Stock Code: 2458

ELAN MICROELECTRONICS CORPORATION

Parent-company-only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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Independent Auditors' Report

To the Board of Directors
ELAN MICROELECTRONICS CORPORATION:

Opinion

We have audited the financial statements of ELAN MICROELECTRONICS CORPORATION (" the Company"), which comprise the statement of financial position as of December 31, 2022 and 2021, and the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

We did not audit the financial statements of Top Taiwan X Venture Capital Co., Ltd., which represented investment in accounted for using the equity method of the Company. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for Top Taiwan X Venture Capital Co., Ltd., is based solely on the report of another auditor. The investment in Top Taiwan X Venture Capital Co., Ltd. accounted for using the equity method constituted 1.95% and 2.08% of the total assets at December 31, 2022 and 2021, respectively, and the related share of profit of associates accounted for using the equity method constituted (1.76)% and 0.51% of the total profit before tax for the years ended December 31, 2022 and 2021, respectively.

Key Audit Matters

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

1. Valuation of inventories

   Refer to Note 4(g) for accounting policy on inventory, Note 5 for accounting estimations and assumption uncertainty of inventory valuation, and Note 6(d) for the write-down of inventories to net realizable value.

   Description of key audit matter:

   Inventories are measured at the lower of cost and net realizable value. Due to the rapid changes in the economy and the environment, and the production technology update, the cost of inventories is at the risk of exceeding its net realizable value.

   How the matter was addressed in our audit:

   For valuation of the inventories, we reviewed inventory aging reports, analyzed inventory turnovers and changes in its aging inventory for each period to assess the reasonableness of the Company’s inventory provision rate, evaluated reasonableness of the accounting policy, delved into the sales price adopted by management in valuation, and reviewed the sales and valuation which was based on the net realizable value used to assess the policy of management’s estimation of inventory provision.

2. Revenue recognition

   Refer to Note 4(o) and 6(p) for accounting policy of revenue recognition.

   Description of key audit matter:

   The major business activities of the Company are the manufacture and sale of integrated circuits. The Company also offers research and development services with respect to the products presented above. Test of revenue recognition is one of the key audit matters in our audit. Revenue is the key indicator to evaluate the performance by investors and management, and thus, needs significant attention in our audit.

   How the matter was addressed in our audit:

   Our audit procedures in this area included, among others: testing the effectiveness of related controls of revenue recognition and reviewing relevant sales documents to evaluate whether the revenue recognition was consistent with the accounting policy; performing trend analysis of the ten largest customers, so as to assess whether there was material abnormality, if any; testing the sales transactions before and after the end of the year and relevant documents to evaluate the accuracy of the amount and period of revenue recognition.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chou, Pao-Lian and Tseng, May-Yu.

KPMG

Taipei, Taiwan (Republic of China)
February 22, 2023

Notes to Readers

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

The independent auditors' audit report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)

ELAN MICROELECTRONICS CORPORATION

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (notes 6(a) and (s))	$ 1,477,970	12	2,910,238	18
1110	Current financial assets at fair value through profit or loss (notes 6(b) and (s))	193,032	2	160,028	1
1172	Notes and accounts receivable, net (notes 6(c) and (s))	592,624	5	1,707,040	11
1181	Accounts receivable due from related parties (notes 6(c), (s) and 7)	18,520	-	42,649	-
1200	Other receivables (notes 6(c), (s) and 7)	621,937	5	1,156,907	7
1310	Inventories, net (note 6(d))	3,455,970	28	2,202,115	14
1410	Prepayments and other current assets	31,891	-	3,825	-
1476	Current financial assets at amortized cost (notes 6(a), (s) and 8)	236,690	2	1,710,600	11
		6,628,634	54	9,893,402	62
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (notes 6(b) and (s))	1,185,788	10	1,009,519	6
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(e) and (s))	305,591	3	491,824	3
1535	Non-current financial assets at amortised cost, net (notes 6(a), (s) and 8)	7,400	-	7,200	-
1551	Investments accounted for using equity method (notes 6(f) and (g))	1,996,090	17	2,492,260	15
1600	Property, plant and equipment (note 6(h))	894,619	7	864,262	5
1755	Right-of-use assets (note 6(i))	826,553	7	829,693	5
1780	Intangible assets (note 6(j))	246,944	2	279,425	2
1840	Deferred tax assets (note 6(m))	44,846	-	39,994	-
1900	Other non-current assets (note 6(s))	55,236	-	177,776	1
1960	Prepaid investment (note 6(f))	-	-	147,848	1
		5,563,067	46	6,339,801	38
	Total assets	**$ 12,191,701**	**100**	**16,233,203**	**100**

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2170	Accounts payable (notes 6(s) and 7)	686,908	6	1,692,409	10
2206	Employee bonus payable (note 6(r))	375,000	3	821,000	5
2230	Current tax liabilities	290,950	2	979,161	6
2280	Current lease liabilities (notes 6(k) and (s))	13,508	-	11,706	-
2300	Other current liabilities (notes 6(s), 7 and 9)	922,473	8	906,441	6
		2,288,839	19	4,410,717	27
	Non-Current liabilities:				
2570	Deferred tax liabilities (note 6(m))	2,523	-	1,067	-
2580	Non-current lease liabilities (notes 6(k) and (s))	687,339	5	671,682	4
2640	Net defined benefit liability, non-current (note 6(l))	307,965	3	394,795	3
2645	Guarantee deposits received (note 6(s))	9,345	-	10,797	-
2650	Credit balance of investments accounted for using equity method (note 6(f))	5,993	-	1,171	-
		1,013,165	8	1,079,512	7
	Total liabilities	3,302,004	27	5,490,229	34
	Equity attributable to owners of parent: (notes 6(f) and (n))				
3100	Capital stock	3,038,804	25	3,038,804	19
3200	Capital surplus	838,428	7	631,181	4
	Retained earnings:				
3310	Legal reserve	2,679,726	22	2,159,576	13
3350	Undistributed earnings	3,428,146	28	5,824,804	36
		6,107,872	50	7,984,380	49
3400	Other equity	11,078	-	195,094	1
3500	Treasury shares	(1,106,485)	(9)	(1,106,485)	(7)
	Total equity	8,889,697	73	10,742,974	66
	Total liabilities and equity	**$ 12,191,701**	**100**	**16,233,203**	**100**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

ELAN MICROELECTRONICS CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenue** (notes 6(p) and 7)	$12,435,555	100	17,742,077	100
5000	**Operating costs** (notes 6(d) and 7)	6,609,214	53	8,820,971	50
5900	**Gross profit from operations**	5,826,341	47	8,921,106	50
5920	Add: Realized (unrealized) profit from sales	(12,510)	-	(3,101)	-
	Gross profits	5,813,831	47	8,918,005	50
6000	**Operating expenses:** (notes 6(c), (j), 7, 9 and 12)				
6100	Selling expenses	785,591	6	906,782	5
6200	Administrative expenses	314,107	3	415,016	2
6300	Research and development expenses	1,768,219	14	1,967,455	11
6450	Impairment gain determined in accordance with IFRS 9	(5,895)	-	(7,077)	-
		2,862,022	23	3,282,176	18
6900	**Operating income**	2,951,809	24	5,635,829	32
7000	**Non-operating income and expenses:**				
7100	Interest income (note 6(q))	25,317	-	23,054	-
7010	Other income (notes 6(q) and 7)	139,459	1	50,460	-
7020	Other gains and losses (notes 6(g) and (q))	89,250	1	153,593	1
7050	Finance costs	(11,239)	-	(8,294)	-
7070	Share of gain(loss) of subsidiaries and associates accounted for using equity method (note 6(f))	(399,504)	(3)	236,712	1
		(156,717)	(1)	455,525	2
7900	**Profit before tax**	2,795,092	23	6,091,354	34
7950	Less: Income tax expenses (note 6(m))	643,416	5	988,908	6
	Net profit	2,151,676	18	5,102,446	28
8300	**Other comprehensive income (loss):**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Losses on remeasurements of defined benefit plans	73,884	1	(27,049)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(186,233)	(1)	235,262	1
8330	Share of other comprehensive income of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will not be reclassified	317	-	82,910	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		(112,032)	-	291,123	1
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign financial statements	2,207	-	(323)	-
8380	Share of other comprehensive income of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	10	-	(3)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	2,217	-	(326)	-
8300	**Other comprehensive income (loss), net**	(109,815)	-	290,797	1
8500	**Comprehensive income**	**$ 2,041,861**	**18**	**5,393,243**	**29**
	Earnings per share (expressed in dollars) (note 6(o))				
9710	Basic earnings per share	**$ 7.56**		**17.64**	
9850	Diluted earnings per share	**$ 7.44**		**17.34**	

See accompanying notes to financial statements.

(English Translation of Parent-company-only Financial Statements Originally Issued in Chinese)

ELAN MICROELECTRONICS CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings		Other equity			
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity
Balance at January 1, 2021	$ 3,038,804	519,638	1,825,597	3,692,218	(6,597)	9,937	(28,975)	9,050,622
Net profit	-	-	-	5,102,446	-	-	-	5,102,446
Other comprehensive income	-	-	-	(27,093)	(326)	318,216	-	290,797
Total comprehensive income	-	-	-	5,075,353	(326)	318,216	-	5,393,243
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	333,979	(333,979)	-	-	-	-
Cash dividends of ordinary share	-	-	-	(2,734,924)	-	-	-	(2,734,924)
Purchase of treasury share	-	-	-	-	-	-	(1,077,510)	(1,077,510)
Other changes in capital surplus:								
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	111,944	-	-	-	-	-	111,944
Changes in ownership interests in subsidiaries	-	(401)	-	-	-	-	-	(401)
Disposal of investments in equity instruments designated at fair value through other comprehensive income by subsidiaries	-	-	-	126,136	-	(126,136)	-	-
Balance at December 31, 2021	3,038,804	631,181	2,159,576	5,824,804	(6,923)	202,017	(1,106,485)	10,742,974
Net profit	-	-	-	2,151,676	-	-	-	2,151,676
Other comprehensive income	-	-	-	74,201	2,217	(186,233)	-	(109,815)
Total comprehensive income	-	-	-	2,225,877	2,217	(186,233)	-	2,041,861
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	520,150	(520,150)	-	-	-	-
Cash dividends of ordinary share	-	-	-	(4,102,385)	-	-	-	(4,102,385)
Other changes in capital surplus:								
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	171,792	-	-	-	-	-	171,792
Changes in ownership interests in subsidiaries	-	35,455	-	-	-	-	-	35,455
Balance at December 31, 2022	**$ 3,038,804**	**838,428**	**2,679,726**	**3,428,146**	**(4,706)**	**15,784**	**(1,106,485)**	**8,889,697**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

ELAN MICROELECTRONICS CORPORATION

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		2022	2021
Cash flows from operating activities:			
Profit before tax	$	2,795,092	6,091,354
Adjustments:			
Adjustments to reconcile profit:			
Depreciation expense		110,485	88,331
Amortization expense		108,953	92,034
Expected credit gain		(5,895)	(7,077)
Net profit on financial assets at fair value through profit or loss		104,598	(200,710)
Interest expense		11,239	8,294
Interest income		(25,317)	(23,054)
Dividend income		(93,807)	(27,433)
Share of loss (profit) of subsidiaries and associates accounted for using equity method		399,504	(236,712)
(Gain) loss on disposal of property, plant and equipment		(2,698)	51
Gain on disposal of investment properties		-	(6,254)
Loss on adjustments to lease		160	-
Impairment loss and disposal loss on inventory		144,731	105,789
Other operating costs		107,740	-
Reversal of impairment loss		-	(3,930)
Others		30,231	3,103
Total adjustments to reconcile profit		889,924	(207,568)
Changes in operating assets and liabilities:			
Decrease in notes and accounts receivable		1,144,440	383,267
Increase in inventories		(1,398,586)	(628,776)
Decrease in other receivables		535,004	299,656
(Increase) decrease in other current assets		(28,066)	4,348
Decrease in notes and accounts payable		(1,005,501)	(118,832)
(Decrease) increase in other current liabilities		(418,735)	30,125
Decrease in net defined benefit liability		(12,944)	(14,529)
Total adjustments		(294,464)	(252,309)
Cash inflow generated from operations		2,500,628	5,839,045
Interest received		25,283	23,170
Interest paid		(11,239)	(8,294)
Income taxes paid		(1,335,023)	(784,831)
Net cash flows from operating activities		1,179,649	5,069,090
Cash flows from (used in) investing activities:			
Dividends received		825,177	170,140
Decrease in financial assets at amortized cost		1,473,710	985,450
Acquisition of current financial assets at fair value through profit or loss		(109,616)	(20,000)
Proceeds from disposal of current financial assets at fair value through profit or loss		82,105	351,606
Acquisition of non-current financial assets at fair value through profit or loss		(353,706)	(240,162)
Proceeds from capital reduction and liquidation of financial assets at fair value through profit or loss		44,548	15,803
Acquisition of investments accounted for using equity method		(439,811)	(59,703)
Decrease (increase) in prepayments for investments		147,848	(147,848)
Proceeds from disposal of subsidiaries		-	33,111
Proceeds from capital reduction of investments accounted for using equity method		30,000	3,930
Acquisition of property, plant and equipment		(127,824)	(94,923)
Acquisition of intangible assets		(74,154)	(59,908)
Decrease (increase) in refundable deposits		14,800	(160,524)
Net cash flows from investing activities		1,513,077	776,972
Cash flows used in financing activities:			
Decrease in guarantee deposits received		(1,452)	(92)
Payment of lease liabilities		(21,157)	(179,864)
Cash dividends paid		(4,102,385)	(2,734,924)
Payments to acquire treasury shares		-	(1,077,510)
Net cash flows used in financing activities		(4,124,994)	(3,992,390)
Net (decrease) increase in cash and cash equivalents		(1,432,268)	1,853,672
Cash and cash equivalents at the beginning of period		2,910,238	1,056,566
Cash and cash equivalents at the end of period	$	**1,477,970**	**2,910,238**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

ELAN MICROELECTRONICS CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Elan Microelectronics Corp. (hereinafter referred to as the "Company") was incorporated on May 5, 1994, under the approval of Ministry of Economic Affair, Republic of China ("R.O.C."). The Company is located at the Hsinchu Science Park. The major business activities of the Company are the manufacture and sale of neural network and fuzzy processors, digital signal processors, 8-bit RISC micro-controllers, and integrated circuits for special use. The Company also offers research and development services with respect to the products presented above. The Company's common shares were listed on the Taiwan Stock Exchange (TWSE) on September 17, 2001. Pursuant to the resolution of the shareholders' meeting held on June 13, 2008, the Company acquired Elantech Devices Corp. (Elantech). The Company was the surviving company, and Elantech was dissolved in the merger effective from October 1, 2008. Elantech was incorporated on September 18, 2003 as a company limited by shares under the Company Act of the R.O.C.. Elantech was located at Zhonghe District, New Taipei City. The major business activities of Elantech are the research, manufacture, and sale of wireless and wired communication equipment and electronic modules.

(2) Approval date and procedures of the financial statements:

The financial statements were authorized for issuance by the Board of Directors on February 22, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(Continued)

- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	Effective date to be determined by IASB

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information "
- IFRS16 "Requirements for Sale and Leaseback Transactions"

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized bellows. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

ELAN MICROELECTRONICS CORPORATION
Notes to the Financial Statements

(a) Statement of Compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial instruments at fair value through other comprehensive income are measured at fair value; and

3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan dollars (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of translation.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income which is recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Taiwan Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated into New Taiwan Dollars at average exchange rate. Exchange differences are recognized in other comprehensive income.

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When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash and cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

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(f) Financial instruments

Accounts receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company; therefore, those receivables are measured at FVOCI. However, they are included in the ‘accounts receivables’ line item.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company’s right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’ s historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 360 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘ credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 360 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities.

Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise short-term loans and borrowings, accounts payable and other payables, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized as finance cost under non-operating revenue and expenses. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The costs of inventories weighted-average principle include expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in process, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs incurred upon completion and selling expenses.

(h) Investments in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

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The financial statements include the Company’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from the transactions between the Company and an associate are recognized only to the extent of unrelated the Company’s interests in the associate.

When the Company’s share of losses of an associate equals or exceeds its interest in an associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss when the equity method is discontinued. If the Company’s ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company’s proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company’s ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

In a business combination achieved in stages, the Company remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Company may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Company had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

(Continued)

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Notes to the Financial Statements

(i) Investment in subsidiaries

In preparing the separate financial statement of the Company, investee companies controlled by the Company are accounted for using the equity method. Under the equity method, the Company's profit or loss and other comprehensive income are the same as the profit or loss and other comprehensive income attributable to the owners in the consolidated financial statements. The equity balance in the separate financial statements is the same as the equity balance in the consolidated financial statements.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings: 2~50 years

2) Machineries and equipment: 2~6 years

3) Transportation and office equipment: 1~6 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(Continued)

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments;

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

5) there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery office and transportation that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

— the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

— the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

— any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

— there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

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(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

The depreciable amount is the cost of an asset, less its residual value.

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

Patents	1~3 years
Computer software cost	1~3 years

Amortization method, amortization period, and residual value for an intangible asset are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment – non derivative financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

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For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense.

(o) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

The Company outsources its manufacturing process and subsequently sells its Integrated Circuits to customers. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(Continued)

The Company recognizes accounts receivables upon the delivery of products, because the Company has unconditional rights to recovery of the consideration at that point in time.

(ii) Services

The Company provides product design and development services to its customers, and recognizes revenue during the reporting period when services are rendered. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is based on the percentage of actual cost incurred over the total costs.

(iii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(p) Government grants

The Company recognizes an unconditional government grant as other income when the grant becomes receivable. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(q) Employee benefits

(i) Defined contribution plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

The Company that belongs to domestic firms should comply with the Labor Pension Act (hereinafter as “the Act”), which took effect on July 1, 2005. In accordance with the Act, the pension benefits of employees who elect to follow the Act and employees who are retired after the effective date of the Act adopt a defined contribution scheme, whereby the Company makes monthly contributions to the employees’ individual pension accounts of no less than 6% of the employees’ monthly wages. The amounts contributed are recognized as expense in the current period.

(ii) Defined benefit plan

The Company’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed when the related services are provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(s) Business acquisition

The Company measured the acquisition cost of acquiring Elantech in accordance with the Statement of Financial Accounting Standards No. 25 “Business Combinations” and the Accounting Research and Development Foundation Interpretations 97 (075) and 91 (187). The stock issued by the Company is traded in an active market; therefore, the fair value of the stock issued by the Company should be used to determine the fair value of the net assets of the acquired corporation. The acquisition cost was measured in two ways. For stock acquired from non-affiliated companies, accounting was determined by using the purchase method; for stock acquired from affiliated companies, the purchase price was determined by the book value of the affiliated companies’ investment in Elantech. The Company recognized the difference between the acquisition cost and the fair value of tangible assets and identifiable intangible assets, less, the liabilities, and recorded it as goodwill.

The Company adopted the acquisition method for its merger of Chimei Motor Electronics Co., Ltd. (Chimei), wherein the goodwill was based on the fair value of the consideration transferred on the acquisition date, including the amount attributable to any non-controlling interests in the acquiree, less identifiable assets acquired and assumed, in which the net amount of the liability (usually the fair value) has been measured.

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(t) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to the ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee stock options and convertible bonds settled using shares that have yet to be approved by the shareholders' meeting.

(u) Operating segments

The Company has disclosed information about operating segments in its consolidated financial statement. Hence no segmental information was disclosed in the separate financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is judgment of whether the Company has substantive control over its investees, please refer to the 2022 annual consolidated financial statements.

The relevant information on uncertainties of assumptions and estimates, which has significant risks that will cause major adjustments in the following year, is deemed an inventory evaluation. As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the sales price. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(d) for further description of the valuation of inventories.

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(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty cash	$ 74	74
Checking and demand deposits	977,896	1,153,974
Time deposits with maturities of three months or less	744,090	3,473,990
Less:Restricated dedosits (recorded as current and non-current financial assets measured at amortized cost) (Note h)	(99,590)	(7,200)
Time deposits (recorded as current financial assets measured at amortized cost) with original maturities of over three months	(144,500)	(1,710,600)
	$ 1,477,970	**2,910,238**

(i) Please refer to Note 6(s) for the interest rate risk and fair value sensitivity analysis of the financial assets and liabilities of the Company.

(ii) The Company did not recognize impairment loss on financial assets measured at amortized cost for the years ended December 31, 2022 and 2021. Other information relating to credit risk is provided in Note 6(s).

(b) Financial assets at fair value through profit or loss

	December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:		
Current:		
Listed stocks	$ 4,298	6,691
Certificates of beneficial interest	115,241	93,768
Short-term commercial papers	73,493	59,569
Subtotal	193,032	160,028
Non-current:		
Listed stocks	952,323	832,465
Unlisted funds	233,465	177,054
Subtotal	1,185,788	1,009,519
Total	**$ 1,378,820**	**1,169,547**

On March 1, 2022, the Company participated in the cash capital increase of Chimei Motor Electronics Co., Ltd. (Chimei), wherein its shareholding in Chimei increased from 5% to 31.36%, which was reclassified from financial assets at fair value through profit or loss to investments accounted for using equity method, obtaining four of the seven seats in Chimei’s Board, resulting in the Company to have control over Chimei and its subsidiaries.

(Continued)

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(c) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 193	-
Accounts receivable - fair value through other comprehensive income	410,234	1,124,190
Accounts receivable - measured at amortized cost	222,549	653,226
Less: Loss allowance	(21,832)	(27,727)
	$ 611,144	**1,749,689**

The Company has assessed a portion of its accounts receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such accounts receivables were measured at fair value through other comprehensive income.

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information. The allowance for doubtful accounts were determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Expected credit loss
Current	$ 586,661	0.39%	2,304
1 to 30 days past due	27,016	1.62%	438
31 to 60 days past due	227	10.65%	24
61 to 90 days past due	25	75.98%	19
More than 90 days past due	19,047	50%~100%	19,047
	$ 632,976		**21,832**

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Expected credit loss
Current	$ 1,678,376	0.35%	5,858
1 to 30 days past due	59,249	1.78%	1,053
31 to 60 days past due	21,344	11.21%	2,392
61 to 90 days past due	52	55.56%	29
More than 90 days past due	18,395	50%~100%	18,395
	$ 1,777,416		**27,727**

(Continued)

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The movement in the allowance for notes and accounts receivable was as follows:

	2022	2021
Balance at January 1	$ 27,727	34,804
Impairment loss recognized (reversed)	(5,895)	(7,077)
Balance at December 31	**$ 21,832**	**27,727**

The Company entered into non-recourse factoring agreements with different financial institutions to sell its accounts receivables. Under the agreements, the Company does not have the responsibility to assume the default risk of the transferred accounts receivables. The Company derecognized the above accounts receivables because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The amounts receivable from the financial institutions were recognized as "other receivables" upon the derecognition of those accounts receivables.

December 31, 2022

Purchaser	Accounts derecognized	Factoring Line	Advanced Amount	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Financial Institution	**$ 586,619**	**2,929,200**	**-**	**586,619**	**0.05%~0.10%**	None

December 31, 2021

Purchaser	Accounts derecognized	Factoring Line	Advanced Amount	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Financial Institution	**$ 1,057,830**	**2,807,200**	**-**	**1,057,830**	**0.05%~0.10%**	None

The Company has deducted the advanced amount from the accounts receivable in accordance with the condition of derecognition as of December 31, 2022 and 2021. The remaining amount has been reclassified into other receivables. The Company did not recognize impairment loss on other receivables for the years ended December 31, 2022 and 2021, and other information on credit risk is disclosed in Note 6(s).

(d) Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 1,600,692	739,243
Work in progress	1,574,416	1,207,372
Finished goods	280,862	255,500
	$ 3,455,970	**2,202,115**

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The details of the cost of sales are as follows:

		2022	2021
Inventory that has been sold	$	6,362,750	8,715,916
Write-down of inventories		144,799	105,789
Others		101,665	(734)
	$	**6,609,214**	**8,820,971**

As of December 31, 2022 and 2021, the Company had not provided any inventories as collateral for its loans.

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

		December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income:			
Listed stocks		292,495	470,855
Emerging stocks		13,096	20,969
	$	**305,591**	**491,824**

(i) The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities were held for long-term strategic purposes instead of for trading.

(ii) For market risk, please refer to note 6(s).

(iii) As of December 31, 2022 and 2021, the Company had not provided any financial assets at fair value through other comprehensive income as collateral for its loans.

(f) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

		December 31, 2022	December 31, 2021
Subsidiaries	$	1,749,401	2,145,562
Associates		246,689	346,698
Investments accounted for using equity method	**$**	**1,996,090**	**2,492,260**
Credit balance of investments accounted for using equity method	**$**	**5,993**	**1,171**

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Notes to the Financial Statements

(i) Subsidiaries

A summary of the Company's financial information for its subsidiaries at the reporting date was as follows:

	2022	2021
The Company's share of gain of subsidiaries accounted for using equity method	$ (348,782)	205,625

Please refer to the consolidated financial statements for the year ended December 31, 2022 for further details.

(ii) Associates

The related information on the original cost investments of the associates was as follows:

			December 31, 2022		December 31, 2021	
	Nature of the relationship	Main operating location / Registered Country of the Company	Amount	Share-holding (%)	Amount	Share-holding (%)
Tong Fu Investment Corporation	Investment holding	R.O.C.	$ 26,070	46.73	26,070	46.73
Lighting Device Technologies Crop.	Research, design, develop, manufacture and sale on LED chips	R.O.C.	11,712	45.07	11,712	45.07
Top Taiwan X Venture Capital Co., Ltd.	Venture capital	R.O.C.	210,000	30.00	240,000	30.00
Uniband Electronic Corp.	Manufactures and sells electronic devices	R.O.C.	50,000	24.69	50,000	24.69
Finger Pro. Incorporation	Manufactures and sells electronic devices	R.O.C.	6,000	23.08	6,000	23.08
			$ 303,782		333,782	

A summary of the Company's financial information on investment accounted for using equity method at the reporting date is as follows:

	2022	2021
The Company's share of gain of associates accounted for using equity method	$ (50,722)	31,087

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The Company's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

		2022	2021
Attributable to the Company:			
Profit (loss) from continuing operations	$	(50,722)	31,087
Other comprehensive income (loss)		10	(3)
Comprehensive income (loss)	$	**(50,712)**	**31,084**

(iii) Pledges

As of December 31, 2022 and 2021, the Company had not provided any investments accounted for using the equity method as collateral for its loans.

(g) Loss control of subsidiaries

(i) The Group had sold 86.96% of its shares in RisingStar, wherein the proceeds of $20,111 thousand on February 9, 2021, resulted in a loss of control over RisingStar. Therefore, the $1,343 thousand gain on disposal of a subsidiary had been recognized as other gains and losses under other comprehensive income.

1) The carrying amounts of assets and liabilities of RisingStar on the date of disposal were as follows:

Cash and cash equivalents	$	10,945
Accounts receivables		8,431
Prepayments		186
Property, plant and equipment		245
Intangible assets		1,860
Guarantee deposits		93
Other payables		(177)
Carrying amount of net assets	$	**21,583**

2) Gain on disposal of a subsidiary

Cash received	$	20,111
Carrying amount of net assets		(21,583)
Carrying amount of non-controlling interests		2,815
Gain on disposal	$	**1,343**

3) Net cash flows from disposal of a subsidiary

Cash received	$	20,111
Less: Carrying amount of cash and cash equivalents		(10,945)
	$	**9,166**

(Continued)

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(ii) The Group had sold 61.16% of its shares in Bruckewell, wherein the proceeds of $13,000 thousand on December 29, 2021, resulted in a loss of control over Bruckewell. Therefore, the $4,911 thousand gain on disposal of a subsidiary had been recognized as other gains and losses under other comprehensive income.

1) The carrying amounts of assets and liabilities of Bruckewell on the date of disposal were as follows:

Cash and cash equivalents	$	2,529
Accounts receivables		2,748
Other receivables		138
Inventories		6,411
Prepayments		299
Property, plant and equipment		7,910
Intangible assets		511
Guarantee deposits		798
Accounts payable		(2,372)
Other current liabilities		(5,748)
Carrying amount of net assets	**$**	**13,224**

2) Gain on disposal of a subsidiary

Cash received	$	13,000
Carrying amount of net assets		(13,224)
Carrying amount of non-controlling interests		5,135
Gain on disposal	**$**	**4,911**

3) Net cash flows from disposal of a subsidiary

Cash received	$	13,000
Less: Carrying amount of cash and cash equivalents		(2,529)
	$	**10,471**

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Notes to the Financial Statements

(h) Property, plant and equipment

The movements of cost and accumulated depreciation of property, plant and equipment were as follows:

		Land	Buildings	Machinery and equipment	Office and transportation equipment	Equipment awaiting examination	Total
Cost:							
Balance as of January 1, 2022	$	230,790	1,178,183	523,174	128,285	33,979	2,094,411
Additions		-	1,169	41,252	19,519	65,884	127,824
Derecognized		-	(16,880)	(4,640)	(1,850)	-	(23,370)
Reclassification		-	2,541	14,662	1,474	(20,996)	(2,319)
Balance as of December 31, 2022	**$**	**230,790**	**1,165,013**	**574,448**	**147,428**	**78,867**	**2,196,546**
Balance as of January 1, 2021	$	230,790	1,162,385	503,223	119,222	29,540	2,045,160
Additions		-	10,465	46,099	14,644	23,715	94,923
Derecognized		-	-	(39,191)	(5,581)	-	(44,772)
Reclassification		-	5,333	13,043	-	(19,276)	(900)
Balance as of December 31, 2021	**$**	**230,790**	**1,178,183**	**523,174**	**128,285**	**33,979**	**2,094,411**
Accumulated depreciation:							
Balance as of January 1, 2022	$	-	714,779	410,800	104,570	-	1,230,149
Depreciation		-	22,010	47,030	11,082	-	80,122
Derecognized		-	(1,858)	(4,636)	(1,850)	-	(8,344)
Balance as of December 31, 2022	**$**	**-**	**734,931**	**453,194**	**113,802**	**-**	**1,301,927**
Balance as of January 1, 2021	$	-	694,485	412,034	102,625	-	1,209,144
Depreciation		-	20,294	37,906	7,526	-	65,726
Derecognized		-	-	(39,140)	(5,581)	-	(44,721)
Balance as of December 31, 2021	**$**	**-**	**714,779**	**410,800**	**104,570**	**-**	**1,230,149**
Carrying value:							
Balance as of December 31, 2022	**$**	**230,790**	**430,082**	**121,254**	**33,626**	**78,867**	**894,619**
Balance as of December 31, 2021	**$**	**230,790**	**463,404**	**112,374**	**23,715**	**33,979**	**864,262**

As of December 31, 2022 and 2021, the Company had not provided any property, plant and equipment as collateral for its loans.

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(i) Right-of-use assets

The Company leases many assets including land, buildings, machinery and office equipment. Information about leases for which the Company as a lessee is presented below:

	Land	Buildings	Machinery and equipment	Office equipment	Total
Cost:					
Balance as of January 1, 2022	$ 842,736	6,347	948	17,335	867,366
Additions	-	28,283	-	-	28,283
Derecognized	-	-	-	(7,273)	(7,273)
Balance as of December 31, 2022	**$ 842,736**	**34,630**	**948**	**10,062**	**888,376**
Balance as of January 1, 2021	$ 186,882	-	948	10,334	198,164
Additions	655,854	6,347	-	7,001	669,202
Balance as of December 31, 2021	**$ 842,736**	**6,347**	**948**	**17,335**	**867,366**
Accumulated depreciation and impairment losses:					
Balance at January 1, 2022	$ 27,705	529	448	8,991	37,673
Depreciation	22,008	4,510	316	3,529	30,363
Derecognized	-	-	-	(6,213)	(6,213)
Balance as of December 31, 2022	**$ 49,713**	**5,039**	**764**	**6,307**	**61,823**
Balance at January 1, 2021	$ 11,164	-	132	3,772	15,068
Depreciation	16,541	529	316	5,219	22,605
Balance as of December 31, 2021	**$ 27,705**	**529**	**448**	**8,991**	**37,673**
Book value:					
Balance as of December 31, 2022	**$ 793,023**	**29,591**	**184**	**3,755**	**826,553**
Balance as of December 31, 2021	**$ 815,031**	**5,818**	**500**	**8,344**	**829,693**

The Company leased the superficies of " Hsinchu County International AI Smart Park Industrial Zone(1)-3" on April 30, 2021, with the royalty of $15,800 thousand per year. The leased land will be calculated and adjusted based on the announced land price during the contract period. The Company recognized right-of-use assets and lease liabilities amounting to $655,854 thousand, respectively.

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Notes to the Financial Statements

(j) Intangible assets

The movements of cost and accumulated amortization of intangible assets were as follows:

		Goodwill	Technical Know-how	Computer software	Total
Cost:					
Balance as of January 1, 2022	$	160,600	99,478	256,279	516,357
Additions		-	5,444	68,710	74,154
Reclassifications		-	-	2,318	2,318
Derecognized		-	(38,993)	(30,347)	(69,340)
Balance as of December 31, 2022	**$**	**160,600**	**65,929**	**296,960**	**523,489**
Balance as of January 1, 2021	$	160,600	91,929	214,883	467,412
Additions		-	13,973	45,935	59,908
Reclassifications		-	-	900	900
Derecognized		-	(6,424)	(5,439)	(11,863)
Balance as of December 31, 2021	**$**	**160,600**	**99,478**	**256,279**	**516,357**
Accumulated amortization:					
Balance as of January 1, 2022	$	-	78,689	158,243	236,932
Additions		-	17,020	91,933	108,953
Derecognized		-	(38,993)	(30,347)	(69,340)
Balance as of December 31, 2022	**$**	**-**	**56,716**	**219,829**	**276,545**
Balance as of January 1, 2021	$	-	67,080	89,681	156,761
Additions		-	18,033	74,001	92,034
Derecognized		-	(6,424)	(5,439)	(11,863)
Balance as of December 31, 2021	**$**	**-**	**78,689**	**158,243**	**236,932**
Book value:					
Balance as of December 31, 2022	**$**	**160,600**	**9,213**	**77,131**	**246,944**
Balance as of December 31, 2021	**$**	**160,600**	**20,789**	**98,036**	**279,425**

(i) The amortization of intangible assets recognized under operation costs and operating expenses for the years ended 2022 and 2021 were $108,953 thousand and $92,034 thousand, respectively.

(ii) Impairment testing for goodwill

1) For the Company' s impairment testing purposes, goodwill has been allocated to the operating units testing purpose. The units are the minimum level for the Company ' s goodwill, which should not be higher than the Company's operating divisions.

The carrying amounts of goodwill were as follow:

		December 31, 2022	December 31, 2021
Laptop input device business cash-generating units	**$**	**160,600**	**160,600**

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2) The recoverable amounts of laptop input device business and network communication business cash-generating unit (CGU) were based on their value-in-use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The key assumptions used in the estimation of the value-in-use were as follows:

	December 31, 2022	December 31, 2021
Average revenue growth rate	1.2 %	4.1 %
Discount rate	12.34 %	7.88 %

The key assumptions represents the management's valuation of the future industry trends, wherein the external, internal and also historical information, were considered. There was no impairment loss incurred as of December 31, 2022 and 2021.

(k) Lease liabilities

The lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	$ 13,508	11,706
Non-current	$ 687,339	671,682

For the maturity analysis, please refer to note 6(s).

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest on lease liabilities	$ 11,236	8,294
Expenses relating to short-term leases	$ 9,309	9,734
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 763	874

The amounts recognized in the statement of cash flows for the Company were as follows:

	2022	2021
Total cash outflow for leases	$ 42,465	198,766

(i) Real estate leases

The Company leases land and buildings for its office space. The lease of land typically run for a period of 20 to 40 years, and of buildings for 2 to 3 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. Some leases provide for additional rent payments that are based on changes in local price indices.

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(ii) Other leases

The Company leases machinery and equipment, with lease terms of 1 to 3 years. These leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. The Company leases its office and transportation equipment, with lease terms ranging from 1 to 3 years. In some cases, the Company has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term. These leases are short-term or leases of low-value items which the Company has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(l) Employee benefits

(i) Defined benefit plans

Reconciliations of defined benefit obligations and plan assets at fair value were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 410,994	483,711
Fair value of plan assets	(103,029)	(88,916)
Net defined benefit liabilities	**$ 307,965**	**394,795**

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two year time deposits with interest rates offered by local banks.

The Company’s Bank of Taiwan labor pension reserve account balance amounted to $103,029 thousand as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

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2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Company were as follows:

	2022	2021
Defined benefit obligations at January 1	$ 483,711	468,361
Current service cost and interest cost	3,748	4,492
Remeasurements of net defined benefit liabilities (assets)		
－Actuarial loss (gain) arising from demographic assumptions	-	12,714
－Actuarial loss (gain) arising from financial assumptions	(51,734)	7,139
－Actuarial loss (gain) arising from experience adjustments	(15,059)	8,049
Benefits paid	(9,672)	(17,044)
Defined benefit obligations at December 31	**$ 410,994**	**483,711**

3) Movements of plan assets

The movements in the fair value of plan assets for the Company were as follows:

	2022	2021
Fair value of plan assets at January 1	$ 88,916	86,086
Interest income	565	655
Remeasurements of net defined benefit liabilities (assets)		
－Return on plan assets excluding interest income	7,091	853
Contributions paid by the employer	15,779	15,698
Benefits paid	(9,322)	(14,376)
Fair value of plan assets at December 31	**$ 103,029**	**88,916**

4) Expenses recognized in profit or loss

The Company's expenses recognized in profit or loss for the years ended December 31, 2022 and 2021, were as follows:

	2022	2021
Current service costs	$ 817	1,082
Net interest of net liabilities for defined benefit obligations	2,366	2,755
	$ 3,183	**3,837**

(Continued)

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		2022	2021
Operating cost	$	270	333
Selling expenses		199	243
Administration expenses		274	334
Research and development expenses		2,440	2,927
	$	**3,183**	**3,837**

5) Remeasurement of net defined benefit liabilities (assets) recognized in other comprehensive income

The Company's remeasurement of net defined benefit liabilities (assets) recognized in other comprehensive income for the years ended December 31, 2022 and 2021, were as follows:

		2022	2021
Balance at January 1	$	33,907	6,858
Recognized		(73,884)	27,049
Balance at December 31	$	**(39,977)**	**33,907**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.750%	0.625%
Future salary increase rate	5.000%	5.000%

The expected allocation payment to be made by the Company to the defined benefit plans for one-year period after the reporting date was $5,807 thousand.

As of December 31, 2022 and 2021, the weighted-average lifetime of the defined benefits plans were 13.94 years and 14.89 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

		Impact on the defined benefit obligations	
		Increase by 0.25%	**Decrease by 0.25%**
December 31, 2022			
Discount rate	$	(10,392)	10,769
Future salary increasing rate		10,156	(9,858)

(Continued)

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	Impact on the defined benefit obligations	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2021		
Discount rate	(14,131)	14,687
Future salary increasing rate	13,742	(13,311)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(ii) Defined contribution plans

The Company's expenses incurred from the contributions to the Bureau of Labor Insurance for the and years ended December 31, 2022 and 2021 were as follows:

	2022	**2021**
Operating cost	$ 7,975	7,550
Selling expenses	5,007	4,797
Administration expenses	4,768	4,604
Research and development expenses	43,840	39,529
	$ 61,590	**56,480**

(m) Income taxes

(i) The components of income tax were as follow:

	2022	**2021**
Current tax expense	$ 646,812	995,858
Deferred tax expense	(3,396)	(6,950)
Income tax expense	**$ 643,416**	**988,908**

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Reconciliation of income tax and profit before tax for the years ended December 31, 2022 and 2021 is as follows:

	2022	2021
Income before income tax	$ 2,795,092	6,091,354
Income tax using the Company's domestic tax rate	$ 559,018	1,218,271
Suspension of tax-exempt gain on disposal of domestic securities	579	1,018
Prior year's income tax adjustment	45,074	9,787
Investment tax credit	(53,249)	(39,587)
Change in unrecognized temporary differences	6,300	(191,300)
Investment income from domestic securities	60,081	(26,803)
Additional tax on undistributed earnings	25,613	28,396
Others	-	(10,874)
Total	$ 643,416	988,908

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2022	December 31, 2021
Realized valuation losses on long-term investment	$ 41,200	36,100
Tax-deductible loss carry forward	89,900	92,100
Provision for decline in value of inventories	36,000	34,900
Others	5,000	2,700
	$ 172,100	165,800

Regarding the deductible temporary differences from investment tax credit, the deferred tax assets have not been recognized in respect of these items because it is not probable that the future taxable gain on disposal of securities will be available against which the Company can utilize the benefits therefrom.

2) Recognized deferred tax assets and liabilities

Movements of recognized deferred tax assets and liabilities for the years ended December 31, 2022 and 2021 were as follows:

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Deferred Tax Liabilities:

	Fair Value Gains
Balance at January 1, 2022	$ (1,067)
Recognized in profit or loss	(1,456)
Balance at December 31, 2022	**$ (2,523)**
Balance at January 1, 2021	$ (1,244)
Recognized in profit or loss	177
Balance at December 31, 2021	**$ (1,067)**

Deferred Tax Assets:

	Decline in Value of Inventories	Others	Total
Balance at January 1, 2022	$ 34,985	5,009	39,994
Recognized in profit or loss	1,044	3,808	4,852
Balance at December 31, 2022	**$ 36,029**	**8,817**	**44,846**
Balance at January 1, 2021	$ 31,043	2,178	33,221
Recognized in profit or loss	3,942	2,831	6,773
Balance at December 31, 2021	**$ 34,985**	**5,009**	**39,994**

(iii) The Company’s tax returns for the year through 2020 were assessed by the tax authorities.

(n) Capital and other equity

As of December 31, 2022 and 2021, the authorized capital of the Company amounted to $4,800,000 thousand, divided into 303,880 thousand ordinary shares, with a par value of $10 per share. The issued shares were composed of common stocks only and have been fully paid up.

(i) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2022	December 31, 2021
Additional paid-in capital	$ 231,051	231,051
Treasury share transactions	509,478	337,686
Difference arising from subsidiary’s share price and its carrying value	97,899	62,444
	$ 838,428	**631,181**

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According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

The Company's Article of Incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. Aside from the aforesaid legal reserve, the Company may appropriate another sum as a special reserve according to operation needs and legal requirements, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval. For dividends of at least 50% of current period earnings and undistributed prior period earnings, the cash dividends shall not be less than 10% of the total amount dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Rule No. 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, a portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The appropriations of earnings for 2021 and 2020 had been approved in the shareholders' meeting held on June 15, 2022 and July 2, 2021, respectively. The Company declared cash dividends of $13.81 and $9.00 per share, amounting to $4,102,385 thousand and $2,734,924 thousand, respectively, for the year 2021 and 2020.

There was no difference between the actual distribution and the estimation in the financial statements of 2021 and 2020.

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The appropriation of earnings for 2022 had been approved at the Board meeting on February 22, 2023. The cash dividend of $6.00 per share, amounting to $1,823,282 thousand for the year 2022.

(iii) Treasury shares

	December 31, 2022		December 31, 2021	
	Shares (in thousands)	Amounts	Shares (in thousands)	Amounts
Shares transferred to employees	6,857	$ 1,077,510	6,857	1,077,510
Shares held by subsidiaries	12,438	28,975	12,438	28,975
	19,295	**$ 1,106,485**	**19,295**	**1,106,485**

1) The Company purchased shares as treasury stock for the purpose of transferring to employees in accordance with the requirements under section 28(2) of the Securities and Exchange Act. The movements of treasury stock were as follow:

	2022		2021	
	Shares (in thousands)	Amounts	Shares (in thousands)	Amounts
Beginning balance	6,857	$ 1,077,510	-	-
Increase	-	-	6,857	1,077,510
Ending balance	**6,857**	**$ 1,077,510**	**6,857**	**1,077,510**

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and should not hold any shareholder rights before their transfer.

2) Elan Investment Corp., a subsidiary of the Company, invested in Elantech before the Company acquired Elantech, and held the Company' s stock after the Company' s acquisition of Elantech. For the years ended December 31, 2022 and 2021, the information on the Company's stock held by Elan Investment Corp. was as follows:

	For the years ended December 31					
	2022			2021		
	Shares (in thousands)	Acquisition cost	Total market value	Shares (in thousands)	Acquisition cost	Total market value
Opening balance	12,438	$ 28,975	2,114,494	12,438	28,975	1,660,500
Effects of valuation change	-	-	(1,044,809)	-	-	453,994
Ending balance	**12,438**	**$ 28,975**	**1,069,685**	**12,438**	**28,975**	**2,114,494**

The Company transferred cash dividend revenue received by Elan Investment Corp. amounting to $171,792 thousand and $111,944 thousand to capital surplus-treasury stock in 2022 and 2021, respectively.

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(iv) Other equity

The movements of other equity were as follows:

	For the years ended December 31, 2022		
	Foreign exchange differences arising from foreign operation	**Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income**	**Total**
Balance as of January 1	$ (6,923)	202,017	195,094
Exchange differences on foreign operations:			
The Company	1,664	-	1,664
Subsidiaries	543	-	543
Associates	10	-	10
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Company	-	(186,233)	(186,233)
Balance as of December 31	$ **(4,706)**	**15,784**	**11,078**

	For the years ended December 31, 2021		
	Foreign exchange differences arising from foreign operation	**Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income**	**Total**
Balance as of January 1	$ (6,597)	9,937	3,340
Foreign exchange differences:			
The Company	(247)	-	(247)
Subsidiaries	(76)	-	(76)
Associates	(3)	-	(3)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Company	-	235,262	235,262
Subsidiaries	-	82,954	82,954
Subsidiaries-disposal	-	(126,136)	(126,136)
Balance as of December 31	$ **(6,923)**	**202,017**	**195,094**

(o) Earnings per share

The Company's earnings per share for the years ended December 31, 2022 and 2021 were calculated as follows:

(i) Basic earnings per share:

	2022	**2021**
Net profit attributable to ordinary shareholders of the Company	$ **2,151,676**	**5,102,446**
Weighted average number of ordinary shares outstanding (in thousands)	**284,585**	**289,323**
Earnings per share	$ **7.56**	**17.64**

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(ii) Diluted earnings per share:

	2022	2021
Net profit attributable to ordinary shareholders of the Company (diluted)	$ **2,151,676**	**5,102,446**
Weighted average number of ordinary shares outstanding (in thousands)	284,585	289,323
Effect of dilutive potential ordinary shares (in thousands)		
－employee share bonus	4,566	5,005
Weighted average number of ordinary shares outstanding (diluted)(in thousands)	**289,151**	**294,328**
Diluted earnings per share	$ **7.44**	**17.34**

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	2022	2021
Taiwan	$ 906,714	1,456,666
Mainland China	2,322,925	2,306,918
Hong Kong	9,089,669	13,758,326
America	3,002	6,267
Europe	3,317	3,317
Other	109,928	210,583
	$ **12,435,555**	**17,742,077**
Main products:		
Consumer Touch Control Integrated Circuit	$ 3,195,350	6,193,142
Laptop Input Device	9,203,681	11,528,096
Development and other income	36,524	20,839
	$ **12,435,555**	**17,742,077**

(ii) Contract balances

For details on accounts receivable and allowance for impairment, please refer to note 6(c).

(q) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	2022	2021
Interest income from bank deposits	$ **25,317**	**23,054**

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(ii) Other income

		2022	2021
Rent income	$	6,656	8,413
Dividend income		93,807	27,433
Government grants		5,000	3,993
Others		33,996	10,621
Total	$	**139,459**	**50,460**

(iii) Other gains and losses

		2022	2021
Foreign exchange losses	$	194,089	(54,759)
Loss on adjustments to lease		(160)	-
Gains (losses) on financial asset at fair value through profit or loss		(104,598)	200,710
Gains (losses) on disposal of property, plant and equipment		2,698	(51)
Gains on disposal of investment property		-	6,254
Reversal of impairment loss		-	3,930
Miscellaneous disbursement		(2,779)	(2,491)
Total	$	**89,250**	**153,593**

(r) Employee compensation and directors' and supervisors' remuneration

According to the Company’s Articles of Incorporation, once the Company has annual profit, it should appropriate no less than 10% of the profit as employees compensation and less than 2% as directors' and supervisors' remuneration. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2022 and 2021, the amounts of employees’ bonuses were estimated at $334,000 thousand and $728,000 thousand, respectively. The amounts of compensation to directors and supervisors were estimated at $41,000 thousand and $93,000 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These bonuses and compensation were expensed under operating costs or operating expenses during 2022 and 2021. Related information would be available at the Market Observation Post System website. There were no differences between the distribution amounts of bonuses and compensation decided by the Board mentioned above and the estimated amounts of the Company’s Consolidated Financial Statements for 2022 and 2021.

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(s) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The major customers of the Company are centralized in the high-tech computer industry. To minimize credit risk, the Company periodically evaluates the financial positions of clients and the possibility of collecting accounts receivables. Where necessary, the Company will require the customers to provide guarantees or collateral against their debts.

As of December 31, 2022 and 2021, 83% and 86%, respectively, of accounts receivable were due from the ten largest customers. Thus, credit risk was significantly concentrated.

3) Receivables and debt securities

For credit risk exposure in respect of notes and accounts receivable, please refer to note 6(c).

Other financial assets at amortized cost, including time deposits with maturities of more than three months and other receivables, are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f). There was no loss allowance provision for the years ended December 31, 2022 and 2021, respectively.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Con-tractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2022							
Non-derivative financial liabilities							
Notes and accounts payable	$ 686,908	686,908	686,908	-	-	-	-
Other payable	548,834	548,834	548,834	-	-	-	-
Lease liabilities	700,847	909,294	8,043	12,611	18,078	50,176	820,386
	$ 1,936,589	**2,145,036**	**1,243,785**	**12,611**	**18,078**	**50,176**	**820,386**
December 31, 2021							
Non-derivative financial liabilities							
Notes and accounts payable	$ 1,692,409	1,692,409	1,692,409	-	-	-	-
Other payables	464,540	464,540	464,540	-	-	-	-
Lease liabilities	683,388	906,267	7,248	11,364	16,891	40,933	829,831
	$ 2,840,337	**3,063,216**	**2,164,197**	**11,364**	**16,891**	**40,933**	**829,831**

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The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial assets:						
Monetary item						
USD	$ 60,525	30.73	1,859,933	134,173	27.68	3,713,909
Financial liabilities:						
Monetary item						
USD	31,453	30.73	966,551	63,423	27.68	1,755,549

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the retranslation of foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, and trade and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against the USD as of December 31, 2022 and 2021 would have increased (decreased) the net profit after tax by $35,735 thousand and $78,264 thousand for the years ended December 31, 2022 and 2021, respectively, with all other variables remaining constant. The analysis is performed on the same basis in 2022 and 2021.

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. The foreign exchange gain (including realized and unrealized portions) amounted to $194,089 thousand and loss amounted to $54,759 thousand for the years ended December 31, 2022 and 2021, respectively.

(iv) Interest rate analysis

The Company's exposure to interest rate risk of financial assets and liabilities was disclosed in the "Liquidity Risk" section of the note.

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments on reporting date. For variable rates on assets and liabilities, the sensitivity analysis assumes the variable rates on assets and liabilities are outstanding for the whole year on the reporting date. The Company's internal department reported the increases/decreases in the interest rates and the exposure to changes in interest rates on 0.5% on behalf of the Company's key management so as to allow the key management to assess the reasonableness of the changes in the interest rates.

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If the interest rate increases/decreases by 0.5%, the Company' s net income will increase/decrease by $49 thousand and $317 thousand for the years ended December 31, 2022 and 2021, respectively, with all other variable factors remaining unchanged. This was mainly due to the Company's time deposits and borrowings at variable rates.

(v) Other market price risk

For the years ended December 31, 2022 and 2021, the sensitivity analyses of the changes in the securities price at the reporting date were performed on the same basis for the profit and loss as illustrated below:

	2022		2021	
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increase 5%	**$ 12,224**	**36,340**	**19,673**	**33,566**
Decrease 5%	**$ (12,224)**	**(36,340)**	**(19,673)**	**(33,566)**

(vi) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2022				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	total
Financial assets at fair value through profit or loss (current and non-current)	$ 1,378,820	94,324	98,708	1,185,788	1,378,820
Financial assets at fair value through other comprehensive income					
Stocks	305,591	-	292,495	13,096	305,591
Accounts receivable	410,234	-	-	-	-
Subtotal	715,825	-	292,495	13,096	305,591
Financial assets measured at amortized cost					
Cash and cash equivalents	1,477,970	-	-	-	-
Notes and accounts receivable	222,742	-	-	-	-
Other receivables	621,937	-	-	-	-
Financial assets measured at amortized cost (current and non-current)	244,090	-	-	-	-
Guarantee deposits	55,236	-	-	-	-
Subtotal	2,621,975	-	-	-	-
Total	$ 4,716,620	94,324	391,203	1,198,884	1,684,411

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	December 31, 2022				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	total
Financial liabilities measured at amortized cost					
Notes and accounts payable	$ 686,908	-	-	-	-
Other payables	548,834	-	-	-	-
Lease liabilities (current and non-current)	700,847	-	-	-	-
Guarantee deposits received	9,345	-	-	-	-
Total	$ 1,945,934	-	-	-	-

	December 31, 2021				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	total
Financial assets at fair value through profit or loss (current and non-current)	$ 1,169,547	81,967	78,061	1,009,519	1,169,547
Financial assets at fair value through other comprehensive income					
Stocks	491,824	-	470,855	20,969	491,824
Accounts receivable	1,124,190	-	-	-	-
Subtotal	1,616,014	-	470,855	20,969	491,824
Financial assets measured at amortized cost					
Cash and cash equivalents	2,910,238	-	-	-	-
Notes and accounts receivable	653,226	-	-	-	-
Other receivables	1,156,907	-	-	-	-
Financial assets measured at amortized cost (current and non-current)	1,717,800	-	-	-	-
Guarantee deposits	177,776	-	-	-	-
Subtotal	6,615,947	-	-	-	-
Total	$ 9,401,508	81,967	548,916	1,030,488	1,661,371
Financial liabilities measured at amortized cost					
Notes and accounts payable	$ 1,692,409	-	-	-	-
Other payables	464,540	-	-	-	-
Lease liabilities (current and non-current)	683,388	-	-	-	-
Guarantee deposits received	10,797	-	-	-	-
Total	$ 2,851,134	-	-	-	-

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2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting date.

If the Company's financial instruments do not have an active market, their fair value classifications are determined to be equity instruments with no observable prices, and their fair values are estimated by comparing with competitors whose market prices are available. The main assumption used in this estimation is to calculate the product of the earnings before interest, tax, depreciation and amortization and the price to earnings ratio of listed companies on the stock market. This estimate is discounted by the fact that the equity is not readily available to be traded because there is no active market.

3) Transfers between Level 1 and Level 2

There were no transfers of financial instruments made between any level for the years ended December 31, 2022 and 2021.

4) Reconciliation of Level 3 fair values

	Non derivative mandatorily measured at fair value through profit or loss (held-for-trading financial assets)	Financial assets at fair value through other comprehensive income	Total
Opening balance, January 1, 2022	$ 1,009,519	20,969	1,030,488
Total gains and losses recognized:			
In profit or loss	(115,907)	-	(115,907)
In other comprehensive income	-	(7,873)	(7,873)
Purchased	353,706	-	353,706
Disposal	(20,882)	-	(20,882)
Capital reduction for redistribution to shareholders	(40,648)	-	(40,648)
Ending Balance, December 31, 2022	**$ 1,185,788**	**13,096**	**1,198,884**

(Continued)

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	Non derivative mandatorily measured at fair value through profit or loss (held-for-trading financial assets)	Financial assets at fair value through other comprehensive income	Total
Opening balance, January 1, 2021	$ 587,275	13,732	601,007
Total gains and losses recognized:			
In profit or loss	197,885	-	197,885
In other comprehensive income	-	7,237	7,237
Purchased	240,162	-	240,162
Capital reduction and liquidation for redistribution to shareholders	(15,803)	-	(15,803)
Ending Balance, December 31, 2021	**$ 1,009,519**	**20,969**	**1,030,488**

For the years ended December 31, 2022 and 2021, the total gains and losses that were included in "other gains and losses" and "unrealized gains and losses from financial assets at fair value through other comprehensive income" were as follows:

	2022	2021
Total gains and losses recognized:		
In profit or loss, and presented in "other gains and losses"	$ (115,907)	197,827
In other comprehensive income, and presented in "unrealized gains and losses from financial assets at fair value through other comprehensive income"	(7,873)	7,237

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include " financial assets measured at fair value through profit or loss – equity investments".

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Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss - equity investments without an active market	Market Comparison Method	· Price-to-book ratio (December 31, 2022 and December 31, 2021: 1.09 and 1.28) · Liquidity discount (December 31, 2022 and December 31, 2021: 30% and 30%)	The estimated fair value would increase (decrease) if: · the price-to-book ratio were higher (lower); · the liquidity discount were lower (higher); · the price-to-earnings ratio were higher (lower); or · the price-to-book assets ratio were higher (lower).
Financial assets at fair value through profit or loss - equity investments without an active market	Net Asset Value Method	Net Asset Value	· The estimated fair value would increase (decrease) if net asset value were higher (lower)

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions by the following percentages to reflect reasonably possible alternative assumptions would have the following effects:

	Input	Increase or decrease	Profit or loss	
			Favorable	Unfavorable
December 31, 2022				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Valuation multiples	10%	350	(350)
	Liquidity discount	10%	125	(125)
December 31, 2021				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Valuation multiples	10%	387	(387)
	Liquidity discount	10%	166	(166)

(t) Financial risk management

(i) Overview

The Company has exposure to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Company’ s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to respective notes in the report.

(ii) Risk Management framework

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The Company’s finance department provides business services to meet other departments’ requests and negotiate all necessary transactions on financial markets. In addition, all significant financial activities have to be examined and approved by the Board of Directors. The Company’ s financial activities must be in accordance with the overall financial risk management, segregation of duties, and other related policies of the Company. The Company’ s audit committee continues to review the amount of the risk exposure in accordance with the Company’s policy and the risk management policies and procedures. The committee reports regularly to the Board of Directors on its activities.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers and investment securities.

1) Accounts receivable and other receivables

The finance department has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company’s standard payment and delivery terms and conditions are offered. The Company’ s review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the finance department. Customers that fail to meet the Company’ s benchmark creditworthiness may transact with the Company only on a prepayment basis.

Trade and other receivables mainly relate to a wide range of customers from different industries and geographic regions. To minimize the credit risk, the Company continues to assess the financial condition and credit risk of its customers. Allowance for doubtful accounts is recognized if necessary.

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The account of allowance for doubtful receivables was created by the Company in order to reflect the estimate of the losses had been incurred on accounts receivable and other receivables. The abovementioned account mainly consists of specific losses, relating to significant risk, which were measured individually and other unidentified losses which were measured by grouping similar assets together. The measurement of losses by grouping similar assets together was based on the statistical data of payment history of similar financial assets.

2) Investments

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Company's finance department. As the Company deals with the banks and other external parties with good credit standing financial institutions, the management believes that the Company do not have any compliance issues, and therefore, there is no significant credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company' s reputation.

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

1) Currency risk

The Company is exposed to currency risk on sales and purchase that are denominated in a currency other than the respective functional currencies of the Company' s entities, primarily US Dollars (USD). Natural hedge was adopted to minimize the Company' s currency risk. The Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

Interest risk is the risk that changes in market interest rates will affect the fair value of the Company's financial instruments. For detailed information of interest rate risk exposure, please refer to the liquidity risk management of the note.

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ELAN MICROELECTRONICS CORPORATION
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3) Other market price risk

The Company is exposed to other market price risk due to investments of stocks from listed entities. These investments are classified as long-term strategic investment other than held-for-trading investments. The Company was not actively involved in trading these investments.

(u) Capital management

The Company meets its objectives to manage its capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders and interest of other related parties and to maintain an optimal capital structure to reduce the cost of capital.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence, and to sustain future development of the business. Capital consists of all equity (i.e. ordinary shares, capital surplus, retained earnings, and other equity) and net liabilities. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

After being approved by the Board of Directors, the Company purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily, the shares are intended to be used for issuing shares under the Company's share option program. Buy-and-sell decisions are made on a specific transaction basis by the Board of Directors.

The Company's debt-to-equity ratios at the end of the reporting period as at December 31, 2022 and 2021 were as follows:

	December 31, 2022	**December 31, 2021**
Total liabilities	$ 3,302,004	5,490,229
Less: cash and cash equivalents	(1,477,970)	(2,910,238)
Net debt	**$ 1,824,034**	**2,579,991**
Total equity	**$ 8,889,697**	**10,742,974**
Debt-to-equity ratio	**20.52 %**	**24.02 %**

(v) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2022 and 2021, were as follows:

(i) For right-of-use assets under leases, please refer to note 6(i).

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Notes to the Financial Statements

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Interest expense	Non-cash changes: Others	December 31, 2022
Lease liabilities	$ 683,388	(21,157)	-	11,235	27,381	700,847
Guarantee deposits received	10,797	(1,452)	-	-	-	9,345
Total liabilities from financial activities	**$ 694,185**	**(22,609)**	**-**	**11,235**	**27,381**	**710,192**

	January 1, 2021	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Interest expense	Non-cash changes: Others	December 31, 2021
Lease liabilities	$ 185,756	(179,864)	-	8,294	669,202	683,388
Guarantee deposits received	10,889	(92)	-	-	-	10,797
Total liabilities from financial activities	**$ 196,645**	**(179,956)**	**-**	**8,294**	**669,202**	**694,185**

(7) Related-party transactions:

(a) Names and relationship with related parties

The following are entities that have had transactions with related party during the periods covered in the financial statements.

Name of related party	Relationship with the Company
Elan H.K. Microelectronics Corporation	A subsidiary
Elan Investment Corp.	A subsidiary
Metanoia Communications Inc.	A subsidiary
Avisonic Technology Corp.	A subsidiary
Eminent Electronic Technology Corp. Ltd.	A subsidiary
PiXORD Corporation	A subsidiary
JPUP Electron Co., Ltd.	A subsidiary
Bruckewell Technology Co., Ltd.	Bruckewell was originally a subsidiary of the Company. However, the Company sold its shares on December 29, 2021; hence, it was excluded from the related party.
All directors, supervisors, president and vice president of the Company's key management personnel	

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(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Company to related parties were as follows:

		2022	2021
Subsidiaries-Elan H.K.	$	**407,307**	**560,243**

The prices for sales to related parties were similar to those for general customers. The credit terms were approximately 30 to 60 days.

(ii) Raw materials purchasing services and other operating income

		2022	2021
Subsidiaries-Metanoia	$	1,051	759
Subsidiaries-Avisonic		308	450
Subsidiaries-Eminent		10,416	3,203
Subsidiaries-Bruckewell		-	15
	$	**11,775**	**4,427**

(iii) Rent income

		2022	2021
Subsidiaries-PiXORD	$	1,629	1,629
Subsidiaries-Avisonic		1,363	1,363
Subsidiaries-Metanoia		1,757	3,515
Subsidiaries-Eminent		1,906	1,906
	$	**6,655**	**8,413**

(iv) Purchases and operating expenses

The amounts of purchases by the Company from related parties and operating expenses paid to related parties were as follows:

		2022	2021
Subsidiaries-JPUP	$	3,939	5,087
Subsidiaries-Bruckewell		-	857
	$	**3,939**	**5,944**

The price of purchases from the related parties mentioned above were not significantly different than the purchase terms with other third-party suppliers. The payment terms were approximately 15 to 45 days, and this was not significantly different than the payment terms with other third-party suppliers, either.

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(v) Commission expenses

The Company’s related parties provided overseas marketing and aftersales services to their customers, and thus the Company makes commission payments based on the amount of sales made. The amounts of commission expenses recognized in operating expenses (marketing expenses) during 2022 and 2021 were as follows:

	2022	2021
Subsidiaries-ELAN H.K.	$ 286,737	390,658

(vi) Receivable from related parties

The receivables from related parties were as follows:

Accounts	Types of related parties	December 31, 2022	December 31, 2021
Accounts receivable	Subsidiaries-Elan H.K.	$ 18,365	41,504
Accounts receivable	Subsidiaries-Eminent	155	1,145
Other receivables	Subsidiaries-Metanoia	3,943	2,934
Other receivables	Subsidiaries-Avisonic	188	2,103
Other receivables	Subsidiaries-PiXORD	435	427
Other receivables	Subsidiaries-Eminent	5,777	40,758
		$ 28,863	88,871

(vii) Payables to related parties

The payables to related parties were as follows:

Accounts	Types of related parties	December 31, 2022	December 31, 2021
Accounts payable	Subsidiaries-JPUP	$ 440	921
Accounts payable	Subsidiaries-Elan H.K.	11,225	28,406
Other payables	Subsidiaries	-	1
		$ 11,665	29,328

(c) Key management personnel compensation

	2022	2021
Short-term employee benefits	$ 81,013	147,024
Post-employment benefits	171	151
	$ 81,184	147,175

The short-term employee benefits include remuneration to employees and directors. Please refer to Note 6(r) for further details.

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(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2022	December 31, 2021
Current financial assets at amortized cost (Certificate Deposit)	Guarantee of the creditors of the purchase transactions	$ 92,190	-
Non-current financial assets at amortized cost (Certificate Deposit)	Use land guarantee for Hsinchu Science Park Bureau	7,400	7,200
		$ 99,590	7,200

(9) Commitments and contingencies:

(a) The Company entered into performance guarantee agreements with financial institutions for the Company's obligation to pay for the goods purchased and the tax payable on bonded raw materials, commodities, fuel, and semi-finished products shipped outside the bond areas for domestic sales, demonstration, repair or testing. As of December 31, 2022 and 2021, the financial institutions had issued performance guarantees amounting to $3,000 thousand and $6,000 thousand, respectively.

(b) As of December 31, 2022 and 2021, the refundable notes payable for short-term borrowings amounted to $2,770,000 thousand and $19,054$2,650,000 thousand, respectively.

(c) As of December 31, 2022 and 2021, the refundable notes payable for lease amounted to $600 thousand.

(d) The Company entered into non-infringement guarantee agreements with some customers (guarantees) to provide a guarantee regarding the selling of touchpad module products.

(e) As of December 31, 2022, the Company signed long-term borrowing contracts with several financial institution, with credit lines totaling $8,944,000 thousand.

(f) The Company signed capacity guarantee contracts with a supplier, stipulating the minimum quantity to be purchased by the Company. As of December 31, 2022, the Company paid the security deposit of $27,000 thousand in accordance with the contract, which was recognized under 「other current assets」 and 「other non-current assets」.

In addition, the Company evaluated the refundable deposit paid in the capacity guarantee contracts in 2022, wherein a portion of it was written off and recognized as cost of goods sold due to having the probability of not being recovered.

(g) Government grant

To implement the project “Elan Electronic Smart Supply Chain AI Application” under the guidance from the Ministry of Economic Affairs, the Company entered into a program contract with the Taiwan Small and Medium Enterprise Counseling Foundation in order to receive a grant amounting to $9,000 thousand. The project runs between April 1, 2020 and March 31, 2022. The Company recognizes income based on the progress of the project. As of 2022 and 2021, the subsidy recognized, amounting to $5,000 thousand and $3,993 thousand respectively, was classified as other income. As of December 31, 2022 and December 31, 2021, the Company had entrusted financial institutions to guarantee that the Company would fulfill its obligations specified in the project contract. The financial institutions have issued performance guarantee amounting to $0 thousand and $4,000 thousand, respectively.

Based on the implementation of "Advanced AI Driver Assistance System (ADAS) and Smart Cockpit System Development Plan" by the Ministry of Economic Affairs, the Company entered into a project agreement with Taipei Computer Business Association and obtained the subsidy of $91,730 thousand. According to the agreement, the Company will recognize the income based on the progress of the project, which runs between December 1, 2022 and May 31, 2025. As of December 31, 2022, the subsidy of $23,620 thousand, which had been received by the Company was recognized as "Other Current Liabilities". The financial institutions have issued performance guarantee amounting to 23,620 thousand.

(h) Royalty fee

The Company signed a software authorization contract with a software company. The contract can be terminated anytime upon the request of either party. Pursuant to the contract, the Company shall pay a royalty fee based on the sales quantity or other agreed conditions when the Company produces and sells products using this software.

(i) Litigation and actions

As of December 31, 2022, the pending litigation of the Company was as follows:

(i) On December 2, 2020, the Company filed an appeal with the Beijing Intellectual Property Court against Shenzhen Goodix Technology Co., Ltd. (hereinafter referred to as Goodix) and Beijing Xingyitongda Technology Co., Ltd. for an infringement of the Company’s PRC Patent No. ZL03158451.9. The Company appealed to the Court to prohibit the defendant from using, manufacturing and selling the product, and requested for damage compensation amounting to CNY$25 million. The Company filed an 「Application to Withdraw the Complaint」 to the court on November 29, 2022, and the court issued a civil ruling approving the withdrawal of the lawsuit on December 7, and the case concluded.

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(ii) On December 23, 2020, the Company filed an appeal with Taiwan Intellectual Property Court against Goodix and Shouhon Technology Co., Ltd. for an infringement of the Company's ROC Patent No. I556033. The Company appealed to the Court to prohibit the defendant from using, manufacturing and selling the product. On November 30, 2022, the court rejected the appeal made by the Company in the 10th instance. Since the Company did not make any further appeal thereafter, the case was deemed closed.

(iii) On May 11 and 13, 2021, the Company and its subsidiary Elan Microelectronics (Shenzhen) Co., Ltd. (hereinafter referred to as Elan Shenzhen) received litigation documents which indicated Goodix filed an appeal with Inner Mongolia Hohhot Intermediate People's Court against the Company and Elan Shenzhen for patent infringement. and requested for damage compensation amounting to CNY$30.5 million. The Company had appointed a lawyer to make an objection against jurisdiction to the Court within the defense period, but the Court dismissed the action on July 22, 2021. The Company and Elan Shenzhen had appealed to the Supreme People's Court within the defense period. However, on January 28, 2022, the Supreme People's Court denied the appeal. The case was on trial in Hohhot Intermediate People's Court on July 8, 2022. The Court inquired and listened to the opinions of both sides based on the evidence provided by Goodix. The subsequent court session will be notified later. After the evaluation, the Company judges that the products don't infringe the patent right and expects no significant influence on its finance and business as the case is still on trial.

(j) As of December 31, 2022, the total amount of building contract signed by the Company was $43,000 thousand and the payable amount in the following years was $19,054 thousand.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Others:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

	For the years ended December 31					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries and wages	$ 281,228	1,484,069	1,765,297	327,676	1,848,860	2,176,536
Labor and health insurance	30,846	101,506	132,352	28,137	92,907	121,044
Pension expenses	8,245	56,528	64,773	7,883	52,434	60,317
Remuneration of directors	-	44,990	44,990	-	96,740	96,740
Others	21,715	37,973	59,688	25,946	40,103	66,049
Depreciation	38,828	71,657	110,485	31,095	57,236	88,331
Amortization	6,589	102,364	108,953	2,895	89,139	92,034

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For the years ended December 31, 2022 and 2021, the total numbers of employees and employee benefits were as follows:

		2022	2021
Number of employees		1,018	1,039
Number of directors who were not employees		7	7
The average employee benefits	$	2,000	2,349
The average salaries and wages	$	1,746	2,109
The adjustment rate of average employee salaries		(17.21)%	18.09 %
Supervisors' remuneration	$	-	-

The Company's compensation policy for directors, supervisors, executive officers, and employees, is as follows:

(a) Directors and executive officers: Compensation to directors and executives, pursuant to the Company's Articles of Incorporation, shall be determined with reference to industry peers, individual performance, accomplishment, and contribution. The payment shall be reviewed by the Compensation Committee and approved by the Board of Directors.

(b) Employee compensation: The salary and wage of employees, pursuant to the Company's Articles of Incorporation, shall be determined with reference to the Company's overall operating performance, employees' seniority, capability, and performance.

(c) Performance and holiday bonuses of employees: Employee bonuses shall be determined based on individual performance and the Company's overall operating performance.

(d) Annual employee salary adjustment: Annual adjustment to employee salary shall be determined with reference to the Company's overall operating performance, domestic economic growth rate, price index, the annual salary adjustment standards, and individual performance.

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(13) Other disclosures:

(a) Information on significant transactions:

The followings are the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2022:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Elan Microelectronics Corporation	Harvatek Corporation	-	Current financial assets at fair value through profit or loss	244	4,298	0.12%	4,298	
Elan Microelectronics Corporation	KGI Victory Money Market Fund	-	Current financial assets at fair value through profit or loss	7,658	90,026	-	90,026	
Elan Microelectronics Corporation	Diversified FX Trading Segregated Portfolio	-	Current financial assets at fair value through profit or loss	218	25,215	-	25,215	
Elan Microelectronics Corporation	Global Strategic FX Arbitrage Note	-	Current financial assets at fair value through profit or loss	95	29,194	-	29,194	
Elan Microelectronics Corporation	Multi-Manager FX Trading Note (M2)	-	Current financial assets at fair value through profit or loss	44	13,569	-	13,569	
Elan Microelectronics Corporation	Global Strategic FX Arbitrage Note (USD)(SERIES II)	-	Current financial assets at fair value through profit or loss	100	30,730	-	30,730	
Elan Microelectronics Corporation	ThroughTek Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,077	13,096	4.14%	13,096	
Elan Microelectronics Corporation	Macroblock, Inc.	-	Non-current financial assets at fair value through other comprehensive income	3,500	292,495	7.87%	292,495	
Elan Microelectronics Corporation	Chino-Excel Technology Corporation	-	Non-current financial assets at fair value through profit or loss	823	-	1.48%	-	
Elan Microelectronics Corporation	Panther technology Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	340	6,157	0.94%	6,157	
Elan Microelectronics Corporation	XINCE Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	2,866	-	9.24%	-	
Elan Microelectronics Corporation	TOP TAIWAN VI VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through profit or loss	168	1,354	2.17%	1,354	
Elan Microelectronics Corporation	TOP TAIWAN VII VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through profit or loss	888	13,285	6.12%	13,285	
Elan Microelectronics Corporation	TOP TAIWAN VIII VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through profit or loss	1,811	21,667	4.17%	21,667	
Elan Microelectronics Corporation	Midastouch Research Corporation	-	Non-current financial assets at fair value through profit or loss	2,500	3,425	8.16%	3,425	
Elan Microelectronics Corporation	TOP TAIWAN IX VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through profit or loss	3,500	61,710	6.25%	61,710	
Elan Microelectronics Corporation	InnoBridge Venture Capital	-	Non-current financial assets at fair value through profit or loss	800	2,406	11.35%	2,406	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Elan Microelectronics Corporation	Startek Engineering Inc.	-	Non-current financial assets at fair value through profit or loss	189	-	0.53%	-	
Elan Microelectronics Corporation	North Star Venture Capital	-	Non-current financial assets at fair value through profit or loss	3,000	29,198	10.00%	29,198	
Elan Microelectronics Corporation	TOP TAIWAN XI VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through profit or loss	4,063	69,732	6.25%	69,732	
Elan Microelectronics Corporation	Genius Vision Digital Inc.	-	Non-current financial assets at fair value through profit or loss	495	-	1.54%	-	
Elan Microelectronics Corporation	Lyra Semiconductor Incorporated	-	Non-current financial assets at fair value through profit or loss	1,440	-	5.87%	-	
Elan Microelectronics Corporation	TOP TAIWAN XII VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through profit or loss	25,000	278,683	18.52%	278,683	
Elan Microelectronics Corporation	Cruise 10 Co., Ltd	-	Non-current financial assets at fair value through profit or loss	625	4,304	5.26%	4,304	
Elan Microelectronics Corporation	Waltop International Corporation	-	Non-current financial assets at fair value through profit or loss	20	-	0.24%	-	
Elan Microelectronics Corporation	Vertex Growth (SG) LP	-	Non-current financial assets at fair value through profit or loss	-	226,526	-	226,526	
Elan Microelectronics Corporation	Taiwania Capital Buffalo Fund V, LP.	-	Non-current financial assets at fairvalue through profit or loss	-	48,127	3.19%	48,127	
Elan Microelectronics Corporation	TOP TAIWAN XIII VENTURE CAPITAL CO., LTD	-	Non-current financial assets at fairvalue through profit or loss	15,000	130,265	17.44%	130,265	
Elan Microelectronics Corporation	TOP TAIWAN XIV VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fairvalue through profit or loss	29,000	282,010	13.30%	282,010	
Elan Microelectronics Corporation	Vertex Growth II(SG) LP	-	Current financial assets at fair value through profit or loss	-	6,939	-	6,939	
Elan Investment Corp.	FSITC US Top 100 Bond Fund Acc TWD	-	Current financial assets at fair value through profit or loss	1,500	13,731	-	13,731	
Elan Investment Corp.	FSITC Global Wealthy Nations Bond Fund Acc TWD	-	Non-current financial assets at fair value through profit or loss	2,629	23,203	-	23,203	
Elan Investment Corp.	FSITC TaiwanCore Strategic Construction Fund	-	Current financial assets at fair value through profit or loss	1,000	8,940	-	8,940	
Elan Investment Corp.	FSITC Global Video Gaming & eSports Fund	-	Current financial assets at fair value through profit or loss	500	4,460	-	4,460	
Elan Investment Corp.	FSITC Global Health & Weight Loss Fund	-	Current financial assets at fair value through profit or loss	500	4,345	-	4,345	
Elan Investment Corp.	Nomura Global Short Duration Bond Fund TWD	-	Current financial assets at fair value through profit or loss	9,484	96,992	-	96,992	
Elan Investment Corp.	Nomura Global Financial Bond Fund Acc TWD	-	Current financial assets at fair value through profit or loss	3,589	34,439	-	34,439	
Elan Investment Corp.	Taishin Global Multi-asset Fund of Funds A TWD	-	Current financial assets at fair value through profit or loss	1,000	10,620	-	10,620	

(Continued)

ELAN MICROELECTRONICS CORPORATION
Notes to Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Elan Investment Corp.	Taishin Global Disruptive Innovation Fund	-	Current financial assets at fair value through profit or loss	1,500	16,680	-	16,680	
Elan Investment Corp.	Taishin North American Income Trust Fund-A	-	Current financial assets at fair value through profit or loss	1,943	50,083	-	50,083	
Elan Investment Corp.	Taishin ESG Emerging Markets Bond Fund A TWD	-	Current financial assets at fair value through profit or loss	3,003	24,880	-	24,880	
Elan Investment Corp.	Taishin Short Duration Emerging High Yield Bond Fund A-TWD	-	Current financial assets at fair value through profit or loss	4,200	40,843	-	40,843	
Elan Investment Corp.	Elan Microelectronics Corporation	Subsidiary	Current financial assets at fair value through profit or loss	12,438	1,069,685	4.09%	1,069,685	
Elan Investment Corp.	Panther Technology Co., Ltd.	-	Current financial assets at fair value through profit or loss	1,396	25,263	3.88%	25,263	
Elan Investment Corp.	RISE Technology Com	-	Non-current financial assets at fair value through other comprehensive income	769	-	3.23%	-	
Elan Investment Corp.	Finemat Applied Materials Co., Ltd	-	Non-current financial assets at fair value through other comprehensive income	8,900	249,210	13.41%	249,210	
Elan Investment Corp.	Linkinwave-Preferred shares	-	Non-current financial assets at fair value through other comprehensive income	-	-	-	-	
Elan Investment Corp.	Pica 8-Preferred shares	-	Non-current financial assets at fair value through profit or loss	342	-	1.75%	-	
Elan Investment Corp.	Arplanet Digital Technology Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	128	1,308	2.70%	1,308	
Elan Investment Corp.	ZQAM Communications Corporation-Preferred shares	-	Non-current financial assets at fair value through profit or loss	250	943	1.07%	943	
Elan Investment Corp.	e-Formula Technologies, Inc.	-	Non-current financial assets at fair value through profit or loss	550	5,077	2.53%	5,077	
Elan Investment Corp.	ALGOLREALITY CO., LTD.-Preferred Shares	-	Non-current financial assets at fair value through profit or loss	100	-	13.04%	-	
Elan Investment Corp.	Vita Genomics, Inc.	-	Non-current financial assets at fair value through profit or loss	677	6,679	1.13%	6,679	
Elan Investment Corp.	Cognito Health International Inc.	-	Non-current financial assets at fair value through profit or loss	1,010	-	1.13%	-	
Elan Investment Corp.	Taiwan Intelligent Connect Co., Ltd.-Preferred shares	-	Non-current financial assets at fair value through profit or loss	10,000	1,490	14.29%	1,490	
Elan Investment Corp.	Genius Vision Digital Inc.	-	Non-current financial assets at fair value through profit or loss	370	-	1.16%	-	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

ELAN MICROELECTRONICS CORPORATION
Notes to Consolidated Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Elan Microelectronics Corporation	Elan (H.K.)	Subsidiary	Sale	407,307	3.28 %	Open Account 45 Days	-		18,365	2.90%	

Note: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(ix) Trading in derivative instruments: None

(b) Information on investees:

The followings are the information on investees for the years ended December 31, 2022 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
Elan Microelectronics Corporation	Elan (H.K.) Microelectronics Corp. Ltd.	Hong Kong, China	Sale and after-sales service	123,272	123,272	29,328	100.00 %	316,154	120,742	120,742	Note
Elan Microelectronics Corporation	Elan Investment Corp.	Taipei, Taiwan	Investment holding	500,000	500,000	50,000	100.00 %	921,312	(313,723)	(313,723)	Note
Elan Microelectronics Corporation	Elan Information Technology Group	California, USA	Sale, after-sales service and provide new informational skills	22,822	22,822	65	100.00 %	15,413	(1,809)	(1,809)	Note
Elan Microelectronics Corporation	JUPU Electronic Co., Ltd.	New Taipei City, Taiwan	Wholesale and installation of electronic devices, data storage and equipment process	7,840	7,840	784	49.00 %	(3,246)	(4,235)	(2,075)	Note
Elan Microelectronics Corporation	Metanoia Communications Inc.	Hsin-Chu, Taiwan	Research, design, development, manufacture and sales of Discrete Multi-Tone (DMT) chip and client chip, PON to OLT and ONU chip and GHN chip, a new generation home network	665,865	460,516	47,363	46.89 %	217,692	(161,033)	(79,796)	Note
Elan Microelectronics Corporation	Avisonic Technology Corp.	Hsin-Chu, Taiwan	Research, design, develop, manufacture and sale on digital image-process chips	194,226	194,226	17,517	84.78 %	(2,747)	(25,451)	(22,313)	Note
Elan Microelectronics Corporation	Tong fu Investment Corp.	Hsin-Chu, Taiwan	Investment holding	26,070	26,070	3,000	46.73 %	-	-	-	
Elan Microelectronics Corporation	Lighting Device Technologies Corp.	Hsin-Chu, Taiwan	Research, design, develop, manufacture and sale on LED chips	11,712	11,712	1,805	45.07 %	-	-	-	
Elan Microelectronics Corporation	PiXORD Corporation	Hsin-Chu, Taiwan	Research, design, develop, manufacture and sale on Webcam and server	117,062	163,599	11,240	94.65 %	29,752	(38,669)	(37,467)	Note
Elan Microelectronics Corporation	EMINENT ELECTRONIC TECHNOLOGY CORP. LTD.	Hsin-Chu, Taiwan	Manufactures and sells electronic devices, computer and its related products, manufactures optical instruments	52,100	52,100	4,113	18.50 %	30,971	(51,549)	(9,571)	Note
Elan Microelectronics Corporation	TOP TAIWAN X VENTURE CAPITAL CO., LTD.	Taipei, Taiwan	Venture capital	210,000	240,000	24,000	30.00 %	237,906	(164,313)	(49,187)	
Elan Microelectronics Corporation	Uniband Electronic Corp.	Hsin-Chu, Taiwan	Manufactures and sells electronic devices	50,000	50,000	5,000	24.69 %	8,783	(1,699)	(420)	
Elan Microelectronics Corporation	Finger Pro. Incorporation	Hsin-Chu, Taiwan	Manufactures and sells electronic devices	6,000	6,000	600	23.08 %	-	-	-	
Elan Microelectronics Corporation	Chimei Motor Electonic CO., LTD.	Taipei, Taiwan	Image recognition, automotive electronic manufacturing and wholesaling business	228,650	29,450	9,250	31.36 %	218,106	2,614	(3,885)	
Elan Investment Corp.	Avisonic Technology Corp.	Hsin-Chu, Taiwan	Research, design, develop, manufacture and sale on digital image-process chips	6,463	6,463	646	3.13 %	(56)	(25,451)	(824)	Note
Elan Investment Corp.	RONG CHENG Technology	Hsin-Chu, Taiwan	Manufactures and sells electronic devices, computer and its related products, manufactures optical instruments	77,706	77,706	8,000	38.46 %	-	-	-	
Elan Investment Corp.	PiXORD Corporation	Hsin-Chu, Taiwan	Research, design, develop, manufacture and sale on Webcam and server	4,065	-	395	3.33 %	1,047	(38,669)	(485)	Note

(Continued)

ELAN MICROELECTRONICS CORPORATION
Notes to Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
Elan Investment Corp.	Metanoia Communications Inc.	Hsin-Chu, Taiwan	Research, design, development, manufacture and sales of Discrete Multi-Tone (DMT) chip and client chip, PON to OLT and ONU chip and GHN chip, a new generation home network	10,211	10,211	831	0.82 %	3,831	(161,033)	(1,899)	Note
Elan Investment Corp.	EMINENT ELECTRONIC TECHNOLOGY CORP. LTD.	Hsin-Chu, Taiwan	Manufactures and sells electronic devices, computer and its related products, manufactures optical instruments	38,481	38,481	2,138	9.61 %	16,532	(51,549)	(4,972)	Note
Elan H.K.	Power Asia Investment Corporation	Republic of Mauritius	Investment business	89,572	89,572	2,861	100.00 %	28,015	2,786	2,786	Note
Metanoia Communications Inc.	Metanoia Communications Europe	France	Provide technical support and information service	18,410	9,908	571	100.00 %	9,088	(5,332)	(5,332)	Note
Chimei Motor Electronic CO., LTD.	CHIMEI MOTOR ELECTRONICS (SAMOA) CO., LTD.	Somoa	Investment holding	37,145	22,336	1,250	100.00 %	13,817	(3,596)	(3,158)	

Note: Investments in subsidiaries the Company has control over have been eliminated at the Company level from long-term investment.

(c) Information on investment in mainland China:

(i) The name of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) recognized	Carrying value as of December 31, 2022	Accumulated inward remittance of earnings as of December 31, 2022
					Outflow	Inflow						
Elan Microelectronics (Shanghai) Co., Ltd.	Provide technical support and information service	52,095	(2)	52,095	-	-	52,095	544	100.00%	544	19,247	-
Elan Microelectronics (Shenzhen) Co., Ltd.	Provide technical support and information service	34,670	(2)	34,670	-	-	34,670	2,199	100.00%	2,199	8,282	-
Gianteye Technology (Shanghai) CO., LTD.	Development of advanced driver assistance systems and wholesale of automative electronic products	37,145	(2)	22,336	14,809	-	37,145	(3,647)	100.00%	(3,209)	13,789	-

Note 1: Method of investment:

(1) Direct investment in Mainland China.

(2) Indirect investment in Mainland China through a holding company established in other countries (Power Asia Investment Corporation).

(3) Others

Note 2: The investment income (losses) from Elan Shanghai and Elan Shenzhen are calculated on the reviewed financial statements in the same period.

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Elan Microelectronics Corporation	86,765(USD2,500,000)	98,333(USD2,500,000)	5,333,818
Chimei Motor Electonic Co., LTD.	37,145(USD1,250,000)	37,247(USD1,250,000)	197,717

Note: The investment limit was calculated on the official document No. 09704604680 announced by the MOEAIC on August 29, 2008.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

ELAN MICROELECTRONICS CORPORATION
Notes to Consolidated Financial Statements

(d) Major shareholders:

No shareholders owned more than 5% equity interest in the Company.

(14) Segment information:

Please refer to the consolidated financial statements of 2022.

ELAN MICROELECTRONICS CORPORATION

Statement of cash and cash equivalents

December 31, 2022

(Expressed in thousands of New Taiwan Dollar unless otherwise specified)

Item	Description	Amount
Petty cash		$ 74
Demand deposits		318,081
Checking deposits		21,083
Foreign currency deposits	USD17,533,268.63	538,798
	RMB18,915,177.54	83,416
	JPY71,014,586	16,518
Time deposits		407,810
Foreign currency time deposits	USD3,000,000	92,190
		$ 1,477,970

Note：The exchange rates of foreign currencies to NTD as of December 31, 2022 were as follows:

USD: 30.73

JPY: 0.2326

CNY: 4.41

ELAN MICROELECTRONICS CORPORATION

Statement of financial assets measured at fair value through profit or loss - current

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Name of financial instruments	Description	Shares or units (thousand)	Acquisition cost	Fair value: Unit price	Fair value: Total amount	Collateral
—Listed stocks	Harvatek Corporation	244	$ 9,019	17.60	4,298	None
—Beneficiary certificate	KGI Victory	7,658	90,000	11.76	90,026	〃
—Beneficiary certificate	Diversified FX Trading Segregated Portfolio	218	20,809	115.87	25,215	〃
—Short-term notes and bills	Global Strategic FX Arbitrage Note	95	29,606	307.30	29,194	〃
—Short-term notes and bills	Multi-Manager FX Trading Note (M2)	44	12,795	308.38	13,569	〃
—Short-term notes and bills	Global Strategic FX Arbitrage Note (USD) (SERIES II)	100	29,080	307.30	30,730	〃
			$ 191,309		**193,032**	

ELAN MICROELECTRONICS CORPORATION

Statement of trade receivables

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Client name	Description	Amount
ULTRA SOURCE TRADING HONG KONG LTD.	Operating revenue	$ 200,182
Silicon Application Corp.	〃	115,592
Mao-Ray Electronics (DongGuan) Co., Ltd.	〃	43,545
Lite-On Technology (Changzhou) Co., Ltd.	〃	42,494
REGENT MANNER LIMITED	〃	35,839
Others (Note)	〃	195,324
Subtotal		632,976
Less: Allowance for impairment		(21,832)
		$ 611,144

Note：The amount of individual item in others does not exceed 5% of the account balance and is not presented separately.

Statement of other receivables

Item	Amount
Receivables from factoring agreements	$ 586,619
Others (Note)	35,318
Total	**$ 621,937**

Note：The amount of individual item in others does not exceed 5% of the account balance and is not presented separately.

ELAN MICROELECTRONICS CORPORATION

Statement of inventories

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net realizable value	Note
Finished goods	$ 443,522	505,158	Market price is measured at net realizable value
Work in progress	1,715,357	4,259,431	〃
Raw materials	1,657,236	1,626,285	〃
Subtotal	$ 3,816,115	**6,390,874**	
Less: Allowance for inventory write-downs and obsolescence	(360,145)		
Total	**$ 3,455,970**		

Statement of financial assets measured at fair value through other comprehensive income - non-current

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Increase		Decrease		Ending Balance		
Name of financial instrument	Shares or units	Fair value	Shares or units	Amount	Shares or units	Amount	Shares or units	Fair value	Collateral
ThroughTek Co., Ltd.	1,077	$ 20,969	-	-	-	7,873	1,077	13,096	〃
Macroblock, Inc.	3,500	470,855	-	-	-	178,360	3,500	292,495	
		$ 491,824		**-**		**186,233**		**305,591**	

ELAN MICROELECTRONICS CORPORATION

Statement of changes in financial liabilities at fair value through profit or loss - non-current

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Increase		Decrease		Others (Note)		Ending Balance			
Name of financial instrument	**Shares**	**Fair value**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Percentage of ownership**	**Fair value**	**Collateral**
North Star Venture Capital	3,000	$ 42,071	-	-	-	-	-	(12,873)	3,000	10.00	29,198	None
TOP TAIWAN XI VENTURE CAPITAL CO., LTD.	5,000	64,060	-	-	938	9,375	-	15,047	4,062	6.25	69,732	〃
Panther technology Co., Ltd.	340	6,330	-	-	-	-	-	(173)	340	-	6,157	〃
Vertex Growth II(SG)LP	-	-	-	7,556	-	-	-	(617)	-	-	6,939	〃
Vertex Growth (SG) LP	-	152,819	-	21,150	-	-	-	52,557	-	-	226,526	〃
TOP TAIWAN XIV VENTURE CAPITAL CO., LTD.	-	-	29,000	290,000	-	-	-	(7,990)	29,000	13.30	282,010	〃
Waltop International Corporation	20	-	-	-	-	-	-	-	20	0.24	-	〃
Cruise 10 Co., Ltd	-	-	625	10,000	-	-	-	(5,696)	625	5.26	4,304	〃
TOP TAIWAN VI VENTURE CAPITAL CO., LTD.	335	3,336	-	-	168	1,675	-	(307)	167	2.17	1,354	〃
TOP TAIWAN VII VENTURE CAPITAL CO., LTD.	1,776	27,831	-	-	888	8,878	-	(5,669)	888	6.12	13,284	〃
TOP TAIWAN VIII VENTURE CAPITAL CO., LTD.	2,383	52,302	-	-	572	5,720	-	(24,915)	1,811	4.17	21,667	〃
Midastouch Research Corporation	2,500	3,875	-	-	-	-	-	(450)	2,500	8.16	3,425	〃
InnoBridge Venture Capital	800	2,415	-	-	-	-	-	(9)	800	11.35	2,406	〃
TOP TAIWAN IX VENTURE CAPITAL CO., LTD.	5,000	126,041	-	-	1,500	15,000	-	(49,331)	3,500	6.25	61,710	〃
Startek Engineering Inc.	189	-	-	-	-	-	-	-	189	0.53	-	〃
Genius Digital Vision Inc.	495	-	-	-	-	-	-	-	495	1.54	-	〃
Lyra Semiconductor Incorporated	1,440	-	-	-	-	-	-	-	1,440	5.87	-	〃
TOP TAIWAN XII VENTURE CAPITAL CO., LTD.	25,000	351,343	-	-	-	-	-	(72,660)	25,000	18.52	278,683	〃
Chimei Motor Electronics Co., Ltd.	950	4,010	-	-	-	-	(950)	(4,010)	-	-	-	〃
Chino-Excel Technology Corporation	823	-	-	-	-	-	-	-	823	1.48	-	〃
XINCE Co., Ltd.	2,866	-	-	-	-	-	-	-	2,866	9.24	-	〃
Taiwania Capital Buffalo Fund V, LP.	-	24,235	-	25,000	-	-	-	(1,108)	-	3.19	48,127	〃
TOP TAIWAN XIII VENTURE CAPITAL CO., LTD.	15,000	148,851	-	-	-	-	-	(18,585)	15,000	17.44	130,266	〃
WELTRONICS CO., LTD.	1,300	-	-	-	-	-	-	-	1,300	-	-	〃
Total		$ 1,009,519		353,706		40,648		(136,789)			1,185,788	

Note: Other changes are due to gain and loss on financial assets measured at fair value through profit or loss.

ELAN MICROELECTRONICS CORPORATION

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Increase		Decrease		Others		Ending Balance			Market Prices or Net Assets Value	
Name of investee	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Percentage of ownership**	**Amount**		**Collateral**
Elan Information Technology Group	65	$ 15,558	-	-	-	-	-	(145)	65	100.00	15,413	15,413	None
Elan (H.K.) Microelectronics Corp.	29,328	694,321	-	-	-	-	-	(378,167)	29,328	100.00	316,154	333,257	〃
Elan Investment Corp.	50,000	1,284,114	-	-	-	-	-	(362,802)	50,000	100.00	921,312	1,990,997	〃
JPUP Electron Co., Ltd.	784	(1,171)	-	-	-	-	-	(2,075)	784	49.00	(3,246)	(3,246)	〃
Metanoia Communications Inc.	32,695	61,130	14,668	205,348	-	-	-	(48,786)	47,363	46.89	217,692	219,089	〃
Avisonic Technology Corp.	17,517	19,608	-	-	-	-	-	(22,355)	17,517	84.78	(2,747)	(1,518)	〃
Tong fu Investment Corp.	3,000	-	-	-	-	-	-	-	3,000	46.73	-	6,878	〃
Lighting Device Technologies Corp.	1,805	-	-	-	-	-	-	-	1,805	45.07	-	-	〃
PiXORD Corporation	15,427	29,486	3,526	35,263	7,714	-	-	(34,997)	11,239	94.65	29,752	29,753	〃
EMINENT ELECTRONIC TECHNOLOGY CORP. LTD.	4,113	41,345	-	-	-	-	-	(10,374)	4,113	18.50	30,971	31,826	〃
TOP TAIWAN X VENTURE CAPITAL CO., LTD.	24,000	337,493	-	-	3,000	30,000	-	(69,587)	21,000	30.00	237,906	237,906	〃
Uniband Electronic Corp.	5,000	9,205	-	-	-	-	-	(421)	5,000	24.69	8,784	8,783	〃
Finger Pro. Incorporation	600	-	-	-	-	-	-	-	600	23.08	-	-	〃
Chimei Motor Electronics.	-	-	9,250	199,200	-	-	-	18,906	9,250	31.36	218,106	103,038	〃
		$ 2,491,089		**439,811**		**30,000**		**(910,803)**			**1,990,097**	**2,972,176**	

Note 1: "Others" include gains and losses of equity-accounted investees, movements in translation adjustment, difference in recognized net value of new issued shares without proportionate subscription, changes in equity interests in investees, and unrealized profits from intercompany sales.

Note 2: Market prices or information on net assets are calculated based on audited financial statements and unaudited financial statements of investees.

ELAN MICROELECTRONICS CORPORATION

Statement of changes in property, plant and equipment

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(h) for further information on Property, Plant and Equipment.

Statement of changes in accumulated depreciation of property, plant and equipment

Please refer to note 6(h) for further information on accumulates depreciation of Property, Plant and Equipment.

ELAN MICROELECTRONICS CORPORATION

Statement of changes in right-of-use assets

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(i) for further information on right-of-use assets.

Statement of changes in accumulated depreciation of right-of-use assets

Please refer to note 6(i) for further information on accumulated depreciation of right-of-use assets.

Statement of changes in intangible assets

Please refer to note 6(j) for further information on intangible assets.

ELAN MICROELECTRONICS CORPORATION

Statement of trade payables

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Vendor Name	Description	Amount
Huizhou Glorysky Electronics Co., Ltd.	Operating cost	$ 83,699
UNITED MICROELECTRONICS CORP.	〃	68,735
PACIFIC GLOBAL SYSTEMS LIMITED	〃	61,489
ADVANCED SEMICONDUCTOR ENGINEERING INC. CHUNG-LI BRANCH	〃	38,679
Others (Note)	〃	434,306
		$ 686,908

Note：The amount of individual item included within “Others” does not exceed 5% of the account balance and is not presented separately.

Statement of other current liabilities

Item	Description	Amount
Salaries, bonuses and incentives payable		$ 251,966
Business promotion payable		173,364
Others (Note)		497,143
		$ 922,473

Note：The amount of individual item included within “Others” that does not exceed 5% of the account balance, and is not presented separately.

ELAN MICROELECTRONICS CORPORATION

Statement of lease liabilities

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Lease term	Weighted-average rate		Amount
Land	2007.01~2061.04	1.60 %	$	667,030
Buildings	2021.05~2039.01	1.60 %		29,823
Machinery and equipment	2020.08~2023.07	1.60 %		188
Office equipment	2019.08~2024.02	1.60 %		3,806
Total				700,847
Less: lease liabilities - current				(13,508)
Lease liabilities - non-current			$	**687,339**

Statement of operating revenue

For the year ended December 31, 2022

Item	Quantity (in thousand units/pieces)	·erage unit pri		Amount
Consumer Touch Control Business Unit	164,249	20.22	$	3,320,494
Laptop Input Device Business Unit	102,457	90.85		9,308,704
Subtotal				12,629,198
Less: Sales return				(208,824)
Sales discounts and allowances				(21,343)
Net sales				12,399,031
Research and development revenue				15,459
Other operating revenue				21,065
Total			$	**12,435,555**

Note: The amount of an individual item not exceeding 10% of the account balance is not presented separately.

ELAN MICROELECTRONICS CORPORATION

Statement of operating costs

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials used	
Raw materials, beginning of year	$ 793,700
Add: Raw material purchased	5,803,595
Less: Transferred to research expenses, write-offs and purchases on behalf of subsidiaries	(308,594)
Raw materials, ending of year	(1,657,236)
Subtotal	4,631,465
Direct labor	157,755
Manufacturing expenses	2,086,051
Manufacturing cost	6,875,271
Add: Work in process, beginning of year	1,333,108
Work in process purchased	(3,263)
Less: Transferred to research expenses, and write-offs	(36,840)
Work in process, end of year	(1,715,357)
Cost of finished goods	6,452,919
Add: Finished goods, beginning of year	426,408
Finished goods purchased	5,580
Less: Transferred to samples, research expenses and write-offs	(78,635)
Finished goods, end of year	(443,522)
Cost of goods sold	6,362,750
Other costs：	
Allowance for inventory write-downs and obsolescence	144,799
Other operating costs	107,740
Net gain and loss on inventory count	(6,075)
	246,464
Operating costs	**$ 6,609,214**

ELAN MICROELECTRONICS CORPORATION

Statement of selling expenses

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Commission expense		$ 570,206
Employee benefits		158,475
Bank expense		8,444
Professional service fees		8,024
Import and export expense		7,277
Shipping expense		6,051
Others (Note)		27,114
Total		**$ 785,591**

Note: The amount of an individual item not exceeding $6 million is not presented separately.

Statement of administrative expenses

Item	Description	Amount
Employee benefits		$ 206,178
Depreciation and amortization		33,092
Professional service fees		20,734
Repair fees		7,736
entertainment expense		7,378
Others (Note)		38,989
Total		**$ 314,107**

Note: The amount of an individual item not exceeding $6 million is not presented separately.

ELAN MICROELECTRONICS CORPORATION

Statement of research and development expense

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Employee benefits		$ 1,360,342
Depreciation and amortization		138,410
Research and development expenses	wafer, mask, and consumables	75,342
Sample expense		35,172
Donation expense		28,724
Repair fees		22,633
Development expenses		20,434
Others (Note)		87,162
Total		**$ 1,768,219**

Note：The amount of an individual item not exceeding $15 million is not presented separately.