment, business turnover, etc.

Note 8: According to the Company's operating procedures for lending funds to others, the Company's total loan amount is limited to no more than 20% of the company's net worth. The total financing to others and to individuals shall not exceed 10% of the Company's net worth if for sho
According to the Company's operating procedures for lending funds to others, the total amount of the Company's loans to companies or firms that have business transactions with the Company should not exceed 10% of the Company's net worth, and the amount of individual loan
relationship between the two parties for the past year. The amount is limited. The so-called business transaction amount refers to the purchase or sale amount between the two parties, whichever is higher.

ATTACHMENT 2

ENDORSEMENT AND GUARANTEE PROVIDED TO OTHERS (Unit : thousands of NTD)

No (Note1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period (Note 4)	Ending Balance (Note 5)	Amount Actually Drawn (Note 6)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Guarantee Provided by Parent Company (Note 7)	Guarantee Provided by A Subsidiary (Note 7)	Guarantee Provided to Subsidiaries in Mainland China (Note 7)
		Name	Nature of Relationship (Note2)										
0	The Company	JH	2	$306,298 (Note 3)	$160,000	$160,000	$160,000 (Note 8)	$-	5.22%	$918,894 (Note 3)	Y	N	N
0	The Company	JY	2	306,298 (Note 3)	160,000	160,000	160,000 (Note 8)	-	5.22%	918,894 (Note 3)	Y	N	N
1	UTE	UTA	2	182,001 (Note 9)	153,500	-	-	-	0.00%	546,004 (Note 9)	Y	N	N

Note 1: The parent company and its subsidiaries are coded as follows:
(1) Number 0 represents the Company.
(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following 7 categories:
(1) Having a business relationship.
(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
(4) The endorsed/guaranteed parent company directly or indirectly owns more than 90% voting shares of the endorser/guarantor subsidiary.
(5) Mutual guarantee of the trade as required by the construction contract.
(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
(7) Industry partners who are engaged in the sales of pre-construction homes and conduct joint guarantee for the performance of contract based on Consumer Protection Act.

Note 3: The Company's endorsement guarantee maximum limit is 30% of the Company's net worth.
The Company's endorsement guarantee limit for a single enterprise is 10% of the Company's net worth.
The Company endorsement guarantee limit for directly and indirectly holding more than 90% of the voting shares held by the Company shall not exceed 10% of the Company's net worth.
However, this does not apply to the Company endorsement guarantee that the Company directly holds or indirectly holds 100% of the voting shares.

Note 4: The maximum endorsements/guarantees amount current year.

Note 5: The amount approved by the board of directors should be filled in. However, when the board of directors authorizes the chairman to make a decision in accordance with Subparagraph 8, Article 12 of the Regulations Governing Loaning of Fun it refers to the amount decided by the chairman.

Note 6: Please fill in the actual amount provided by the endorsers.

Note 7: Parent company endorsed/guaranteed for the subsidiaries, subsidiaries endorsed/guaranteed for the parent company, or endorsement/guarantee for entities in China shall fill in "Y".

Note 8: The actual amount drawn was $160,000 thousand.

Note 9: The limit of the endorsement guarantee for a single enterprise shall not exceed 10% of the equity attributable to the owner of the parent company in the latest balance sheet of Unitech Electronics Co., Ltd. that has been audited and certified by an accountant or reviewed.
The maximum limit of endorsement guarantee shall not exceed 30% of the equity attributable to the owner of the parent company in Unitech Electronics Co., Ltd.'s most recent balance sheet that has been audited and certified by an accountant or reviewed by an accountant. Unitech Electronics Co., Ltd. net value reviewed by an accountant was $1,820,014 thousand in 2022.

ATTACHMENT 3

SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE) (Unit : thousands of NTD)

Held by	Securities Name	Relationship with the Company	Financial Statement Account	Balances as of December 31, 2022				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
UTE	Artilux Corporation Series A-1 Preferred Stocks	Substantive related party	Non-current financial assets at fair value through other comprehensive income	769,231	$27,713	1.18%	$27,713	-

ATTACHMENT 4

RELATED PARTY TRANSACTIONS FOR PURCHASES AND SALES AMOUNTS EXCEEDING THE LOWER OF $100 MILLION OR 20 PERCENT OF THE CAPITAL STOCK (Unit : thousands of NTD)

Company Name	Related Party	Nature of Relationships	Transaction Details				Situations and reasons why transaction conditions are different from general transactions		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sales	Amount	% to Total (Note 1)	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 2)	% to Total (Note 1)	
UTE	Unitech America Inc. (Abbreviation：UTA)	Investee of the investee company the Company accounted for using the equity method	Sales	$291,313	15.55%	Invoice day 30	Pricing based on related party transactions	The general terms of foreign payment are 30-45 days after shipment for those who have credit line. For those without credit line, the payment will be made by T/T cash. The terms of collection for UTA are 30 days after the invoice date.	$21,503	5.71%	
UTE	Unique Technology Europe B.V. (Abbreviation：UTI)	Investee of the investee company the Company accounted for using the equity method	Sales	225,323	12.03%	Month-end 90 days	Pricing based on related party transactions	The general terms of foreign payment are 30-45 days after shipment for those who have credit line. For those without credit line, the payment will be made by T/T cash. The terms of collection for UTI are 90 days after the invoice date.	19,239	5.10%	

Note 1: Calculated based on the individual financial statements of the companies that purchases (sells) the goods.

Note 2: Eliminated in the consolidated financial statements.

ATTACHMENT 5

Significant intercompany transactions between consolidated entities (Unit : thousands of NTD)

No. (Note 1)	Company Name	Counter-party	Relationship (Note 2)	Transaction status			
				Account	Amount	Term	As a percentage of total assets or revenues (Note 3)
0	The Company	UTE	1	Operating revenue	$15,150	By month	0.06%
0	The Company	JH	1	Operating revenue	35,631	By month	0.14%
1	UTE	UTA	2	Operating revenue	291,313	30 days	1.16%
1	UTE	UTA	2	Trade receivables	21,503	30 days	0.21%
1	UTE	UTA	2	Operating costs	4,898	30 days	0.02%
1	UTE	UTI	2	Operating revenue	225,323	90 days	0.90%
1	UTE	UTI	2	Trade receivables	19,239	90 days	0.19%
1	UTE	UTJ	2	Operating revenue	84,116	90 days	0.34%
1	UTE	UTJ	2	Trade receivables	19,285	90 days	0.19%
1	UTE	Xiamen Unitech Computer Co. Ltd.	2	Operating revenue	36,943	90 days	0.15%
1	UTE	Xiamen Unitech Computer Co. Ltd.	2	Trade receivables	14,736	90 days	0.15%
1	UTE	Xiamen Unitech Computer Co. Ltd.	2	Operating cost	53,410	30 days	0.21%
1	UTE	Xiamen Unitech Computer Co. Ltd.	2	Trade payables	6,770	30 days	0.07%

Note 1: Information about related party transactions should be stated. The numbers of each company are illustrated as follows:
(1) 0 is for the parent company.
(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relationship between related parties are as follows:
(1) Parent company and subsidiary.
(2) Subsidiary and Parent company.
(3) Subsidiary and subsidiary.

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

Note 4: The important transactions in this form can be determined by the company based on the principle of materiality.

ATTACHMENT 6

THE INVESTEE COMPANY ENGAGING IN DERIVATIVE TRANSACTIONS (Unit : thousands of NTD/foreign currency)

Unitech Electronics Co., Ltd.

	December 31, 2022
Financial assets at fair value through profit or loss－forward foreign exchange contract	$-
Financial liabilities at fair value through profit or loss－forward foreign exchange contract	$1,211

Engaging in forward foreign exchange derivatives is mainly to avoid the risk of exchange rate changes in net assets or net liabilities. There will be relative cash inflows or outflows at maturity, and the Company's working capital is sufficient to cover it, so there will be no significant cash flow risk.

Outstanding forward foreign exchange contracts are as follows:

December 31, 2022	Contract amount		Contract period
Forward foreign exchange contract	Sell Euro	EUR 597	From January 3, 2023 to February 20, 2023
Forward foreign exchange contract	Sell Yen	EUR 82,800	From January 3, 2023 to March 31, 2023

ATTACHMENT 7

INFORMATION ON INVESTEES

(Unit : thousands of NTD/dollar of foreign currency)

Investor Company	Investee Company (Note 1.2)	Location	Main Businesses and Products	Initial Investment		Investment as of December 31, 2022			Investee company	Net	Note
				Ending Balance	Beginning Balance	Number of Shares	Percentage of Ownership	Book Value	Net Income(loss) of Investee Company (Note2(2))	Investment Income (loss) Recognized (Note2(3))	
The company	Unitech Electronics Co., Ltd. (Abbreviation：UTE)	5F., No. 136, Ln. 235, Baoqiao Rd., Xindian Dist., New Taipei City, Taiwan (R.O.C.)	Auto Data Capture Products	$688,634	$688,634	30,039,000	40.00%	$741,209	$91,331	$36,532	Note3
The company	Jingho Computer.Co., Ltd. (Abbreviation：JH)	5F., No. 236, Xinhu 2nd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Trading of computer peripherals and retailing of electronic materials	15,000	15,000	1,500,000	100.00%	34,484	13,107	13,107	Note3
The company	Jingyong Computer.Co., Ltd. (Abbreviation：JY)	5F., No. 236, Xinhu 2nd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Trading of computer peripherals and retailing of electronic materials	10,000	10,000	1,000,000	100.00%	11,820	1,602	1,602	Note3
								$787,513		$51,241	
UTE	Unitech America Ventures Inc. (Abbreviation：UAV)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 5,383,592	USD 5,383,592	10,000	100.00%	$207,822	17,860	$18,554	Note3
UTE	Unitech Europe Ventures Inc. (Abbreviation：UEV)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	EUR 1,905,659	EUR 1,905,659	10,000	100.00%	65,877	12,214	13,137	Note3
UTE	Unitech Japan Holding Inc. (Abbreviation：UJH)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	JPY 42,774,910	JPY 42,774,910	10,000	100.00%	43,566	2,531	2,346	Note3
UTE	Unitech Japan Co., Ltd. (Abbreviation：UTJ)	Tohsei Bldg. 3F, 18-10Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, 103-0015 Japan	Auto Data Capture Products	TWD 5,384	TWD 5,384	152	10.86%	5,832	2,958	321	Note3
UTE	Unitech Asia Ventures Inc. (Abbreviation：UCV)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 3,497,358	USD 3,497,358	16,056.83	100.00%	21,229	(2,413)	(2,334)	Note3

Note 1: If a public offering company has a foreign holding company and uses consolidated statements as its main financial statements in accordance with local laws and regulations, the disclosure of information about foreign investee companies may only disclose relevant information related to the holding company.

Note 2: If the circumstances do not fall under any of those mentioned in Note 1, information shall be filled according to the following rules:

(1) Columns such as "Investee Company", "Location", "Main businesses and Products", "Initial Investment" and "Investment at the end of the period" shall be based on the circumstances of the (public offering) company's reinvestment and reinvestments of each directly or indirectly controlled investee companies. The reinvestment information should be filled in order, and indicate the relationship between each invested company and the (public offering) company (such as a subsidiary or a sub-subsidiary) in the remarks column.

(2) "Profit and Loss of the Invested Company for the Period" should fill in the amount of profit and loss for the current period of each invested company.

(3) "Investment Profit and Loss Recognized in the Current Period" only needs to fill in the profit and loss amounts of each subsidiary recognized by the (public offering) company as a direct transfer investment and each invested company evaluated using the equity method, and the rest is not required. When filling in the "recognition of the current-period profit and loss amount of each subsidiary directly reinvested", it should be confirmed that the current-period profit and loss amount of each subsidiary has included the investment profit or loss that should be recognized according to its reinvestment regulations.

Note 3: Have been write off in the consolidated financial statements.

ATTACHMENT 7 (Continued)

INFORMATION ON INVESTEES

(Unit : thousands of NTD/dollar of foreign currency)

Investor Company	Investee Company (Note 1.2)	Location	Main Businesses and Products	Initial Investment		Investment as of December 31, 2022			Investee company	Net	Note
				Ending Balance	Beginning Balance	Number of Shares	Percentage of Ownership	Book Value	Net Income(loss) of Investee Company (Note2(2))	Investment Income (loss) Recognized (Note2(3))	
Unitech America Ventures Inc. (Abbreviation: UAV)	Unitech America Holding Inc. (Abbreviation: UAH)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 5,383,592	USD 5,383,592	10,000	100.00%	USD 6,769,071	USD 616,330	USD 632,709	Note3
Unitech America Holding Inc. (Abbreviation: UAH)	Unitech America Inc. (Abbreviation: UTA)	6182 Katella Ave Cypress,CA 90630, USA	Auto Data Capture Products	USD 5,383,592	USD 5,383,592	100,000	100.00%	USD 6,769,071	USD 616,330	USD 632,709	Note3
Unitech Europe Ventures Inc. (Abbreviation: UEV)	Unitech Europe Holding Inc. (Abbreviation: UEH)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	EUR 1,905,659	EUR 1,905,659	10,000	100.00%	EUR 2,010,838	EUR 393,028	EUR 420,649	Note3
Unitech Europe Holding Inc. (Abbreviation: UEH)	Unique Technology Europe B.V. (Abbreviation: UTI)	Ringbaan Noord 91 5046 AA Kapitein Hatterasstraat 19,5015	Auto Data Capture Products	EUR 1,905,659	EUR 1,905,659	135,948	100.00%	EUR 2,010,838	EUR 393,028	EUR 420,649	Note3
Unitech Japan Holding Inc. (Abbreviation: UJH)	Unitech Japan Co., Ltd. (Abbreviation: UTJ)	Tohsei Bldg. 3F, 18-10Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, 103-0015 Japan	Auto Data Capture Products	JPY 42,774,910	JPY 42,774,910	1,198	85.57%	JPY 187,075,395	JPY 12,696,762	JPY 10,339,427	Note3
Unitech Asia Ventures Inc. (Abbreviation: UCV)	Unitech Industries Holding Inc. (Abbreviation: UIH)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 4,474,767	USD 4,474,767	13,785.52	100.00%	CNY 4,813,359	(CNY 544,836)	(CNY 527,746)	Note3

Note 1: If a public offering company has a foreign holding company and uses consolidated statements as its main financial statements in accordance with local laws and regulations, the disclosure of information about foreign investee companies may only disclose relevant information related to the holding company.

Note 2: If the circumstances do not fall under any of those mentioned in Note 1, information shall be filled in according to the following provisions:

(1) Columns such as "Investee Company", "Location", "Main businesses and Products", "Initial Investment" and "Investment at the end of the period" shall be based on the circumstances of the (public offering) company's reinvestment and each directly or indirectly controlled investee companies.
The reinvestment information should be filled in order, and indicate the relationship between each invested company and the (public offering) company (such as a subsidiary company or a sub-subsidiary) in the remarks column.

(2) "Profit and Loss of the Invested Company for the Period" should fill in the amount of profit and loss for the current period of each invested company.

(3) "Investment Profit and Loss Recognized in the Current Period" only needs to fill in the profit and loss amounts of each subsidiary recognized by the (public offering) company as a direct transfer investment and each invested company evaluated using the equity method, and the rest is not required.
When filling in the "recognition of the current-period profit and loss amount of each subsidiary directly reinvested", it should be confirmed that the current-period profit and loss amount of each subsidiary has included the investment profit or loss that should be recognized according to the reinvestment regulations.

Note 3: Have been write off in the consolidated financial statements.

ATTACHMENT 8

INFORMATION ON INVESTMENT IN MAINLAND CHINA

(Unit : thousands of NTD/dollar of foreign currency)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment(Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Xiamen Unitech Computer Co. Ltd.	Auto Data Capture Products	USD 3,419,200	(2) Unitech Industries Holding Inc.	USD 3,560,132	$-	$-	USD 3,560,132	$(2,413)	100.00%	$(2,334) (CNY 527,771) (Note 2)(2)2	$21,173 CNY 4,800,774 (Note 2)(2)2	$31,038 USD 977,409

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$109,296 USD 3,560,132	$139,303 USD 4,537,541	$1,092,008

Note 1: The investment methods are divided into the following three types, and only information about the type is required:

1. Directly go to the mainland to engage in investment.
2. Invest in mainland China through a third-region company (please specify the investment company in the third region).
3. Other methods.

Note 2: In the column of investment profit and loss recognized in the current period:

1. If it is under preparation and there is no investment profit or loss, it should be indicated.
2. The recognition basis of investment profit and loss is divided into the following three types, which shall be specified.
   (1) Financial statements audited and certified by an international accounting firm that has a cooperative relationship with an accounting firm in the Republic of China.
   (2)The financial statement certified by the auditor of the parent company in Taiwan.
   (3)Others: Financial statements that have not been audited by accountants.

Note 3: Relevant figures in this table should be presented in New Taiwan Dollars. Where foreign currencies are involved, the exchange rate on the balance sheet date of the financial report shall be used to convert the amounts into New Taiwan Dollars.

Note 4: The Company does not directly invest in the mainland region, but invests through its subsidiary: Unitech Electronics Co., Ltd. The investment limit is calculated based on 60% of the net value of Unitech Electronics Co., Ltd.

ATTACHMENT 9

INFORMATION OF MAJOR SHAREHOLDERS

Name	Number of Shares	Percentage of Ownership (%)
HI-JET INCORPORATION	42,707,981	26.40%

Note 1：The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2：If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System.