

TYNTEK Corporation and Its
Subsidiaries

Consolidated Financial
Statements and Independent
Auditors' Report
For the Years Ended December 31, 2022
and 2021

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

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Representation Letter

The entities that are required to be included in the 2022 consolidated financial statements of the Company (from January 1 2022, to December 31, 2022), under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, a separate set of combined financial statements will not be prepared.

Sincerely,

Name of the Company: TYNTEK Corporation

Chairman: Lee, Biing-Jye

February 22, 2023

Independent Auditors' Review Report

To TYNTEK Corporation,

Audit opinion

We have reviewed the accompanying consolidated balance sheets of TYNTEK Corporation (the "Company") and its subsidiaries (collectively, the "Group") for the years ended December 31, 2022 and 2021 and the relevant consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies "(collectively referred to as the consolidated financial statements)".

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

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibility under those standards is further described in the section of "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements". We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the consolidated financial statements of the Group for the year ended December 31, 2022, based on our professional judgment. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the consolidated financial statements of the Group for the year ended December 31, 2022, are stated as follows:

Sales recognition

The Group's 2022 consolidated operating income was NT\$2,419,509 thousand. Please refer to Notes 4 and 25 to the consolidated financial statements for the accounting policy and information related to revenue recognition. The Group's operating income is mainly from the sale of optoelectronic products. As it has many sales clients at home and abroad, the sales, in which the transactions increased compared to the prior year, the transaction amounts were significant, and the transaction counterparties were not publicly listed, are listed as a key audit matter for 2021.

The main audit procedures we performed for said matter are as follows:

1. Understand and test the effectiveness of the design and the implementation of the main internal control mechanism for the sales.
2. Select samples randomly to check the receipts and payment status related to the sales, and inquire the existence of the transaction counterparties to verify the actual occurrence of the sales, and check whether there is any anomaly existing in the sales counterparties and the payment recipients.

Other Matters

The Company has also prepared the parent company's only financial statements for the years ended December 31, 2022, and 2021, for which we have issued an unqualified opinion.

Included in the aforementioned consolidated financial statements, some of the financial statements of the investees measured using the equity method have not been audited by us but by other CPAs. Therefore, in our opinions on the aforementioned consolidated financial statements, the above-mentioned investment balance of the investees using the equity method and the relevant share of profit and loss on the investees are recognized based on the audit report of other CPAs. As of December 31, 2022 and 2021, the balance of investment in the aforementioned investees using the equity method was NT\$165,874 thousand and NT\$149,194 thousand, respectively, accounting for 3.05% and 2.36% of the total consolidated assets, respectively, and the share of profit or loss on associates recognized using the equity method for the year ended December 31, 2022 and 2021 was NT\$16,455 thousand and NT\$7,459 thousand, respectively, accounting for (10.03)% and 0.91% of the consolidated net income before tax, respectively.

Responsibilities of the management and the governing body for the consolidated financial statements

The responsibilities of the management are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS and IAS, as well as IFRIC and SIC interpretations endorsed and entered into effect by the FSC, and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of the Group in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease the operations without other viable alternatives.

The governing body of the Group (including the Audit Committee) is responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

We have utilized our professional judgment and maintained professional doubt when performing the audit work in accordance with the auditing standards in the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the consolidated financial statements; design and execute countermeasures in response to said risks, and obtain sufficient and appropriate audit evidence to provide a basis of our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need 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 relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Group.

The matters communicated between us and the governing body include the planned scope and times of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided the governing body with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing body, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended December 31, 2022. We have clearly indicated such matters in the auditors' report unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, we decided not to communicate over specific items in the auditors' report, for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Deloitte Taiwan
CPA Su-Li Fang

CPA Chen, Ming-Hui

The Financial Supervisory Commission R.O.C.
Approved No.
Jing-Guang-Zheng-Liu No. 0940161384

Securities and Futures Commission Approval
Document No.
Tai-Cai-Zeng-VI No. 0930128050

February 22, 2023

TYNTEK Corporation and Its Subsidiaries
Consolidated balance sheet
For the Years Ended December 31, 2022 and 2021

Unit: NTD thousand

Code	Asset	December 31, 2022		December 31, 2021		Code	LIABILITIES AND EQUITY	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
	CURRENT ASSETS						CURRENT LIABILITIES				
1100	Cash and cash equivalents (Notes 6 and 31)	\$ 1,342,144	25	\$ 1,145,382	18	2100	Short-term borrowings (Notes 19 and 31)	\$ 108,429	2	\$ 157,977	3
1110	Financial assets at fair value through profit or loss - current (Note 7 and 31)	218,194	4	583,316	9	2120	Financial liabilities at fair value through profit or loss - current (Note 7 and 31)	344	-	-	-
1136	Financial assets at amortized cost - current (Note 9, 31 and 33)	1,000	-	44,191	1	2130	Contract liabilities - Current (Note 25)	477	-	303	-
1150	Notes receivable, net (Note 10, 31)	21,574	-	21,863	-	2150	Notes payable (Notes 20 and 31)	6,492	-	4,911	-
1170	Accounts receivable, net (Notes 10 and 31)					2170	Accounts payable (Notes 20 and 31)	312,233	6	454,548	7
		622,998	12	998,356	16	2180	Accounts payable to related parties (Notes 20, 31 and 32)	1,705	-	6,453	-
1180	Accounts receivable - related parties, net (Notes 10, 31, and 32)	35,281	1	84,274	1	2200	Other payables (Notes 21, 31, and 32)	233,773	4	275,540	4
1200	Other receivables (Notes 10 and 31)	66,629	1	67,529	1	2230	Current tax liabilities (Note 27)	35,945	1	62,522	1
130X	Inventories (Note 11)					2280	Lease liabilities - current (Notes 15 and 31)	9,053	-	8,899	-
		811,589	15	843,782	14	2320	Current portion of long-term borrowings (Notes 19 and 31)	146,195	3	116,558	2
1410	Prepayments (Notes 17 and 34)	18,653	-	22,725	1	2313	Unearned revenue (Notes 21, 29, and 31)	11,375	-	4,631	-
1476	Other financial assets (Notes 19, 31, and 33)	1,003	-	3,593	-	2399	Other current liabilities (Note 21)	13,512	-	31,587	1
1479	Other current assets (Note 18)	2,063	-	6,046	-	21XX	Total current liabilities	879,533	16	1,123,929	18
11XX	Total current assets	3,141,128	58	3,821,057	61		non-current liabilities				
	non-current assets					2540	Long-term borrowings (Notes 19 and 31)	431,092	8	529,091	8
1510	Financial assets at fair value through profit or loss - non-current (Note 7 and 31)	-	-	263,055	4	2550	Provisions - non-current (Note 22)	18,444	-	16,807	-
1517	Financial assets at fair value through profit or loss - non-current (Note 8 and 31)	45,417	1	74,231	1	2570	Deferred tax liabilities (Note 27)	2,655	-	15,325	-
1535	Financial assets at amortized cost - non-current (Note 9, 31 and 33)					2580	Lease liabilities - non-current (Notes 15 and 31)	82,612	2	89,618	2
		6,665	-	6,615	-	2640	Defined benefit liability - non-current (Note 23)	18,862	-	37,905	1
1550	Investments accounted for using equity method (Note 13)	192,780	3	175,738	3	2630	Long-term deferred revenue (Notes 19, 29, and 31)	846	-	1,031	-
1600	Property, plant and equipment (Notes 14, 33 and 34)	1,838,843	34	1,686,193	27	2645	Guarantee deposits received (Note 31)	393	-	4,545	-
1755	Right-of-use assets (Note 15)	92,567	2	99,949	2	25XX	Total non-current liabilities	554,904	10	694,322	11
1780	Other intangible assets (Note 16)										
		6,762	-	1,561	-	2XXX	Total liabilities	1,434,437	26	1,818,251	29
1840	Deferred tax assets (Note 27)	35,469	1	81,287	1		Equity attributable to owners of the company (Note 24)				
1915	Prepayments for equipment (Note 34)	60,514	1	98,416	1	3110	Ordinary shares	3,006,223	55	3,006,223	47
1920	Refundable deposits (Note 31)	3,410	-	1,963	-	3200	Capital surplus	243,873	5	243,639	4
1990	Other non-current assets - others (Note 18)	6,463	-	4,622	-		Retained earnings				
15XX	Total non-current assets	2,288,890	42	2,493,630	39	3310	Statutory reserves	286,048	5	214,568	3
						3320	Special reserves	37,523	1	55,815	1
						3350	undistributed earnings	432,801	8	960,086	15
						3300	Total retained earnings	756,372	14	1,230,469	19
						3400	Other equities	(46,383)	(1)	(22,435)	-
						31XX	Total equity attributable to owners of the company	3,960,085	73	4,457,896	70
						36XX	Non-controlling interests (Notes 12 and 24)	35,496	1	38,540	1
						3XXX	Total equity	3,995,581	74	4,496,436	71
1XXX	Total assets	\$ 5,430,018	100	\$ 6,314,687	100		Total liabilities and equity	\$ 5,430,018	100	\$ 6,314,687	100

The accompanying notes are an integral part of the consolidated financial statements
(With Deloitte & Touche review report dated February 22, 2023)

Chairman: Lee, Biing-Jye

Manager: Will Chou

Head of Accounting: Li, Hsiao-Ping

TYNTEK Corporation and Its Subsidiaries
Consolidated Statements of Comprehensive Income
For the Year Ended December 31, 2022 and 2021

Unit: NTD thousands; EPS (loss) in NTD

Code		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes 25 and 32)	\$ 2,419,509	100	\$ 3,163,375	100
5000	Operating costs (Notes 11, 26, and 32)	<u>2,032,905</u>	<u>84</u>	<u>2,446,714</u>	<u>77</u>
5900	Gross income from operations	<u>386,604</u>	<u>16</u>	<u>716,661</u>	<u>23</u>
	Operating expenses				
6100	Selling and marketing expenses (Notes 23 and 26)	41,767	1	41,493	1
6200	Administrative expenses (Notes 23 and 26)	166,179	7	231,702	8
6300	Research and development expense (Notes 23 and 26)	<u>141,652</u>	<u>6</u>	<u>132,896</u>	<u>4</u>
6000	Total operating expenses	<u>349,598</u>	<u>14</u>	<u>406,091</u>	<u>13</u>
6500	Other income and expenses, net (Note 26)	<u>431</u>	<u>-</u>	(<u>23</u>)	<u>-</u>
6900	Operating profit	<u>37,437</u>	<u>2</u>	<u>310,547</u>	<u>10</u>
	Non-operating income and expense				
7100	Interest revenue (Note 26)	4,564	-	5,489	-
7010	Other income (Notes 26 and 32)	41,128	2	26,212	1
7020	Other gains or losses (Notes 26 and 35)	(255,340)	(11)	485,335	15
7050	Financial costs (Note 26)	(12,862)	-	(20,531)	(1)
7060	Share of profit (loss) on associates using the equity method	<u>21,065</u>	<u>1</u>	<u>14,038</u>	<u>1</u>
7000	Total non-operating income and expenses	(<u>201,445</u>)	(<u>8</u>)	<u>510,543</u>	<u>16</u>
7900	Net income (loss) before tax	(164,008)	(6)	821,090	26
7950	Income tax expense (Note 27)	<u>20,415</u>	<u>1</u>	<u>94,958</u>	<u>3</u>
8200	Net income (loss) for this year	(<u>184,423</u>)	(<u>7</u>)	<u>726,132</u>	<u>23</u>

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Code		2022		2021	
		Amount	%	Amount	%
	Other comprehensive income (Note 24)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	\$ 8,030	-	(\$ 2,054)	-
8316	Unrealized gains (losses) on investments in equity instruments at FVTOCI	(33,159)	(1)	40,778	1
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 27)	5,963	-	(6,112)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange Differences in Translating the Financial Statements of Foreign Operations	4,121	-	(2,428)	-
8399	Income tax (expense) income related to the components of other comprehensive income (Note 27)	(812)	-	480	-
8300	Other comprehensive income of the current year (net amount after tax)	(15,857)	(1)	30,664	1
8500	Total comprehensive income of the current year	(\$ 200,280)	(8)	\$ 756,796	24
8600	Net income (loss) attributable to:				
8610	Owners of the company	(\$ 181,505)	(8)	\$ 724,850	23
8620	Non-controlling interests	(2,918)	-	1,282	-
		(\$ 184,423)	(8)	\$ 726,132	23
8700	Total comprehensive income attributable to:				
8710	Owners of the company	(\$ 197,423)	(8)	\$ 755,540	24
8720	Non-controlling interests	(2,857)	-	1,256	-
		(\$ 200,280)	(8)	\$ 756,796	24
	Earnings (loss) per share (Note 28)				
9710	Basic	(\$ 0.60)		\$ 2.41	
9810	Diluted	(\$ 0.60)		\$ 2.39	

The accompanying notes are an integral part of the consolidated financial statements
(With Deloitte & Touche review report dated February 22, 2023)

Chairman: Lee, Biing-Jye

Manager: Will Chou

Accounting Supervisor: Li, Hsiao-Ping

TYNTEK Corporation and Its Subsidiaries
Consolidated Statements of Equity Changes
For the Year Ended December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

		Equity attributable to owners of the company										
							Other equities					
Code		Share capital			Retained earnings			Exchange differences in translating the financial statements of foreign operations	Unrealized gains or losses on financial assets at FVTOCI	Total	Non-controlling interests	Total equity
		Shares (thousand)	Amount	Capital surplus	Statutory reserves	Special reserve	Undistributed earnings					
A1	Balance at January 1, 2021	300,621	\$ 3,006,223	\$ 224,694	\$ 186,082	\$ 89,035	\$ 466,022	(\$ 20,929)	(\$ 42,249)	\$ 3,908,878	\$ 37,284	\$ 3,946,162
	Earning appropriation and distribution for 2020											
B1	Appropriated as statutory reserves	-	-	-	28,486	-	(28,486)	-	-	-	-	-
B17	Reversed special reserve	-	-	-	-	(33,220)	33,220	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	(225,467)	-	-	(225,467)	-	(225,467)
C7	Changes in associates and joint ventures accounted for using the equity method	-	-	18,945	-	-	-	-	-	18,945	-	18,945
D1	2021 net income	-	-	-	-	-	724,850	-	-	724,850	1,282	726,132
D3	2021 other comprehensive income after tax	-	-	-	-	-	(2,054)	(1,922)	34,666	30,690	(26)	30,664
D5	2021 total comprehensive income	-	-	-	-	-	722,796	(1,922)	34,666	755,540	1,256	756,796
Q1	Disposal of equity instruments measured at FVTOCI	-	-	-	-	-	(7,999)	-	7,999	-	-	-
Z1	Balance at December 31, 2021	300,621	3,006,223	243,639	214,568	55,815	960,086	(22,851)	416	4,457,896	38,540	4,496,436
	Earning appropriation and distribution for 2021											
B1	Appropriated as statutory reserves	-	-	-	71,480	-	(71,480)	-	-	-	-	-
B17	Reversed special reserve	-	-	-	-	(18,292)	18,292	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	(300,622)	-	-	(300,622)	-	(300,622)
C7	Changes in associates and joint ventures accounted for using the equity method	-	-	234	-	-	-	-	-	234	-	234
D1	Net loss of 2022	-	-	-	-	-	(181,505)	-	-	(181,505)	(2,918)	(184,423)
D3	2022 other comprehensive income after tax	-	-	-	-	-	8,030	3,248	(27,196)	(15,918)	61	(15,857)
D5	2022 total comprehensive income	-	-	-	-	-	(173,475)	3,248	(27,196)	(197,423)	(2,857)	(200,280)
O1	Non-controlling interests	-	-	-	-	-	-	-	-	-	(187)	(187)
Z1	Balance at December 31, 2022	300,621	\$ 3,006,223	\$ 243,873	\$ 286,048	\$ 37,523	\$ 432,801	(\$ 19,603)	(\$ 26,780)	\$ 3,960,085	\$ 35,496	\$ 3,995,581

The accompanying notes are an integral part of the consolidated financial statements
(With Deloitte & Touche review report dated February 22, 2023)

Chairman: Lee, Biing-Jye

Manager: Will Chou

Accounting Supervisor: Li, Hsiao-Ping

TYNTEK Corporation and Its Subsidiaries
Consolidated Statements of Cash Flow
For the Year Ended December 31, 2022 and 2021

Unit: NTD thousand

Code		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net income (loss) before tax for this year	(\$ 164,008)	\$ 821,090
A20010	Adjustments for:		
A20100	Depreciation expenses	273,393	246,559
A20200	Amortization expenses	1,409	818
A20400	Net loss (gain) on financial assets and liabilities at FVTPL	346,710	(126,101)
A20900	Financial costs	12,862	20,531
A21200	Interest income	(4,564)	(5,489)
A21300	Dividend revenue	(23,604)	(14,930)
A22300	Share of profit or loss of associates accounted for using equity method	(21,065)	(14,038)
A22500	(Gains) losses on disposal of property, plant and equipment	(431)	23
A23000	Gains on disposal of non-current assets held for sale	-	(379,527)
A23200	Gains on disposal of investments accounted for using the equity method	-	(282)
A23800	Losses on inventory valuation and obsolescence losses	27,880	-
A24100	Unrealized gains on foreign currency exchange	(8,889)	(28,753)
A29900	Gains on lease modification	(1)	-
A30000	Changes in operating assets and liabilities		
A31130	Note receivable	289	(12,639)
A31150	Accounts receivable - related parties	422,484	(226,187)
A31180	Other receivables	626	(1,452)
A31200	Inventories	4,313	(115,057)
A31230	Pre-payments	2,231	(7,337)
A31240	Other current assets	3,983	(1,699)
A32125	contract liability	174	(1,919)
A32130	Note payable	1,581	(1,340)
A32150	Accounts payable - related parties	(148,808)	115,709
A32180	Other payables	(48,193)	60,421
A32200	Provisions	1,637	1,379
A32230	Other current liabilities	(18,075)	5,691
A32240	Net defined benefit liability	(11,013)	(11,407)
A33000	Cash from operations	650,921	324,064
A33300	Interest paid	(12,115)	(20,980)
A33500	Income tax paid	(8,694)	(47,418)
AAAA	Net cash inflow from operating activities	<u>630,112</u>	<u>255,666</u>

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Code		2022	2021
	Cash flows from investing activities		
B00010	Acquisition of financial assets at FVTOCI	(\$ 4,344)	\$ -
B00020	Disposal of financial assets at FVTOCI	-	28,880
B00050	Disposal of financial assets at amortized cost	43,521	518,945
B00100	Purchase of financial assets at fair value through profit or loss	(67,349)	(20,754)
B00200	Disposal of financial assets at FVTPL	357,906	185,303
B01800	Acquisition of long-term investments in equity using the equity method	-	(1,470)
B01900	Disposal of long-term investments in equity using the equity method	-	12,054
B02600	Proceeds from disposal of non-current assets held for sale	-	600,161
B02700	Acquisition of property, plant and equipment	(196,322)	(105,459)
B02800	Proceeds from disposal of property, plant and equipment	2,259	1,374
B03700	Decrease (increase) in refundable deposits	(1,447)	213
B04500	Acquisition of intangible assets	(6,609)	(211)
B06500	Decrease in other financial assets	2,590	12,671
B07100	Increase in pre-payments for equipment	(175,320)	(151,946)
B07500	Interest received	4,788	5,616
B07600	Dividends received	<u>23,604</u>	<u>14,930</u>
BBBB	Net cash inflows from investing activities	(<u>16,723</u>)	<u>1,100,307</u>
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	276,647	1,099,231
C00200	Decrease in short-term borrowings	(332,522)	(1,461,009)
C01600	Proceeds from long-term borrowings	80,060	518,917
C01700	Repayments of long-term borrowings	(141,863)	(763,713)
C03000	Decrease in guarantee deposits received	(4,152)	(11,635)
C04020	Repayment of the principal portion of leases	(9,540)	(43,353)
C04500	Cash dividends distributed	(300,622)	(225,467)
C05000	Changes in non-controlling interests	(<u>187</u>)	<u>-</u>
CCCC	Net cash outflows from financing activities	(<u>432,179</u>)	(<u>887,029</u>)
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>15,552</u>	<u>20,689</u>
EEEE	Increase in cash and equivalents	196,762	489,633
E00100	Balance of cash and cash equivalents at the beginning of the year	<u>1,145,382</u>	<u>655,749</u>
E00200	Balance of cash and cash equivalents at the end of the year	<u>\$ 1,342,144</u>	<u>\$ 1,145,382</u>

The accompanying notes are an integral part of the consolidated financial statements
(With Deloitte & Touche review report dated February 22, 2023)

Chairman: Lee, Biing-Jye

Manager: Will Chou

Accounting Supervisor: Li, Hsiao-Ping

TYNTEK Corporation and Its Subsidiaries
Notes to consolidated financial statements
For the Year Ended December 31, 2022 and 2021
(In thousand of New Taiwan Dollars, Unless Stated Otherwise)

I. Organization and operations

TYNTEK Corporation (hereinafter referred to as the "Company") was incorporated on April 4, 1987 in accordance with the Company Act of R.O.C. The main businesses are research and development, manufacturing, and sales of relevant products, including gallium arsenide, infrared, light-emitting diodes, laser diodes, phototransistors, photodiodes, single crystal and epitaxy, crystal grains, optoelectronic systems, radio transmitters and other electrical devices that can generate radio radiant energy.

The Company's shares had been listed for trading in Taipei Exchange (TEPx) since November 1998 and were approved by the Securities and Futures Commission, Ministry of Finance (currently known as the Securities and Futures Bureau, Financial Supervisory Commission) to be listed on the Taiwan Stock Exchange for trading instead since September 2000.

The consolidated financial statements of the Company and its subsidiaries are presented in the Company's functional currency, the New Taiwan dollar.

II. The Authorization of Financial Statements

The consolidated financial statements were approved by the board of directors and authorized for release on February 22, 2023.

III. Application of New and Revised International Financial Reporting Standards

- (I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to collectively as the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC does not have material impact on the Group's accounting policies.

- (II) IFRSs endorsed by FSC that are applicable from 2023 onwards

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 (Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction)	January 1, 2023 (Note 3)
Note 1: The amendments apply to the annual reporting periods beginning on or after January 1, 2023.	
Note 2: The amendments apply to changes in accounting estimates and changes in accounting policies that occur during the annual reporting periods beginning on or after January 1, 2023.	
Note 3: The amendments apply to transactions occurring after January 1, 2022, except for the recognition of temporary differences in lease and decommissioning obligations as deferred tax at January 1, 2022.	

As of the publication date of the consolidated financial statements, the Group has assessed that other standards and amendments to the interpretations will not have a significant influence on the Group's financial position and financial performance.

- (III) The IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments of IFRS 17	January 1, 2023
Amendment to IFRS 17 (Initial Application of IFRS 17 and IFRS 9 – Comparative Information)	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The seller and lessee shall apply the amendments to IFRS 16 retrospectively to the sale and leaseback carried out after the date of initial application of IFRS 16.

As of the publication date of the consolidated financial statements, the Group is continuing to assess the impact of amendments to the aforementioned standards and interpretations on the Group's financial position and financial performance, and will disclose relevant impacts when the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

(II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments measured at fair value and the net defined liabilities recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (*i.e.*, as prices) or indirectly (*i.e.*, derived from prices).
3. Level 3 inputs are unobservable inputs for the asset or liability.

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

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets realized within 12 months after the balance sheet date; and
3. Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities realized within 12 months after the balance sheet date; and

3. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

(IV) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective dates of acquisition up to the effective dates of disposal. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests have been adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the gains or losses on the disposal are the differences between the following two: (1) The sum of the fair value of the consideration received and the fair value of the remaining investment in the former subsidiary on the date of loss of control, and (2) the sum of the carrying amounts of the assets (including goodwill), liabilities and non-controlling interests of the former subsidiary on the day of loss of control. All amounts recognized in other comprehensive income related to said subsidiary are accounted for on the same basis as the one adopted for the Group's direct disposal of the relevant assets or liabilities.

The remaining investment in the former subsidiary is adopted as the amount of financial assets initially recognized at FVTPL based on the fair value at the date of loss of control.

For details of subsidiaries, ownership percentage, and businesses, please refer to Note 12 and Table 3 and 4.

(V) Foreign currencies

In preparing the financial statements of each entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing on the transaction dates.

At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss. For items whose changes in fair value are recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not retranslated.

When preparing the consolidated financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries, associates, joint ventures, or branches that operate in countries or adopt the functional currencies different from the Company) are translated into New Taiwan dollar. Income and expense items are translated at the average exchange rates for the period. The resulting currency exchange differences are recognized in

other comprehensive income (and attributable to the owners of the Company and non-controlling interests, respectively).

If the Group disposes of the ownership interest of a foreign operation, or disposes of part of the equity of a foreign operation's subsidiary and loses control, or disposes of a foreign operation's joint agreement or associate, and the retained equity is a financial asset and is treated based on the accounting policies adopted for financial instruments, then all accumulated exchange differences attributable to the owners of the Company and related to the foreign operation will be reclassified to profit or loss.

If the partial disposal of a subsidiary of a foreign operation does not result in the loss of control, the accumulated exchange differences are attributable to the non-controlling interest of the subsidiary proportionally again but are not recognized in profit or loss. In the case of any other partial disposal of foreign operations, the accumulated exchange differences will be reclassified to profit or loss according to the proportion of the disposal.

(VI) Inventories

Inventories include merchandise, raw materials, work-in-progress, and finished goods. The value of inventories shall be determined based on the cost and net realizable value (NRV), whichever is lower. The comparison of the cost and NRV is based on individual items except for inventories of the same category. The NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted average method.

(VII) Investments in Associates

An associate is an entity over which the Group has significant influence and is not a subsidiary nor a joint venture.

The Group adopts the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in its share of the equity of associates based on the percentage of ownership.

The amount of the acquisition cost in excess of the Group's share of the net fair value of the identifiable assets and liabilities of an associate that constitutes the business on the acquisition date is classified as goodwill, which is included in the book value of the investment and cannot be amortized. The amount of the Group's share of the net fair value of the identifiable assets and liabilities of an associate that constitutes the business on the acquisition date in excess of the amount of the acquisition cost is classified as profit or loss.

When an associate issues new shares, if the Group does not subscribe according to the ownership percentage, which causes the ownership percentage to change, and, thus, the net equity value of the investment increases or decreases, capital surplus - the changes in the net equity value of associates accounted for using the equity method and the investment accounted for using the equity method are adjusted for the increase or decrease. However, if the new shares is not subscribed to or acquired according to the ownership percentage, which results in a decrease in the ownership interests of the associate, the amount recognized in the other comprehensive income related to the associate is reclassified according to the percentage of the decrease, and the basis of the accounting treatment adopted is the same as the basis that the associate must follow in the case of direct disposal of relevant assets or liabilities. Where the adjustment in the preceding paragraph shall be debited to the capital surplus, and the balance of the capital surplus generated by the investment under the equity method is insufficient, the difference is debited to the retained earnings.

When the Group's share of losses on an associate equals or exceeds its interest in the associate (including any carrying amount of the investment accounted for using the equity method and other long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of said associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized only to the extent that the recoverable amount of the investment subsequently increases.

The Group ceases to adopt the equity method on the day when its investment ceases to be an associate, and its retained equity in the original associate is measured at fair value. The differences between the fair value, the proceeds from the disposal, and the carrying amount of the investment on the day when the equity method ceases to be adopted are recognized in profit or loss. In addition, all amounts recognized in other comprehensive income related to said associate are accounted for on the same basis as the one adopted for the associate's direct disposal of the relevant assets or liabilities. If an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the Group will continue to adopt the equity method without remeasuring the retained equity.

Profit or loss on upstream, downstream, and lateral transactions between the Group and its associates is recognized in the consolidated financial statements only to the extent that it does not affect the Group's interests in the associates.

(VIII) Property, plant, and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment are depreciated using the straight-line method over their useful lives. Each significant part is depreciated separately. The Group conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods, while applying the effect of changes in accounting estimates prospectively.

When derecognizing property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in loss or profit.

(IX) Investment Property

Investment property refers to property held for the purpose of earning rent or capital appreciation or both (including the assets that meet the definition of investment property and the right-of-use assets). Investment property also includes land held, in which the future use has not yet been determined.

Self-owned investment property is initially measured at cost (including transaction costs), and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The investment property is depreciated on a straight-line basis.

When investment property is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(X) Intangible asset

1. Acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized using straight-line method over the useful lives. The Group conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, while applying the effects of changes in accounting estimates prospectively. Intangible assets with indefinite useful lives are recognized at cost less accumulated impairment loss.

2. Internally generated – research and development (R&D) expenditure

Research expenditure is recognized in expenses when incurred.

3. Derecognition

When an intangible asset is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

- (XI) Impairment of assets related to property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill), and assets related to contract costs

The Group assesses if there are any signs of possible impairment in property, plant, and equipment as well as right-of-use and intangible assets (excluding goodwill) at each balance sheet date. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is a sign that the assets may be impaired.

The recoverable amount is the fair value less cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount is reduced to the recoverable amount, and the impairment loss is recognized in profit and loss.

The inventory, property, plant and equipment, and intangible assets related to customer contracts are first recognized as impairment in accordance with the inventory impairment regulations and the regulations above. Then, the carrying amount of the assets related to contract cost in excess of the expected amount of consideration received for the provision of the relevant goods or services less the direct relevant costs is recognized as an impairment loss. Subsequently, the carrying amount of the assets related to contract cost is included in the cash-generating unit to which they belong to perform impairment assessment of the cash-generating unit.

When the impairment loss is subsequently reversed, the carrying amount of the asset, the cash-generating unit, or the asset related to contract cost is increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset, cash-generating unit, or the asset related to contract cost which was not recognized as impairment loss in prior years. The reversal of the impairment loss is recognized in profit or loss.

- (XII) Financial instruments

Financial assets and financial liabilities shall be recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial asset

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

(1) Measurement types

Financial assets held by the Group are those measured at fair value through profit or loss (FVTPL) and at amortized cost, as well as investments in equity instruments measured at fair value through other comprehensive income (FVTOCI).

A. Disposal of financial assets at FVTPL

Financial assets measured at FVTPL include those mandatorily measured at FVTPL and those designated as at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instrument that the Group has not designated to measure at FVTOCI, and debt instruments that are not classified as measured at amortized cost or at FVTOCI.

Financial assets measured at FVTPL are measured at fair value, and the gains or losses arising from remeasurement (not including any dividends or interest generated by the financial asset) are recognized in other gains or losses. Please refer to Note 31 for the method of determining the fair value.

B. Financial assets at amortized cost

When the Group's investments in financial assets meet the following two conditions simultaneously, they are classified as financial assets measured at amortized cost:

- a. Held under a certain business model, of which the objective is to collect contractual cash flows by holding the financial assets; and
- b. The cash flows on specific dates specified in the contractual terms are solely payments of the principal and interest on the principal amount outstanding.

After initial recognition, such assets (including cash and cash equivalents, accounts receivable measured at amortized cost, and time deposits with the original maturity date of more than 3 months) are measured at the amortized cost of the total carrying amount determined by the effective interest method less any impairment loss, and any foreign currency exchange differences are recognized in profit or loss.

Except for the following two cases, interest revenue is calculated by multiplying the effective interest rate by the total carrying amount of financial assets:

- a. For purchased or originated credit-impaired financial asset, interest revenue is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.
- b. For financial asset that is not purchased or originated credit-impaired but subsequently becomes credit impaired, interest income is calculated by multiplying the effective interest rate from the next reporting period after the credit impairment by the amortized cost of the financial asset.

Credit-impaired financial assets refer to the fact that when an issuer or debtor has experienced major financial difficulties or default, the debtor is likely to apply for bankruptcy or other financial restructuring, or the active market for the financial assets disappears due to financial difficulties.

Equivalent cash includes time deposits that are highly liquid, convertible into imprest cash at any time with little risk of value changes within 3 months from the date of acquisition, and is used to meet short-term cash commitments.

C. Investments in equity instruments measured at FVTOCI

The Group may, upon initial recognition, make an irrevocable election to designate as at FVTOCI the investments in equity instruments that are not held for trading and the ones that are not recognized by an acquirer in a business combination or with the contingent consideration.

Investments in an equity instrument measured at FVTOCI are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. Upon disposal of investments, cumulative gain or loss is directly transferred to retained earnings and are not reclassified to profit or loss.

Dividends of investments in equity instruments measured at FVTOCI are recognized in profit or loss when the Group's right to receive dividends is established unless such dividends clearly represent the recovery of a part of the investment cost.

(2) Impairment of financial assets

The Group assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable) based on the expected credit loss on each balance sheet date.

Accounts receivable are recognized in allowance loss based on the lifetime expected credit losses (ECLs). Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the risk, a loss allowance is recognized at an amount equal to 12-month ECLs. If the risks have increased significantly, a loss allowance is recognized at an amount equal to lifetime ECLs.

The ECLs refer to the weighted average credit loss with the risk of default as the weight. The 12-month ECLs represent the ECLs from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime ECLs represent the ECLs from all possible defaults in a financial instrument over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Group, without considering the collateral held, determines that the following situations represent defaults in the financial assets:

- A. Internal or external information indicates that it is impossible for the debtor to settle the debt.
- B. It is overdue for more than 90 days, unless there is reasonable and corroborative information showing that a default date postponed is more appropriate.

The Company recognizes an impairment loss for all financial assets with a corresponding downward adjustment to their carrying amount through a loss allowance account. However, the loss allowance for investment in debt instruments measured at FVTOCI is recognized in other comprehensive income without a downward adjustment to the carrying amount.

(3) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash inflow from the financial asset expire or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. When the investment in debt instruments measured at FVTOCI is derecognized in its entirety, the difference between its carrying amount and the consideration received plus the sum of any accumulated gains or losses that have been recognized in other comprehensive income is recognized in profit or loss. When derecognizing an investment in equity instrument at FVTOC in its entirety, the cumulative profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instrument

Debt and equity instruments issued by the Group are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Group are recognized at the proceeds received, net of the cost of direct issue.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. The purchase, sale, issuance, or cancellation of the Group's own equity instruments is not recognized in profit or loss.

3. Financial liability

(1) Subsequent measurement

All financial liabilities are measured at amortized cost in the effective interest method.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(XIII) Provisions

The amount recognized in provision is based on the risk and uncertainty of the obligation, and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. The provisions are measured at the discounted value of the cash flow estimated to settle the obligation.

(XIV) Revenue recognition

After the Group identifies its performance obligations in contracts with customers, it allocates the transaction costs to each obligation in the contracts and recognizes revenue upon completion of performance obligations.

If several contracts are signed with the same customer (or the customer's related party) almost at the same time, as the goods or services promised in these contracts are single performance obligations, the Group deals with the contracts separately.

1. Sales revenue

Sales revenue comes from the sales of products. As when a product reaches the transaction conditions signed with a customer, the customer already has the right to set the price and the way the product is used while bearing the main responsibility for resale and the risk of obsolescence, at which the Group recognizes such revenue and reclassifies it to accounts receivable after fulfilling the remaining obligations. Advance receipts from sales are recognized as contract liabilities before a product reaches the transaction conditions signed with a customer.

In the case of export of raw materials overseas for processing, the control of the ownership of the processed product has not been transferred, so the income is not recognized when said materials are exported.

(XV) Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1. The Group as lessor

Where almost all the risks and rewards attached to the ownership of an asset are transferred to the lessee in lease terms, such leases are classified as finance leases. All other leases are classified as operating leases.

2. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of each lease, except for low value asset leases and short-term leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

A right-of-use asset is initially measured at cost (including the initial measured amount of lease liabilities, the amount of lease payments made to the lessor less lease incentives received prior to the inception of a lease, initial direct costs, and the estimated costs of restoring underlying assets), and subsequently measured at cost less accumulated depreciation and accumulated impairment and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

A right-of-use asset is depreciated on a straight-line basis over the period from the lease commencement date to the end of its useful life, or to the end of the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments. If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at such an interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate applies.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. If changes in the lease term, the expected payment under the residual value guarantee, the evaluation of the underlying asset purchase options, or the index or rate used to determine the lease payment over the lease term lead to changes in future lease payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. For lease modifications that are not treated as a separate lease, remeasurement of the lease liabilities due to the reduced scope of the lease is to reduce the right-of-use assets, and to recognize the profit or loss of the partial or full termination of the lease; the remeasurement of the lease liabilities due to other modifications is to adjust the right-of-use assets. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(XVI) Borrowing costs

Borrowing costs directly attributable to an acquisition, construction, or production of qualifying assets are added to the cost of said assets, until such time as the assets are substantially ready for their intended use or sale.

For specific borrowings, if the investment income earned by making a temporary investment before the capital expenditure that meets the requirements is incurred, it is deducted from the borrowing costs that meet the capitalization conditions.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(XVII) Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods, in which the Group recognizes as expenses the relevant costs for which the grants are intended to compensate. Government grants whose primary condition is that the Group should purchase, construct, or otherwise acquire non-current assets are recognized as deferred income and reclassified to profit or loss during the useful life of said assets on a reasonable and systematic basis.

If government grants are used to compensate expenses or losses incurred, or are given to the Group for the purpose of immediate financial support without relevant future costs, they can be recognized in profit or loss in the period, during which the Group can receive said grants.

For the government loan obtained by the Company with an interest rate lower than that in the market, the difference between the loan amount received and the fair value of the loan calculated at the prevailing market interest rate is recognized as a government grant.

(XVIII) Employee benefits

1. Short-term employee benefits

Relevant liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

For pension under the defined contribution plan, the amount of pension contributed is recognized as expenses during employees' service period.

The defined benefit cost under the defined benefit pension plan (including service cost, net interest, and remeasurement) is calculated based on the projected unit credit method. The service cost (including the service cost for the current period) and the net interest of net defined benefit liabilities (assets) are recognized as employee benefit expenses as they occur. The remeasurement (including actuarial gains and losses and the return on plan assets, net of interest) is recognized in other comprehensive income and presented in retained earnings when it occurs, and will not be reclassified to profit or loss.

The net defined benefit liabilities (assets) are the deficit (surplus) of the defined benefit pension plan. The net defined benefit assets may not exceed the present value of any refunds from the plan or reductions in future contributions to the plan.

3. Other long-term employee benefits

The accounting treatment of other long-term employee benefits is the same as that of the defined benefit pension plan, but the relevant remeasurement is recognized in profit or loss.

(XIX) Income tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

1. Tax currently payable

The Group determines the income (loss) of the current year in accordance with the laws and regulations in each jurisdiction area for income tax filings, and calculates the income tax payable (recoverable) accordingly.

A surtax imposed on the undistributed earnings pursuant to the Income Tax Act of R.O.C. is recognized via a resolution at the annual shareholders' meeting.

Adjustments to income tax payable from prior years are recognized in the current income tax.

2. Deferred tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized when there are likely to be taxable income to deduct temporary differences, loss carryforwards, equipment purchase, research and development, as well as talent training expenditure.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that said temporary difference will not be reversed in the foreseeable future. The deductible temporary differences related to said investments are recognized as deferred income tax only if it is probable that there will be sufficient taxable income to realize the temporary differences, and they are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date, and its carrying amount will be increased as it has become probable that future taxable income will allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled or assets realized, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are recognized in other comprehensive income or directly in equity, respectively.

V. Critical Accounting Judgements and Key Sources of Estimation and Uncertainty

In the application of the Group's accounting policies, the management is required to make judgments, estimations, and assumptions about the relevant information that is not readily accessible from other sources based on historical experience and other relevant factors. Actual results may differ from these estimates.

The Group will include the recent developments of the COVID-19 pandemic in Taiwan, Russia-Ukraine War and relevant international sanctions and their potential impacts on the economic environment, inflation, and fluctuation of market interest rates in the consideration for estimation of cash flows, growth rates, discount rates and profitability and other relevant critical accounting estimates. The management will continue to examine the estimates and basic assumptions. If an amendment to estimates only affects the current period, it shall be recognized in the period of said amendment; if an amendment to accounting estimates affects the current year and future periods, it shall be recognized in the period of said amendment and future periods.

Key Sources of Estimation and Assumption Uncertainty

(I) Inventory impairment

The NRV of inventories is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. These estimates are based on current market conditions and historical and historical sales experience in similar products. Changes in market conditions may materially affect the results of these estimates.

VI. Cash and equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and petty cash	\$ 533	\$ 660
Check and demand (current) deposit	841,611	644,722
Cash equivalents (investments with original maturity date of less than 3 months)		
Time deposits	<u>500,000</u>	<u>500,000</u>
	<u>\$ 1,342,144</u>	<u>\$ 1,145,382</u>

The interest rate ranges of bank demand deposits and time deposits at the balance sheet date are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash in banks	0.001%~1.050%	0.001%~0.200%

VII. Financial instruments at FVTPL

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets - current</u>		
Financial assets designated as at FVTPL		
Derivatives (not designated for hedging)		
- Forward foreign exchange contracts (2)	\$ -	\$ 496
Non-derivative financial assets		
- Domestic listed stocks	186,267	582,805
- Gold passbook	15	15
Hybrid financial assets		
- structured deposit (1)	<u>31,912</u>	<u>-</u>
Subtotal	<u>\$ 218,194</u>	<u>\$ 583,316</u>

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	December 31, 2022	December 31, 2021
<u>Financial assets - non-current</u>		
Financial assets designated as at FVTPL		
Non-derivative financial assets		
- Foreign unlisted stocks	\$ -	\$ 87,201
Hybrid financial assets		
- wealth management products (1)	-	175,854
	<u>\$ -</u>	<u>\$ 263,055</u>

Financial liability - current

Financial assets designated as at FVTPL

Derivatives (not designated for hedging)

- Forward foreign exchange contracts (2)

\$ 344 \$ -

- (I) The structured deposit and wealth management product contracts signed between the Group and the banks. The structured deposits and wealth management products include an embedded derivative that is not closely related to the host contract. Since the host contract included in the hybrid contract is an asset within the scope of IFRS 9, the hybrid contract is mandatorily classified as at FVTPL.
- (II) The unexpired forward foreign exchange contracts without hedge accounting applied on the balance sheet date are as follows:

December 31, 2022

	Currency	Duration	Contract amount (NTD thousand)
Sale of forward foreign exchange	USD: NTD	December 28, 2022 to January 5, 2023	USD 790
	USD: NTD	December 28, 2022 to January 19, 2023	USD 1,100
	USD: NTD	December 28, 2022 to February 3, 2023	USD 470
	USD: NTD	December 28, 2022 to February 6, 2023	USD 500
	USD: NTD	December 28, 2022 to February 21, 2023	USD 1,300
	USD: NTD	December 28, 2022 to March 6, 2023	USD 1,200
	USD: NTD	December 28, 2022 to March 20, 2023	USD 990
	USD: NTD	December 28, 2022 to March 30, 2023	USD 330

December 31, 2021

	Currency	Duration	Contract amount (NTD thousand)
Sale of forward foreign exchange	USD: NTD	Oct. 6, 2021, to Jan. 20, 2022	USD 2,000

The Company's purpose of engaging in forward foreign exchange transactions is to hedge risks arising from foreign currency assets and liabilities due to exchange rate fluctuations. As the forward foreign exchange contracts held by the Company do not meet the conditions for effective hedging, hedge accounting is not applicable.

VIII. Financial assets at FVTOCI

<u>Equity investment instruments</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Non-current</u>		
Domestic investment		
Stocks listed on TWSE/TPEX and emerging stock markets		
Brightek Optoelectronic Co., Ltd.	\$ 27,030	\$ 56,845
Unlisted stocks		
Chipwell Tech Corporation	13,871	7,860
Chipstar Tech Corporation	<u>4,516</u>	<u>9,526</u>
	<u>\$ 45,417</u>	<u>\$ 74,231</u>

The Group has invested in the common stocks of the above-mentioned companies in accordance with medium and long-term strategic purposes and expects to make profits through long-term investments. The management of the Group believes that if the short-term fair value fluctuations of these investments are recognized in profit or loss, it is inconsistent with the aforementioned long-term investment plan, so it has elected to designate these investments as at FVTOCI.

IX. Financial assets at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Time deposits with original maturity date of more than 3 months - pledge	\$ -	\$ 36,528
Time deposits with original maturity date of less than 3 months - pledge	<u>1,000</u>	<u>7,663</u>
	<u>\$ 1,000</u>	<u>\$ 44,191</u>
<u>Non-current</u>		
Time deposits with original maturity date of more than 1 year - pledge	<u>\$ 6,665</u>	<u>\$ 6,615</u>

As of December 31, 2022 and 2021, the interest rate range of the pledged time deposits with the original maturity date of less 3 months and the those with more than 3 months were 1.185% and 0.20%-0.26% per annum, respectively.

As of December 31, 2022 and 2021, the interest rate range of the pledged time deposits with original maturity date of over one year was 1.325%-1.440% and 0.755%-0.815%, respectively.

For information on pledged financial assets measured at amortized cost, please refer to Note 33.

X. Notes receivable, accounts receivable, and other receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Note receivable</u>		
From operations	\$ 21,574	\$ 21,863
<u>Trade receivable</u>		
At amortized cost		
Gross carrying amount	\$ 624,154	\$ 1,010,311
Less: Allowance for impairment loss	(1,156)	(11,955)
	622,998	998,356
Accounts receivable - related parties	35,281	84,274
	<u>\$ 658,279</u>	<u>\$ 1,082,630</u>
<u>Other receivables</u>		
Proceeds from disposal of right-of-use assets receivable (Note)	\$ 58,430	\$ 57,581
Business tax refund receivable	5,595	9,263
Others	2,604	685
	<u>\$ 66,629</u>	<u>\$ 67,529</u>

Note: As for the proceeds from disposal of right-of-use assets receivable, the Group signed a state-owned land use right recovery agreement with the sub-center of the Donghu New Technology Development Zone, Wuhan Land Consolidation and Reserve Center, China, in the first half of 2020. The total price is CNY 61,624,000 (approximately NT\$269,729,000) to recover part of the land use rights of Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd. located in Wuhan, mainland China. As of December 31, 2022, the balance of the proceeds from the disposal in the amount of CNY13,255 thousand (approximately NT\$58,430 thousand) has not been recovered. In January 2023, CNY5,000 thousand (approximately NT\$22,225 thousand) has been recovered, with the outstanding amount of CNY8,255 thousand.

(I) Notes and accounts receivable

The average credit period for customers is open account with net 30 to 180 days. In addition to the loss allowance for individual customers' actual credit impairment loss, the Group refers to historical experience, considers individual customers' financial status, industries, competitive advantages, and prospects, and divides them into different risk groups and recognizes loss allowances for each group based on their expected loss rates. In addition, a 100% loss allowance is recognized for accounts receivable with an account opened for over 365 days and no other credit guarantee provided.

In order to reduce credit risk, the management of the Group is responsible for the determination of credit limit, credit approval, and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue receivables. In addition, the Group reviews the recoverable amount of the receivables one by one at the balance sheet date to ensure that the appropriate impairment loss is recognized for uncollectible receivables. In this regard, the management of the Group believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables.

If there is evidence that the counterparty is facing serious financial difficulties and the Group cannot reasonably expect to recover the amount, the Group directly writes off the relevant accounts receivable, but will continue to try to collect the receivable. The recovered amount is recognized in profit or loss.

The aging analysis of notes and accounts receivable is as follows:

December 31, 2022

	<u>O/ A 1-120 days</u>	<u>121-180 days</u>	<u>181-365 days</u>	<u>Over 365 days</u>	<u>Total</u>
Gross carrying amount	\$ 567,384	\$ 109,984	\$ 2,392	\$ 1,249	\$ 681,009
Loss allowance (lifetime ECLs)	-	-	(1,062)	(94)	(1,156)
Amortized cost	<u>\$ 567,384</u>	<u>\$ 109,984</u>	<u>\$ 1,330</u>	<u>\$ 1,155</u>	<u>\$ 679,853</u>

December 31, 2021

	<u>1-120 days after account day</u>	<u>121-180 days after account day</u>	<u>181-365 days after account day</u>	<u>181-365 days Over 365 days</u>	<u>Total</u>
Gross carrying amount	\$ 825,066	\$ 280,396	\$ 77	\$ 10,909	\$ 1,116,448
Loss allowance (lifetime ECLs)	-	(969)	(77)	(10,909)	(11,955)
Amortized cost	<u>\$ 825,066</u>	<u>\$ 279,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,104,493</u>

The information on the movements in the loss allowance for notes and accounts receivable is as follows:

	<u>2022</u>	<u>2021</u>
Opening balance	\$ 11,955	\$ 11,955
Less: Write-off in this year	(10,799)	-
Closing balance	<u>\$ 1,156</u>	<u>\$ 11,955</u>

(II) Other receivables

In order to reduce credit risk, the management of the Group will consider the publicly available financial information to give appropriate internal ratings for items without external information on ratings.

The Group considers the historical default loss rate, the debtor's current financial position, and business forecast for the industry in which it is located to measure the 12-month ECLs or lifetime ECLs of other receivables.

XI. Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Finished goods	\$ 292,077	\$ 333,237
Work in process	250,995	254,939
Raw materials	263,935	255,606
Products	<u>4,582</u>	<u>-</u>
	<u>\$ 811,589</u>	<u>\$ 843,782</u>

The inventory-related costs of sales in 2022 and 2021 were NT\$2,032,905 thousand and NT\$2,446,714 thousand respectively.

The cost of sales for 2022 and 2021 included the inventory valuation losses of NT\$27,880 thousand and NT\$0; and the loss of scrapped inventory was NT\$40,034 thousand and NT\$0, respectively.

XII. Subsidiary

(I) Subsidiaries included in consolidated financial statements

The detailed information of the subsidiaries at the end of the reporting period was as follows:

Investor	Investee	Main Business	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
The Company	TEK Holding Co., Ltd.	Investment in various overseas businesses	100.00	100.00	Note 1
	Long Benefit Investment Co., Ltd. (Long Benefit)	General investment	100.00	100.00	Note 1
	Keeper Technology Co. Ltd. (Keeper Technology)	Mechanical installation, retail and wholesale of electronic materials, automobile and scooter parts and accessories, traffic sign equipment and other machinery, as well as manufacturing of lighting equipment and other machinery.	21.43	21.43	Note 1
	Xu Qi Co., Ltd. (Xu Qi)	Manufacturing of lighting equipment	-	94.44	Notes 1 and 2
Long Benefit	Keeper Technology	Mechanical installation, retail and wholesale of electronic materials, automobile and scooter parts and accessories, traffic sign equipment and other machinery, as well as manufacturing of lighting equipment and other machinery.	40.79	40.79	Note 1

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Investor	Investee	Main Business	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
TEK Holding Co., Ltd.	Keyway International L.L.C.	Investment in various overseas businesses	100.00	100.00	Note 1
Keyway International L.L.C.	Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd.	Other light-emitting diode production and sales business	100.00	100.00	Note 1
Keeper Technology	Global Unity Int'l Co., Ltd.	Investment in various overseas businesses	100.00	100.00	Note 1
Global Unity Int'l Co., Ltd.	Creation New Technology Inc.	Investment in various overseas businesses	100.00	100.00	Note 1
Creation New Technology Inc.	Kaishin Technology (Wuhan) Corporation	R&D and manufacturing of LED lighting equipment products, electronic component manufacturing, automobile parts manufacturing, as well as electrical appliances and audiovisual electronic products manufacturing	100.00	100.00	Note 1

Note 1: It is a non-significant subsidiary, and its financial statements have not been audited by CPAs; however, the management of the Group believes that the financial statements of the aforementioned non-significant subsidiary would not be materially different if audited by CPAs.

Note 2: Xuqi 's liquidation was completed in March 2022.

XIII. Investments accounted for using equity method
Investments in Associates

	December 31, 2022	December 31, 2021
Material associates		
Hsinjing Holding Co. Ltd. (Hsinjing)	\$ 165,874	\$ 149,194
Associates that are not individually material	<u>34,405</u>	<u>34,043</u>
	200,279	183,237
Less: Accumulated impairment	(<u>7,499</u>)	(<u>7,499</u>)
	<u>\$ 192,780</u>	<u>\$ 175,738</u>

(I) Material associates

The Group's percentages of ownership interests and voting rights in associates at the balance sheet date are as follows:

Company name	Percentage of ownership and voting rights	
	December 31, 2022	December 31, 2021
Hsinjing (formerly known as Tynsolar)	22.79%	22.79%

Refer to Table 3 in Note 36 "Information on Investees" for the nature of business, principal places of business, and countries of incorporation of the associates above.

The Group's investment in Hsinjing using the equity method and its share of profit and loss and other comprehensive income of Hsinjing were recognized based on financial statements audited by other CPAs in 2022 and 2021.

The information on Level 1 fair value of associate with open market quotes is as follows:

Company name	December 31, 2022	December 31, 2021
Hsinjing	\$ 515,139	\$ 674,395

(II) Aggregate information on associates that are not individually material

	2022	2021
The Group's share of Net income of the continuing operations	\$ 4,450	\$ 6,947

Refer to Table 3 in Note 36 "Information on Investees" for the nature of business, principal places of business, and countries of incorporation of the associates above.

The Group adopts the equity method to measure the above-mentioned associates that are not individually material, and its share of profits and losses and other comprehensive income is calculated based on financial statements that have not been audited by CPAs. However, the management of the Group believes that the financial statements of the aforementioned subsidiaries will not have a material impact if audited by CPAs.

XIV. Property, plant, and equipment

(I) Self-use

	Self-owned land	Building	Equipment	Leased Improvements	Other Equipment	Unfinished construction and asset to be checked and accepted	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 62,273	\$ 1,794,181	\$ 2,158,294	\$ 21,639	\$ 116,692	\$ 43,796	\$ 4,196,875
Additions	-	113,901	68,980	3,358	15,279	482	202,000
Disposal	-	-	(9,591)	(519)	(3,040)	-	(13,150)
Reclassification	-	120,258	135,552	-	695	(45,064)	211,441
Net exchange differences	-	4,252	3,215	-	86	786	8,339
Balance at December 31, 2022	\$ 62,273	\$ 2,032,592	\$ 2,356,450	\$ 24,478	\$ 129,712	\$ -	\$ 4,605,505
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ 658,669	\$ 1,743,116	\$ 21,467	\$ 87,430	\$ -	\$ 2,510,682
Depreciation expenses	-	107,104	144,446	562	11,157	-	263,269
Disposal	-	-	(9,556)	(519)	(3,027)	-	(13,102)
Net exchange differences	-	3,018	2,725	-	70	-	5,813
Balance at December 31, 2022	\$ -	\$ 768,791	\$ 1,880,731	\$ 21,510	\$ 95,630	\$ -	\$ 2,766,662
Net amount at December 31, 2022	\$ 62,273	\$ 1,263,801	\$ 475,919	\$ 2,968	\$ 34,082	\$ -	\$ 1,838,843

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	Self-owned land	Building	Equipment	Leased Improvements	Other Equipment	Unfinished construction and asset to be checked and accepted	Total
<u>Cost</u>							
Balance at January 1, 2021	\$ 62,273	\$ 1,777,241	\$ 2,042,448	\$ 23,793	\$ 120,617	\$ 5,240	\$ 4,031,612
Additions	-	23,933	47,254	-	5,103	38,569	114,859
Disposal	-	(30)	(17,736)	(2,154)	(14,051)	-	(33,971)
Reclassified to held for sale	-	(6,968)	-	-	-	-	(6,968)
Reclassification	-	2,212	87,981	-	5,062	-	95,255
Net exchange differences	-	(2,207)	(1,653)	-	(39)	(13)	(3,912)
Balance at December 31, 2021	<u>\$ 62,273</u>	<u>\$ 1,794,181</u>	<u>\$ 2,158,294</u>	<u>\$ 21,639</u>	<u>\$ 116,692</u>	<u>\$ 43,796</u>	<u>\$ 4,196,875</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2021	\$ -	\$ 568,453	\$ 1,634,266	\$ 23,504	\$ 90,796	\$ -	\$ 2,317,019
Depreciation expenses	-	98,523	126,762	117	10,471	-	235,873
Disposal	-	(30)	(16,588)	(2,154)	(13,802)	-	(32,574)
Reclassified to held for sale	-	(6,825)	-	-	-	-	(6,825)
Net exchange differences	-	(1,452)	(1,324)	-	(35)	-	(2,811)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 658,669</u>	<u>\$ 1,743,116</u>	<u>\$ 21,467</u>	<u>\$ 87,430</u>	<u>\$ -</u>	<u>\$ 2,510,682</u>
Net amount at December 31, 2021	<u>\$ 62,273</u>	<u>\$ 1,135,512</u>	<u>\$ 415,178</u>	<u>\$ 172</u>	<u>\$ 29,262</u>	<u>\$ 43,796</u>	<u>\$ 1,686,193</u>

Depreciation expenses of the property, plant and equipment are calculated on a straight-line basis over their estimated useful lives as shown in the following:

Buildings	
Main buildings	15 to 55 years
Electromechanical power equipment	8 to 10 years
Engineering systems	1.5 to 15 years
Equipment	1 to 20 years
Leased Improvements	9 to 15 years
Other Equipment	1 to 17 years

Please refer to Note 33 for the amount of property, plant and equipment pledged for loans.

(II) Investment Property

	Investment property that has been completed		
	Land	Building	Total
<u>Cost</u>			
From January 1, 2021	\$ 216,119	\$ 22,314	\$ 238,433
Reclassified to held for sale	(216,119)	(22,314)	(238,433)
December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Accumulated depreciation and impairment</u>			
From January 1, 2021	\$ -	\$ 17,469	\$ 17,469
Reclassified to held for sale	-	(17,942)	(17,942)
Depreciation expenses	-	473	473
December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net amount at December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investment property includes land and buildings, of which buildings are depreciated on a straight-line basis based on 55 years of useful life.

Due to the infrequent transactions in the comparable market and the inability to obtain reliable alternative fair value estimates for the Group's investment property, the fair value cannot be determined reliably.

All the Group's investment property is self-owned equity.

The actual selling price exceeded the carrying amount of the relevant net assets, so when these units were classified as non-current assets held for sale, there was no impairment loss that shall be recognized.

The Group signed a property transaction contract with a non-related person in May 2021 to dispose of the Group's land and buildings in Xiangshan District, Hsinchu City, at a total price of NT\$607,865,000. The transfer procedure was completed in November 2021.

XV. Lease arrangements

(I) right-of-use asset

	December 31, 2022	December 31, 2021
Right-of-use assets amounts		
Land	\$ 85,215	\$ 86,104
Buildings	6,728	12,495
Transport Equipment	149	338
Other Equipment	<u>475</u>	<u>1,012</u>
	<u>\$ 92,567</u>	<u>\$ 99,949</u>
	2022	2021
The additions of the right-of-use assets	<u>\$ 2,765</u>	<u>\$ 363</u>
Depreciation charge for right-of-use assets		
Land	\$ 3,209	\$ 3,205
Buildings	5,767	5,767
Transport Equipment	611	704
Other Equipment	<u>537</u>	<u>537</u>
	<u>\$ 10,124</u>	<u>\$ 10,213</u>

Except for the additions and depreciation listed above, the Group did not have significant subleases and impairment for 2022 and 2021.

(II) lease liabilities

	December 31, 2022	December 31, 2021
Lease liabilities amounts		
Current	<u>\$ 9,053</u>	<u>\$ 8,899</u>
Non-current	<u>\$ 82,612</u>	<u>\$ 89,618</u>

Range of discount rate for lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Land	1.41%~1.80%	1.80%
Buildings	2.50%	2.50%
Transport Equipment	2.50%	1.90%~2.50%
Other Equipment	1.79%~1.80%	1.79%~1.80%

(III) Material lease-in activities and terms

The Group has leased land and built buildings for offices. The lease term is 37 years. Upon the termination of the lease term, the Group does not have preferential rights to acquire the land and buildings leased and it is agreed that the Group shall not lease, sublease, or transfer all (including the right to use the parking space) or part of the asset leased or in other methods in disguise, to third parties without the consent of the lessor.

(IV) Other lease information

	2022	2021
Short-term lease expense	\$ <u>332</u>	\$ <u>521</u>
Low-value asset lease expense	\$ <u>74</u>	\$ <u>-</u>
Total cash outflow for leases	(\$ <u>11,734</u>)	(\$ <u>45,852</u>)

XVI. Other intangible assets

	Computer software	Other intangible assets	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 31,508	\$ 1,492	\$ 33,000
Acquired separately	6,609	-	6,609
Net exchange differences	<u>81</u>	<u>-</u>	<u>81</u>
Balance at December 31, 2022	\$ <u>38,198</u>	\$ <u>1,492</u>	\$ <u>39,690</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	\$ 31,024	\$ 415	\$ 31,439
Amortization expenses	1,323	86	1,409
Net exchange differences	<u>80</u>	<u>-</u>	<u>80</u>
Balance at December 31, 2022	\$ <u>32,427</u>	\$ <u>501</u>	\$ <u>32,989</u>
Net amount at December 31, 2022	\$ <u>5,771</u>	\$ <u>991</u>	\$ <u>6,762</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 31,338	\$ 10,822	\$ 42,160
Acquired separately	211	-	211
Disposal	-	(9,330)	(9,330)
Net exchange differences	(<u>41</u>)	<u>-</u>	(<u>41</u>)
Balance at December 31, 2021	\$ <u>31,508</u>	\$ <u>1,492</u>	\$ <u>33,000</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2021	\$ 30,329	\$ 9,659	\$ 39,988
Amortization expenses	732	86	818
Disposal	-	(9,330)	(9,330)
Net exchange differences	(<u>37</u>)	<u>-</u>	(<u>37</u>)
Balance at December 31, 2021	\$ <u>31,024</u>	\$ <u>415</u>	\$ <u>31,439</u>
Net amount at December 31, 2021	\$ <u>484</u>	\$ <u>1,077</u>	\$ <u>1,561</u>

Amortization expenses of the property, plant and equipment are calculated on a straight-line basis over their estimated useful lives as shown in the following:

Computer software	1 to 6 years
Other intangible assets	1 to 18 years

XVII. Pre-payments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Input VAT	\$ 3,131	\$ 5,445
Pre-payment for purchases	315	585
Offset against value-added tax payable	100	100
Others	<u>15,107</u>	<u>16,595</u>
	<u>\$ 18,653</u>	<u>\$ 22,725</u>

XVIII. Other assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Other financial assets - current</u>		
Restricted demand deposits	<u>\$ 1,003</u>	<u>\$ 3,593</u>
<u>Current</u>		
Payments for others	\$ 552	\$ 3,585
Other current assets	<u>1,511</u>	<u>2,461</u>
	<u>\$ 2,063</u>	<u>\$ 6,046</u>
<u>Non-current</u>		
Long-term prepayments	<u>\$ 6,463</u>	<u>\$ 4,622</u>

For other information on financial assets pledged or mortgaged, please refer to Note 33.

XIX. Loan

(I) Short-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured borrowings</u>		
Bank loans	\$ 53,800	\$ 48,000
<u>Unsecured borrowings</u>		
Credit borrowings and borrowings for purchase of materials	<u>54,629</u>	<u>109,977</u>
	<u>\$ 108,429</u>	<u>\$ 157,977</u>

The interest rates of bank borrowings were 0.90%-2.80% and 0.90%-2.20% as of December 31, 2022 and 2021, respectively. Please refer to Note 33 for details of pledge and security for borrowings.

(II) Long-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured borrowings</u>		
Loan project for return to Taiwan for investment (1)	\$ 152,215	\$ 139,350
Bank revolving borrowings (2)	18,612	-
Bank loan (3)	391,667	491,667
<u>Unsecured borrowings</u>		
Loan project for return to Taiwan for investment (1)	16,400	16,400
Less: Current portion	(146,195)	(116,558)
Government grant discount (1)	(1,607)	(1,768)
Long-term borrowings	<u>\$ 431,092</u>	<u>\$ 529,091</u>

1. The loan project for return to Taiwan for investment is based on the program of "Loan for Welcoming Overseas Taiwanese Businesspeople to Return to Taiwan for Investment" launched by the National Development Fund, Executive Yuan. Since March 2020, the Group has successively taken out medium-term bank loans from domestic banks with maturity dates between October 14, 2024 and February 15, 2027 and the Company shall repay the principal and interest in an amortized manner on a monthly basis. The interest rates of bank borrowings were 1.075%-1.375% and 0.37%-1.00% as of December 31, 2022 and 2021, respectively.
3. The bank revolving loans are new bank loans of NT\$5,000 thousand and NT\$20,000 thousand obtained by the Group on February 25, 2022 and March 18, 2022, respectively, with the maturity dates of February 25, 2025 and March 18, 2025, respectively, and the principal and interest are amortized and repaid on a monthly basis. The interest rate of bank loans was 2.15% as of December 31, 2022.
4. The bank loan is a loan of NT\$500,000 thousand taken out by the Group on November 8, 2021. The loan term ends on November 8, 2026. The purpose of the loan is to repay the balance of the 2017 syndicated loan. The principal and interest are amortized on a monthly basis, and the bank borrowing interest rates were 1.655% and 1.00% as at December 31, 2022 and December 31, 2021.

Please refer to Note 33 for details of pledge and security for borrowings.

XX. Accounts payable and notes payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Note payable</u>		
From operations	<u>\$ 6,492</u>	<u>\$ 4,911</u>
<u>Accounts payable</u>		
From operations - related parties	\$ 1,705	\$ 6,453
From operations - non-related parties	<u>312,233</u>	<u>454,548</u>
	<u>\$ 313,938</u>	<u>\$ 461,001</u>

XXI. Other liabilities

	December 31, 2022	December 31, 2021
<u>Current</u>		
Other payables		
Wages, salaries, and bonuses payable	\$ 87,894	\$ 88,929
Expenses payable	42,889	30,777
Employee compensation and remuneration of directors payable	42,180	87,158
Plant and equipment payable	20,203	14,524
Labor and health insurance premium and pension payable	14,892	19,171
Others	25,715	34,981
	<u>\$ 233,773</u>	<u>\$ 275,540</u>
Unearned revenue		
Government grants (Note 29)	\$ 11,375	\$ 4,631
Other current liabilities		
Refund liabilities	\$ 6,652	\$ 23,490
Custodial receipts	3,452	4,488
Temporary credit	314	559
Others	3,094	3,050
	<u>\$ 13,512</u>	<u>\$ 31,587</u>

XXII. Provisions

	December 31, 2022	December 31, 2021
<u>Non-current</u>		
Employee benefits (Note)	\$ 18,444	\$ 16,807
		<u>Employee benefits</u>
Balance at January 1, 2022		\$ 16,807
Increase for the current period		3,799
Used for the current period		(2,162)
Balance at December 31, 2022		<u>\$ 18,444</u>
Balance at January 1, 2021		\$ 15,428
Increase for the current period		2,563
Used for the current period		(1,184)
Balance at December 31, 2021		<u>\$ 16,807</u>

Note: Provision for employee benefits liability is the estimate of employee long-term service bonuses (medals).

XXIII. Post-employment benefit plans(I) Defined contribution plans

The Company and domestic subsidiaries in the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary in mainland China are members of the retirement benefit plan managed by the mainland China government. The subsidiary must contribute a specific proportion of the salary cost to the retirement benefit plan to provide funding for the plan. The Group's obligation for this government-managed retirement benefit plan is only to contribute a specific amount.

(II) Defined benefit plan

The defined benefit plan adopted by the Group in accordance with the Labor Standards Act is the defined benefit plan under the management of the government of R.O.C. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes an amount, which equals to 2% of each employee's total monthly salary and wage, which is deposited by the Pension Fund Monitoring Committee in the pension account with the Bank of Taiwan in the name of the committee. Before the end of each year, if the balance in the pension account assessed is

inadequate to pay for the retirement benefits for employees who meet the retirement requirements in the following year, the Company will contribute an amount to make up for the difference in a lump sum by the end of March of the following year. The pension account is managed by the Bureau of Labor Funds, Ministry of Labor; the Group has no right to influence the investment management strategy.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plan are as follows:

	December 31, 2022	December 31, 2021	
Present value of defined benefit obligation	\$ 91,213	\$ 103,556	
Fair value of plan assets	(72,351)	(65,651)	
Net defined benefit liability	<u>\$ 18,862</u>	<u>\$ 37,905</u>	
The changes in net defined benefit liability:			
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
From January 1, 2021	<u>\$ 101,097</u>	(\$ 53,839)	<u>\$ 47,258</u>
servicing costs			
Service cost for the current year	806	-	806
Interest expense (income)	<u>352</u>	(185)	<u>167</u>
Recognized in loss (profit)	<u>1,158</u>	(185)	<u>973</u>
Remeasurement			
Return on plan assets (except for the amount included in the net interest)	-	(788)	(788)
Actuarial gains (losses)			
- Changes in demographic assumptions	2,122	-	2,122
- Changes in financial assumptions	(2,529)	-	(2,529)
- Experience adjustments	<u>3,249</u>	<u>-</u>	<u>3,249</u>
Recognized in other comprehensive (income) loss	<u>2,842</u>	(788)	<u>2,054</u>
Contributions from the employer	<u>-</u>	(12,380)	(12,380)
Benefits paid	(1,541)	<u>1,541</u>	<u>-</u>
December 31, 2021	<u>103,556</u>	(65,651)	<u>37,905</u>
servicing costs			
Service cost for the current year	599	-	599
Interest expense (income)	<u>689</u>	(474)	<u>215</u>
Recognized in loss (profit)	<u>1,288</u>	(474)	<u>814</u>
Remeasurement			
Return on plan assets (except for the amount included in the net interest)	-	(4,227)	(4,227)
Actuarial gains (losses)			
- Changes in financial assumptions	(3,895)	-	(3,895)
- Experience adjustments	<u>92</u>	<u>-</u>	<u>92</u>
Recognized in other comprehensive (income) loss	(3,803)	(4,227)	(8,030)
Contributions from the employer	<u>-</u>	(11,827)	(11,827)
Benefits paid	(9,828)	<u>9,828</u>	<u>-</u>
December 31, 2022	<u>\$ 91,213</u>	(\$ 72,351)	<u>\$ 18,862</u>

Due to the pension plans under the Labor Standards Act, the Group is exposed to the following risks:

1. Investment risk: The Bureau invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits on its own use and through agencies entrusted. However, the Group's amount allocated to plan assets is calculated based on the interest rate not lower than the local bank's interest rate for 2-year time deposits.
2. Interest risk: A decrease in the interest rate in the government bonds will increase the present value of the defined benefit obligation; however, the return on the debt investment through the plan assets will also increase, and the increases will partially offset the effect of the net defined benefit liability.
3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of the participants in the plan. As such, an increase in the salary of the participants in the plan will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The critical assumptions made on the measurement date are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.30%	0.69%
Salary adjustment rate	2.50%	2.50%

If each of the critical actuarial assumptions is subject to reasonably possible changes, when all other assumptions remain unchanged, the amounts by which the present value of the defined benefit obligation would increase (decrease) are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
0.25% increase	(\$ 1,551)	(\$ 1,864)
0.25% decrease	<u>\$ 1,642</u>	<u>\$ 1,968</u>
Salary adjustment rate		
0.5% increase	<u>\$ 3,192</u>	<u>\$ 3,832</u>
0.5% decrease	(\$ 3,010)	(\$ 3,624)

As actuarial assumptions may be correlated, it is unlikely that only a single assumption would occur in isolation of one another, so the sensitivity analysis above may not reflect the actual changes in the present value of the defined benefit obligation.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
The expected contributions to the plan for the following year	<u>\$ 3,980</u>	<u>\$ 13,750</u>
The weighted average duration of the defined benefit obligation	9.6 years	10 years

XXIV. Equity

(I) Ordinary shares

	December 31, 2022	December 31, 2021
Authorized shares (in thousand)	<u>500,000</u>	<u>500,000</u>
Authorized capital	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Issued and paid shares (in thousand)	<u>300,621</u>	<u>300,621</u>
Issued capital	<u>\$ 3,006,223</u>	<u>\$ 3,006,223</u>

The ordinary shares issued, with a par value of NT\$10 per share, are entitled to one voting right per share and to the right to receive dividends.

(II) Capital surplus

	December 31, 2022	December 31, 2021
<u>May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)</u>		
Shares premium from issuance	\$ 6	\$ 6
Premium of corporate bond conversion	28,983	28,983
The difference between the equity price and the book value of acquisition or disposal of subsidiary	(3,064)	(3,064)
<u>May be used to offset a deficit only</u>		
Changes in the net equity of subsidiaries and associates accounted for using equity method (2)	82,234	82,000
Treasury stock transactions	37,403	37,403
Expired employees share options	16,410	16,410
Others (Note)	<u>81,901</u>	<u>81,901</u>
	<u>\$ 243,873</u>	<u>\$ 243,639</u>

Note: Reclassified from the difference in the repurchase of the convertible corporate bonds.

- Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and only once a year).
- This type of capital surplus is the effect of equity transactions recognized due to changes in the Company's equity or the adjustment to the capital surplus of the subsidiary accounted for using the equity method by the Company when the Company has not actually acquired or disposed of the equity of the subsidiary.

The changes in capital surplus for the current period are as follows:

	Changes in the net equity of subsidiaries and associates accounted for using the equity method
Balance at January 1, 2022	\$ 82,000
Adjustment to the capital surplus of associates accounted for using the equity method	<u>234</u>
Balance at December 31, 2022	<u>\$ 82,234</u>
Balance at January 1, 2021	\$ 63,055
Adjustment to the capital surplus of associates accounted for using the equity method	<u>18,945</u>
Balance at December 31, 2021	<u>\$ 82,000</u>

(III) Retained earnings and dividends policy

Per the Company's Articles of Incorporation regarding the earnings distribution policy, the Company's earnings distribution or loss compensation shall be proposed by the board of directors after the end of each semi-annual fiscal period. In the case of issuance of new shares, it shall be submitted to the shareholders' meeting for a resolution. Any cash distribution of dividends, profits, legal reserves or capital surplus, either in whole or in part, must be resolved in a board meeting with more than two-thirds of the board members present, voted in favor by more than half of the attending directors and reported in the upcoming shareholders' meeting.

According to the earnings distribution policy under the Company's Articles of Incorporation, if there is a surplus as per the annual financial statements, the Company shall pay all taxes in accordance with the law and compensate the cumulative deficit first, and then allocate 10% as a legal reserve in accordance with the law unless it has reached the same amount of the Company's paid-in capital. Where there is any remaining balance, the Company shall allocate amount as or reverse the special reserve according to laws and regulations. If there is still any balance left, together with the cumulative undistributed earnings, the board of directors shall draft an earnings distribution proposal and submit it to the shareholders' meeting to resolve the distribution of shareholders' dividends. For information on the policy of the employee compensation and remuneration of directors and supervisors as in the Company's Articles of Incorporation, refer to Note 26 (9) regarding employee compensation and remuneration of directors.

In addition according to the Company's Articles of Incorporation, the Company adopts a dividend policy that allows the board of directors to propose dividends after taking into consideration its future capital requirements, long-term financial plans, and shareholders' needs for cash inflow. Profit sharing to shareholders can be paid in cash or shares, provided that the cash portion does not amount to less than 10% of total profit sharing.

Appropriation of earnings to legal reserve shall be made until the reserve equals the Company's paid-in capital. Legal reserves may be used to offset the deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The earnings distribution for 2021 and 2020 were resolved in the shareholders' meetings on June 8, 2022 and July 2, 2021, respectively, and the distribution was as follows:

	2021	2020
Appropriated as statutory reserves	<u>\$ 71,480</u>	<u>\$ 28,486</u>
Reversed special reserve	<u>\$ 18,292</u>	<u>(\$ 33,220)</u>
Cash dividends	<u>\$ 300,622</u>	<u>\$ 225,467</u>

	2021	2020
Cash dividend per share (NTD)	\$ 1.00	\$ 0.75

The above cash dividends proposals have been approved by the board of directors on February 22, 2022 and March 25, 2021, respectively and the remaining items for earnings distribution were adopted at the general shareholders' meeting on June 8, 2022 and July 2, 2021, respectively.

The 2022 deficit compensation proposal approved by the Company's board of directors on February 22, 2023 is as follows:

	2022
Appropriated as special reserve	<u>\$ 8,858</u>

The aforesaid earnings distribution is pending a resolution at the shareholders' meeting expected to be held on May 29, 2023.

(IV) Special reserves

	2022	2021
Opening balance	\$ 55,815	\$ 89,035
Reversed special reserve		
Other equity items debited to the amount reversed	(<u>18,292</u>)	(<u>33,220</u>)
Closing balance	<u>\$ 37,523</u>	<u>\$ 55,815</u>

(V) Other items of equity

1. Exchange Differences in Translating the Financial Statements of Foreign Operations

	2022	2021
Opening balance	(\$ 22,851)	(\$ 20,929)
Incurring in the current year		
Exchange differences on translating the financial statements of foreign operations	4,060	(2,402)
Relevant income taxes	(<u>812</u>)	<u>480</u>
Closing balance	(<u>\$ 19,603</u>)	(<u>\$ 22,851</u>)

2. Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income

	2022	2021
Opening balance	(\$ <u>416</u>)	(\$ <u>42,249</u>)
Incurring in the current year through other comprehensive income	(33,159)	40,778
Relevant income taxes	<u>5,963</u>	(<u>6,112</u>)
Other comprehensive income for the current year	(<u>27,196</u>)	<u>34,666</u>
Cumulative gains and losses on disposal of equity instruments reclassified to retained earnings	<u>-</u>	<u>7,999</u>
Closing balance	(<u>\$ 26,780</u>)	<u>\$ 416</u>

(VI) Non-controlling interests

	2022	2021
Opening balance	\$ 38,540	\$ 37,284
Share attributable to non-controlling interests		
Net income of the current year	(2,918)	1,282
Exchange Differences in Translating the Financial Statements of Foreign Operations	61	(26)
Changes in non-controlling interests	(187)	-
Closing balance	\$ 35,496	\$ 38,540

XXV. Revenue

	2022	2021
Sales revenue	\$ 2,194,769	\$ 2,923,375
Others	224,740	240,000
	\$ 2,419,509	\$ 3,163,375

(I) Contract balance

	December 31, 2022	December 31, 2021
Accounts receivable (Note 10)	\$ 658,279	\$ 1,082,630
Lease liabilities - current		
Sales	\$ 477	\$ 303

The change in contract assets and liabilities is mainly due to the difference between the point of meeting the performance obligation and the time of payment by the customer. The contract liabilities at the beginning of the year and the performance obligations that have been satisfied in the prior years recognized as revenue in the current period is as follows:

	2022	2021
<u>Contract liabilities at the beginning of year</u>		
Sales	\$ 174	\$ 1,919

XXVI. Net income from continuing operations

(I) Net amount of other gains (losses)

	2022	2021
(Gains) losses on disposal of property, plant and equipment	\$ 431	(\$ 23)

(II) Interest income

	2022	2021
Cash in banks	\$ 4,415	\$ 2,297
Financial assets at amortized cost	149	3,192
	\$ 4,564	\$ 5,489

(III)	Other income		
		2022	2021
	Dividend revenue	\$ 23,604	\$ 14,930
	Subsidy income	7,611	4,019
	Rent income	1,199	1,132
	Gains on write-off of accounts payable	-	349
	Others	<u>8,714</u>	<u>5,782</u>
		<u>\$ 41,128</u>	<u>\$ 26,212</u>
(IV)	Other gains (losses)		
		2022	2021
	Net loss (gain) on financial assets at FVTPL	(\$ 346,710)	\$ 126,101
	Net foreign exchange gains (losses)	95,848	(6,783)
	Gains on disposal of investments accounted for using the equity method	-	307
	Gains on disposal of non-current assets held for sale	-	379,527
	Gains on lease modification	1	-
	Indemnify losses	-	(11,165)
	Miscellaneous expenditure	(<u>4,479</u>)	(<u>2,652</u>)
		<u>(\$ 255,340)</u>	<u>\$ 485,335</u>
(V)	Financial costs		
		2022	2021
	Interest on bank loans	\$ 11,074	\$ 18,553
	Interest on lease liabilities	<u>1,788</u>	<u>1,978</u>
		<u>\$ 12,862</u>	<u>\$ 20,531</u>
(VI)	Impairment loss		
		2022	2021
	Inventories (including operating costs)	<u>\$ 27,880</u>	<u>\$ -</u>
(VII)	Depreciation and amortization		
		2022	2021
	An analysis of depreciation by function		
	Operating costs	\$ 236,236	\$ 211,040
	Operating expenses	<u>37,157</u>	<u>35,519</u>
		<u>\$ 273,393</u>	<u>\$ 246,559</u>
	An analysis of amortization by function		
	Operating cost	\$ 9	\$ 9
	Administrative expenses	1,314	723
	R&D expenses	<u>86</u>	<u>86</u>
		<u>\$ 1,409</u>	<u>\$ 818</u>

(VIII) Employee benefits expense

	2022	2021
Short-term employee benefits	\$ 605,316	\$ 711,603
Long-term employee benefits	3,799	2,563
Post-employment benefits (Note 23)		
Defined contribution plans	21,112	20,407
Defined benefit plan	<u>814</u>	<u>973</u>
Total employee benefits expense	<u>\$ 631,041</u>	<u>\$ 735,546</u>
An analysis by function		
Operating costs	\$ 445,657	\$ 491,042
Operating expenses	<u>185,384</u>	<u>244,504</u>
	<u>\$ 631,041</u>	<u>\$ 735,546</u>

(IX) Employees' compensation and remuneration of directors

The Articles of Incorporation of the Company stipulate that the employees' compensation and remuneration of directors shall be appropriated at the rates from 5%-15% and no higher than 5%, respectively, of net income before tax and net of employees' compensation and remuneration of directors. However, the net loss before tax is made in 2022, and thus the employees' remuneration and directors' remuneration are not estimated.

The employees' remuneration and directors' remuneration for 2021 was resolved by the board of directors on February 22, 2022 as below:

Ratio

	2021
Employee compensation	7%
Directors' remuneration	1%

Amount

	2021	
	Cash	Stocks
Employee compensation	<u>\$ 61,702</u>	<u>\$ -</u>
Directors' remuneration	<u>\$ 11,580</u>	<u>\$ -</u>

If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate and will be reflected on the following year.

There is no difference between the actual amounts of 2021 and 2020 employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on employees' compensation and remuneration of directors resolved by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(X) Foreign exchange gains (losses)

	2022	2021
Foreign exchange gains	\$ 193,890	\$ 105,077
Total foreign exchange losses	(<u>98,042</u>)	(<u>111,860</u>)
Net gains (losses)	<u>\$ 95,848</u>	(<u>\$ 6,783</u>)

XXVII. Income tax

(I) Income tax recognized in profit or loss

Major components of tax expense were as follows:

	<u>2022</u>	<u>2021</u>
Tax currently payable		
Incurred in the current year	\$ 17,503	\$ 76,876
Levied on unappropriated earnings	3,967	-
Prior years adjustment	(39,354)	12,895
	(17,884)	89,771
Deferred tax		
Incurred in the current year	38,299	5,187
Income tax expense recognized in profit or loss	<u>\$ 20,415</u>	<u>\$ 94,958</u>

The adjustment to accounting income and income tax expenses is as follows:

	<u>2022</u>	<u>2021</u>
Net income (loss) before tax	(\$ 164,008)	\$ 821,090
Income tax expense calculated based on statutory tax rate for net income tax before tax	(\$ 74,322)	\$ 196,313
Permanent difference	100,140	(125,735)
Levied on unappropriated earnings	3,967	-
Basic tax difference payable	-	-
Loss credit and temporary difference	29,984	(5,998)
Adjustments to income tax expenses of prior years	(39,354)	12,895
Land value increment tax	-	17,483
Income tax expense recognized in profit or loss	<u>\$ 20,415</u>	<u>\$ 94,958</u>

(II) Income tax recognized in other comprehensive income

	<u>2022</u>	<u>2021</u>
<u>Deferred tax</u>		
Incurred in the current year		
- Translation of foreign operations	(\$ 812)	\$ 480
- Unrealized gain (loss) on financial assets at FVTOC	5,963	(6,112)
Income tax recognized in other comprehensive income	<u>\$ 5,151</u>	(\$ 5,632)

(III) Current tax liabilities

	December 31, 2022	December 31, 2021
Current tax liabilities		
Income tax payable	\$ 35,945	\$ 62,522

(IV) Deferred tax assets and liabilities

The changes in the deferred tax assets and liabilities are as follows:

2022

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
<u>Deferred tax assets</u>				
Temporary difference				
Impairment losses, including loss allowance	\$ 22,737	\$ 5,576	\$ -	\$ 28,313
Property, plant and equipment	1,363	-	-	1,363
Financial assets at FVTOCI	(8,370)	-	5,963	(2,407)
Provisions	(3,642)	7,331	-	3,689
Refund liabilities	4,698	(2,080)	-	2,618
Defined benefit pension plan	1,441	(2,203)	-	(762)
Investment losses	3,503	(5,747)	-	(2,244)
Exchange differences on translating the financial statements of foreign operations	5,711	-	(812)	4,899
Temporary difference	27,441	2,877	5,151	35,469
Loss carryforwards	53,846	(53,846)	-	-
	<u>\$ 81,287</u>	<u>(\$ 50,969)</u>	<u>\$ 5,151</u>	<u>\$ 35,469</u>
<u>Deferred tax liabilities</u>				
Temporary difference				
Unrealized foreign exchange gains	\$ 5,751	(\$ 3,973)	\$ -	\$ 1,778
Financial assets at FVTPL	9,574	(8,697)	-	877
	<u>\$ 15,325</u>	<u>(\$ 12,670)</u>	<u>\$ -</u>	<u>\$ 2,655</u>

2021

	Opening balance	Recognized in profit or loss	Recognized in Other comprehensive income	Closing balance
<u>Deferred tax assets</u>				
Temporary difference				
Impairment losses, including loss allowance	\$ 22,737	\$ -	\$ -	\$ 22,737
Property, plant, and equipment	1,364	(1)	-	1,363

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	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Financial assets at				
FVTOCI	(\$ 2,258)	\$ -	(\$ 6,112)	(\$ 8,370)
Provisions	3,086	(6,728)	-	(3,642)
Refund liabilities	3,410	1,288	-	4,698
Defined benefit pension plan	3,723	(2,282)	-	1,441
Investment losses	664	(2,839)	-	3,503
Exchange differences on translating the financial statements of foreign operations	<u>5,231</u>	<u>-</u>	<u>480</u>	<u>5,711</u>
Temporary difference	37,957	(4,884)	(5,632)	27,441
Loss carryforwards	<u>53,868</u>	<u>(22)</u>	<u>-</u>	<u>53,846</u>
	<u>\$ 91,825</u>	<u>(\$ 4,906)</u>	<u>(\$ 5,632)</u>	<u>\$ 81,287</u>
<u>Deferred tax liabilities</u>				
Temporary difference				
Unrealized foreign exchange gains	\$ 4,243	\$ 1,508	\$ -	\$ 5,751
Financial assets at FVTPL	<u>10,801</u>	<u>(1,227)</u>	<u>-</u>	<u>9,574</u>
	<u>\$ 15,044</u>	<u>\$ 281</u>	<u>\$ -</u>	<u>\$ 15,325</u>

(V) Deductible temporary difference of deferred tax assets and unused loss carryforwards not recognized in the consolidated balance sheet

	December 31, 2022	December 31, 2021
Loss carryforwards		
Due in 2023	\$ 21,002	\$ 21,481
Due in 2026	274	274
Due in 2030	8,306	-
Due in 2031	<u>32,787</u>	<u>-</u>
	<u>\$ 62,369</u>	<u>\$ 21,755</u>
Deductible temporary difference		
Unrealized net (gains) losses on exchange	(\$ 149)	\$ 249
Impairment losses, including loss allowance	<u>7,499</u>	<u>7,499</u>
	<u>\$ 7,350</u>	<u>\$ 7,748</u>

(VI) Information on unused loss carryforwards

As of December 31, 2022, the information on loss credit is as follows:

Balance of unused loss carryforwards	Last valid year
\$ 21,002	2023
274	2026
8,306	2030
<u>32,787</u>	2031
<u>\$ 62,369</u>	

(VII) Income tax assessments

The Company's profit-seeking enterprise income tax returns before 2018 and 2020 had been examined and approved by the tax authorities.

XXVIII. Earnings (loss) per share

	Unit: NT\$ Per Share	
	2022	2021
Basic earnings (loss) per share	(\$ 0.60)	\$ 2.41
Diluted earnings (loss) per share	(\$ 0.60)	\$ 2.39

The net income and weighted average number of ordinary shares outstanding in calculating earnings per share were as follows:

Net income (loss) for this year

	2022	2021
Net income (loss) used to calculate basic earnings (losses) per share	(\$ 181,505)	\$ 724,850

Number of shares

	Unit: Thousand Shares	
	2022	2021
Weighted average number of ordinary shares in computation of basic earnings per share	300,621	300,621
Effect of potentially diluted ordinary shares:		
Employee compensation	-	2,383
Weighted average number of ordinary shares used in the computation of diluted earnings per share	300,621	303,004

If the Group may choose to distribute employee compensation in cash or shares, it assumes the entire amount of the compensation would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share if the effect is diluted. Such a diluted effect of the potential shares is included in the computation of diluted earnings (losses) per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

XXIX. Government grants

As of December 31, 2022, the Company has obtained a government loan of NT\$210,810 thousand with preferential interest rates under the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan for capital expenditure and purchase of equipment. The loan will be repaid in installments over a period of five to seven years. The fair value of the loan is estimated to be NT\$207,038 thousand based on the market interest rate of 0.87% to 1.95% when the loan was taken out. The difference between the amount obtained and the fair value of the loan is in the amount of NT\$3,772 thousand as a government low-interest loan grant and recognized as unearned revenue. The unearned revenue is reclassified to profit or loss over the useful life of the relevant assets. Other income recognized by the Company for 2022 and 2021 is NT\$816 thousand and NT\$711 thousand, respectively, and the loan interest expenses recognized are NT\$1,528 thousand and NT\$987 thousand, respectively.

If the Company fails to meet the requirements of the project loan regulations during the loan term and the National Development Fund has to stop the loan, and when the processing fee should be charged, the Company shall pay at the initial agreed interest rate plus the annual interest rate.

In addition, the Company has obtained a grant of NT\$3,894 thousand under the Demonstration and Promotion Subsidy Program for the Energy Conservation Performance Guarantee Project and achieved the promised energy saving rate of 70% in July 2022 in the

project proposal. The remaining grant of NT\$9,088 thousand was received. As of December 31, 2022, the Company has recognized the government grant of NT\$10,615 thousand in deferred income.

XXX. Capital risk management

In accordance with the overall business environment and the Group's future development, the Group's capital structure is regularly reviewed by the main management personnel in consideration of external competition, changes in the environment and other factors. The review includes consideration for various types of capital costs and relevant risks to determine an appropriate capital structure of the Group. The purpose is to satisfy the Group's requirements for working capital, research and development expenses, and dividend expenditures in the future, while ensuring that the Group can continue to operate, give back to shareholders, and take into account the interests of other stakeholders, and maintaining the best capital structure to enhance shareholders' value on a long term.

The capital structure of the Group consists of net debt (borrowings less cash and cash equivalents) and equity attributable to owners of the Company (comprising share capital, capital surplus, retained earnings, and other equity items), as well as non-controlling interests.

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group reviews the capital structure annually. As part of this review, the key management personnel considers the cost of capital and the risks associated with each class of capital. Under the suggestions of the key management personnel, the Group may pay dividends, issue new shares, buy back shares, and issue new debts or repay old debts to balance the overall capital structure.

XXXI. Financial instruments

(I) Fair value – financial instruments not at fair value

The carrying amount of the Group's financial assets and liabilities measured at amortized cost was close to their fair value in the financial statements at the end of the financial reporting period.

(II) Fair value – financial instruments at fair value on a recurring basis

1. Degree of fair value measurements

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed stocks	\$ 186,267	\$ -	\$ -	\$ 186,267
Gold passbook	15	-	-	15
Structured deposit	-	31,912	-	31,912
Total	<u>\$ 186,282</u>	<u>\$ 31,912</u>	<u>\$ -</u>	<u>\$ 218,194</u>

Financial assets at FVTOCI

Investment in equity instruments				
- Domestic stocks listed on TWSE/TPEX and emerging stock markets	\$ 27,030	\$ -	\$ -	\$ 27,030
- Domestic unlisted stocks	-	-	18,387	18,387
	<u>\$ 27,030</u>	<u>\$ -</u>	<u>\$ 18,387</u>	<u>\$ 45,417</u>

Financial liability at FVTPL

Derivatives	<u>\$ -</u>	<u>\$ 344</u>	<u>\$ -</u>	<u>\$ 344</u>
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December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed stocks	\$ 582,805	\$ -	\$ -	\$ 582,805
Foreign unlisted stocks	-	-	87,201	87,201
Wealth management products	-	175,854	-	175,854

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	Level 1	Level 2	Level 3	Total
Gold passbook	\$ 15	\$ -	\$ -	\$ 15
Derivatives	-	496	-	496
Total	<u>\$ 582,820</u>	<u>\$ 176,350</u>	<u>\$ 87,201</u>	<u>\$ 846,371</u>

Financial assets at FVTOCI

Investment in equity instruments				
- Stocks listed in emerging stock markets and unlisted stocks	<u>\$ 56,845</u>	<u>\$ -</u>	<u>\$ 17,386</u>	<u>\$ 74,231</u>

- There were no transfers between Level 1 and Level 2 fair value in 2022 and 2021.
2. Valuation techniques and inputs applied for Level 2 fair value measurement

Class of financial instruments	Valuation technique and inputs
Structured deposits and wealth management products	Discounted cash flow method: discounted at a discount rate that reflects the current interest rate of a financial product at the end of the period.
Derivatives - forward foreign exchange contracts	Discounted cash flow method: Future cash flows are estimated based on the observable forward exchange rates at the end of the period and the exchange rates and interest rates specified in the contract and discounted at a discount rate that can indicate each counterparty' credit risk.

3. Reconciliation of Level 3 fair value measurements of financial assets
2022

Financial asset	Financial assets at FVTPL Equity instrument	Financial assets at FVTOCI Equity instrument
Opening balance	\$ 87,201	\$ 17,386
Purchases	-	4,344
Recognized in profit or loss (other gains or losses)	(87,201)	-
Recognized in other comprehensive income (unrealized gain (loss) on financial assets at FVTOC)	-	(3,343)
Closing balance	<u>\$ -</u>	<u>\$ 18,387</u>

2021

Financial asset	Financial assets at FVTPL	Financial assets at FVTOCI
	Equity instrument	Equity instrument
Opening balance	\$ 142,166	\$ 41,754
Recognized in profit or loss (other gains or losses)	(54,965)	-
Recognized in other comprehensive income (unrealized gain (loss) on financial assets at FVTOC)	-	32,477
Transferred out from Level 3	-	(56,845)
Closing balance	\$ 87,201	\$ 17,386

4. Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of domestic stocks traded on emerging stock markets is estimated based on the closing prices of the stocks in the emerging stock markets and the liquidity. Investments in domestic and foreign unlisted equity are estimated by the market approach based on the transaction price of comparable targets and the difference between the evaluation target and the comparable target is considered to estimate the value of the target evaluated using an appropriate multiplier.

	December 31, 2022	December 31, 2021
Price-book ratio	0.74~4.09	1.35~16.67
Liquidity Discounts	30%	30%

(III) Categories of financial instruments

	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Financial assets as at FVTPL		
Financial assets designated as at FVTPL	\$ 218,194	\$ 846,371
Financial assets at amortized cost (Note 1)	2,100,704	2,373,766
Financial assets at FVTOCI		
Investment in equity instruments	45,417	74,231
<u>Financial liability</u>		
Financial assets as at FVTPL		
Financial assets designated as at FVTPL	344	-
At amortized cost (Note 2)	1,252,533	1,555,285

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including from related parties), other receivables, other financial assets and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, accounts payable (including to related parties), other payables, current portion of long-term borrowings, unearned revenue, long-term borrowings, long-term deferred revenue, and guarantee deposits received.

(IV) Financial risk management objective and policies

The Group's main financial instruments include equity investment, accounts receivable, accounts payable, borrowings and lease liabilities. The Group's financial management department provides services to various business units, coordinates the operations in the domestic and international financial markets and supervises and manages the financial risks related to the Group's operations by analyzing internal risk reports based on the degree and breadth of risks. These risks include market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk.

The Group uses derivative financial instruments to avoid risk exposure to mitigate the impact of these risks. The use of derivative financial instruments is regulated by the policies adopted by the Group's board of directors, which are written principles for exchange rate risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments and the investment of remaining working capital. Compliance with policies and exposure limits is being reviewed by the internal auditors continuously. The Group does not trade financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

The main financial risks for the Group's operating activities are the risk of changes in foreign currency exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below). The Group engages in various derivative financial instruments to manage foreign currency exchange rate risk and interest rate risk.

The Group's exposure to the market risk of financial instruments and its management and measurement methods for the risk exposure have remained unchanged.

(1) Exchange rate risk

The Group is engaged in sale and purchase transactions denominated in foreign currencies, which has caused the Group to be exposed to the risk of exchange rate fluctuations. Approximately 82.88% of the Group's sales are not denominated in the functional currency, and approximately 59.44% of the cost is not denominated in the functional currency. The Group's management of the exposure to the exchange rate risk is to use foreign currency options to manage risks within the scope permitted by the policy.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the balance sheet date are set out in Note 35.

Sensitivity analysis

The Group was mainly affected by the fluctuations in the exchange rates of USD, JPY and CNY.

The following table details the Group's sensitivity analysis when the New Taiwan dollar (functional currency) increases and decreases by 1% against each relevant foreign currency. The sensitivity to a 1% change in New Taiwan dollars is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis only included monetary items in foreign currencies in circulation and the year-end translation was adjusted with a 1% change in the exchange rates. The positive numbers in the table below indicate the amount by which the net income before tax will be reduced when the New Taiwan dollar appreciates by 1% against the relevant currencies; when the New Taiwan dollar depreciates by 1% against the relevant foreign currencies, the net income before tax will be the negative number of the same amount.

	Impact of USD		Impact of JPY		Impact of CNY	
	2022	2021	2022	2021	2022	2021
Gains (losses)	\$ 4,871(i)	\$ 7,653(i)	(\$ 544)(ii)	(\$ 1,479)(ii)	\$ 1,562(iii)	\$ 3,349(iii)

- (i) Mainly derived from the Group's USD-denominated receivables and payables still outstanding at the balance sheet date, against which a cash flow hedge has not been conducted.
- (ii) Mainly derived from the Group's JPY-denominated payables still outstanding at the balance sheet date, against which a cash flow hedge has not been conducted.
- (iii) Mainly derived from the Group's CNY-denominated receivables and payables still outstanding at the balance sheet date, against which a cash flow hedge has not been conducted.

Sales denominated in USD are seasonal, so the exposure to the foreign currency risk at the balance sheet date cannot reflect the risk exposure throughout the year.

(2) Interest rate risk

Because individual entities within the Group borrow funds at fixed and floating interest rates at the same time, the exposure to the interest rate risk arises. The Group manages the interest rate risk by maintaining an appropriate combination of fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to the interest rate risk at the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
-Financial assets	\$ 504,524	\$ 547,691
-Financial liabilities	73,240	116,677
Cash flow interest rate risk		
-Financial assets	845,283	650,978
-Financial liabilities	612,476	686,949

Sensitivity analysis

The sensitivity analysis below is determined based on the exposure to the interest rate risk of derivatives and non-derivatives at the balance sheet date. For liabilities with floating interest rates, the analysis method is based on the assumption that the amount of liabilities outstanding at the balance sheet date is in outstanding throughout the reporting period. The sensitivity to a 1% change in interest rate is used when reporting the interest rate risk internally to key management personnel and also represents the management's assessment of the reasonably possible change in interest rates.

If the interest rate increased/decreased by 1% and all other variables remain unchanged, the Group's net income before tax for 2022 and 2021 would have decreased/increased by NT\$111 thousand and NT\$74 thousand, respectively.

(3) Other price risk

The Group's exposure to the equity price risk is due to the investment in the listed equity securities. The management of the Group manages the risk by holding investment portfolios with different risk factors. The Group's equity price risk is mainly concentrated on Taiwan Stock Exchange's equity instruments in specific industries.

Sensitivity analysis

The sensitivity analysis below is based on the equity price risk exposure at the balance sheet date.

If the equity price increased/decreased by 1%, the profit or loss before tax for 2022 and 2021 would have increased/decreased by NT\$1,863 thousand and NT\$5,828 thousand due to the increase/decrease in the fair value of financial assets at FVTPL. Other comprehensive income before tax for 2022 and 2021 would have increased/decreased by NT\$270 thousand and NT\$0 due to the increase/decrease in the fair value of financial assets at FVTOCI.

The Group's sensitivity to the price risk decreased in 2020 because of the decrease in investment in equity securities held.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the balance sheet date, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to perform an obligation and financial guarantees provided by the Company could arise from:

- (1) The carrying amount of the financial assets recognized in the consolidated balance sheet.
- (2) The amount of contingent liabilities arising from the financial guarantee provided by the Group.

The policy adopted by the Group is to conduct transactions only with reputable counterparties, and obtain sufficient guarantees under necessary circumstances to reduce the risk of financial losses due to defaults. The Group only conducts transactions with companies whose ratings are equal to or higher than the investment grade. Such information is provided by independent rating agencies; if such information is not available, the Group will refer to other publicly available financial information and mutual transaction records to rate its major customers. The Group continuously monitors credit risk and the credit rating of its counterparties and distributes the total transaction amount to customers with qualified credit ratings, and controls the exposure to credit risk through the counterparty credit limits that are reviewed and approved by the financial management department every year.

In order to mitigate the credit risk, the management of the Group assigns a dedicated team responsible for the determination of credit limits, credit approval and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue receivables. In addition, the Group reviews the recoverable amount of the receivables one by one at the balance sheet date to ensure that the appropriate impairment loss is recognized for uncollectible receivables. In this regard, the management of the Group believes the Group's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives is not high because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's customer base is large and unrelated, so the concentration of credit risk is not high.

3. Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support its operations and mitigate the impact of cash flow fluctuations. The management of the Group monitors the use of the bank financing facilities and ensures compliance with the terms of the borrowing terms.

Bank borrowings were an important source of liquidity for the Group. As of December 31, 2022 and 2021, for the Group's unutilized credit facilities, please refer to (2) below for description of financing facilities.

(1) Liquidity and interest rate risk tables for non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which the Group might be required to repay and was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the bank borrowings with a repayment on demand clause were included in the earliest time period, regardless of the probability of exercise of the right by banks. The maturity analysis of other non-derivative financial liabilities was compiled in accordance with the agreed repayment date.

December 31, 2022

	<u>Less than 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>		
Non-interest-bearing liabilities		
Note payable and accounts payable	\$ 320,430	\$ -
Other payables (Note)	82,980	-
Floating interest rate instruments	\$ 190,056	\$ 422,420
Fixed interest rate instruments	62,962	10,278
lease liabilities	<u>10,649</u>	<u>108,840</u>
	<u>\$ 667,077</u>	<u>\$ 541,538</u>

Further information on the analysis of undiscounted lease liabilities maturity dates is as follows:

	<u>Less than One Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>10-15 Years</u>	<u>15-20 Years</u>	<u>Over 20 Years</u>
lease liabilities	<u>\$ 10,649</u>	<u>\$ 15,191</u>	<u>\$ 16,193</u>	<u>\$ 16,193</u>	<u>\$ 16,193</u>	<u>\$ 45,070</u>

December 31, 2021

	<u>Less than 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>		
Non-interest-bearing liabilities		
Note payable and accounts payable	\$ 465,912	\$ -
Other payables (Note)	315,167	-
Floating interest rate instruments	156,091	530,858
Fixed interest rate instruments	116,677	-
lease liabilities	<u>10,668</u>	<u>117,410</u>
	<u>\$ 1,064,515</u>	<u>\$ 648,268</u>

Further information on the analysis of undiscounted lease liabilities maturity dates is as follows:

	<u>Less than One Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>10-15 Years</u>	<u>15-20 Years</u>	<u>Over 20 Years</u>
lease liabilities	<u>\$ 10,668</u>	<u>\$ 20,523</u>	<u>\$ 16,193</u>	<u>\$ 16,193</u>	<u>\$ 16,193</u>	<u>\$ 48,308</u>

Note: The other payables mentioned above do not include salaries, employee compensation payable, directors' remuneration payable, and pensions payable.

(2) Financing facilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured bank borrowings facility (review every year)		
- Amount used	\$ 71,029	\$ 126,377
- Amount unused	<u>932,521</u>	<u>1,030,623</u>
	<u>\$ 1,003,550</u>	<u>\$ 1,157,000</u>
Secured bank borrowings facility		
- Amount used	\$ 616,293	\$ 679,017
- Amount unused	<u>571,707</u>	<u>1,120,983</u>
	<u>\$ 1,188,000</u>	<u>\$ 1,800,000</u>

XXXII. Related party transaction

Balances and transactions between the Company and its subsidiaries have all been eliminated on consolidation and are not disclosed in this note. The transactions between the Group and other related parties are as follows.

(I) Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
<u>Associate</u>	
Coretech Optical Co., Ltd.	Associate by investment using the equity method
Hsinjing Holding Co., Ltd.	Associate by investment using the equity method
<u>Substantive related party</u>	
Summit-tech Resource Corp.	Substantive related party before Jul. 2, 2021 (Note 1)
Epistar Corporation	Its parent company is a director of the Company (Note 2).
Lextar Electronics Corporation	Its parent company is a director of the Company (Note 2).
Prolight Opto Technology Corporation	Its parent company is a director of the Company (Note 3).
best Epitaxy Manufacturing Co. Ltd.	Its parent company is a director of the Company (Note 3).
Lextar Electronics (Chuzhou) Corp.	Its parent company is a director of the Company (Note 3).
iReach Corporation	Its parent company is a director of the Company (Note 3).
Unikorn Semiconductor Corp.	Its parent company is a director of the Company (Note 3).
Li, Bin-Jie	Key managerial officer (the Chairman of the Company)
Raymond Sheu	Key management personnel
Wang, Wen-Hu	Key management personnel

Note 1: The Company's supervisor is a relative within the second degree of kinship of the former Chairman of the Company. On July 2, 2021, the Company's board of directors re-elected a new chairman due to the end of the term of office of the former one. As the former chairman did not hold another position, Summit-tech Resource Corp. is not a related party, so the amounts of transactions after the date will not be disclosed.

Note 2: The Company's board of directors re-elected a new chairman on July 2, 2021. As the Chairman of the Company also serves as the Chairman of Ennostar Inc. (hereinafter referred to as "Ennostar") and Epistar Corporation and Lextar Electronics Corporation is a subsidiary of Ennostar, so it is determined to be a substantive related party.

Note 3: The Company's board of directors re-elected a new chairman on July 2, 2021. As the Chairman of the Company also serves as the Chairman of Ennostar and best Epitaxy Manufacturing Co. Ltd., Prolight Opto Technology Corporation and Unikorn Semiconductor Corp. are the sub-subsidiaries of Ennostar, so it is determined to be a substantive related party.

(II) Operating income

Line Item	Category of related party	2022	2021
Sale	Substantive related party		
	Lextar Electronics Corporation	\$ 121,205	\$ 93,034
	Lextar Electronics (Chuzhou) Corp.	15,851	10,883
	Summit-tech Resource Corp.	-	5,940
	Others	<u>2,461</u>	<u>4,800</u>
		<u>\$ 139,517</u>	<u>\$ 114,657</u>

The selling prices to related parties are equivalent to those to ordinary customers, and the payment terms are implemented in accordance with the Group's payment policy.

(III) Purchase of goods

Line Item	Category of related party	2022	2021
Inventories - raw materials	Substantive related party		
	Epistar Corporation	\$ 15,990	\$ 15,188
	Summit-tech Resource Corp.	-	6,010
	best Epitaxy Manufacturing Co. Ltd.	<u>112</u>	<u>387</u>
		<u>\$ 16,102</u>	<u>\$ 21,585</u>

The purchase prices from related parties are equivalent to those to ordinary clients and the purchase terms are implemented in accordance with the Group's policy.

(IV) Receivables from related parties

Line Item	Category of related party	December 31, 2022	December 31, 2021
Accounts receivable - related parties	Substantive related party		
	Lextar Electronics Corporation	\$ 27,277	\$ 72,623
	Lextar Electronics (Chuzhou) Corp.	6,926	8,486
	Others	<u>1,078</u>	<u>3,165</u>
		<u>\$ 35,281</u>	<u>\$ 84,274</u>

The sales between the Group and the related parties are processed per the terms and prices agreed upon by both parties and the payment terms are 90 to 120 days after the end of each month. No guarantee is received for the accounts receivable from related parties still outstanding. No loss allowance was provided for accounts receivable from related parties in 2022 and 2021.

(V) Payables to related parties (excluding loans from related parties)

Line Item	Category of related party	December 31, 2022	December 31, 2021
Accounts payable - related parties	Substantive related party		
	Epistar Corporation	\$ 1,692	\$ 6,122
	best Epitaxy Manufacturing Co. Ltd.	<u>13</u>	<u>331</u>
		<u>\$ 1,705</u>	<u>\$ 6,453</u>

Other receivables - related parties	Substantive related party		
	Epistar Corporation	<u>\$ 37</u>	<u>\$ 39</u>

The Group's purchase price from and processing contracted to related parties are handled in accordance with the general purchase terms; the payment period to related parties and non-related parties is implemented in accordance with the Company's payment policy.

No guarantee is provided for the balance of the outstanding accounts payable to related parties.

(VI) Contract processing

The processing fees to the Group's other related party Summit-tech contracted to process products for the Company in 2021 were NT\$5,759 thousand, respectively. As of December 31, 2021, the outstanding balance was NT\$0, respectively, accounted for under the processing expense payable.

The pricing of the contract processing expenses is not able to be compared with other manufacturers' OEM prices and conditions because the Company did not commission other manufacturers for contract processing.

(VII) Transactions with other related parties

Line Item	Category of related party	2022	2021
Production overheads	Substantive related party		
	Epistar Corporation	<u>\$ -</u>	<u>\$ 1,051</u>

(Continued on next page)

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Line Item	Category of related party	2022	2021
Operating expenses	Substantive related party		
	Epistar Corporation	\$ 467	\$ 54
	Unikorn Semiconductor Corp.	197	-
		<u>\$ 664</u>	<u>\$ 54</u>

(VIII) The joint guarantor of the Group's borrowings and actual amount used is as follows:

Category of related party	2022	2021
Key management personnel	<u>\$ 72,411</u>	<u>\$ 48,000</u>

(IX) Compensation of key management personnel

	2022	2021
Short-term employee benefits	\$ 25,740	\$ 52,628
Post-employment benefits	526	583
	<u>\$ 26,266</u>	<u>\$ 53,211</u>

The remuneration of directors and other key management personnel was determined by the remuneration committee based on the performance of individuals and market trends.

XXXIII. Pledged Assets

The following assets have been provided as collateral for financing loans and security for tariff of imported raw materials:

	December 31, 2022	December 31, 2021
Restricted time deposits (accounted for in financial assets at amortized cost)	\$ 7,665	\$ 50,806
Restricted demand deposits (accounted for in financial assets)	1,003	3,593
Land	62,273	62,273
Buildings	<u>631,796</u>	<u>651,283</u>
	<u>\$ 702,737</u>	<u>\$ 767,954</u>

XXXIV. Significant Contingent Liabilities and Unrecognized Commitments

Except for those already mentioned in other notes, the Group's significant commitments as of the balance sheet date are as follows:

- (I) As of December 31, 2022 and 2021, the balance of unused letters of credit issued by the Group for imported raw materials and machinery and equipment was equivalent to NT\$10,006 thousand and NT\$7,410 thousand, respectively.
- (II) As of December 31, 2022, the total price of the uncompleted important equipment and engineering procurement contracts of the Group was equivalent to NT\$169,264 thousand; NT\$50,790 thousand had been paid, which was recognized in prepayments for equipment and unfinished construction, and the remaining NT\$118,474 thousand had not been paid.

XXXV. Significant assets and liabilities denominated in foreign currencies

The following information was aggregated by the foreign currencies other than functional currencies of the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2022

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Foreign currency asset</u>			
<u>Monetary items</u>			
USD	\$ 16,145	30.71	\$ 495,813
CNY	38,180	4.41	168,297
JPY	3,768	0.23	876
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	284	30.71	8,722
CNY	2,755	4.41	12,144
JPY	237,981	0.23	55,306
EUR	161	32.72	5,268

December 31, 2021

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Foreign currency asset</u>			
<u>Monetary items</u>			
USD	\$ 28,661	27.68	\$ 793,336
CNY	81,080	4.34	352,212
JPY	2,547	0.24	613
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	1,013	27.68	28,040
CNY	3,980	4.34	17,289
JPY	617,421	0.24	148,489

The amount of foreign currency exchange losses of the Group in 2022 and 2021 was NT\$95,848 thousand and NT\$(6,783) thousand, respectively. Due to the wide variety of foreign currency transactions and the functional currencies of the entities of the Group, it is impossible to disclose the foreign currency exchange gains and losses based on each foreign currency of significance.

XXXVI. Additional Disclosures

- (I) Information on significant transactions and (II) investees:
1. Financing provided to others: (Table 1)
 2. Marketable securities held (excluding investment in subsidiaries, associates, and joint venture equity): Table 2.
 3. Marketable securities acquired or sold at costs or prices at least NT\$300 million or 20% of the paid-in capital: none.
 4. Acquisition of individual property at costs of at least NT\$300 million or 20% of the paid-in capital: none.
 5. Disposal of individual property at costs of at least NT\$300 million or 20% of the paid-in capital: none.
 6. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: none.
 7. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: none.
 8. Trading in derivative instruments: None.

9. Other: Significant transactions between the parent company and its subsidiaries: Table 6.
10. Information on investees: Table 3.
- (III) Information on investments in Mainland China:
 1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income and limit on the amount of investment in the Mainland China area: Table 4.
 2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms and unrealized gains or losses: Table 5.
 - (1) The amount and percentage of purchase.
 - (2) The amount and percentage of sales.
- (IV) Information on major shareholders: list of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 7.

XXXVII. Segments Information

Information reported to the chief operating decision-maker for resource allocation and segment performance assessment focuses on types of goods or services delivered or provided. The Group's segments to be reported are as follows:

Si Component Operation Center

(I) Segment revenues and results

The following was an analysis of the Group's revenue and results by the reporting department:

	Segment Revenue		segment profit or loss	
	2022	2021	2022	2021
Compound semiconductor components	\$ 827,289	\$ 1,167,311	\$ 28,087	\$ 82,156
Si Component Operation Center	1,367,480	1,756,064	10,212	209,331
Others	<u>224,740</u>	<u>240,000</u>	(<u>862</u>)	<u>19,060</u>
Total revenue of continuing operations	<u>\$ 2,419,509</u>	<u>\$ 3,163,375</u>	37,437	310,547
Share of losses on associates using the equity method			21,065	14,038
Interest income			4,564	5,489
Gains on disposal of investments accounted for using the equity method			-	307
Net foreign exchange gains (losses)			95,848	(6,783)
Net gains on financial assets and liabilities at FVTPL			(346,710)	126,101
Financial costs			(12,862)	(20,531)
Gains on disposal of non-current assets held for sale			-	379,527
Other income			<u>36,650</u>	<u>12,395</u>
Net income before tax			(<u>\$ 164,008</u>)	<u>\$ 821,090</u>

The segment revenue above is all generated from transactions with external customers. There were sales between segments in 2022 and 2021.

Segment gains refer to the profits earned by each segment, excluding the headquarters' administrative costs and directors' remuneration to be allocated, share of profits and losses on associates using the equity method, gains or losses on disposal of investment using the equity method, net (gains) losses on foreign currency exchange, rental income, gains and losses on disposal of property, plant and equipment, gains and losses on valuation of financial instruments, financial costs, penalty losses, fire losses, disaster loss claim income, and income tax expenses. This is the measure reported to the chief operating decision-maker for resource allocation and assessment of segment performance.

(II) Segment assets and liabilities

Since the measured amount of assets and liabilities has not been provided to the operating decision makers, the undisclosed measured amount of assets and liabilities is zero.

(III) Income from main products and services

The income analysis of the main products and services of the Group is as follows:

	2022	2021
Compound semiconductor components	\$ 827,289	\$ 1,167,311
SI components	1,367,480	1,756,064
Others	<u>224,740</u>	<u>240,000</u>
	<u>\$ 2,419,509</u>	<u>\$ 3,163,375</u>

(IV) Segment by geographical location

The Group mainly operates in two regions: Taiwan and China.

The information on the Group's revenue of continuing operations from external customers based on operating location and non-current assets based on asset location is listed below:

	Revenue from external customers		non-current assets	
	2022	2021	December 31, 2022	December 31, 2021
Taiwan	\$ 2,419,509	\$ 3,163,375	\$ 1,842,512	\$ 1,718,312
China	<u>-</u>	<u>-</u>	<u>162,637</u>	<u>172,429</u>
	<u>\$ 2,419,509</u>	<u>\$ 3,163,375</u>	<u>\$ 2,005,149</u>	<u>\$ 1,890,741</u>

Non-current assets do not include financial instruments, investments using the equity method, guarantee deposits paid, and deferred income tax assets.

(V) Information on major customers

Single customers contributing at least 10% of the Group's total income are as follows:

	2022	2021
Client A .	\$ 428,283	\$ 541,409
Client A .	266,586	496,892
Client C (Note)	233,241	141,992

Client C did not contribute at least 10% of the Group's total revenue in 2021.

TYNTEK Corporation and Its Subsidiaries
Financing provided to others
January 1 to December 31, 2022

Table 1 Unit: NTD thousand

Serial No.	Lender	Borrower	Financial Statement Account	Related Party Status	Maximum Balance for the Period	Ending balance	Transaction Amounts	Interest Rate Range (Note 3)	Category of Financing Provided	Business Transaction Amounts	Reasons for Necessity of Short-term Financing	Loss Allowance	Collateral		Limit of Financing to Individual Borrower (Note 1)	Total Limit of Financing Provided (Note 2)	Remarks
													Name	Value			
0	TYNTEK Corporation	Keeper Technology	Other receivables - related parties	Yes	\$ 20,000	\$ 10,000	\$ 8,000	Floating interest rate	Need for short-term financing	\$ -	Repayment of borrowings	\$ -	—	\$ -	\$ 396,009	\$ 792,017	

Note 1: TYNTEK Corporation's limit of financing to individual borrowers does not exceed 10% of the net value stated in the most recent financial statements reviewed/audited by CPAs.
Note 2: TYNTEK Corporation's total limit of financing to borrowers does not exceed 20% of the net value stated in the most recent financial statements reviewed/audited by CPAs.
Note 3: TYNTEK Corporation's interest rate ranges of financing to others are based on the borrowing interest rate of financial institutions plus 5%. The interest rate range on December 31, 2022 was 2.03%- 2.155%.

TYNTEK Corporation and Its Subsidiaries
Marketable Securities Held at the End of Year
December 31, 2022

Table 2

Unit: in thousand of New Taiwan Dollars/Thousand Units/Thousand Shares

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2021				Remarks
				Number of Shares/Units	Carrying amount	Percentage of Ownership	Market price	
TYNTEK Corporation	Unity Opto/stock/common stock	None	Financial assets at FVTPL - Current	264	\$ -	-	\$ -	Note 1
	First Commercial Bank/gold passbook	None	Financial assets at FVTPL - Current	-	15	-	15	
	Fittech Co., Ltd./stock/common stock	Investee with 0.37% of shares held	Financial assets at FVTPL - Current	275	24,233	0.37	24,233	
	Fujian Zhaoyuan Photoelectric Co., Ltd.	Investee with 4.28% of shares held	Financial assets at FVTPL - Non-current	-	-	4.28	-	
Long Benefit Investment Co., Ltd.	Unity Opto/stock/common stock	None	Financial assets at FVTOCI - current	836	-	-	-	Note 1
	Chipwell Tech Corporation/stock/common stock	Investee with 1.84% of shares held	Financial assets at FVTOCI - non-current	437	8,827	1.84	8,827	
	Brightek Optoelectronic Co., Ltd./stock/common stock	Investee with 1.5% of shares held	Financial assets at FVTOCI - non-current	1,020	27,030	1.5	27,030	
	Hanpin Electron Co., Ltd./stock/common stock	None	Financial assets at FVTPL - Current	220	6,336	-	6,336	
	Elite Advanced Laser Corporation/stock/common stock	None	Financial assets at FVTPL - Current	70	2,573	-	2,573	
	Fittech Co., Ltd./stock/common stock	Investee with 2.37% of shares held	Financial assets at FVTPL - Current	1,740	153,125	2.37	153,125	
	Chipwell Tech Corporation/stock/common stock	Investee with 0.76% of shares held	Financial assets at FVTOCI - non-current	180	5,044	0.76	5,044	
	Chipstar Tech Corporation/stock/common stock	Investee with 10.95% of shares held	Financial assets at FVTOCI - non-current	698	4,516	10.95	4,516	

Note 1: Because the public company Unity Opto Technology co., Ltd. (hereinafter referred to as Unity Opto) failed to publish its financial statements for 2019 within the specified time limit, it was sanctioned by the Taiwan Stock Exchange on April 1, 2020, and its stock was stopped to be traded starting from April 7, 2020. After prudent evaluation, the Group recognized all shares of Unity Opto held as financial asset valuation losses.

Note 2: Refer to Table 3 for the information on subsidiaries and associates.

TYNTEK Corporation and Its Subsidiaries
Information on Investees (excluding investees in mainland China)
January 1 to December 31, 2022

Table 3

Unit: In thousand of New Taiwan Dollars/Thousand Shares

Investor	Investor Company	Location	Main Businesses and Products	Investment Amount		As of March 31, 2021			Gains (losses) on investee	Gains (losses) on investment recognized by the Company	Remarks
				March 31, 2021	March 31, 2020	Shares	Percentage (%)	Carrying amount			
TYNTEK Corporation	TEK Holding Co., Ltd.	3RD FLOOR, YAMRAJ BUILDING, MARKET SQUARE, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS.	Investment in various overseas businesses	\$ 258,290	\$ 258,290	6,700	100.00	\$ 267,383	(\$ 6,295)	(\$ 6,295)	
	Long Benefit Investment Co., Ltd.	No. 15, Kezhong Road, Dingpu Village, Zhunan Township, Miaoli County	General investment	185,000	185,000	42,390	100.00	285,214	(205,350)	(205,350)	
	Hsinjing Holding Co., Ltd.	3F-1, No. 193, Fuxing 2nd Road, Zhubei City, Hsinchu County	General investment	591,378	591,378	17,794	22.79	165,874	72,201	16,455	
	Coretech Optical Co., Ltd.	7F-6, No. 35, Xintai Road, Zhubei City, Hsinchu County	Machinery, electronic components, power generation, transmission, and distribution machinery, as well as precision equipment manufacturing	5,000	5,000	200	2.08	2,445	19,440	405	
	Keeper Technology	No. 29, Wuquan 7th Road, Wugu District, New Taipei City	Mechanical installation, retail and wholesale of electronic materials, automobile and scooter parts and accessories, traffic sign equipment and other machinery, as well as manufacturing of lighting equipment and other machinery.	30,000	30,000	3,000	21.43	20,134	(7,723)	(1,655)	
	Xu Qi Co., Ltd.	No. 1387, Renai Road, Zhunan Township, Miaoli County	Lighting Equipment Manufacturing	-	8,500	-	-	-	-	-	Note
TEK Holding Co., Ltd.	Keyway International L.L.C.	3500 South Dupont Highway, Dover, Delaware 19901, U.S.A.	Investment in various overseas businesses	258,768	258,768	-	100.00	264,496	(6,314)	(6,314)	
Long Benefit Investment Co., Ltd.	Coretech Optical Co., Ltd.	7F-6, No. 35, Xintai Road, Zhubei City, Hsinchu County	Machinery, electronic components, power generation, transmission, and distribution machinery, as well as precision equipment manufacturing	25,228	25,228	2,000	20.81	24,460	19,440	4,045	
	Keeper Technology	No. 29, Wuquan 7th Road, Wugu District, New Taipei City	Mechanical installation, retail and wholesale of electronic materials, automobile and scooter parts and accessories, traffic sign equipment and other machinery, as well as manufacturing of lighting equipment and other machinery.	48,977	48,977	5,711	40.79	38,324	(7,723)	(3,151)	
Keeper Technology	Global Unity Int'l Co., Ltd.	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	Investment in various overseas businesses	32,376	32,376	1,000	100.00	1	(9,128)	(9,128)	
Global Unity Int'l Co., Ltd.	Creation New Technology Inc.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road. Apia Samoa	Investment in various overseas businesses	32,376	32,376	1,000	100.00	1	(9,128)	(9,128)	

Note: Xuqi Co., Ltd.'s liquidation was completed in March 2022.

TYNTEK Corporation and Its Subsidiaries
Information on investments in Mainland China
January 1 to December 31, 2022

Table 4

Unit: Unless otherwise indicated,
In Thousands of New Taiwan Dollars

I. Information on investments in mainland China:

- (I) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, gains or losses on investment, carrying amount of the investment, and repatriations of investment income:

Name of Investee	Main Businesses and Products	Paid-in Capital	Method of Investments	Accumulated Investment Amount from Taiwan at Beginning of Period	Investment Flows		Accumulated Investment Amount from Taiwan at End of Period	% Ownership of Direct or Indirect Investment	Gains (losses) on Investment	Carrying Amount of Investments at End of Period	The Repatriated Proceeds of Investments as of This Period
					Outward	Inward					
Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd.	Other light-emitting diode production and sales business	\$ 258,290 (US\$ 6,700,000)	Investment in China via a company set up in a third region	\$ 475,208 (US\$ \$14,500,000)	\$ -	\$ 216,918 (USD 7,800 NT\$ thousand)	\$ 258,290 (US\$ 6,700,000)	100%	(\$ 6,317)	\$ 264,476	\$ -
Fujian Zhaoyuan Photoelectric Co., Ltd.	Other light-emitting diode production and sales business	6,692,823 (CNY 1,437,000,000)	Direct investment in companies in China	468,652 (US\$ 8,565,000 and CNY 45,890 thousand)	-	-	468,652 (US\$ 8,565,000 and CNY 45,890 thousand)	4.28% (Note)	-	-	-
Kaishin Technology (Wuhan) Corporation	R&D and manufacturing of LED lighting equipment products, electronic component manufacturing, automobile parts manufacturing, as well as electrical appliances and audiovisual electronic products manufacturing	32,376 (US\$ \$1,000,000)	Investment in China via a company set up in a third region	32,376 (US\$ \$1,000,000)	-	-	32,376 (US\$ \$1,000,000)	62.22%	(5,679)	1	-

Note: The Company failed to subscribe to shares arising from capital increase in the proportion of the ownership and disposed of a portion of its investment equity in the company in June 2018 and thus lost significant influence. Therefore, it was reclassified as financial assets measured at FVTPL.

- (II) Limit on investment amount in mainland China:

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment Amount Stipulated by Investment Commission, MOEA
\$742,324 (USD 15,749 thousand and CNY 45,890 thousand)	\$742,370 (USD 23,042 thousand)	\$2,376,051

TYNTEK Corporation and Its Subsidiaries

Significant Transactions with Investee Companies in Mainland China, Either Directly or Indirectly Through a Third Party and Their Prices, Payment Terms, Unrealized Gains Or Losses and Relevant Information

January 1 to December 31, 2022

Table 5

Unite: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Name of Investee	Transaction Type	Amount	Transaction Terms			Accounts Receivable (Payable)		Unrealized Gains or Losses
			Price	Payment Term	Comparison with General Transaction	Balance	Percentage	
Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd.	Contract processing	\$ 109,461 (Processing expense)	By negotiation	T/T	O/ A with net 120 days	Processing expense payable \$ 11,779	5.71%	\$ -

TYNTEK Corporation and Its Subsidiaries
Significant Transactions Between the Parent Company and Its Subsidiaries
January 1 to December 31, 2022

Table 6

Unit: NTD thousand

Serial No. (Note 1)	Transaction Company	Counterparty	Relationship with Counterparty (Note 2)	Transaction			
				Account	Amount (Note 4)	Transaction Terms	Percentage in Consolidated Total Revenue or Total Assets (Note 3)
0	TYNTEK Corporation	Yuanmao Opto-electronic Technology (Wuhan) Co., Ltd.	1	Processing expense	\$ 109,461	The Company's selling prices to related parties are equivalent to those to general customers	4.52%
				Expenses payable	11,779	Same as general payment terms	0.22%
				Sale	5,570	The Company's selling prices to related parties are equivalent to those to general customers	0.23%
				Trade receivable	15	Same as general payment collection terms	-
		Long Benefit Investment Co., Ltd. Keeper Technology	1	Rent income	34	—	-
				Other receivables	8,014	—	0.15%
				Interest income	168	—	0.01%

Note 1: The types of business transactions are indicated by the following numbers shown in the No. column:

1. 0 - ITEQ (parent company).

2. The subsidiaries are coded sequentially beginning from "1" by each individual company.

Note 2: The transaction relationships are as follows. Please indicate the type:

1 Parent to subsidiary

2 Subsidiary to parent

3 Subsidiary to subsidiary

Note 3: For the calculation of the ratio of the transaction amount to the consolidated total revenue or total assets, if it is an asset-liability account, it is calculated based on the ending balance as a percentage of the consolidated total assets; if it is a profit-loss account, it is calculated based on the accumulated amount throughout the year as a percentage of the consolidated total revenue.

Note 4: The transactions between the parent and subsidiaries have been eliminated when the consolidated financial statements are prepared.

TYNTEK Corporation
Information on main investors
December 31, 2022

Table 7

Name of major shareholder	Shares	
	Shares held (shares)	Shares Ratio
Ennostar Inc.	23,799 thousand	7.91%

Note: The information on major shareholders in this table is calculated by Taiwan Depository and Clearing Corporation on the last business day at the end of the quarter when the shareholders as a whole hold at least 5% of the ordinary shares and preference shares with the dematerialized registration and delivery (including treasury shares) completed. The share capital in the Company's consolidated financial statements and the actual number of shares with the dematerialized registration and delivery completed may differ due to different calculation bases.