

Stock Code: 2438

Enlight Corporation
Parent Company Only Financial Statement and
Auditor's Report
Of Year 2021 and Year 2022

Address: No. 11, Ln. 118, Dongjiulu St., Guishan Dist., Taoyuan City
Phone Number: +886 (0)3 3508001

Enlight Corporation and Subsidiary Companies
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Auditor's Report

To Enlight Corporation

Opinion

We have audited the parent company only balance sheet of Enlight Corporation as of December 31st, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity, cash flows for the period for the years then ended, and the notes to the parent company only financial statements (including a summary of significant accounting policies). Our audit has been completed.

In our opinion, the aforementioned parent company only financial statements present fairly, in all material respects, the financial position of Enlight Corporation as of December 31st, 2022 and 2021, and the parent company only financial performance, and the parent company only statements of comprehensive income, changes in equity, cash flows for the period of January 1st, 2022 and December 31st, 2021, in accordance with the Securities Issuance Company Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with the Rules Governing the Attestation Engagements of Certified Public Accountants and the Standards for Auditing. Our responsibility under those standards is further described in the auditor's responsibility section of our report on the parent company only financial statements. The personnel of our firm, who are subject to independence requirements, have complied with the Code of Ethics for Certified Public Accountants and maintained independence with respect to Enlight Corporation and its subsidiaries, and have fulfilled their other responsibilities required by that code. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of Enlight Corporation for the year ended December 31st, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We describe these key audit matters below with respect to the parent company only financial statements of Enlight Corporation for the year ended December 31st, 2022:

1. Revenue Recognition

For the accounting policy related to revenue recognition, please refer to Note (4)-18 and Note (5)-1(1) of the parent company only financial statements. For the accounting items related to revenue, please refer to Note (6)-17 of the parent company only financial statements.

Explanation of Key Audit Matters:

Sales revenue is a key indicator for investors and management to evaluate the financial or operational performance of Enlight Corporation and its subsidiaries.

As the timing and amount of revenue recognition have a significant impact on the financial statements, it is one of the most important matters for the auditor in the audit of the financial statements.

Audit Procedure Performed:

The main audit procedures performed by the auditor, include testing the effectiveness of the design and implementation of internal control over the sales and cash collection cycle, reviewing the recognition of revenue for significant contracts, understanding the product categories of the top ten sales customers, evaluating the reasonableness of sales revenue and accounts receivable turnover days, analyzing any significant changes in customer turnover compared to the previous year and the same period of the previous year, selecting sales transaction samples before and after the shipment cutoff date, verifying relevant documents to evaluate the accuracy of the revenue recognition period, identifying any abnormal revenue vouchers, and understanding any significant returns or exchanges after the period.

2. Investment Accounted for Using the Equity Method

As of December 31st, 2022, the investments accounted for using the equity method of Enlight Corporation amounted to 227,060 thousand NTD, which accounted for approximately 38% of the total assets of the parent company only assets and is considered significant to the parent company only financial statements. Since the invested entities may have significant influence and control over the financial statements and are considered subsidiaries in the preparation of the consolidated financial statements, the equity method of accounting is applicable to evaluate these investments. The accounting treatment involves significant judgments from the management level, and therefore, the adoption of the equity method of accounting is a key audit matter as determined by the auditor.

The auditor performed the principal audit procedures with regards to the above matter, including understanding the management's basis of accounting, and classification for the equity method investments, inquiring about the status of the comprehensive ownership of the invested entities, verifying the cost allocation of the original investment and subsequent adjustments based on changes in the equity ownership of the invested entities, evaluating the impact of significant matters of the invested entities' financial statements on the parent company only financial statements, and assessing the recognition and measurement of equity method investments in accordance with International Financial Reporting Standards and International Accounting Standards. Verification procedures such as sending confirmation letters and performing on-site inventory checks with the custody personnel of the company were also conducted to verify the existence and ownership of equity method investments recorded in the accounts. The auditor also evaluated the disclosures related to the equity method investments of Enlight Corporation which are disclosed in Note (4)-8, Note (6)-7, and Note (13) of the parent company only financial statements.

Responsibilities of Management and Governance Team for parent company only Financial Statement

The responsibility of the management is to prepare parent company only financial statements that are appropriately presented in accordance with the Financial Reporting Standards for Issuers of Securities and the International Financial Reporting Standards, and to maintain necessary internal controls related to the preparation of parent company only financial statements, to ensure that there are no material misstatements due to fraud or errors in the parent company only financial statements.

In preparing the parent company only financial statements, the management team is also responsible for evaluating the ability of Enlight Corporation and its subsidiaries to continue as a going concern, disclosing relevant matters, and using going concern basis of accounting unless the management team intends to liquidate Enlight Corporation and its subsidiaries or to cease operations, or unless there is no other practical alternative.

The governance team of Enlight Corporation (including the audit committee) has the responsibility to supervise the financial reporting process.

The Responsibility of the auditor in auditing the parent company only financial statements:

The purpose of the auditor in auditing the parent company only financial statements is to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement caused by fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance, but the audit work performed in accordance with auditing standards cannot guarantee that all material misstatements caused by fraud or error will be detected. Misstatements may be caused by fraud or error. If the individual amount or total amount of a misstatement is reasonably expected to affect the economic decisions made by the users of the parent company only financial statements, it is considered to be important.

During the audit in accordance with auditing standards, the auditor applies professional judgment and professional skepticism. The auditor also performs the following procedures:

1. Identifying and assessing the risks of material misstatement caused by fraud or error in the parent company only financial statements, designing and implementing appropriate responses to the assessed risks, and obtaining sufficient and appropriate audit evidence as a basis for the audit opinion. Because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal controls, the risk of material misstatement caused by fraud is higher than that caused by error.
2. Obtaining the necessary understanding of internal controls relevant to the audit, in order to design

appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Enlight Corporation.

3. Evaluating the appropriateness of the accounting policies adopted by management team and the reasonableness of the accounting estimates and related disclosures made.
4. Based on the audit evidence obtained, making conclusions about the appropriateness of the use of the going concern basis of accounting by management team and whether there are events or conditions that may cast significant doubt on the ability of Enlight Corporation to continue as a going concern. If the auditor believes that there is a significant uncertainty regarding such events or conditions, the auditor shall draw attention to the related disclosures in the audit report of the parent company only financial report or modify the audit opinion if the disclosures are deemed to be inappropriate. The auditor's conclusions are based on the audit evidence obtained as of the date of the audit report. However, future events or conditions may cause Enlight Corporation to no longer be able to continue as a going concern.
5. Evaluate the overall expression, structure, and content of the parent company only financial statements (including related notes), and whether the parent company only financial statements are appropriately expressing the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence for the financial information of Enlight Corporation, to express an opinion on the parent company only financial statements. The accountant is responsible for guiding, supervising, and executing the audit engagement, and is responsible for forming the audit opinion of Enlight Corporation.

The matters that the accountant communicates with the governance team include the planned scope and timing of the audit and significant audit findings (including significant internal control deficiencies identified during the audit process).

The accountant also provides the governance team with a statement that the personnel subject to independence regulations of the accountant's firm have followed the independence requirements related to professional ethics for accountants, and communicates to the governance team all relationships and other matters (including related safeguards) that could be perceived to affect the accountant's independence.

Based on the matters communicated with the governance team, the accountant determines the key audit matters for the audit of the parent company only financial statements of Enlight Corporation for year 2022. The accountant discloses these matters in the audit report, unless the law prohibits the disclosure of specific matters, or in extremely rare cases, the accountant decides not to communicate specific matters in the audit report because the negative impact of such communication can reasonably be expected to outweigh the public interest that would be served

Crowe (TW) CPAs
Accountant : Ling,Chih-Lung

Accountant : Wang,Wu-Chang

Approved-certified
No.:Jin-Guan-Certificate No.
10200032833
March 24th, 2023

Enlight Corporation
Parent Company Only Balance Sheets
Year of 2022 and December 31st of Year 2021

Unit: 1,000 NTD

		December 31 st of Year 2022		December 31 st of Year 2021	
Code	Assets	Amount	%	Amount	%
Current Assets					
1100	Cash and Cash Equivalent (Note(6)-1)	\$ 79,042	13	\$ 78,286	12
1150	Net Note Receivable (Note(6)-2)	24	-	10,878	2
1170	Net Account Receivable (Note(6)-3)	2,139	1	3,309	1
1180	Account Receivable-Related Parties (Note(6)-3 、(7))	237	-	1,619	-
1200	Other Receivables	293	-	138	-
1210	Other Receivables-Relate Parties (Note(7))	210	-	210	-
1220	Income Tax Assets for the Period	60	-	46	-
130x	Inventories (Note(6)-4)	13,713	2	22,941	3
1410	Prepaid Expenses (Note(7))	1,377	-	23,777	4
1476	Other Financial Assets-Current (Note(6)-5)	73,500	12	51,180	7
11xx	Total Current Assets	170,595	28	192,384	29
Non-Current Assets					
1517	Financial Assets Measured at Fair Value through Other Comprehensive Income-Non-Current (Note(6)-6)	24,055	4	23,995	4
1550	Investment Accounted for Using the Equity Method (Note(6)-7)	227,060	38	248,600	38
1600	Real Estate 、Plant and Equipment (Note(6)-8)	1,456	-	1,668	-
1755	Right-of-Use Assets (Note(6)-9)	31,903	5	38,619	6
1840	Deferred Income Tax Assets (Note(6)-23)	139,878	23	140,405	21
1920	Refundable Deposit	5,888	1	5,888	1
1930	Long-Term Notes and Account Payable (Note(6)-10)	-	-	-	-
1990	Other Non-Current Assets-Other	3,859	1	6,164	1
15xx	Total Non-Current Assets	434,099	72	465,339	71
1xxx	Total Assets	\$ 604,694	100	\$ 657,723	100

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		December 31 st of Year 2022		December 31 st of Year 2021	
Code	Liabilities and Equity	Amount	%	Amount	%
Current Liabilities					
2130	Contractual Liabilities-Current (Note(6)-17)	\$ 5	-	\$ 22,752	4
2170	Account Payable	267	-	3,115	-
2180	Account Payable-Related Parties (Note(7))	137	-	360	-
2200	Other Payable	4,944	1	3,769	1
2250	Provisions for Liabilities-Current (Note(6)-11)	598	-	507	-
2282	Lease Liabilities — Current-Related Parties (Note(6)-9 、(7))	6,564	1	6,447	1
2300	Other Current Liabilities	62	-	81	-
21xx	Total Current Liabilities	12,577	2	37,031	6
Non-Current Liabilities					
2570	Deferred Income Tax Liabilities (Note(6)-23)	391	-	-	-
2582	Lease Liabilities — Non-Current-Related Parties (Note(6)-9 、(7))	25,694	4	32,258	5
25xx	Total Non-Current Liabilities	26,085	4	32,258	5
2xxx	Total Liabilities	38,662	6	69,289	11
Equity					
3100	Share Capital(Note(6)-13)				
3110	Common Share Capital	601,956	100	601,956	91
3200	Capital Surplus (Note(6)-14)	1,611	-	1,611	-
Retained Earnings (Note(6)-15)					
3310	Legal Reserve	433	-	433	-
3320	Special Reserve	3,900	-	3,900	1
3350	Retained Earnings-Unappropriated	(26,544)	(4)	(4,082)	(1)
3300	Total Retained Earnings	(22,211)	(4)	251	-
Other Equity (Note(6)-16)					
3410	Foreign Exchange Differences from Translating Financial Statements of Foreign Operations	(345)	-	(345)	-
3420	Financial Assets Measured at Fair Value through Other Comprehensive Income	(14,979)	(2)	(15,039)	(2)
3400	Total Other Equity	(15,324)	(2)	(15,384)	(2)
3xxx	Total Equity	566,032	94	588,434	89
Total Liabilities and Equity		\$ 604,694	100	\$ 657,723	100

The attached notes are part of this parent company only financial report.

Enlight Corporation
Parent Company Only Statements of Comprehensive Income
Year of 2022 and December 31st of Year 2021

Unit: 1,000 NTD

Code	Item	Year 2022		Year 2021	
		Amount	%	Amount	%
4000	Operation Income (Note(6)-17)	\$ 55,537	100	\$ 121,735	100
5000	Operation Expenses (Note(6)-4)	(44,951)	(81)	(104,253)	(86)
5900	Gross Profit (Loss)	10,586	19	17,482	14
	Operating Expenses				
6100	Promotion Expenses	(25,458)	(46)	(29,410)	(24)
6200	Administration Expenses	(14,049)	(25)	(16,058)	(13)
6450	Expected Credit (Loss) Profit	2,663	5	(857)	(1)
6000	Total Operating Expenses	(36,844)	(66)	(46,325)	(38)
6900	Operating Income (Loss)	(26,258)	(47)	(28,843)	(24)
	Non-Operating Income and Expenses				
7100	Interest Income (Note(6)-18)	804	1	489	-
7010	Other Income(Note(6)-19)	2,529	5	2,731	2
7020	Other Profit and Loss (Note(6)-20)	1,941	3	(968)	(1)
7050	Financial Costs (Note(6)-22)	(643)	(1)	(216)	-
7070	Equity Accounting for Subsidiaries, Affiliated Companies and Joint Venture's Income (Loss)	83	-	23,498	20
7000	Total Non-Operating Income and Expenses	4,714	8	25,534	21
7900	Post Tax Net Profit (Net Loss)	(21,544)	(39)	(3,309)	(3)
7950	Income Tax (Expenses) Profit (Note(6)-23)	(918)	(2)	(773)	(1)
8200	Net Income (Loss) for the Period	(22,462)	(41)	(4,082)	(4)
	Other Comprehensive Income (Note(6)-24)				
8310	Items Not Reclassified to Profit and Loss				
8316	Equity Instrument Investment Measured at Fair Value through Other Comprehensive Income for Realizing Valuation Gains and Losses	60	-	3,528	3
8300	Other Comprehensive Income (Net)	60	-	3,528	3
8500	Total Comprehensive Income for the Period	(\$ 22,402)	(41)	(\$ 554)	(1)
	Earnings Per Share (Note(6)-25)				
9750	Basic Earnings (Loss) Per Share (NTD)	(\$ 0.37)		(\$ 0.07)	
9850	Diluted Earnings (Loss) Per Share (NTD)	(\$ 0.37)		(\$ 0.07)	

The attached notes are part of this parent company only financial report.

Enlight Corporation
Parent Company Only Statement of Changes in Equity
Year of 2022 and December 31st of Year 2021

Unit: 1,000 NTD

Item	Capital-Common Share	Capital Surplus	Retained Earnings			Other Equity Items		Total Equity
			Legal Reserve	Special Reserve	Retained Earnings-Unappropri ated	Foreign Exchange Differences from Translating Financial Statements of Foreign Operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
Balance as of January 1 st , 2021	\$ 601,956	\$ 1,611	\$ -	\$ -	\$ 4,333	(\$ 345)	(\$ 18,567)	\$ 588,988
Appropriation and Distribution of Earnings:								
Appropriation to Legal Reserve	-	-	433	-	(433)	-	-	-
Appropriation to Special Reserve	-	-	-	3,900	(3,900)	-	-	-
Net Income (Loss) for Year 2021	-	-	-	-	(4,082)	-	-	(4,082)
Other Comprehensive Income (Loss) of Year 2021	-	-	-	-	-	-	3,528	3,528
Total Comprehensive Income (Loss) of Year 2021	-	-	-	-	(4,082)	-	3,528	(554)
Balance as of December 31 st , 2021	601,956	1,611	433	3,900	(4,082)	(345)	(15,039)	588,434
Appropriation and Distribution of Earnings:								
Net Income (Loss) of Year 2022	-	-	-	-	(22,462)	-	-	(22,462)
Other Comprehensive Income (Loss) of Year 2022	-	-	-	-	-	-	60	60
Total Comprehensive Income (Loss) of Year 2022	-	-	-	-	(22,462)	-	60	(22,402)
Balance as of December 31 st , 2022	\$ 601,956	\$ 1,611	\$ 433	\$ 3,900	(\$ 26,544)	(\$ 345)	(\$ 14,979)	\$ 566,032

The attached notes are part of this parent company only financial report.

Enlight Corporation and Subsidiary Company
Parent Company Only Statements of Cash Flows
Year of 2022 and December 31st of Year 2021

Unit: 1,000 NTD

Item	Year 2022	Year 2021
Cash Flows from Operating Activities		
Pre-Tax Net Income (Loss) of Current Period	(\$ 21,544)	(\$ 3,309)
Adjustment		
Income Statement Items		
Depreciation Expenses	7,326	5,910
Amortization Expenses	2,653	4,254
Expected Credit Loss (Gain) on Receivables	(2,663)	857
Interest Expenses	633	193
Interest Income	(804)	(489)
Share of Losses (Gain) Recognized Under Equity Method for Subsidiaries, Affiliated Companies and Joint Ventures	(83)	(23,498)
Loss (Gain) on Disposal and Scrapping of Property, Plant and Equipment	-	(33)
Other Losses-Litigation or Contingencies	1,500	-
Changes in Assets/Liabilities related to Operating Activities		
Net Changes in Assets related to Operating Activities		
Increase (Decrease) in Notes Receivables	13,375	(2,421)
Increase (Decrease) in Account Receivables	1,305	2,829
Increase (Decrease) in Account Receivables-Related Parties	1,389	9,037
Increase (Decrease) in Other Receivables	-	21
Increase (Decrease) in Inventory	9,228	4,788
Increase (Decrease) in Prepayments	22,400	(15,439)
Net Changes in Liabilities related to Operating Activities		
Increase (Decrease) in Contract Liabilities	(22,747)	9,405
Increase (Decrease) in Accounts Payables	(2,848)	(9,859)
Increase (Decrease) in Accounts Payables-Related Parties	(223)	(133)
Increase (Decrease) in Other Payables	(325)	(681)
Increase (Decrease) in Provision for Liabilities	91	(3)
Increase (Decrease) in Unearned Revenue	(16)	12
Increase (Decrease) in Other Current Liabilities	(3)	(9)
Cash Inflows (Outflows) Generated from Operations	8,644	(18,568)
Interest Received	649	500
Dividends Received	21,623	20,758
Interest Paid	(633)	(193)
Refund (Payment) of Income Tax	(14)	18
Net Cash Flows from Operating Activities	30,269	2,515

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Cash Flows from Investing Activities

Acquisition of Property, Plant and Equipment	-	59
Increase (Decrease) in Deposits for Guarantees	-	(10)
Increase (Decrease) in Other Financial Assets	(22,320)	800
Increase (Decrease) in Other Non-Current Assets	-	(75)
Increase (Decrease) in Prepayments for Equipment	(746)	(4,938)
Net Cash Flows from Investing Activities	(23,066)	(4,164)

Cash Flows from Financing Activities

Repayment of Lease Principal	(6,447)	(5,176)
Net Cash Inflows (Outflows) from Financing Activities	(6,447)	(5,176)
Net Increase (Decrease) in Cash and Cash Equivalents for the Period	756	(6,825)
Beginning Cash and Cash Equivalents Balance	78,286	85,111
Ending Cash and Cash Equivalents Balance	\$ 79,042	\$ 78,286

The attached notes are part of this parent company only financial report.

Enlight Corporation
Notes of Parent Company Only Financial Statement
Year of 2022 and January 1st to December 31st of Year 2020

(Unless otherwise specified, all amounts are in thousand New Taiwan Dollars)

(1) Company History

Enlight Corporation (hereinafter referred to "the Company") was established in January 1982 under the name of En Zhi Business Co., Ltd. The Company changed its name to Enlight Corporation in July 2014. The Company is primarily engaged in the manufacturing, selling, and distribution of surface treatment, lighting equipment, electronic components, computer peripherals, household appliances, molds, hardware products, and electromechanical equipment. The Company's stock has been listed and traded on the Over-the-Counter (OTC) market since December 1996 and on the Taiwan Stock Exchange since September 2000.

For details of the main business activities of the Company and its subsidiaries (hereinafter referred to as "the Company"), please refer to Note 4-(3).(2). The Company does not have an ultimate parent company.

(2) Date and Process of Financial Report Approval

This consolidated financial statement has been approved by the Board of Directors and published on March 24, 2023.

(3) Application of Newly Issued and Revised Accounting Standards and Interpretations

1. The impact of the adoption of International Financial Reporting Standards (IFRSs), as approved and issued by the Financial Supervisory Commission (FSC), including new, amended, and revised standards and interpretations, are as follows:

The following table summarizes the new, amended, and revised standards and interpretations of IFRSs that are applicable for the year ended 2022 as approved by the FSC:

<u>Newly Issued/Revised/Amended Standards and Interpretations</u>	<u>IASB Effective Date (Note 1)</u>
Amendment to IAS 16 "Property, Plant, and Equipment: Proceeds before Intended Use"	Effective Date: January 1 st , 2022 (Note 2)
Amendment to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	Effective Date: January 1 st , 2022 (Note 3)
Amendment to IFRS 3 "Reference to the Conceptual Framework"	Effective Date: January 1 st , 2022 (Note 4)
IFRS Annual Improvements 2018–2020	Effective Date: January 1 st , 2022 (Note 5)

Note 1: Unless otherwise stated, the above newly issued/revised/amended standards or interpretations are effective for annual reporting periods beginning on or after those dates.

Note 2: Entities shall apply the amendments retrospectively but only to an asset's carrying amount for the first time that entity applies those amendments for the earliest period presented in the financial statements that begins (after January 1st, 2021), when the asset reaches the necessary location and condition to be capable of operating in the manner intended by management for use.

Note 3: This amendment applies to contracts that have not been fulfilled as of January 1st, 2022.

Note 4: This amendment applies to a business combination for which the acquisition date is on or after January 1st, 2022, and the annual reporting period begins on or after that date.

Note 5: The amendment to IFRS 9 applies to modifications or exchanges of financial liabilities that occur during annual reporting periods beginning on or after January 1, 2022; the amendment to IAS 41 applies to fair value measurements during annual reporting periods beginning on or after that date; and the amendment to IFRS 1 is applied retrospectively to annual reporting periods beginning on or after January 1st, 2022.

(1) Amendment to IAS 16 "Property, Plant, and Equipment: Proceeds before Intended Use"

This amendment stipulates that the sales proceeds generated from items produced to enable a property, plant, and equipment to reach the necessary location and condition to be capable of operating in the manner intended by management shall not be deducted from the cost of that asset. The above-mentioned production items shall be measured according to IAS 2 "Inventories" and their sales proceeds and costs shall be recognized in the income statement in accordance with the applicable standards. In addition, the amendment also clarifies that the cost of testing an asset for normal operation refers to expenditures incurred in assessing whether the technical and physical performance of that asset is sufficient to enable it to be used for production or provision of goods or services, rented to others, or for management purposes. This amendment applies to property, plant, and equipment that reach the necessary location and condition to be capable of operating in the manner intended by management after January 1, 2021 (the earliest date of the reporting period). When the Company applies this amendment for the first time, it shall recognize the cumulative effect of applying those amendments as an adjustment to the opening balance of retained earnings (or another component of equity if appropriate) at the beginning of the earliest period presented and restate the comparative period information.

(2) Amendment to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"

This amendment specifies that when assessing whether a contract is onerous, the "cost of fulfilling a contract" should include incremental costs of fulfilling the contract (such as direct labor and materials) and the apportionment of other costs directly related to fulfilling the contract (such as depreciation expenses for the property, plant, and equipment items used to fulfill the contract).

(3) Amendment to IFRS 3 "Reference to the Conceptual Framework"

This amendment updates the reference to the conceptual framework and adds a provision that the acquirer should apply IFRIC 21 "Levies" to determine whether there is a liability to pay a levy on the acquisition date.

(4) Annual Improvements to IFRS 2018-2020

The annual improvements to IFRS 2018-2020 include revisions to several standards, including the revision to IFRS 9, which requires the comparison of the discounted cash flows of new and old contract terms (including the net amount paid or received for signing new contracts or modifying contracts) to determine whether there is a significant difference in the exchange of financial liabilities. The above-mentioned expenses should only include fees paid or received between the borrower and the lender when there is a 10% difference. The Company has evaluated the above standards and interpretations and determined that they have no significant impact on the Company's financial position and performance.

2. Impact of newly issued, revised, and amended international financial reporting standards approved by the Financial Supervisory Commission (FSC) that have not yet been adopted:

The table below summarizes the newly issued, revised, and amended standards and interpretations of international financial reporting standards that apply to year 2023 and have been approved by the FSC:

<u>Newly Issued/Amended/Revised Standards and Interpretations</u>	<u>Effective Date by IASB</u>
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendment to IAS 12 "Deferred Tax related to Single Asset and Liability arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: This amendment applies to reporting periods beginning on or after January 1st, 2023.

Note 2: This amendment applies to accounting estimates and accounting policy changes occurring during reporting periods beginning on or after January 1st, 2023.

Note 3: This amendment applies to transactions occurring after the beginning of the earliest comparative period presented (January 1st, 2022), unless temporary differences relating to leases and decommissioning obligations are subject to separate requirements.

(1) Amendment to IAS 1 "Disclosure of Accounting Policies"

This amendment clarifies that when a transaction, other event or circumstance is material, and the related accounting policy information is also material to the financial statements, the entity should disclose that material accounting policy information. Conversely, if an entity determines that a transaction, other event or circumstance is not material or, although material, the related accounting policy information is not material, then it is not necessary to disclose that immaterial accounting policy information. However, the conclusion that accounting policy information is not material does not affect disclosures required by other IFRS Standards.

(2) Amendment to IAS 8 "Definition of Accounting Estimates"

This amendment defines accounting estimates as monetary amounts in the financial statements that are affected by measurement uncertainty, and provides further guidance that changes in inputs or measurement techniques, other than corrections of prior errors, are changes in accounting estimates that should be accounted for as such.

(3) Amendment to IAS 12 "Deferred Tax related to Assets and Liabilities Arising from a Single Transaction"

This amendment limits the scope of exemption for recognition of deferred tax liabilities and assets related to paragraphs 15 and 24 of IAS 12. If the taxable temporary differences arising from a single transaction at the time of initial recognition are the same as the deductible temporary differences, the aforementioned exemption does not apply. When an enterprise first applies this amendment, it shall recognize deferred taxes related to all temporary differences related to leases and decommissioning obligations from the earliest comparative period presented (January 1st, 2022) and recognize the cumulative impact on the adjustment of the initial balance of retained earnings (or other components of equity, if appropriate) on that date. Other transactions occurring after January 1st, 2022, shall be deferred for the application of this amendment. The Company should restate comparative period information when it first applies this amendment.

The Company has evaluated the above criteria and interpretations, and there is no significant impact on the Company's financial position and performance.

3. The impact of the International Financial Reporting Standards that have been issued by the International Accounting Standards Board but have not yet been approved by the Financial Supervisory Commission:

The following table summarizes the new issuance, amendments, and revisions of International Financial Reporting Standards that have been issued by the International Accounting Standards Board but have not yet been approved by the Financial Supervisory Commission:

New issuance/amendment/revision of standards and interpretations	Date of effectiveness issued by the IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Undetermined
IFRS 17 "Insurance Contracts"	January 1 st , 2023
Amendments to IFRS 17	January 1 st , 2023
Amendments to IFRS 17 "Transition from IFRS 17 and IFRS 9 - Comparative Information"	January 1 st , 2023
Amendments to IFRS 16 "Leases in a Sale and Leaseback"	January 1 st , 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1 st , 2024
Amendments to IAS 1 "Non-current Liabilities Due to Specific Contract Terms"	January 1 st , 2024

As of the date of this parent company only financial report, the Company is still evaluating the impact of the above criteria and interpretations on the Company's financial position and performance, and the relevant impact will be disclosed when the evaluation is completed.

(4) Summary of Significant Accounting Policies

The following are the main accounting policies adopted in preparing the consolidated financial statements. Unless otherwise stated, these policies are consistently applied throughout all reporting periods.

1. Compliance with standards

The consolidated financial statements are prepared in accordance with the Financial Reporting Standards for Issuers of Securities and the International Financial Reporting Standards (IFRSs) approved by the Financial Supervisory Commission.

2. Basis of Preparation

(1) Except for the following significant items, the consolidated financial statements are prepared on a historical cost basis:

- A. Financial assets and liabilities (including derivative instruments) measured at fair value through profit or loss.
- B. Financial assets measured at fair value through other comprehensive income.
- C. Liabilities under cash-settled share-based payment arrangements measured at fair value.
- D. The net amount recognized for defined benefit liabilities after deducting the fair value of plan assets.

(2) In preparing the financial statements in compliance with the IFRSs approved by the Financial Supervisory Commission, certain significant accounting estimates are required, and the application of the Company's accounting policies also requires management to exercise its judgment in highly judgmental or complex areas, or in significant assumptions and estimates related to the consolidated financial statements. Please refer to Note (5) for details.

(3) When preparing parent company only financial statements, the Company applies the equity method for investments in subsidiaries, associates, or joint ventures. In order to ensure that the profit or loss, other comprehensive income, and equity for the current year in the parent company only financial statements are the same as those attributed to the owners of the Company in the consolidated financial statements, certain accounting differences between the individual basis and the consolidated basis are adjusted. These adjustments involve the "Investments accounted for using the equity method," "Share of profit or loss from investments accounted for using the equity method for subsidiaries, associates, and joint ventures," "Share of other comprehensive income from investments accounted for using the equity method for subsidiaries, associates, and joint ventures," and related equity items.

3. Foreign currency translation

(1) All items in the financial statements of each entity within the Company are measured in the functional currency of the entity's primary economic environment. The functional currency of the Company, which is the reporting currency, is New Taiwan Dollar.

(2) For the preparation of the parent company only financial statements, transactions in currencies other than the functional currency of the company are recognized at the exchange rates prevailing at the transaction dates. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date, and the resulting exchange differences are recognized in the income statement of the period. Non-monetary items denominated in foreign currencies, which are measured at fair value, are translated at the exchange rates prevailing on the date when fair value is determined, and the resulting exchange differences are recognized in the income statement for the current year, except for those that are recognized in other comprehensive income due to changes in fair value, for which the resulting exchange differences are recognized in other comprehensive income. Non-monetary items denominated in foreign currencies, which are measured at historical cost, are translated at the exchange rates prevailing at the transaction dates and are not retranslated.

(3) Exchange rate of foreign operating entity

- A. For subsidiaries, associates, and jointly controlled entities whose functional currency differs from the presentation currency, their operating results and

financial position are translated into the presentation currency using the following methods:

- (A) Assets and liabilities as of each balance sheet date are translated at the closing exchange rates on that balance sheet date.
 - (B) Income and expenses as of each statement of comprehensive income are translated at the average exchange rates for the period.
 - (C) All foreign exchange differences arising from the translation are recognized in other comprehensive income.
- B. When partially disposing or selling a foreign operating entity that is an associate or jointly controlled entity, the foreign exchange differences under other comprehensive income are proportionately reclassified to profit or loss for the period as part of the gain or loss on disposal. However, if the Company has lost significant influence over the foreign operating entity classified as an associate or joint control, or if it has lost control over the foreign operating entity classified as a jointly controlled entity, the entire equity of the foreign operating entity is treated as disposed of.
- C. When partially disposing or selling a foreign operating entity that is a subsidiary, the cumulative translation differences recognized in other comprehensive income are reattributed proportionately to the non-controlling interests of that foreign operating entity. However, if the Company has lost control over the foreign operating entity classified as a subsidiary, the entire equity of the foreign operating entity is treated as disposed of.
4. Classification criteria as current or non-current for assets and liabilities
- (1) Those that meet one of the following conditions are classified as current assets:
 - A. Assets that are expected to be realized in the normal operating cycle or intended to be sold or consumed.
 - B. Assets held primarily for trading purposes.
 - C. Assets that are expected to be realized within 12 months after the balance sheet date.
 - D. Cash or cash equivalents, except those used to exchange, settle liabilities, or subject to other restrictions beyond 12 months from the balance sheet date.Assets that do not meet any of the above criteria are classified as non-current.
 - (2) Those that meet one of the following conditions are classified as current liabilities:
 - A. Liabilities that are expected to be settled in the normal operating cycle.
 - B. Liabilities held primarily for trading purposes.
 - C. Liabilities that need to be settled within 12 months after the balance sheet date (even if long-term refinancing or payment agreements have been completed between the balance sheet date and the financial report issuance).
 - D. Liabilities that cannot unconditionally extend the repayment period for at least 12 months beyond the balance sheet date. The terms of the liabilities may allow the counterparty to settle the liabilities by issuing equity instruments, but it does not affect their classification.Liabilities that do not meet any of the above criteria are classified as non-current.
5. Cash and cash equivalents
- Cash and cash equivalents include cash on hand, bank deposits, and short-term, highly liquid investments with a maturity of three months or less that are easily convertible to a known amount of cash and are not subject to significant fluctuations in value.

6. Financial instruments

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

Financial assets and financial liabilities are initially recognized at fair value. At initial recognition, transaction costs directly attributable to the acquisition or issuance of financial assets and financial liabilities (except for financial assets and financial liabilities measured at fair value through profit or loss) should be added to or deducted from the fair value of the financial assets or financial liabilities. Transaction costs directly attributable to financial assets and financial liabilities measured at fair value through profit or loss should be recognized immediately in profit or loss.

(1) Financial assets

A. Measurement category

The customary transaction for financial assets is recognized on the trade date basis.

The financial assets held by the Company are measured at amortized cost and equity instruments measured at fair value through other comprehensive income.

(A) Financial assets measured at amortized cost

If the Company's investment in financial assets meets both of the following conditions, it is classified as financial assets measured at amortized cost:

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

Financial assets measured at amortized cost are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method deducted any impairment losses, with any foreign exchange gains or losses recognized in profit or loss.

Except for the following two cases, interest income is calculated by applying the effective interest rate to the carrying amount of the financial asset:

- a. For credit-impaired financial assets purchased or originated, interest income is calculated by applying the effective interest rate adjusted for credit risk to the amortized cost of the financial asset; or
- b. For financial assets that become credit-impaired after initial recognition but were not purchased or originated credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

(B) Equity instruments measured at fair value through other comprehensive income

At initial recognition, the Company may make an irrevocable election to designate equity instruments that are not held for trading or held for contingent consideration recognized as consideration for a business combination, as measured at fair value through other comprehensive income.

Through the fair value measurement of equity instruments held through other comprehensive income, subsequent fair value changes are reported in other comprehensive income and accumulated in other equity. Upon disposal of investments, accumulated gains and losses are directly transferred to retained earnings and are not reclassified to profit and loss.

Dividends from equity instruments measured at fair value through other comprehensive income that are received by the company are recognized in profit or loss when the right to receive payment is

established, unless the dividend clearly represents a recovery of part of the investment cost.

B. Impairment of financial assets

- (A) The company assesses the expected credit losses of financial assets (including accounts receivable) measured at amortized cost, debt instruments held through other comprehensive income measured at fair value, lease receivables, and contract assets on each balance sheet date.
- (B) Allowance for doubtful accounts of accounts receivable, lease receivables, and contract assets are recognized based on the expected credit losses over their respective expected lives. For other financial assets, the company first assesses whether the credit risk has significantly increased since the initial recognition. If not, allowance for doubtful accounts is recognized based on the expected credit losses over 12 months. If the credit risk has significantly increased, allowance for doubtful accounts is recognized based on the expected credit losses over the expected life of the financial asset.
- (C) The expected credit losses are calculated as the weighted average of credit losses with the risk of default as the weight. The expected credit losses over 12 months represent the expected credit losses that will arise from default events that are expected to occur within 12 months after the reporting date, while the expected credit losses over the expected life of the financial asset represent the expected losses from all possible default events that are expected to occur over the entire expected life of the financial asset.
- (D) The impairment losses of all financial assets are recognized by adjusting their carrying amounts through an allowance account. However, the allowance for doubtful accounts of debt instruments held through other comprehensive income measured at fair value is recognized in other comprehensive income and does not reduce their carrying amounts.

C. Derecognition of financial assets

When any of the following conditions are met, the Company will derecognize financial assets:

- (A) The rights from the contract for cash flows from the financial asset have expired.
- (B) The rights to receive cash flows from the financial asset have been transferred, and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- (C) The Company has neither transferred nor retained substantially all risks and rewards of ownership of the financial asset, but has not retained control over the financial asset.

When financial assets measured at amortized cost are derecognized as a whole, the difference between their carrying amount and the consideration received is recognized in profit or loss. When debt instruments measured at fair value through other comprehensive income are derecognized as a whole, the difference between their carrying amount and the consideration received, plus any cumulative gains or losses recognized in other comprehensive income, is recognized in profit or loss. When equity instruments measured at fair value through other comprehensive income are derecognized as a whole, the cumulative gain or loss is directly transferred to retained earnings and not reclassified to profit or loss.

(2) Financial liabilities

A. Subsequent measurement

All financial liabilities, except for the following circumstances, are measured using the effective interest rate method and are amortized at cost:

- (A) Financial liabilities at fair value through profit or loss refers to financial liabilities held for trading or financial liabilities designated at fair value

through profit or loss at initial recognition. The classification of financial liabilities held for trading is primarily for the purpose of being bought back within a short period of time after their initial recognition, and excludes derivatives other than financial guarantee contracts or designated and effective hedging instruments. This Group designates a financial liability at fair value through profit or loss at initial recognition when it meets one of the following conditions:

- a. It is a hybrid (combined) contract; or
 - b. Its measurement or recognition inconsistency can be eliminated or significantly reduced; or
 - c. It is an instrument that is managed on a fair value basis according to a written risk management policy and its performance is evaluated.
- (B) Financial liabilities at fair value through profit or loss are measured at fair value at initial recognition, and related transaction costs are recognized in profit or loss for the current period. Subsequent changes in fair value are recognized in profit or loss for the current period.
- (C) Financial liabilities designated at fair value through profit or loss, the fair value changes resulting from credit risk fluctuations are recognized in other comprehensive income and are not subsequently reclassified to profit or loss. The remaining fair value changes of the liability are reported in profit or loss. However, if the above accounting treatment causes or exacerbates improper accounting matching, the entire benefit or loss of the liability is reported in profit or loss.

B. De-recognition of financial liabilities

The Company only de-recognizes financial liabilities when they are discharged, cancelled or expired. When de-recognizing financial liabilities, the difference between their carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(3) Modification of financial instruments

When the cash flows of a financial instrument's contract are renegotiated or modified, and it does not result in the de-recognition of the financial instrument, the Company recalculates the total carrying amount of financial assets or the amortized cost of financial liabilities based on the modified cash flows discounted at the original effective interest rate. The modification gain or loss is recognized in profit or loss. Any costs or fees incurred are adjusted to the modified financial instrument's carrying amount and amortized over the remaining term after modification. If the renegotiation or modification results in the de-recognition of the financial instrument, it is handled according to the de-recognition rules.

7. Inventories

Inventories are measured at the lower of cost and net realizable value, using the perpetual inventory system, with cost determined using the weighted average method. The cost of finished goods and work in progress includes raw materials, direct labor, other direct costs, and manufacturing overhead (allocated based on normal production capacity), but does not include borrowing costs. When comparing cost and net realizable value, the specific identification method is used. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

8. Equity Method Investments/Subsidiaries and Associates

- (1) Subsidiaries refer to entities (including structured entities) controlled by the Company, where the Company is exposed to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- (2) Unrealized gains or losses arising from transactions between the Company and its subsidiaries have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary to align with those adopted by the Company.
- (3) The Company recognizes its share of profits or losses of subsidiaries acquired after their acquisition as part of the current period's profit or loss. Its share of other comprehensive income of the subsidiaries acquired after their acquisition is recognized in other comprehensive income. If the Company's share of losses recognized in the subsidiaries equals or exceeds the carrying amount of its equity in the subsidiaries, the Company continues to recognize the losses in proportion to its ownership interest.
- (4) Changes in the Company's ownership interest in its subsidiaries that do not result in a loss of control (transactions with non-controlling interests) are treated as equity transactions, i.e., transactions with the owners. Adjustments to non-controlling interests between the consideration paid or received and the fair value of the equity interests are directly recognized in equity.
- (5) When the Company loses control over a subsidiary, the remaining investment in the former subsidiary is remeasured to fair value and treated as either the fair value of the financial asset initially recognized, the cost of the investment in an associate or joint venture initially recognized, or the carrying amount. Any difference between the fair value and the carrying amount is recognized in the current period's profit or loss. All amounts previously recognized in other comprehensive income related to the former subsidiary are accounted for on the same basis as if the Company had directly disposed of the related assets or liabilities, i.e., any previously recognized gains or losses in other comprehensive income that would be reclassified to profit or loss upon the disposal of the related assets or liabilities are reclassified from equity to profit or loss when control over the subsidiary is lost.
- (6) Associates refer to entities in which the Company has significant influence but not control, typically by directly or indirectly holding more than 20% of the voting rights. The Company accounts for its investments in associates using the equity method and recognizes them at cost upon acquisition.
- (7) The Company recognizes its share of profits or losses of associates acquired after their acquisition as part of the current period's profit or loss. Its share of other comprehensive income of associates acquired after their acquisition is recognized in other comprehensive income. If the Company's share of losses recognized in any associate equals or exceeds its equity in that associate (including any other unsecured receivables), the Company does not recognize further losses unless it has incurred a legal or constructive obligation or has made payments on behalf of the associate.
- (8) Unrealized gains or losses arising from transactions between the Company and its associates have been eliminated in proportion to the Company's interest in the associates' equity unless there is evidence of impairment of the transferred assets. Unrealized losses are also eliminated unless impaired. The accounting policies of the associates have been adjusted as necessary to align with those adopted by the Company.
- (9) When associates issue new shares and the Company does not proportionally subscribe or acquire them, resulting in a change in the investment percentage but still having significant influence, the increase or decrease in equity attributable to the change in net assets of the associates is adjusted in "Capital Surplus" and "Equity Method Investments." If the investment percentage decreases, in addition to the above adjustment, any previously recognized gains or losses in other comprehensive income related to the ownership interests that are associated with the decrease and would be reclassified to profit or loss upon

the disposal of the related assets or liabilities are reclassified to profit or loss based on the decrease proportion.

- (10) When the Company loses significant influence over an associate, the remaining investment in the former associate is remeasured to fair value, and any difference between the fair value and the carrying amount is recognized in the current period's profit or loss.
 - (11) When the Company disposes of an associate and loses significant influence over it, all amounts previously recognized in other comprehensive income related to the former associate are accounted for on the same basis as if the Company had directly disposed of the related assets or liabilities. That is, any previously recognized gains or losses in other comprehensive income that would be reclassified to profit or loss upon the disposal of the related assets or liabilities are reclassified from equity to profit or loss when significant influence over the associate is lost. If the Company still has significant influence over the associate, only the previously recognized amounts in other comprehensive income are proportionally transferred out in the manner described above.
 - (12) When the Company disposes of an associate and loses significant influence over it, any capital surplus related to that associate is reclassified to profit or loss. If the Company still has significant influence over the associate, the reclassification to profit or loss is based on the proportion of disposal.
 - (13) In accordance with the "Financial Reporting Standards for Issuers of Securities," the profit or loss and other comprehensive income of the individual financial statements should be apportioned to the owners of the parent company in the same proportion as the profit or loss and other comprehensive income of the consolidated financial statements prepared on a consolidated basis. The equity of the individual financial statements should be the same as the equity attributable to the owners of the parent company in the consolidated financial statements.
9. Real estate, plant and equipment
- (1) Real estate, plant, and equipment are recorded at cost, including capitalized interest during the construction period.
 - (2) Subsequent costs are only included in the asset's carrying amount or recognized as a separate asset if it is likely that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the part that has been replaced should be derecognized. All other maintenance expenses are recognized in the income statement when incurred.
 - (3) Land is not depreciated. Other real estate, plant, and equipment are accounted for under the cost model and are depreciated using the straight-line method based on the estimated useful life. At the end of each financial year, the Company reviews the residual values, useful lives, and depreciation methods of each asset. If the expected values of the residual values and useful lives are different from the previous estimates or if there have been significant changes in the expected consumption pattern of future economic benefits, the accounting estimate changes are accounted for in accordance with International Accounting Standard No. 8, "Accounting Policies, Changes in Accounting Estimates and Errors." The estimated useful lives of each asset are as follows:
Machinery and equipment: 5 years
Transportation equipment: 5 years
Mold equipment: 3 years
Office equipment: 2 to 5 years
Other equipment: 2 to 6 years
 - (4) Real estate, plant, and equipment are derecognized when they are disposed of or when it is expected that no future economic benefits will arise from their use or disposal. The benefit or loss amount resulting from the derecognition of real estate, plant, and equipment is the difference between the net disposal proceeds and the carrying amount of the asset, which is recognized in the income statement for the current period.

10. Lease

The Company evaluates whether a contract is a lease (or contains a lease) on the date the contract is entered into. For contracts that contain a lease component and one or more additional lease or non-lease components, the consideration in the contract is allocated to the lease component based on the relative standalone price of each lease component and the aggregate standalone price of the non-lease components.

(1) The Company as a lessee

Except for leases of low-value assets and short-term leases, which are recognized on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all other leases at the commencement date.

A. Right-of-use assets

Right-of-use assets are initially measured at cost, which includes the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred, and an estimate of costs to dismantle and remove the underlying asset, if applicable. Subsequently, they are measured at cost less accumulated depreciation and accumulated impairment losses, and adjusted for the remeasurement of the lease liability.

Except for right-of-use assets that meet the definition of investment property, right-of-use assets are presented as a single line item in the consolidated statement of financial position.

Depreciation of right-of-use assets is recognized on a straight-line basis from the commencement date to the earlier of the end of the useful life or the end of the lease term. However, if the lessee is reasonably certain to obtain ownership of the underlying asset, or if the cost of the right-of-use asset reflects the exercise of a purchase option, depreciation is recognized from the commencement date to the end of the useful life of the underlying asset.

B. Lease Liabilities

Lease liabilities are initially measured at the present value of lease payments (including fixed payments, substantially fixed payments, variable lease payments based on an index or rate, the amount of residual value guarantees expected to be paid by the lessee, the exercise price of purchase options that the lessee has a reasonable certainty to exercise, and the termination penalty reflecting the lessee's expected exercise of termination options during the lease term, minus lease incentives received). If the implicit interest rate of the lease is readily determinable, the lease payments shall be discounted using that rate. If not, the lessee's incremental borrowing rate shall be used.

Subsequently, lease liabilities are measured using the effective interest method based on the amortized cost, and interest expense is recognized over the lease term. If changes in the lease term, the assessment of the purchase options for the underlying asset, the amount of residual value guarantees expected to be paid, or the index or rate used to determine the lease payments result in changes to the future lease payments, the lease liabilities shall be remeasured by the Company, and the right-of-use assets shall be adjusted accordingly. However, if the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasurement amount shall be recognized in profit or loss. For lease modifications that are not treated as separate leases, the remeasurement of lease liabilities due to the reduction in the scope of the lease shall result in an adjustment to the right-of-use asset and the recognition of a gain or loss for the termination of the lease in whole or in part. For other modifications to the lease liabilities, the right-of-use asset shall be adjusted. Lease liabilities are presented as a single line item in the parent company only statement of financial position.

(2) The Company as a Lessor

If a lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset, it is classified as a finance lease; otherwise, it is classified as an operating lease.

For operating leases, lease income is recognized on a straight-line basis over the lease term, net of lease incentives. Direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as an expense on a straight-line basis over the lease term. Lease negotiations with the lessee are treated as a new lease from the effective date of the lease modification.

Non-variable lease payments not based on an index or rate are recognized as income when they become due.

11. Intangible Assets

Limited-life intangible assets acquired separately are stated at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method over the following useful lives: for technology licensing fees, the term of the patent or the contractual period; for computer software development costs, two to five years; for patents and others, based on economic benefits or contractual periods. The useful lives and amortization methods are reviewed at the end of each reporting period, and any changes in estimates are applied prospectively.

Intangible assets are derecognized when they are disposed of or when there is no future economic benefit to be derived from their use or disposal. The gain or loss on derecognition of an intangible asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss for the period.

12. Impairment of Non-financial Assets

The Company estimates the recoverable amount of assets that show impairment indicators as of the balance sheet date. When the recoverable amount is less than the carrying amount, impairment losses are recognized. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the circumstances that led to the recognition of asset impairment in previous years no longer exist, any reversal of impairment losses is recognized to the extent of the losses recognized in previous years.

13. Provisions

Provisions are recognized when the Company has a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date, discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount is recognized as interest expense over time. Future operating losses cannot be recognized as provisions.

14. Employee Benefits

(1) Short-term employee benefits

Short-term employee benefits are measured at their expected undiscounted cash outflows and are recognized as expenses when the related services are provided.

(2) Retirement benefits

A. Defined contribution plan

For defined contribution plans, the amount of retirement benefits that should be provided is recognized as current retirement cost based on the obligation incurred. Prepaid contributions are recognized as assets to the extent that they are refundable in cash or reduce future benefits.

B. Defined benefit plan

- (A) The net obligation under a defined benefit plan is calculated as the present value of the future benefit amounts earned by employees for their services in the current or prior periods, discounted using the high-quality corporate bond yields that are consistent with the currency and terms of the plan's obligations, less the fair value of the plan assets at the balance sheet date. The defined benefit obligation is calculated annually using the projected unit credit method, and the discount rate is determined using the market yields of high-quality corporate bonds that are consistent with the currency and terms of the plan's obligations at the balance sheet date. In countries where there is no deep market for high-quality corporate bonds, the market yields of government bonds (at the balance sheet date) are used.
 - (B) Remeasurement gains and losses of a defined benefit plan are recognized in other comprehensive income in the period in which they occur and are presented in retained earnings.
 - (C) The related expenses of prior service cost are recognized immediately in profit or loss.
- (3) Employee and director compensation
Employee and director compensation is recognized as expenses and liabilities when there is a legal or constructive obligation, and the amount can be reasonably estimated. Any differences between the actual and estimated amounts are recognized as accounting estimates changes.
- (4) Termination benefits
Termination benefits are provided to employees when their employment is terminated before the normal retirement date or when they accept an offer of benefits in exchange for the termination of their employment. The Company recognizes the expense for termination benefits either when it can no longer withdraw the offer of those benefits or when it recognizes the related restructuring costs, whichever is earlier. Any benefits not expected to be settled within 12 months after the balance sheet date are discounted.

15. Share capital

Common stocks are classified as equity. The classification of preferred stocks is evaluated based on the substance of the contractual agreement and the definition of financial liabilities and equity instruments. If the basic characteristics of financial liabilities are shown, they are classified as liabilities; otherwise, they are classified as equity. The direct costs associated with issuing new shares or exercising stock options are deducted from equity as a reduction of the purchase price.

16. Share-based payments

Share-based payment agreements settled in equity measure the employee services acquired on the grant date based on the fair value of the equity instruments granted, and are recognized as a cost of compensation over the vesting period with a corresponding adjustment to equity. The fair value of equity instruments reflects both market conditions at the grant date and non-market vesting conditions. The cost of compensation recognized is adjusted for changes in the expected number of awards that will ultimately vest for service and non-market vesting conditions, with the final recognized amount being based on the number of awards that ultimately vest as of the vesting date.

Share-based payment agreements settled in cash recognize the fair value of the liability assumed as a cost of compensation and liability over the vesting period and are measured at the fair value of the equity instruments granted on each balance sheet date and settlement date. Any changes in fair value are recognized in profit or loss for the period.

17. Income taxes

- (1) Income taxes include current and deferred taxes. Except for income taxes related to items included in other comprehensive income or directly in equity, income taxes are recognized in profit or loss.
- (2) Current income tax is calculated based on the tax rates that are already enacted or substantially enacted as of the balance sheet date, depending on the country where taxable income is generated by the Company's operations. The management estimates the income tax payable and records the income tax liability based on the income tax laws and regulations, and provides for the income tax payable when it is expected to be paid to the tax authorities. The additional income tax levied on the undistributed earnings calculated according to the Income Tax Law of our country will be recognized as an income tax expense only after the resolution for profit distribution has been passed in the shareholders' meeting in the following year in which the profit is generated.
- (3) Deferred income tax is recognized using the balance sheet approach, whereby temporary differences between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet are recognized. Deferred income tax liabilities arising from the initial recognition of goodwill are not recognized. Deferred income tax assets or liabilities are not recognized for temporary differences that arise from the initial recognition of assets or liabilities in a transaction (excluding a business combination) and that at the time of the transaction, do not affect either accounting profit or taxable income (tax loss). For temporary differences arising from investments in subsidiaries, if the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, it will not be recognized. The applicable tax rate (and tax law) for deferred income tax assets and liabilities is the enacted or substantially enacted tax rate (and tax law) at the balance sheet date, and the expected rate (and law) to be applied when the deferred income tax asset is realized, or the deferred income tax liability is settled.
- (4) Deferred income tax assets for temporary differences, unused tax losses, and unused tax credits are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses, and unused tax credits can be utilized. Deferred income tax assets and liabilities are remeasured at each balance sheet date.
- (5) When there is a legally enforceable right to offset current income tax assets and liabilities and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously, the current income tax assets and liabilities are offset. When there is a legally enforceable right to offset current income tax assets and liabilities, and deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity or on different taxable entities, but they intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously, the deferred income tax assets and liabilities are offset.
- (6) Tax incentives arising from the purchase of equipment or technology, research and development expenses, personnel training expenses, and equity investments are accounted for by income tax credits.

18. Revenue Recognition:

The Company recognizes revenue from customer contracts according to the following steps:

- (1) Identifying the customer contract;
- (2) Identifying the performance obligations in the contract;
- (3) Determining the transaction price;
- (4) Allocating the transaction price to the performance obligations in the contract;
and
- (5) Recognizing revenue when the performance obligations are satisfied.

After identifying the performance obligations in the customer contract, the Company allocates the transaction price to each performance obligation and recognizes revenue when each performance obligation is satisfied.

For contracts with a time span of less than one year between the transfer of goods or services and the receipt of payment, the significant financial components of the transaction price are not adjusted.

(1) Sales revenue from goods:

The Company recognizes revenue when control of the product has been transferred to the customer and there are no outstanding obligations that will affect the customer's acceptance of the product. Delivery occurs when the customer has accepted the product in accordance with the terms of the transaction, and the risk of obsolescence, deterioration, or loss has been transferred to the customer, and the Company has objective evidence that all acceptance criteria have been satisfied.

The Company records accounts receivable at the time of delivery of goods because the Company has an unconditional right to payment at that point in time.

(2) Service revenue:

The services provided by the Company mainly involve customer commissioning and outsourcing services, and revenue is recognized when the promised services are transferred to the customer (as when the customer obtains control over the assets) and there are no subsequent obligations.

19. Government subsidies:

Government subsidies are recognized at fair value when the Company can reasonably believe that it will comply with the conditions attached to the subsidies and will receive the subsidies.

Government subsidies are systematically recognized in profit or loss over the periods in which the related costs, which the subsidies are intended to compensate, are recognized as expenses in the Company's financial statements.

If government subsidies are used to compensate for expenses or losses that have already been incurred, or if they are provided for the purpose of immediate financial support to the Company and there are no future related costs, they are recognized in profit or loss in the period in which they are receivable.

20. Corporate merger

(1) The Company adopts the acquisition method for corporate mergers. The consideration for the merger is calculated based on the fair value of the assets transferred, liabilities incurred or assumed, and equity instruments issued, including the fair value of any assets and liabilities arising from contingent consideration. Costs related to the acquisition are recognized as expenses when incurred. The identifiable assets acquired, and liabilities assumed in the corporate merger are measured at fair value as of the acquisition date. For components of non-controlling interests that constitute present ownership interests and whose holders have the right to share in the net assets of the enterprise proportionally upon liquidation, the Company chooses to measure them at the fair value as of the acquisition date or by the proportion of identifiable net assets of the acquiree held by non-controlling interests; all other components of non-controlling interests are measured at the fair value as of the acquisition date.

(2) If the total fair value of the consideration transferred, non-controlling interests of the acquiree, and previously held equity interests of the acquiree exceeds the fair value of the identifiable assets acquired and liabilities assumed, goodwill is recognized as of the acquisition date; if the fair value of the identifiable assets acquired and liabilities assumed exceeds the total fair value of the consideration transferred, non-controlling interests of the acquiree, and previously held equity interests of the acquiree, the excess is recognized in profit or loss for the current period as of the acquisition date.

5. Main sources of significant accounting judgments, estimates, and assumptions uncertainty

The Company takes into account the economic impacts caused by the COVID-19 pandemic, climate change and related government policies and regulations, the military conflict between Russia and Ukraine and related international sanctions, inflation, and market interest rate fluctuations in making significant accounting estimates, and will continue to review the underlying assumptions and estimates. If a revision of estimates only affects the current period, it is recognized in the current period; if a revision of accounting estimates affects both the current and future periods, it is recognized in both the current and future periods.

The significant accounting judgments, estimates, and assumptions adopted in preparing this consolidated financial report are as follows:

1. Important judgments in accounting policies adopted

(1) Recognition of Revenue

A. This group determines, in accordance with IFRS 15, whether it has obtained or not obtained control of the specific goods or services to be transferred to customers before transfer, and acts as the principal or agent in the transaction. If it is determined to be the agent in the transaction, the net amount of the transaction is recognized as revenue.

If one of the following situations occurs, this group acts as the principal:

(A) The control of the goods or other assets is obtained by this group from another party before transferring them to customers; or

(B) The Company controls the right to provide services from another party, with the ability to dominate the party in providing services to customers on behalf of this group; or

(C) The Company obtains control of goods or services from another party to combine with other goods or services to provide specific goods or services to customers.

(2) Indicators used to determine whether the Company controls a specific product or service before transferring it to customers include (but are not limited to):

The Company evaluates the operating model to which a financial asset belongs based on the level reflecting that the financial asset group is jointly managed to achieve specific operating objectives. This assessment must consider all relevant evidence, including asset performance measurement methods, risks that affect performance, and the compensation determination methods of relevant managers, and requires the use of judgment. The Company continuously assesses whether its operating model judgments are appropriate, and monitors financial assets measured at amortized cost and debt instrument investments measured at fair value through other comprehensive income that will be derecognized before the maturity date to understand the reasons for their disposal and evaluate whether the disposal is consistent with the operating model objectives. If a change in the operating model is identified, the financial asset is reclassified in accordance with the provisions of IFRS 9, and the application is deferred from the date of reclassification.

(3) Lease term

When determining the lease term, the Company considers all relevant facts and circumstances that create an economic incentive to exercise (or not to exercise) the option, including all expected changes in facts and circumstances from the start date to the option exercise date. Factors considered include the contract terms and conditions covering the option period, significant leasehold improvements made (or expected to be made) during the contract term, and the significance of the underlying assets to the Company's operations. When a

significant event or a significant change in circumstances occurs within the Company's control, the lease term is reassessed.

2. Important accounting estimates and assumptions

(1) Revenue Recognition

Sales revenue is recognized when control of goods or services is transferred to customers to fulfill the performance obligation, and is reduced by estimated returns, discounts, or other similar allowances. These sales returns and discounts are estimated based on historical experience and other known factors, and the Company periodically reviews the reasonableness of these estimates.

(2) Impairment of Financial Assets

The estimated impairment of accounts receivable is based on the Company's assumptions regarding default rates and expected loss rates. The Company considers historical experience, current market conditions, and forward-looking information to make assumptions and select input values for impairment assessment. If actual future cash flows are less than expected, significant impairment losses may arise.

(3) Fair value measurement and evaluation process

When assets and liabilities measured at fair value are not quoted in an active market, the Company decides whether to outsource valuation and determine an appropriate fair value evaluation technique based on relevant laws or judgment. If the Company cannot obtain Level 1 input values when estimating fair value, it considers information such as financial condition and operating results analysis of the investee, recent transaction prices, non-active market quotes of similar equity instruments, comparable company valuation multiples, etc., to determine input values. If actual changes in input values differ from expectations, fair value changes may occur.

The Company periodically updates input values based on market conditions to monitor the appropriateness of fair value measurement.

(4) Impairment assessment of equity method investments

When there are indications of impairment that an equity method investment may not be recoverable, the Company assesses the impairment of the investment. The Company evaluates the recoverable amount based on the discounted value of expected future cash flows from the investee, or the discounted value of expected cash dividends and disposal of the investment generating future cash flows, and analyzes the reasonableness of the related assumptions.

(5) Realizability of deferred income tax assets

Deferred income tax assets are recognized when it is likely that there will be sufficient taxable income available in the future to offset temporary differences. When evaluating the realizability of deferred income tax assets, significant accounting judgments and estimates must be made by management, including assumptions about expected future growth in sales revenue and profit margin, tax holidays, available tax credits, tax planning, and other factors. Any changes in the global economic and industry environment or changes in laws may result in significant adjustments to deferred income tax assets.

(6) Valuation of inventory

Inventory must be valued at the lower of cost or net realizable value. Therefore, the Company must exercise judgment and make estimates to determine the net realizable value of inventory on the balance sheet date, taking into account normal wear and tear, obsolescence, or lack of market sales value due to rapid technological changes. The cost of inventory is then reduced to the net realizable value.

(7) Incremental borrowing rate of lessee

In determining the incremental borrowing rate of the lessee to discount lease payments, the reference rate used is the risk-free rate in the same currency and for the same term. The lessee's estimated credit risk spread and lease-specific adjustments (such as asset-specific and collateral-related factors) are also taken into consideration.

(6) Explanation of important accounting items

1. Cash and cash equivalent

Item	December 31 st , 2022	December 31 st , 2021
Cash	\$ 63	\$ 131
Current Deposit	21,760	36,926
Foreign Currency Deposit	16,219	229
Term Deposit-Original Maturity Within Three Months	41,000	41,000
Total	<u>\$ 79,042</u>	<u>\$ 78,286</u>

(1) The credit quality of the financial institutions with which this group has transactions is good, and this group conducts transactions with multiple financial institutions to diversify credit risks, with a very low possibility of default.

(2) This group has not pledged its cash and cash equivalents.

2. Net accounts receivable

Item	December 31 st , 2022	December 31 st , 2021
Accounts Receivable	\$ 24	\$ 13,399
Deduct: Doubtful Accounts	-	(2,521)
Net Account Receivable	<u>\$ 24</u>	<u>\$ 10,878</u>

(1) As of December 31, 2022 and 2021, this group's accounts receivable were not discounted or provided as collateral.

(2) For related disclosures on the allowance for doubtful accounts of accounts receivable, please refer to the following accounts receivable.

3. Net account receivable

Item	December 31 st , 2022	December 31 st , 2021
Accounts Receivable Measured at Amortized Cost		
Account Receivable	\$ 2,450	\$ 3,755
Account Receivable-Related Parties	238	1,627
Deduct: Doubtful Accounts	(312)	(454)
Net Account Receivable	<u>\$ 2,376</u>	<u>\$ 4,928</u>

(1) This group's accounts receivable generated from product sales have an average credit period of cash on delivery or net 30-120 days, based on the credit standards set according to the industry characteristics, business scale, and profitability of the counterparty.

(2) This group has not pledged its accounts receivable.

(3) This group measures its accounts receivable at amortized cost and has no discounted notes receivable outstanding.

- (4) This group uses a simplified method to recognize the allowance for doubtful accounts for notes receivable and accounts receivable based on the expected credit losses over the remaining period. The expected credit losses over the remaining period take into account the counterparty's past default record and current financial and economic status, as well as industry prospects and credit ratings to adjust the loss rate established based on historical and current information. As this group's credit loss history indicates no significant difference in loss patterns among different customer groups, the provision matrix does not further differentiate customer groups and only sets the expected credit loss rate based on the number of days past due of accounts receivable. This group measures the allowance for doubtful accounts for notes receivable and accounts receivable (including related parties) based on the provision matrix as follows:

December 31 st , 2022	Total book value	Reserved loss (during the period of existence)	Expected credit loss between Amortized cost
Not Past Due	\$ 2,402	(\$ 12)	\$ 2,390
Past Due Within 3 Months	10	-	10
Past Due Within 4 to 6 Months	-	-	-
Past Due Within 7 to 12 Months	-	-	-
Past Due More Than 1 Year	300	(300)	-
Total	<u>\$ 2,712</u>	<u>(\$ 312)</u>	<u>\$ 2,400</u>

December 31 st , 2021	Total book value	Reserved loss (during the period of existence)	Expected credit loss between Amortized cost
Not Past Due	\$ 7,986	(\$ 31)	\$ 7,955
Past Due Within 3 Months	292	(3)	289
Past Due Within 4 to 6 Months	10,083	(2,521)	7,562
Past Due Within 7 to 12 Months	-	-	-
Past Due More Than 1 Year	420	(420)	-
Total	<u>\$ 18,781</u>	<u>(\$ 2,975)</u>	<u>\$ 15,806</u>

The expected credit loss rates for the various aging categories of the Company (excluding abnormal items that should be fully provided for) are as follows: 0.5% to 1% for not past due and past due within 3 months; 2% to 50% for past due 4 to 12 months; and 100% for past due more than 1 year.

- (5) The provision for bad debts for accounts receivable (including related parties) is as follows:

Item	Year 2022	Year 2021
Beginning balance	\$ 2,975	\$ 3,266
Add: Provision for impairment losses	-	857
Deduct: Reversal of impairment losses	(2,663)	-
Deduct: Reclassification	-	(1,148)
Ending balance	<u>\$ 312</u>	<u>\$ 2,975</u>

collateral or other credit enhancement support for such accounts receivable.

- (6) Please refer to Note (12) for details on credit risk management and assessment methods.

4. Inventory and cost of goods sold

Item	December 31 st , 2022	December 31 st , 2021
Merchandise	\$ 13,713	\$ 22,941

- (1) The (loss) gain related to inventory recognized as cost of goods sold in the current period is as follows:

Item	Year 2022	Year 2021
Cost of goods sold	\$ 44,729	\$ 104,558
Sale of obsolete inventory loss	-	535
Inventory write-down loss (reversal of impairment)	222	(840)
Total operating costs	\$ 44,951	\$ 104,253

- (2) The Company wrote down inventory to net realizable value in 2022 and 2021, or recognized an impairment loss (reversal of impairment loss) due to the increase in prices of certain products and the digestion of some inventory, in the amounts of NTD 222 thousand and (NTD 840 thousand) respectively.
- (3) As of December 31, 2022 and 2021, the inventory insurance amount was NTD 33,000 thousand for both years.
- (4) The Company did not pledge any inventory.

5. Other financial assets-current

Item	December 31 st , 2022	December 31 st , 2021
Time deposits - maturity date exceeding three months	\$ 73,500	\$ 51,180

6. Financial assets measured at fair value through other comprehensive income-non-current

Item	December 31 st , 2022	December 31 st , 2021
Equity Instrument		
Domestic and foreign unlisted company stocks	\$ 39,034	\$ 39,034
Fair value adjustment	(14,979)	(15,039)
Total	\$ 24,055	\$ 23,995

- (1) The Company classified its investment in Shu-Ho Enterprise Co., Ltd. as a financial asset measured at fair value through other comprehensive income for the purpose of stable dividend income. The fair values of such investments as of December 31, 2022 and 2021 were NTD 18,880 thousand and NTD 19,222 thousand respectively.
- (2) The Company invested in UB Office Systems Incorporation and BELL & WYSON SAS for the purpose of a medium to long-term investment strategy and expected to earn profits through long-term investments. The Company's management believes that if the short-term fair value fluctuations of such investments were included in profit or loss, it would not be consistent with the aforementioned long-term investment plan. Therefore, the Company designated such investments as financial assets measured at fair value through other comprehensive income.
- (3) Please refer to Note (12) for details on credit risk management and assessment methods.

7. Investments accounted for using the equity method

Investee	December 31 st , 2022	December 31 st , 2021
Subsidiaries:		
Ginwin Technology Co., Ltd.	\$ 227,060	\$ 248,600
Branchy Technology Co., Ltd.	-	-
Subtotal	227,060	248,600
Insignificant individual associated enterprises	-	-
Total	\$ 227,060	\$ 248,600

(1) Subsidiaries:

- A. For information regarding the Company's subsidiaries, please refer to Note 4-3 of the Company's year 2022 consolidated financial statements.
- B. Investments accounted for using the equity method and the Company's share of their profit or loss and other comprehensive income are calculated based on audited financial reports.
- C. The Company's subsidiary, Branchy Technology Co., Ltd., has been evaluated by the Company and the investment balance in that company has been written down to zero as of the end of the 2009 fiscal year.
- D. In the 2022 and 2021 fiscal years, the Company received cash dividends from Ginwin Technology Co., Ltd. in the amounts of NTD 21,623 thousand and NTD 20,758 thousand, respectively.
- E. The Company's investments accounted for using the equity method are not provided as collateral.

(2) Associated enterprises:

Investee company	Ownership rate			
	December 31 st , 2022		December 31 st , 2021	
	Book value	Ownership%	Book value	Ownership%
Sino Digit Technology Limited	\$ -	27%	\$ -	27%

Note: A. For information on the nature of the business, primary place of operation, and country of registration of the above-mentioned related parties, please refer to Schedule 13 in Note 2.

- B. Due to the long development time of the product and the inability to control the timeframe, the investment performance has not been realized. After careful evaluation by the Company, the investment value has been impaired and the carrying amount of the investment in the company was recognized as zero as of the end of 2017, with an accumulated impairment loss of NTD 16,444 thousand.
- C. As of December 31, 2022, the invested company has no actual operations, and the Company has recognized the carrying amount of the investment in the company as zero. The Company's management evaluated that the financial report of the invested company has not been audited by an accountant, which has no significant impact.

8. Real estate, plant and equipment

Item	December 31 st , 2022	December 31 st , 2021
Machinery and equipment	\$ 617	\$ 617
Transportation equipment	2,208	2,208
Office equipment	3,074	2,826
Other equipment	4,307	4,157
Total cost	10,206	9,808
Less: accumulated depreciation and impairment	(8,750)	(8,140)
Total	\$ 1,456	\$ 1,668

	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
Cost					
Balance as of January 1 st , 2022	\$ 617	\$ 2,208	\$ 2,826	\$ 4,157	\$ 9,808
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Reclassifications	-	-	248	150	398
Balance as of December 31 st , 2022	\$ 617	\$ 2,208	\$ 3,074	\$ 4,307	\$ 10,206

Accumulated depreciation and impairment					
Balance as of January 1 st , 2022	\$ 600	\$ 1,334	\$ 2,353	\$ 3,853	\$ 8,140
Depreciation expense	-	368	172	70	610
Disposals	-	-	-	-	-
Balance as of December 31 st , 2022	\$ 600	\$ 1,702	\$ 2,525	\$ 3,923	\$ 8,750

	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
Cost					
Balance as of January 1 st , 2021	\$ 822	\$ 2,208	\$ 2,764	\$ 4,273	\$ 10,067
Additions	-	-	-	-	-
Disposals	(205)	-	-	(116)	(321)
Reclassifications	-	-	62	-	62
Balance as of December 31 st , 2021	\$ 617	\$ 2,208	\$ 2,826	\$ 4,157	\$ 9,808

Accumulated depreciation and impairment	\$ 799	\$ 966	\$ 2,146	\$ 3,826	\$ 7,737
Balance as of January 1 st , 2021	-	368	207	123	698
Depreciation expense	(199)	-	-	(96)	(295)
Disposals of January 1 st , 2021	\$ 600	\$ 1,334	\$ 2,353	\$ 3,853	\$ 8,140

- (1) Please refer to Note (6)-22 for information on capitalized interest amounts.
- (2) As there were no impairment indicators in 2022 and 2021, the Company did not perform an impairment assessment.
- (3) Please refer to Note (8) for information on the collateral provided by self-use properties, factories, and equipment.

9. Lease agreement

(1) Right to use assets

Item	December 31 st , 2022	December 31 st , 2021
Buildings and structures	\$ 40,298	\$ 40,298
Deduct: Accumulated depreciation and impairment	(8,395)	(1,679)
Total	<u>\$ 31,903</u>	<u>\$ 38,619</u>

Cost	Buildings and structures	Total
Balance as of January 1 st , 2022	\$ 40,298	\$ 40,298
Balance as of December 31 st , 2022	<u>\$ 40,298</u>	<u>\$ 40,298</u>

Accumulated depreciation and impairment	Buildings and structures	Total
Balance as of January 1 st , 2022	\$ 1,679	\$ 1,679
Depreciation expense	6,716	6,716
Balance as of December 31 st , 2022	<u>\$ 8,395</u>	<u>\$ 8,395</u>

Costs	Buildings and structures	Total
Balance as of January 1 st , 2021	\$ 12,954	\$ 12,954
Increase in current period	40,298	40,298
Decrease in current period	(12,954)	(12,954)
Balance as of December 31 st , 2021	<u>\$ 40,298</u>	<u>\$ 40,298</u>

Accumulated depreciation and impairment		
Balance as of January 1 st , 2021	\$ 9,421	\$ 9,421
Depreciation expense	5,212	5,212
Decrease in current period	(12,954)	(12,954)
Balance as of December 31 st , 2021	<u>\$ 1,679</u>	<u>\$ 1,679</u>

(2) Lease liabilities

Item	December 31 st , 2022	December 31 st , 2021
Lease liability balance		
Current	<u>\$ 6,564</u>	<u>\$ 6,447</u>
Non-current	<u>\$ 25,694</u>	<u>\$ 32,258</u>

Discount rate range for lease liabilities:

	December 31 st , 2022	December 31 st , 2021
Buildings and constructions	1.80%	1.80%

For lease liability maturity analysis, please refer to Note 12.

(3) Other lease information

- A. In 2022 and 2021, the Company chose to apply exemptions for short-term leases and leases of low-value assets. These leases are not recognized as related right-of-use assets and lease liabilities.
- B. Lease-related expense information for 2022 and 2021 is as follows:

	January to December of year 2022	January to December of year 2021
Short-term lease expense	\$ -	\$ 1,710
Low-value asset lease expense	\$ 38	\$ 38
Variable lease payment expense not included in lease liability measurement	\$ -	\$ -
Total cash outflows for leases (Note)	\$ 7,118	\$ 7,117

Note: Includes principal and interest payments for current lease liabilities.

10. Long-term notes and accounts receivable

Item	December 31 st , 2022	December 31 st , 2021
Collected amounts - Accounts receivable	\$ 57,805	\$ 57,805
Collected amounts - Other receivables	2,558	2,558
Less: Allowance for doubtful accounts	(60,363)	(60,363)
Net amount	\$ -	\$ -

- (1) In 2015, the Company collaborated with Taiwan Tang Hua Co., Ltd. on the Sunset Mercury Street Lamp project. Due to delays in project acceptance, some payments were not received as agreed upon. Although a settlement agreement was signed with the company, legal action was taken against the company for the outstanding debt. In 2017, the related accounts receivable of 61,629 thousand NTD and interest receivable of NTD 2,346 thousand were transferred to long-term notes and accounts receivable, and full provision for bad debts was made. In addition, the related long-term notes, and accounts receivable and allowance for doubtful accounts were reversed in 2018 after obtaining a court judgment and recognizing a realized bad debt loss in the current period's income tax return.
- (2) The Company sold smart induction lamp to BELL & WYSON. Due to abnormal product quality, some payments were not received as agreed upon. Legal action is being taken against the company for the outstanding debt. In addition, in 2017, the related accounts receivable of NTD 15,610 thousand were transferred to long-term notes and accounts receivable, and full provision for bad debts was made.

11. Provisions - Current Liabilities

Item	December 31 st , 2022	December 31 st , 2021
Employee Benefits	\$ 598	\$ 507

The employee benefits provision is an estimate of the short-term service leave rights of employees.

Item	Employee Benefits
Balance as of January 1 st , 2022	\$ 507
Liability Provision Added in the Current Period	485
Liability Provision Used in the Current Period	(394)
Balance as of December 31 st , 2022	\$ 598

Item	Employee Benefits
Balance as of January 1 st , 2021	\$ 510
Liability Provision Added in the Current Period	398
Liability Provision Used in the Current Period	(401)
Balance as of December 31 st , 2021	\$ 507

12. Retirement benefits

(1) Defined benefit plan

- A. The Company's retirement benefit system, which is governed by the "Labor Retirement Pension Act," is a government-managed defined contribution retirement plan. The Company contributes 6% of employees' monthly salaries as retirement benefits to individual accounts with the Labor Insurance Bureau.
- B. In the 2022 and 2021 fiscal years, the total expense for retirement benefits, as stipulated by the defined contribution plan in terms of the specified proportion to be allocated, was recognized in the statement of comprehensive income in the amounts of NTD 767 thousand and NTD 828 thousand, respectively.

(2) Defined contribution plan

Full-time employees who joined the Company before June 30, 2005 and were eligible for the defined contribution plan have resigned or had their seniority cleared as of the end of 2012. Therefore, the retirement actuarial method has been terminated as of the end of 2012.

13. Common Share

- (1) The number of outstanding common shares of the Company at the beginning and end of the period and the amount are adjusted as follows:

Item	Year 2022	
	Thousand Shares	Amount
January 1 st	60,196	\$ 601,956
December 31 st	60,196	\$ 601,956

Item	Year 2021	
	Thousand Shares	Amount
January 1 st	60,196	\$ 601,956
December 31 st	60,196	\$ 601,956

- (2) As of December 31st, 2022, the Company's authorized capital was 4,000,000 thousand NTD, divided into 400,000 thousand shares.
- (3) In order to improve the financial structure, the Company passed a resolution to conduct a private placement of no more than 30,000 thousand common shares at the shareholders' meeting on June 18th, 2010, and authorized the Board of

Directors to conduct two private placements within one year. The Board of Directors passed a resolution on October 15th, 2010, approving the first private placement of cash to issue 15,000 thousand common shares at a par value of 10 NTD per share. The subscription price was set at a discounted price of 5 NTD per share, and a total of NTD 75,000 thousand was raised. The subscription has been registered. On January 11th, 2011, the Board of Directors passed a resolution to conduct the second private placement of cash to issue 15,000 thousand common shares at a par value of 10 NTD per share, with January 19th, 2011 as the record date for capital increase. The subscription price was set at a discounted price of 5 NTD per share, and a total of NTD 75,000 thousand was raised.

The subscription has been registered. According to relevant laws and regulations, the above-mentioned private placement stocks must be applied for listing and trading with the competent authority three years after the delivery date of the stocks.

- (4) In order to improve the financial structure, the Company passed a resolution at the shareholders' meeting on June 24th, 2011, to conduct a private placement of no more than 60,000 thousand common shares, and authorized the Board of Directors to conduct three private placements within one year. The Board of Directors passed a resolution on August 31st, 2011, approving the first private placement of cash to issue 4,000 thousand common shares at a par value of 10 NTD per share, with September 5th, 2011 as the record date for capital increase. The subscription price was set at a discounted price of 5 NTD per share, and a total of NTD 20,000 thousand was raised. The registration has been completed. The remaining two private placements of 56,000 thousand shares will not be executed as the specific persons for the private placement cannot be found, as decided by the Board of Directors.

According to relevant laws and regulations, the above-mentioned private placement stocks must be applied for listing and trading with the competent authority three years after the delivery date of the stocks.

- (5) In order to improve the financial structure, the Company passed a resolution at the shareholders' meeting on June 22nd, 2012, to conduct a capital reduction to offset the loss, reducing NTD 756,485 thousand and canceling 75,649 thousand issued shares. According to the proportion of shareholders' holdings, 609.3670001 shares were canceled per thousand shares. The reduction ratio was 60.93670001%. The above-mentioned reduction to offset the loss was approved by the Financial Supervisory Commission on August 29th, 2012, and has been effective. The Board of Directors passed a resolution on September 14th, 2012, as the record date for capital reduction, and the registration has been completed.
- (6) In order to enrich operating funds and improve the financial structure, the Company passed a resolution at the shareholders' meeting on June 22nd, 2012, to conduct a private placement of no more than 30,000 thousand common shares, and authorized the Board of Directors to conduct three private placements within one year. The above-mentioned private placement of new shares by cash has been decided by the Board of Directors and will not be executed.
- (7) The Company acquired over 51% of the shares of Ginwin Technology Co., Ltd. to increase revenue, strengthen financial structure, and maintain shareholders' equity. On June 10th, 2013, the board of directors approved a private placement of up to 80,000 thousand ordinary shares, with a par value of 10 NTD per share, to raise capital. The first round of private placement was authorized to be completed within one year, and on April 22, 2014, the board of directors approved the issuance of 46,750 thousand ordinary shares at a discounted price of 4.5 NTD per share, with an aggregate capital of NTD 210,375 thousand. The remaining 33,250 thousand private placement shares were cancelled as it was difficult to find specific investors. Pursuant to relevant laws and regulations, the aforementioned private placement shares must be applied for listing with the competent authority after a period of three years from the date of delivery of the shares.
- (8) In order to improve the Company's financial structure, the shareholders' meeting approved the reduction of capital to offset losses, with a total reduction of 200,283 thousand NTD and the cancellation of 20,028 thousand issued shares on June 23rd,

2014. The ratio of the reduction was 21.02835825% based on the shareholders' proportion of holding. The above capital reduction to offset losses was approved by the Financial Supervisory Commission on September 1st, 2014, and the record date was set on September 11th, 2014. The registration of changes has been completed.

- (9) In order to enrich operating capital, the board of directors approved the public offering of 20,000 thousand ordinary shares, with a par value of 10 NTD per share, at a price of 12 NTD per share on October 15th, 2015, to raise NTD 240,000 thousand. The new shares from this cash capital increase were approved by the Financial Supervisory Commission on March 8th, 2016, with the record date set on April 5th, 2016. The fundraising has been completed, and the registration of changes has been processed.
- (10) In order to improve the Company's financial structure, the shareholders' meeting approved the reduction of capital to offset losses, with a total reduction of NTD 350,203 thousand and the cancellation of 35,020 thousand issued shares on June 18th, 2020. The ratio of the reduction was 36.77987005% based on the shareholders' proportion of holding. The above capital reduction to offset losses was approved by the Financial Supervisory Commission on November 2nd, 2020, and the record date was set on November 11th, 2020. The registration of changes has been completed.

14. Capital surplus

Item	December 31 st , 2022	December 31 st , 2021
Expired stock warrants	\$ 1,195	\$ 1,195
Dividends not received by shareholders who have exceeded the time limit	416	416
Total	<u>\$ 1,611</u>	<u>\$ 1,611</u>

- (1) According to the regulations of the Company Law, the surplus gained from the issuance of stocks exceeding the face value and the capital surplus gained from receiving gifts, except for making up for losses, can be used to issue new shares or pay in cash to shareholders in proportion to their original shares when the company has no accumulated losses. According to the relevant regulations of the Securities and Exchange Act, the total amount of the above capital surplus allocated to capital cannot exceed 10% of the paid-in capital per year. The capital surplus cannot be used to make up for capital deficits if the company does not have enough surplus earnings to do so. The capital surplus generated from investments under the equity method cannot be used for any purpose.
- (2) The company carried out a cash increase in 2016, and according to Article 267 of the Company Act, 3,000 thousand shares were reserved for employees to subscribe, accounting for 15% of the total new shares issued. Based on the fair value of equity instruments granted on the grant date, it was recorded as salary expenses and capital surplus - stock options, totaling NTD 3,150 thousand, and the capital surplus - stock options were converted to capital surplus - issuance premium of NTD 1,955 thousand after the subscription. The unexercised portion was deemed expired and was converted to capital surplus - expired stock warrants of NTD 1,195 thousand.
- (3) The company's shareholders' meeting passed a resolution on June 18th, 2020 to use the capital surplus - common stock premium to make up for losses, totaling NTD 41,955 thousand.

15. Retained Earnings and Dividend Policy

- (1) According to the dividend distribution policy specified in the Company's articles of incorporation, if there is net profit after tax for the current fiscal year, it shall be used first to offset accumulated losses (including adjusting the amount of undistributed earnings), and ten percent shall be appropriated as legal reserve in accordance with the law. However, when the cumulative legal reserve has reached the total amount of the Company's paid-in capital, there is no need to make further appropriation. The Company shall also appropriate or reverse

special reserve in accordance with laws or regulations set by the competent authority. The remaining retained earnings, together with the undistributed earnings at the beginning of the period (including adjusting the amount of undistributed earnings), shall be proposed by the Board of Directors as a resolution on profit distribution and submitted to the shareholders' meeting for approval of dividend distribution.

The Company's dividend policy adopts a "balanced dividend policy" and may distribute dividends in the current fiscal year depending on the financial situation, with stock dividends not exceeding 50%, and the remaining as cash dividends.

- (2) The legal reserve can only be used to offset the company's losses or be issued to new shares or cash in proportion to the original shareholders' shares. However, when issuing new shares or cash, the amount of legal reserve used cannot exceed 25% of the paid-in capital that exceeds the legal reserve.
- (3) When the Company distributes dividends, it shall first set aside special reserves for the current fiscal year according to the other equity items' debit balance on the balance sheet as of the end of the fiscal year in accordance with laws and regulations. The reversed amount can be included in the distributable retained earnings after the other equity items' debit balance has been reversed.
- (4) The Company's profit distribution for fiscal years 2021 and 2020, approved by the shareholders' meeting in June 2022 and July 2021, respectively, and the dividends per share are as follows:

Item	Profit Distribution Proposal Dividends		Per Share (NTD)	
	Year 2021	Year 2020	Year 2021	Year 2020
Legal reserve	\$ -	\$ 433		
Special reserve	-	3,900		
Cash dividends for common shares	-	-	\$ -	\$ -
Total	\$ -	\$ 4,333		

- (5) On March 24th, 2023, the Board of Directors proposed the profit distribution plan for fiscal year 2022 as follows:

Item	Year 2022	
	Amount	Per Share (NTD)
Legal reserve	\$ -	
Special reserve		\$ -
Total	\$ -	

The profit distribution plan for the 2022 fiscal year is pending approval at the shareholder meeting scheduled for June of the 2023 year.

- (6) For information on the Company's profit distribution proposals and resolutions proposed by the Board of Directors and approved by the shareholders' meeting, please refer to the Market Observation Post System of the Taiwan Stock Exchange.

16. Other equity

Item	Foreign operations translation adjustments	Equity instruments investments measured at fair value through other comprehensive income, with unrealized gains or losses	Total
Balance as of January 1 st , 2022	(\$ 345)	(\$ 15,039)	(\$ 15,384)
Equity instruments investments measured at fair value through other comprehensive income, with unrealized gains or losses	-	60	60
Balance as of December 31 st , 2022	(\$ 345)	(\$ 14,979)	(\$ 15,324)

Item	Foreign operations translation adjustments	Equity instruments investments measured at fair value through other comprehensive income, with unrealized gains or losses	Total
Balance as of January 1 st , 2021	(\$ 345)	(\$ 18,567)	(\$ 18,912)
Equity instruments investments measured at fair value through other comprehensive income, with unrealized gains or losses	-	3,528	3,528
Balance as of December 31 st , 2021	(\$ 345)	(\$ 15,039)	(\$ 15,384)

17. Operating Income

Item	Year 2022	Year 2021
Revenue from customer contracts		
Sales revenue	\$ 55,436	\$ 121,210
Service revenue	101	525
Other operating revenue	\$ 55,537	\$ 121,735

(1) Revenue from customer contracts breakdown

Revenue recognized by the Company for the transfer of products at a point in time is as follows:

Major Products	Year 2022	Year 2021
Processing of color filter substrates, etc.	\$ 450	\$ 2,477
Planar light sources and LED lighting	19,486	29,844
Home appliances	33,868	82,567
Machinery and equipment components, etc.	-	3,441
Others	1,733	3,406
Total	\$ 55,537	\$ 121,735

(2) Contract Balances:

The Company recognizes accounts receivable, contract assets and contract liabilities related to customer contracts as follows:

Item	December 31 st , 2022	December 31 st , 2021
Accounts receivable	\$ 2,400	\$ 15,806
Contract liabilities - current		
Product sales	\$ 5	\$ 22,752

A. Significant changes in contract assets and liabilities:

Changes in contract assets and liabilities are primarily due to the timing difference between the satisfaction of performance obligations and customer payments.

B. Recognition of revenue from contract liabilities at the beginning of the period:

Item	January to December of year 2022	January to December of year 2021
Beginning balance of contract liabilities and revenue recognized during the period		
Product sales	\$ 17,059	\$ 7,657

- C. Revenue recognized during the period from performance obligations satisfied in previous periods: None.
- D. Customer contracts not yet satisfied:
As of December 31st, year 2022, the Company had customer contracts for product sales that had not been satisfied, with expected remaining contract duration of less than one year. These contracts are expected to be fulfilled and recognized as revenue within the next year.

18. Interest income

Item	Year 2022	Year 2021
Bank deposit interest	\$ 800	\$ 481
Other interest income	4	8
Total	<u>\$ 804</u>	<u>\$ 489</u>

19. Other income

Item	Year 2022	Year 2021
Rental income	\$ 30	\$ -
Government subsidies	2,499	2,731
Others	<u>\$ 2,529</u>	<u>\$ 2,731</u>

20. Other gains and losses

Item	Year 2022	Year 2021
Net foreign exchange gains (losses)	\$ 3,441	(\$ 999)
Gains (losses) on disposal of property, plant, and equipment	-	33
Provisions for litigation and claims (Note)	(1,500)	-
Others	-	(2)
Total	<u>\$ 1,941</u>	<u>(\$ 968)</u>

Note: Please refer to Note (9) for details.

21. Employee benefits, depreciation and amortization expenses

Type	Year 2022		Total
	Recognized as operating costs	Recognized as operating expenses	
Employee benefits expenses			
Salary expenses	\$ -	\$ 13,819	\$ 13,819
Labor and health insurance expenses	-	1,866	1,866
Retirement benefit expenses	-	767	767
Other employee benefits expenses	-	96	96
Depreciation expenses	-	634	634
Amortization expenses	-	7,326	7,326
Total	-	2,653	2,653
Employee benefits expenses	<u>\$ -</u>	<u>\$ 27,161</u>	<u>\$ 27,161</u>

Type	Year 2021		
	Recognized as operating costs	Recognized as operating expenses	Total
Employee benefits expenses			
Salary expenses	\$ -	\$ 14,972	\$ 14,972
Labor and health insurance expenses	-	1,839	1,839
Retirement benefit expenses	-	828	828
Other employee benefits expenses	-	108	108
Depreciation expenses	-	686	686
Amortization expenses	-	5,910	5,910
Total	-	4,254	4,254
Employee benefits expenses	\$ -	\$ 28,597	\$ 28,597

- (1) Additional information on the Company's employee count and employee benefit expenses for the 2022 and 2021 fiscal years is as follows:

	Year 2022	Year 2021
Employee count	31	33
Number of non-executive directors who are not employees	4	4
Average employee benefit expenses	\$ 633	\$ 632
Average employee salary expenses	\$ 512	\$ 516
Adjustments to average employee salary expenses	(0.78%)	(4.09%)
Supervisor's remuneration (Note)	\$ -	\$ -

Note: The Company has appointed independent directors and established an audit committee in accordance with regulations, replacing the role of supervisors. Therefore, there is no remuneration for supervisors.

- (2) Company's compensation policy (including directors, executives, and employees)
Director's remuneration

The Company's policy, system, standards, and structure for remunerating directors, including non-executive directors, and the correlation between their remuneration and responsibilities, risks, and time commitments are as follows: According to the Company's Articles of Incorporation, the remuneration of the Chairman and directors is determined by the Board of Directors based on their level of involvement and contribution to the Company's operations, taking into account industry standards both domestically and internationally.

The Articles of Incorporation also stipulate that director remuneration shall not exceed 3% of annual profits.

Executive's remuneration

The Company's policy, standards, composition, procedures, and the correlation between executive remuneration and business performance and future risks are as follows:

The remuneration for executives appointed by the Company is determined by the Remuneration Committee and submitted to the Board of Directors for approval, taking into consideration their roles, contributions, the Company's business performance for the year, and future risks.

Employee's remuneration

The Company is committed to providing a diverse and competitive remuneration system for employees, while considering external competitiveness, internal fairness, and legality. The Company also upholds the

concept of sharing profits with employees, aiming to attract, retain, develop, and motivate our employees. Employee remuneration includes monthly salaries and employee bonuses distributed by the Company based on annual profit conditions. As specified in the Company's Articles of Incorporation, employee remuneration shall not be lower than 3% of annual profits.

Annual employee bonuses are provided to reward contributions and motivate employees to continue their efforts, aligning employee interests with shareholder interests to create a win-win situation for the Company, shareholders, and employees. The total amount of cash bonuses and employee remuneration is determined based on the Company's operational results and referencing domestic industry standards. Employee remuneration is distributed after approval by the Board of Directors, and the amount allocated to each employee is determined based on their position, contribution, and performance.

- (3) The Company allocated employee compensation and director compensation before deducting the tax profit for the year at not less than 3% and not more than 3%. If the amount changes after the issuance of the annual financial report, it will be adjusted based on accounting estimates and recorded in the next year.
- (4) The Company's board of directors approved the employee compensation and director compensation for the 2022 and 2021 fiscal years on March 24th, 2023, and March 22nd, 2022, respectively, and the amounts recognized in the financial report are as follows:

	Year 2022		Year 2021	
	Employee compensation	Director compensation	Employee compensation	Director compensation
Approved distribution amount	\$ -	\$ -	\$ -	\$ -
Amount recognized in the annual financial report	-	-	-	-
Difference amount	\$ -	\$ -	\$ -	\$ -

- (5) For information on employee and director compensation approved by the Company's board of directors, please refer to the Taiwan Stock Exchange's Market Observation Post System.

22. Financial costs

Item	Year 2022	Year 2021
Interest expenses:		
Interest on lease liabilities	\$ 633	\$ 193
Financial expenses	10	23
Deduct: Capitalized amount meeting the criteria	-	-
Financial cost	\$ 643	\$ 216

23. Income tax

- (1) Components of income tax expenses:

Item	Year 2022	Year 2021
Current income tax		
Income tax generated in the current period	\$ -	\$ -
Original generation and reversal of temporary differences	918	773
Income tax expense	\$ 918	\$ 773

- (2) Amount of income tax related to other comprehensive income: None.
- (3) Adjustment of current year accounting income and income tax expenses recognized in profit and loss:

Item	Year 2022	Year 2021
Profit (loss) before tax	(\$ 21,544)	(\$ 3,309)
Tax amount calculated according to statutory tax rate	(\$ 4,309)	(\$ 662)
Effect not included when calculating taxable income		
Equity method investment gains	(17)	(4,699)
Other adjustments	4,326	5,361
Net deferred tax amount		
Loss offset	(253)	747
Temporary differences	1,171	26
Income tax expenses recognized in profit and loss	\$ 918	\$ 773

The tax rate applicable to individual income tax under the Income Tax Act of the Republic of China applicable to the Company is 20%, and the tax rate applicable to undistributed earnings from 2018 fiscal year is 5%.

- (4) Deferred income tax assets or liabilities arising from temporary differences, loss offsets and investment deductions:

Item	Year 2022				
	Beginning balance	Recognized in (loss) profit	Tax rate change	Impact recognized in other comprehensive (loss) income	Ending balance
Deferred income tax assets:					
Temporary differences					
Unrealized exchange losses	\$ 205	(\$ 205)	\$ -	\$ -	\$ -
Net defined benefit liabilities	637	(637)	-	-	-
Unrealized inventory losses	701	44	-	-	745
Unpaid vacation bonuses	101	18	-	-	119
Investment gains and losses recognized under equity method	5,127	-	-	-	5,127
Loss offset	133,634	253	-	-	133,887
Subtotal	140,405	(527)	-	-	139,878
Deferred income tax liabilities:					
Temporary differences					
Unrealized gains on exchange	-	(391)	-	-	(391)
Subtotal	-	(391)	-	-	(391)
Total	\$ 140,405	(\$ 918)	\$ -	\$ -	\$ 139,487

Item	Year 2021				Ending balance
	Beginning balance	Recognized in (loss) profit	Tax rate change	Impact recognized in other comprehensive (loss) income	
Deferred income tax assets:					
Temporary differences					
Unrealized exchange losses	\$ 62	\$ 143	\$ -	\$ -	\$ 205
Net defined benefit liabilities	637	-	-	-	637
Unrealized inventory losses	869	(168)	-	-	701
Unpaid vacation bonuses	102	(1)	-	-	101
Investment gains and losses recognized under equity method	5,127	-	-	-	5,127
Loss offset	134,381	(747)	-	-	133,634
Subtotal	141,178	(773)	-	-	140,405
Deferred income tax liabilities:	-	-	-	-	-
Total	\$ 141,178	(\$ 773)	\$ -	\$ -	\$ 140,405

(5) Items not recognized as deferred income tax assets:

Item	December 31 st , 2022	December 31 st , 2021
Equity method investment losses	\$ 3,597	\$ 3,597
Loss offset	459,053	465,913
Total	\$ 462,650	\$ 469,510

(6) The company's profits tax has been confirmed by the tax collection agency until the 2020 fiscal year.

24. Other comprehensive income

Item	Year 2022		
	Pre-tax	Income tax (expense) benefit	Net amount after tax
Items not reclassified to profit or loss:			
Equity measured at fair value through other comprehensive income	\$ 60	\$ -	\$ 60
Unrealized gains and losses on investment instruments			
Recognized in other comprehensive income	\$ 60	\$ -	\$ 60

Item	Year 2021		
	Pre-tax	Income tax (expense) benefit	Net amount after tax
Items not reclassified to profit or loss:			
Equity measured at fair value through other comprehensive income	\$ 3,528	\$ -	\$ 3,528
Unrealized gains and losses on investment instruments			
Recognized in other comprehensive income	\$ 3,528	\$ -	\$ 3,528

25. Earnings per share (EPS) for common stock

	Year 2022	Year 2021
A. Basic EPS:		
Net profit (loss) attributable to equity holders of the parent company's common stock	(\$ 22,462)	(\$ 4,082)
Weighted average number of outstanding shares during the period (in thousands of shares)	60,196	60,196
Basic EPS (after tax) (NTD)	(\$ 0.37)	(\$ 0.07)
B. Diluted EPS:		
Net profit (loss) attributable to equity holders of the parent company's common stock		
Weighted average number of outstanding shares adjusted for dilution during the period (in thousands of shares)	(\$ 22,462)	(\$ 4,082)
Diluted EPS (after tax) (NTD)	60,196	60,196
B. Diluted EPS:	(\$ 0.37)	(\$ 0.07)

26. Adjustment of liabilities from fundraising activities

(1) Balance as of December 31st, 2022

	January 1 st , 2022	Cash flow	Non-cash changes					December 31 st , 2022
			Changes in acquiring subsidiaries	Changes in losing control over subsidiaries	Exchange rate changes	Fair value changes	Other non-cash changes	
Lease liabilities	\$ 38,705	(\$ 6,447)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,258

(2) December 31st, 2021

	January 1 st , 2021	Cash flow	Non-cash changes					December 31 st , 2021
			Changes in acquiring subsidiaries	Changes in losing control over subsidiaries	Exchange rate changes	Fair value changes	Other non-cash changes	
Lease liabilities	\$ 3,583	(\$ 5,176)	\$ -	\$ -	\$ -	\$ -	\$ 40,298	\$ 38,705

27. Government subsidies

The Company applied to the Taoyuan City government for the "Secure Employment Program" to hire incentives for unemployed persons affected by COVID-19, and received a review subsidy for employment incentives on March 14th and April 12th, 2022. The Company recognized subsidy income (recorded as other income) of NTD 30 thousand in the fiscal year 2022.

(7) Related-party transactions

1. Related-party names and relationships

Related-party names	Relationship with the consolidated company
Ginwin Technology Co., Ltd.	Subsidiary
LK & LH Co., Ltd.	Other related parties
Jetek Enterprise Co., Ltd.	Other related parties
Jade Sky Co., Ltd.	Other related parties
De-Yu Cultural Aggregate Corporation of Taoyuan City	Other related parties

2. Significant transactions with related parties

(1) Sales revenue

Account item	Related-party category/name	Year 2022	Year 2021
Sales revenue	Subsidiary		
	Ginwin Technology Co., Ltd.	\$ 72	\$ 3,559
	Other related parties		
	LK & LH Co., Ltd.	10,452	46,461
	Others	126	65
	Total	<u>\$ 10,650</u>	<u>\$ 50,085</u>

A. The sales price is based on the general selling price and the negotiated discount.

B. Payment terms:

(A) Other related parties pay by T/T 60 days after the end of the month.

(B) For ordinary customers, payment is received in advance by T/T, cash, or within 30-120 days.

(2) Purchases

Account item	Related-party category/name	Year 2022	Year 2021
Purchases	Other related parties		
	LK & LH Co., Ltd.	\$ 338	\$ 25,050
	Others	790	2,924
	Total	<u>\$ 1,128</u>	<u>\$ 27,974</u>

A. The sales price is based on the general selling price and the negotiated discount.

B. Payment terms:

(A) Other related parties pay by T/T 60 days after the end of the month.

(B) For ordinary customers, payment is received in advance by T/T, cash, or within 60-120 days.

(3) Various Revenues

Account item	Related-party category/name	Year 2022	Year 2021	Type
Other revenue	Subsidiary			
	Ginwin Technology Co., Ltd.	\$ 2,400	\$ 2,400	Income from human resources support
	Other related parties			
	LK & LH Co., Ltd.	-	257	Income from human resources support
	Others	57	-	Miscellaneous sales and purchase income
	Subsidiary	<u>\$ 2,457</u>	<u>\$ 2,657</u>	

(4) Various expenses

Account item	Related-party category/name	Year 2022	Year 2021	Type
Manufacturing expenses	Other related party			
	LK & LH Co., Ltd.	\$ -	\$ 300	Outsourcing expenses

(5) Property leases

Leased property	Lessor	Deposit	Year 2022		Year 2021	
			Lease term	Lease expenses	Lease term	Lease expenses
No. 11, 3 rd floor, Lane 118, Dongjiu Road, Guishan District, Taoyuan City	Related party LK & LH Co., Ltd.	\$ 400	-	\$ -	January 1 st , 2021 to September 30 th , 2021	\$ 1,713

The above lease prices were determined through negotiation based on market conditions and monthly rental payments are made.

(6) Receivables from related parties

Account item	Type of related party	December 31 st , 2022	December 31 st , 2021
Account Payable	Subsidiary		
	Ginwin Technology Co., Ltd.	\$ 21	\$ -
	Other related party		
	LK & LH Co., Ltd.	217	1,627
	Deduct: allowance for doubtful accounts	(1)	(8)
	Net amount	<u>\$ 237</u>	<u>\$ 1,619</u>

The aforementioned receivables from related parties are not secured. The allowance for doubtful accounts recognized for the receivables from related parties in 2022 and 2021 amounted to (7) thousand NTD and (32) thousand NTD, respectively.

Account item	Type of related party	December 31 st , 2022	December 31 st , 2021
Other receivable	Subsidiary		
	Ginwin Technology Co., Ltd.	\$ 210	\$ 210
	Deduct: Allowance for losses	-	-
	Net amount	<u>\$ 210</u>	<u>\$ 210</u>

The allowance for doubtful accounts recognized for other receivables from related parties in 2022 and 2021 was \$0.

(7) Prepayments

Account item	Type of related party	December 31 st , 2022	December 31 st , 2021
Prepayments and expenses	Other related party		
	Other	\$ 15	\$ 237

Note: Recorded under the account of prepaid expenses.

(8) Payable to related parties

Account item	Type of related party	December 31 st , 2022	December 31 st , 2021
Account payable	Other related party		
	LK & LH Co., Ltd.	\$ 137	\$ 360

(9) Property transactions

Apart from acquiring assets under operating leases, there were no other property transactions.

(10) Endorsement Guarantees: None.

3. Lease agreements - acquisition of operating lease assets

Related Party/Name		December 31 st , 2022	December 31 st , 2021
Related Party			
LK & LH Co., Ltd.		\$ 40,298	\$ 40,298

Account Item	Related Party/Name	December 31 st , 2022	December 31 st , 2021
Lease liabilities	Related Party		
	LK & LH Co., Ltd.	\$ 32,258	\$ 38,705

Account Item	Related Party/Name	Year 2022	Year 2021
Interest expenses	Related Party		
	LK & LH Co., Ltd.	\$ 633	\$ 193

For operational needs, the Company has obtained approval from the Board of Directors to continue leasing the factory building located at No. 11, Lane 118, Dongjiu Road, Guishan District, Taoyuan City, from the related party, LK & LH Co., Ltd. The lease term is from October 1st, 2021, to September 30th, 2027, for a total of 6 years. Fixed lease payments are made monthly, and the right-of-use asset was recognized on October 1st, 2021, with a value of NTD 40,298 thousand. The aforementioned transaction also followed the necessary procedures, such as commissioning external experts to conduct appraisals and obtaining an independent expert opinion on the reasonableness of the price.

4. Key management personnel remuneration information

Related Party/Name	Year 2022	Year 2021
Salary and other short-term employee benefits	\$ 3,598	\$ 3,784

(8) Pledged assets: none.

(9) Significant contingent liabilities and unrecognized contractual commitments

The Securities Investors and Futures Traders Protection Center filed a civil compensation lawsuit against the Company, its responsible persons, and directors and supervisors, regarding alleged false sales transactions with Taiwan Tang Hua Co., Ltd. (hereinafter referred to as "Taiwan Tang Hua") during 2015 and 2016. The Company lost the case in the first instance on May 31st, 2022, and appealed on June 28th, 2022. However, as of the financial reporting date, an estimated loss of NTD 1,500 thousand related to this pending lawsuit was provisionally recognized based on the judgment of the first instance, and the litigation is still in progress.

(10) Significant Disaster Losses

The Company was affected by the global COVID-19 pandemic in 2022 and 2021, resulting in a decrease in overall market demand and an impact on the Company's revenue. However, after evaluating the Company's ongoing operational capability, impairment of assets, and funding risks, it was determined that there were no significant impacts.

(11) Subsequent Events of Significance: None.

(12) Others

1. On October 1st, 2009, the Taoyuan District Prosecutors Office, Taipei City Investigation Division, conducted a search at the Company. This case was related to the investigation of alleged violations of the Securities Exchange Act by former executives during the period from 2004 to 2006. The Company received an indictment on November 25th, 2010. The aforementioned search operation did not affect the Company's operations. The Company respects the judiciary and cooperates with the actions of the prosecutors and investigators, awaiting the results of the judicial investigation. Furthermore, on May 22nd, 2019, the Taoyuan District Court acquitted the former executives, dismissing the criminal incidental civil lawsuit filed by the Company against the former executives. To protect the Company's rights and interests, the Company has filed an appeal against the criminal incidental civil lawsuit of the former executives, and on March 10th, 2022, the High Court rejected the appeal, upholding the not guilty judgment of the first instance.
2. On July 27th, 2018, the Taoyuan District Prosecutors Office, Taoyuan City Investigation Division, conducted a search at the Company. This case was related to the investigation of alleged violations of the Securities Exchange Act by former executives during the period from 2015 to 2016. The Company received an indictment on September 16th, 2019. The aforementioned search operation did not affect the Company's operations. The Company respects the judiciary and cooperates with the actions of the prosecutors and investigators. Currently, the case is still in the process of trial in the district court, and no first-instance judgment has been made. The Company has also, to protect its rights and interests, passed a resolution at the extraordinary shareholders' meeting on December 5th, 2019, to dismiss the former executive director and has filed a civil compensation lawsuit against the former executives regarding the bad debt loss case with Tang Hua Company and the investment and bad debt loss case with BW Company. The Company has also deposited NTD 5 million as security for property attachment against the former executives. As of the financial reporting date, the district court has rejected the application for provisional execution in the civil compensation lawsuit related to the BW Company's investment and bad debt loss, while the case regarding the bad debt loss with Tang Hua Company is still awaiting the results of the judicial investigation.
3. Capital Risk Management

The Company's capital management objective is to ensure its ongoing operations, maintain an optimal capital structure to reduce

4. Financial Instruments

(1) Financial risks of financial instruments

A. Financial Risk Management Policy

The company's daily operations are exposed to various financial risks, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk. To mitigate these financial risks, the company is committed to identifying, assessing, and mitigating market uncertainties to reduce the potential adverse impact of market fluctuations on the company's financial performance. The company's significant financial activities are reviewed by the Board of Directors and the Audit Committee in accordance with relevant regulations and internal control systems. During the execution of financial plans, the company must adhere to the relevant financial operational procedures regarding overall financial risk management and assignment of responsibilities.

B. Nature and magnitude of significant financial risks

(A) Market Risk

a. Exchange Rate Risk

- (a) The company is exposed to exchange rate risk arising from sales, purchases, and borrowing transactions denominated in currencies other than the functional currency of the company and net investments in foreign operating entities. The company's functional currency is primarily New Taiwan

Dollar, and the main currencies involved in these transactions are US Dollar.

In addition, the company follows the principle of natural hedging and conducts hedging based on the company's currency funding requirements and net positions (the difference between foreign currency assets and liabilities) according to market exchange rate conditions.

As the net investment in foreign operating entities is strategic investment, the company does not hedge it.

(b) Exchange rate sensitivity and analysis

		December 31 st , 2022						
		Foreign currency	Exchange rate	Book value (NTD)	Sensitivity analysis			
					Variation impact	Profit impact	Equity impact	
(Foreign	currency:							
Functional	currency)							
Financial assets								
Monetary items								
USD : NTD		\$ 528	30.71	\$ 16,222	1%	\$ 130	-	
Equity method								
Long-term investments								
(Note)								
EUR : NTD		500	32.72	16,444	1%	-	-	
Financial liabilities								
Monetary items								
USD : NTD		-	30.71	5	1%	-	-	
		December 31 st , 2021						
		Foreign currency	Exchange rate	Book value (NTD)	Sensitivity analysis			
					Variation impact	Profit impact	Equity impact	
(Foreign	currency:							
Functional	currency)							
Financial assets								
Monetary items								
USD : NTD		\$ 1,011	27.68	\$ 27,980	1%	\$ 244	-	
Equity method								
Long-term investments								
(Note)								
EUR : NTD		500	31.32	16,444	1%	-	-	
Financial liabilities								
Monetary items								
USD : NTD		-	27.68	4	1%	-	-	

Note: The investment accounted for using the equity method has been provided with sufficient impairment loss of NTD 16,444 thousand.

(c) The impact of exchange rate fluctuations on the unrealized gains or losses of the company's monetary items has been assessed and found to have no significant effect.

b. Price risk

As the company holds equity instrument investments, it is exposed to price risk of equity instruments. The company's equity instrument investments are classified as financial assets measured at fair value through other comprehensive income.

The Company carefully evaluates the investment targets to avoid significant market risks.

If the prices of equity instruments rise or fall by 1%, the post-tax other comprehensive income for the years 2023 and 2022 will increase (decrease) by NTD 241 thousand and NTD 240 thousand, respectively, due to the increase or decrease in fair value of financial assets measured at fair value through other comprehensive income.

c. Interest rate risk

(a) The Company's overview of interest rates related to interest-bearing financial instruments as of the reporting date is as follows:

Item	Book value	
	December 31 st , 2022	December 31 st , 2021
Fair value interest rate risk:		
Financial assets	\$ -	\$ 27,680
Financial liabilities	-	-
Net amount	\$ -	\$ 27,680
Cash flow interest rate risk:		
Financial assets	\$ 152,479	\$ 101,655
Financial liabilities	-	-
Net amount	\$ 152,479	\$ 101,655

(b) Sensitivity analysis of fair value interest rate risk instruments

The Group has not classified any financial assets and liabilities with fixed interest rates as financial assets measured at fair value through profit or loss, nor designated any derivative instruments (interest rate swaps) as hedging instruments under the fair value hedge accounting model. Therefore, changes in interest rates on the reporting date will not affect the profit or loss and other comprehensive income.

(c) Sensitivity analysis of cash flow interest rate risk instruments

The Company's fixed-income preferred stock investments are classified as financial assets measured at fair value through profit or loss. The fair value of the preferred stock investments fluctuates with changes in market interest rates. Assuming all other factors remain constant, if the market interest rate increases or decreases by 1%, the profit or loss for 2021 and 2022 will increase or decrease by NTD 2,248 thousand and NTD 1,822 thousand, respectively.

(B) Credit risk

Credit risk refers to the risk of financial loss to the Company caused by the counterparty's failure to fulfill its contractual obligations. The Company's credit risk mainly comes from accounts receivable generated from operating activities and bank deposits and other financial instruments generated from investment activities. Operational and financial credit risks are managed separately. Furthermore, the Company does not classify any debt instruments as held-to-maturity or measured at fair value through other comprehensive income.

- a. Operational credit risk
To maintain the quality of accounts receivable, the Company has established procedures for managing operational credit risk. The risk assessment of individual customers takes into account factors that may affect their ability to pay, such as their financial condition, the Company's internal credit rating, historical transaction records, and the current economic situation.
- b. Financial credit risk
The credit risk of bank deposits and other financial instruments is measured and monitored by the Company's finance department. As the Company's trading partners and counterparties are banks, financial institutions, corporate organizations, and government agencies with good credit ratings and no significant default concerns, there is no significant credit risk. Additionally, the Company has not classified any debt instruments as amortized cost or measured them at fair value through other comprehensive income.
 - (a) Concentration of credit risk
As of December 31st, 2021, and 2022, the accounts receivable balances of the top ten customers accounted for 73.02% and 78.85% of the Company's accounts receivable balance, respectively. The credit concentration risk of the remaining accounts receivable is relatively low.
 - (b) Measurement of expected credit losses:
 - I. Accounts receivable: The simplified approach is adopted. Please refer to Note (6)-3 for details.
 - II. Basis for determining whether credit risk has significantly increased: None.
 - (c) The financial assets held by the Company have no collateral or other credit enhancements to mitigate credit risk associated with those financial assets.

(C) Liquidity risk

- a. Liquidity risk management:
The objective of the Company's liquidity risk management is to maintain sufficient financial flexibility by holding cash and cash equivalents, highly liquid securities, and adequate bank financing facilities necessary for its operations.
- b. Maturity analysis of financial liabilities:
The following table summarizes the Company's financial liabilities by the maturity date and undiscounted amount:

Non-derivative financial liabilities	December 31 st , 2022						Book value
	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	
Accounts payable (including related parties)	\$ 404	\$ -	\$ -	\$ -	\$ -	\$ 404	\$ 404
Other payables	4,944	-	-	-	-	4,944	4,944
Total	\$ 5,348	\$ -	\$ -	\$ -	\$ -	\$ 5,348	\$ 5,348

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

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Total undiscounted lease payments
Lease Liabilities	\$ 7,080	\$26,550	\$ -	\$ -	\$ -	\$ -	\$33,630

	December 31 st , 2021						
Non-derivative financial liabilities	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Book value
Accounts payable (including related parties)	\$ 3,475	\$ -	\$ -	\$ -	\$ -	\$ 3,475	\$ 3,475
Other payables	3,769	-	-	-	-	3,769	3,769
Total	\$ 7,244	\$ -	\$ -	\$ -	\$ -	\$ 7,244	\$ 7,244
Derivative financial liabilities: None.							

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

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Total undiscounted lease payments
Lease Liabilities	\$ 7,080	\$28,320	\$5,310	\$ -	\$ -	\$ -	\$40,710

The Company does not expect significant early occurrence of cash flow for the maturity analysis, nor significant differences in the actual amounts.

(2) Types of financial instruments

The carrying amounts of the Company's financial assets and financial liabilities as of December 31st, 2022, and 2021 are as follows:

	December 31 st , 2022	December 31 st , 2021
Financial assets measured at amortized cost:		
Cash and cash equivalents		
Notes and accounts receivable (including related parties)	\$ 79,042	\$ 78,286
Other receivables (including related parties)	2,400	15,806
Other financial assets-current	503	348
Deposits as collateral	73,500	51,180
Financial assets measured at fair value through other comprehensive income-non-current	5,888	5,888
Financial assets measured at amortized cost:	24,055	23,995
Cash and cash equivalents		
<u>Financial Liabilities</u>		
Financial liabilities measured at amortized cost:		
Accounts payable (including related parties)	404	3,475
Other payables (including related parties)	4,944	3,769

5. Fair value information

(1) Fair value information on financial assets and financial liabilities that are not measured at fair value is explained in Note (12)-5, (3).

(2) Definition of three levels of fair value:

Level 1:

The input value is the quoted price in an active market for identical instruments. An active market is a market in which the following conditions are met: the commodity traded in the market has homogeneity, both buyers and sellers who are willing can be found in the market at any time, and price information can be

obtained by the public. The Company's investments in listed and OTC stocks, beneficial certificates, Taiwan government bonds that belong to popular bonds, and derivative instruments with actively quoted prices belong to this level.

Level 2:

Observable input values, other than active market quoted prices, include observable input values obtained directly (such as prices) or indirectly (such as derived from prices) from active markets. The Company's investments in non-popular bonds, corporate bonds, financial bonds, etc., are measured at this level.

Level 3:

This level refers to inputs used to measure fair value that are not based on observable market inputs. This applies to certain derivative instruments and equity investments without active markets made by the Company.

(3) Non-fair value financial instruments

The non-fair value financial instruments of the Company, such as cash and cash equivalents, accounts and notes receivable, other receivables, other financial assets, deposits paid, accounts and notes payable, other payables, and long-term loans (including those due within one year or one operating cycle), are presented at their book values which approximate their fair values.

(4) Level information of fair value:

All financial instruments measured at fair value by the Company are based on their repeatable fair value, and the fair value level information of the Company is shown in the table below:

Item	December 31 st , 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
through other comprehensive income				
measured financial assets	\$ -	\$ -	\$ 24,055	\$ 24,055
Item	December 31 st , 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value	\$ -	\$ -	\$ 23,995	\$ 23,995

(5) Fair value measurement techniques for instruments measured at fair value:

A. When there is an active market for financial instruments with publicly quoted prices, the fair value is measured using the publicly quoted price in the active market. The market prices announced by major exchanges and the over-the-counter market for government bonds judged as popular securities are the basis for the fair value of listed equity instruments and debt instruments with active market publicly quoted prices.

If financial instruments have publicly quoted prices that are timely and regularly obtained from exchanges, brokers, underwriters, industry associations, pricing service agencies, or regulatory authorities, and such prices represent fair market transactions that occur frequently and are reliable, then those financial instruments are considered to have active market publicly quoted prices. If the above conditions are not met, the market is considered inactive. Generally, a large bid-ask spread, a significant increase in the bid-ask spread, or a low trading volume are indicators of an inactive market.

or financial instruments held by the Company with active markets, their fair values are presented by category and attribute as follows:

Listed company stocks: Closing price.

- B. Except for the financial instruments with active markets mentioned above, the fair value of other financial instruments is obtained through valuation techniques or reference to quotes from transaction counterparts. The fair value obtained through valuation techniques can be compared with the fair value of other financial instruments with similar conditions and characteristics at present, discounted cash flow method or other valuation techniques, including models calculated using market information available on the consolidated balance sheet data (such as the OTC market reference dividend yield curve, Reuters commercial paper average quoted rate). The fair value of unlisted (OTC) company stocks held by the Company without active markets is mainly estimated using the market approach, with determination based on valuation of similar companies, third-party quotes, net worth and operational evaluation. The significant unobservable input value is mainly the liquidity discount. However, as changes in the liquidity discount may not result in significant potential financial impact, its quantitative information is not disclosed.
- C. The output of the valuation model is an estimated approximate value, and the valuation technique may not reflect all relevant factors related to the financial and non-financial instruments held by the Company. Therefore, the estimated value of the valuation model will be appropriately adjusted according to additional parameters, such as model risk or liquidity risk. Based on the fair value valuation model management policy of the Company and related control procedures, the management believes that valuation adjustments are appropriate and necessary to properly express the fair value of financial and non-financial instruments in the consolidated balance sheet. The price information and parameters used in the valuation process are carefully evaluated and adjusted appropriately based on the current market conditions.
- D. The Company incorporates credit risk assessment adjustments into the calculation of fair value for financial and non-financial instruments, respectively reflecting the counterparty credit risk and the Company's credit quality.
- (6) There were no transfers between level 1 and level 2 in both 2022 and 2021.
- (7) he details of changes in level 3 are as follows:

Item	Equity instrument
January 1 st , 2022	\$ 23,995
Recognized in other comprehensive income as gains or losses	60
December 31 st , 2022	<u>\$ 24,055</u>

Item	Equity instrument
January 1 st , 2021	\$ 20,467
Recognized in other comprehensive income as gains or losses	3,528
December 31 st , 2021	<u>\$ 23,995</u>

(8) Quantitative information on fair value measurement of significant unobservable inputs (Level 3):

December 31 st , 2022					
	(Fair value)	Valuation techniques	Significant Adjustable Range of inputs	Interval (weighted average)	Weighted average inputs and fair value relationships
Non-derivative financial assets Non-listed company stocks:	\$ 24,055	market approach	value multiples, liquidity discounts, control discounts	10.00%~32.28%	The higher the value multiple, the higher the fair value; the higher the liquidity discount and control discount, the lower the fair value.
December 31 st , 2021					
	(Fair value)	Valuation techniques	Significant Adjustable Range of inputs	Interval (weighted average)	Weighted average inputs and fair value relationships
Non-derivative financial assets Non-listed company stocks:	\$ 23,995	market approach	value multiples, liquidity discounts, control discounts	10.00%~32.28%	The higher the value multiple, the higher the fair value; the higher the liquidity discount and control discount, the lower the fair value.

(9) Evaluation process of fair value classified in Level 3:

The Company's financial and accounting department is responsible for verifying the fair value of financial instruments classified in Level 3. The department uses independent sources of information to ensure that the valuation results are close to the market conditions, that the data sources are independent, reliable, consistent with other data sources, and represent executable prices. The department also regularly calibrates the valuation models, conducts back-testing, updates the required inputs and data for the valuation models, and performs any necessary fair value adjustments to ensure that the valuation results are reasonable.

(10) Sensitivity analysis of fair value measurement in Level 3 and the impact of fair value on reasonable alternative assumptions:

December 31 st , 2022						
	Input value	Changes	Recognized in income		Recognized in other comprehensive income	
			Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets: Equity instruments: Non-listed stocks:	Liquidity discounts	1%	\$ -	\$ -	\$ 336	\$ 336
December 31 st , 2021						
	Input value	Changes	Recognized in income		Recognized in other comprehensive income	
			Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets: Equity instruments: Non-listed stocks:	Liquidity discounts	1%	\$ -	\$ -	\$ 337	\$ 337

(13) Disclosures related to notes:

1. Information related to significant transaction events (before consolidation offset):

- (1) Loans to others: None.
 - (2) Endorsed guarantees for others: None.
 - (3) Held securities at the end of the period: See Table 1.
 - (4) Accumulated buying or selling amounts of the same securities reach NTD 300 million or 20% of the paid-in capital: None.
 - (5) Amount of acquiring real estate reaches NTD 300 million or 20% of the paid-in capital: None.
 - (6) Amount of disposing real estate reaches NTD 300 million or 20% of the paid-in capital: None.
 - (7) Amount of sales or purchases with related parties reaches NTD 100 million or 20% of the paid-in capital: None.
 - (8) Accounts receivable from related parties at the end of the period reaches NTD 100 million or 20% of the paid-in capital: None.
 - (9) Engaged in derivative commodity trading: None.
 - (10) Business relationships and important transactions between parent and subsidiary companies: See Attachment 2.
2. Related information on investment (before merger offset): See Attachment
 3. Mainland investment information (before merger offset): None.
 4. Information on major shareholders (names of shareholders with a shareholding ratio of 5% or more, shareholding amount and ratio): See Attachment 3.

(14) Financial Information of Operations

The company has already disclosed operations information in the consolidated financial statements; therefore, operations information is no longer disclosed in the parent company only financial statements.

Attachment 1

Enlight Corporation
Companies Holding Securities at the end of the Period
December 31st of Year 2022

Unit: thousand NTD

Name of holding company	Type and name of securities held		Relationship with issuer of securities	Accounting item shown	End-of-Period				Note
					Shares/Unit	Book Value	Percentage Holds %	Fair Value	
Enlight Corporation	Share	UB Office System Inc.	-	Financial Assets Measured at Fair Value through Other Comprehensive Income-Non-Current	571,498	\$ 5,175	3.34	\$ 5,175	
		Shu-Ho Enterprise Co. Ltd.,	-	Financial Assets Measured at Fair Value through Other Comprehensive Income-Non-Current	825	18,880	8.29	18,880	
		BELL & WYSON SAS	-	Financial Assets Measured at Fair Value through Other Comprehensive Income-Non-Current	222	-	10.00	-	

Enlight Corporation
Names of Invested Companies, Location and Other Related Information
December 31st of Year 2022

Unit: thousand NTD

Name of the Invest Company	Name of the Invested Company	Location	Main Business	Original Investment Amount		End-of-Period Holdings			Profit (Loss) of the Invested Company of this Period	Profit (Loss) of the Recognized Investment of this Period	Note
				End-of-Period	Last Year	Shares	Percentage %	Book Value			
Enlight Corporation	Branchy Technology Company Limited	Taoyuan City	Components and instruments of Vacuum technologies. Import and export trading of vacuum machinery, manufacturing, and processing.	\$ 178,076	\$ 178,076	1,730,290	24.91	\$ -	\$ -	\$ -	Subsidiary Company (Filed application for bankruptcy) (Note 2)
	Ginwin Technology Company Limited	Tainan City	Manufacturing and sales of electronic components, glass and glass products, computer, and related equipment	212,091	212,091	17,298,495	51.20	227,060	160	83	Subsidiary company
	Sino Digit Technology Limited	Hong Kong	IT products and services. Sales.	18,329	18,329	(Note 1)	27.00	-	-	-	The invested company valued under the equity method by the Company. (Note 3)

Note 1: The company is a limited liability company and therefore does not have any shares outstanding.

Note 2: As the company is no longer able to sustain the operations of its investee company, the recognition of investment gains or losses is limited to the investment amount of zero.

Note 3: Please refer to Note 6-7 for further details.

Enlight Corporation
Information of Shareholders
December 31st of Year 2022

Name of Shareholders	Number of Shares	Percentage of Shares
Wang, Zhi-Yong	19,000,567	31.56%
Jade Sky Co., Ltd.	4,689,931	7.79%
Chiu, Liang-Chun	3,986,119	6.62%
Wang Huang, Hui-Jin	3,034,993	5.04%

Note: The shareholder information presented in this table has been calculated by the Taiwan Depository & Clearing Corporation as of the last business day of each quarter, based on the common and preferred shares held by shareholders with no physical certificate and delivered, including treasury stocks, representing 5% or more of the company's total shareholding. It should be noted that the company's financial report may show differences in the recorded share capital and actual shares issued due to different calculation methodologies.

Enlight Corporation
Detailed Statement of Important Accounting Items
December 31st, 2022

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Enlight Corporation
Statement of Cash and Cash Equivalents
December 31st, 2022

Itemized List (1)

Item	Amount		Note
	Subtotal	Total	
Cash		\$ 63	
Bank deposits		78,979	
Current account deposits	21,760		
Foreign currency deposits	16,219		USD 528,138.11 ; @30.71
Time deposits	41,000		Period: November 6 th , 2022 to February 25 th , 2023 Interest rate: 1.035%
Total		\$ 79,042	

Enlight Corporation
Detailed Accounts Receivable
December 31st, 2022

Itemized List (2)

Customer Name	Amount	Note
Company A	\$ 21	
Company B	3	
Subtotal	\$ 24	
Deduct: Allowance for losses		
Net accounts receivable	\$ 24	

Enlight Corporation
Detailed Accounts Payable
December 31st, 2022

Itemized List (3)

Customer code	Amount	Note
Non-related parties		
Company C	\$ 374	
Company D	300	
Company E	226	
Company F	184	
Company G	164	
Company H	164	
Company I	134	
Other	904	Other balances not exceeding 5% of accounts receivable balance
Subtotal	2,450	
Deduct: Allowance for losses	(311)	
Net accounts receivable	\$ 2,139	
Related parties		
Ginwin Technology Co., Ltd.	\$ 21	
LK & LH Co., Ltd.	217	
Subtotal	238	
Deduct: Allowance for losses	(1)	
Net accounts receivable from related parties	\$ 237	

Enlight Corporation
Detailed Inventory
December 31st, 2022

Itemized List (4)

Items	Amount		Net realizable value	Note
	Subtotal	Total		
Goods		\$ 17,440	\$ 18,179	Using net realizable value as the market value.
Household appliances	\$ 12,457			
Mechanical and electrical components	113			
Lighting fixtures	3,734			
Air purifiers	1,083			
Other	53			
Subtotal		17,440	18,179	
Deduct: Provision for inventory impairment		(3,727)		
Net inventory amount		\$ 13,713	\$ 18,179	

Enlight Corporation
Detailed Prepayments
December 31st, 2022

Itemized List (5)

Items	Amount	Note
	\$ 26	
Prepaid purchases	173	
Prepaid insurance premiums	90	
Inventory of supplies	352	
Deferred tax amount	736	
Other	\$ 1,377	

Enlight Corporation
Detailed Non-current Financial Assets Measured at Fair Value through Other Comprehensive Income
December 31st, 2022

Itemized List (6)

Company Name	Initial balance		Increase in current period		Decrease in current period (Note)		Ending balance		Guarantees or pledges remarks	Note
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount		
Shu-Ho Enterprise Co. Ltd.,	825	\$ 15,063	-	\$ -	-	\$ -	825	\$ 15,063	None	
UB Office System Inc.	571,498	5,521	-	-	-	-	571,498	5,521	None	
BELL & WYSON SAS	222	18,450	-	-	-	-	222	18,450	None	
Subtotal		39,034	-	-	-	-	-	39,034		
Deduct: Value adjustment		(15,039)	-	60	-	-	-	(14,979)		
Total		\$ 23,995		\$ 60		\$ -		\$ 24,055		

Note: Please refer to Note (6)-6.

Enlight Corporation
Detailed Changes in Investments Accounted for Using Equity Method
December 31st, 2022

Itemized List (7)

Company Name	Initial balance		Increase in current period		Decrease in current period		Ending balance			Market price or equity value		Guarantees or pledges remarks	Note
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Ownership %	Unit price	Total value		
Unlisted Companies													
Branchy Technology Co., Ltd.	1,730,290	\$ -	-	\$ -	-	\$ -	1,730,290	\$ -	24.91%	\$ -	\$ -	None	Bankruptcy filing application
Ginwin Technology Co., Ltd.	17,298,495	248,600	-	83	-	21,623	17,298,495	227,060	51.20%	-	227,060	None	
SIND DIGIT TECHNOLOGY LIMITED	2,700	-	-	-	-	-	2,700	-	27.00%	-	-	None	
Total		\$ 248,600		\$ 83		\$ 21,623		\$ 227,060					

Enlight Corporation
Detailed Accounts Payable
December 31st, 2022

Itemized List (8)

Customer Names	Amount	Note
Non-related parties:		Other amounts do not exceed 5% of the accounts payable balance.
Company A	\$ 168	
Company B	68	
Others	31	
Subtotal	267	
Related parties: LK & LH Co., Ltd.	137	
Total	\$ 404	

Enlight Corporation
Detailed Other Payables
December 31st, 2022

Itemized List (9)

Item	Amount	Note
Accounts payable for salaries and bonuses	\$ 1,737	Please refer to Note (9).
Accounts payable for labor and health insurance	138	
Accounts payable for retirement benefits expenses	61	
Accounts payable for labor services	730	
Accounts payable for litigation or contingent losses	1,500	
Other	778	
Total	\$ 4,944	

Enlight Corporation
Statement of Income and Expenses
Year 2022

Itemized List (10)

Item	Quantity	Amount	Note
Sales revenue			
Flat panel light sources and LED lighting fixtures	1,315	\$ 450	
Household appliances	16,093	19,486	
Mechanical and electrical equipment, components, etc.	45,819	33,868	
Other	8,473	1,632	
Other operating income	-	101	
Net sales revenue		\$ 55,537	

Enlight Corporation
Detailed Sales Revenue
Year 2022

Itemized List (11)

Unit: thousand NTD

Item	Amount		Note
	Subtotal	Total	
Cost of goods sold			
Beginning inventory		\$ 26,445	
Add: Purchases during the year		36,055	
Deduct: Ending inventory		(17,440)	
Transfer to expenses		(331)	
Cost of purchases and sales		44,729	
Add: Inventory write-downs		222	
Total operating costs		\$ 44,951	

Enlight Corporation
Detailed Cost of Goods Sold
Year 2022

Itemized List (12)

Item	Amount	Note
Salary expenses	\$ 8,794	
Meal expenses	408	
Retirement benefits	539	
Insurance premiums	1,372	
Taxes and duties	70	
Employee benefits	53	
Advertising expenses	3,027	
Depreciation	6,035	
Repair expenses	16	
Entertainment expenses	83	
Postal and telecommunications expenses	142	
Transportation expenses	111	
Travel expenses	538	
Freight expenses	2,115	
Utilities expenses (water, electricity, gas)	474	
Various provisions	353	
Labor costs	91	
Rental expenses	22	
Stationery supplies	8	
Donations	113	
Other expenses	1,094	
Total	\$ 25,458	

Enlight Corporation
Detailed Selling Expenses
Year 2022

Itemized List (13)

Item	Amount	Note
Salary expenses	\$ 5,025	
Meal expenses	153	
Retirement benefits	228	
Insurance premiums	610	
Training expenses	14	
Employee benefits	20	
Advertising expenses	36	
Depreciation	1,291	
Repair expenses	110	
Rental expenses	20	
Stationery supplies	18	
Entertainment expenses	54	
Postal and telecommunications expenses	68	
Transportation expenses	53	
Travel expenses	13	
Water, electricity, and gas expenses	186	
Various provisions	2,300	
Labor costs	2,281	
Donations	1	
Remuneration and transportation expenses for directors and supervisors	96	
Other expenses	1,472	
Total	\$ 14,049	