HANPIN ELECTRON CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS’ REPORT

DECEMBER 31, 2022 AND 2021

HANPIN ELECTRON CO., LTD.

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Independent Auditors' Report

(112) CSBZ No. 22003300

To HANPIN ELECTRON CO., LTD.:

Audit Opinion

The PARENT COMPANY ONLY Balance Sheets as of December 31, 2022 and 2021, and the PARENT COMPANY ONLY Statement of Comprehensive Income, PARENT COMPANY ONLY Statement of Changes in Equity, and PARENT COMPANY ONLY Cash Flow Statement as of December 31, 2022 and 2021, and Notes to PARENT COMPANY ONLY Financial Statements (including a summary of significant accounting policies) of HANPIN ELECTRON CO., LTD. have been audited and completed by the CPA.

In accordance with the opinion of the CPA, the PARENT COMPANY ONLY financial statements have been prepared, in all material respects, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, which are sufficient to present the PARENT COMPANY ONLY financial position of HANPIN ELECTRON CO., LTD. as of December 31, 2022 and 2021, and the PARENT COMPANY ONLY financial results and PARENT COMPANY ONLY cash flows as of January 1 to December 31, 2022 and 2021.

Basis of Audit Opinion

Accountant's audit is conducted in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards of the Republic of China. The responsibilities of the CPA under these standards will be further explained in the responsibility section of the PARENT COMPANY ONLY Financial Statements audited by the CPA. The personnel of the firm to which the CPA is affiliated, who are subject to the independence regulation, have maintained their independence from the HANPIN ELECTRON CO., LTD. in accordance with the ROC Code of Ethics for Accountants and have fulfilled other responsibilities under the Code. The CPA believes that sufficient and appropriate audit evidence has been obtained to form a basis for the audit opinion.

Key Audit Matters

Key audit matters refer to one that, in the professional judgment of the CPA, is material to the audit of the PARENT COMPANY ONLY financial statements of the HANPIN ELECTRON CO., LTD. in 2022. Such matters have been considered in the process of examining the PARENT COMPANY ONLY financial statements taken as a whole and forming an opinion thereon, and the CPA do not express an opinion on these matters individually.

The key audit matters in the HANPIN ELECTRON CO., LTD.'s 2022 PARENT COMPANY ONLY financial statements are as follows:

Expiration of Export Revenue

Statement of matters

For the accounting policy on revenue recognition, please refer to Note IV, (XXVI) Explanation of Revenue Recognition in the PARENT COMPANY ONLY financial statements; for the accounting items, please refer to Note VI, (XV) Operating Revenue in the PARENT COMPANY ONLY financial statements

The sales of goods by HANPIN ELECTRON CO., LTD. mainly focus on export sales, and the transaction conditions involve a lot of manual operations and judgments. For each sale, it is necessary to verify whether the significant risks and rewards associated with ownership of the goods have been transferred to the customer one by one. Therefore, during the period before and after the balance sheet date, there may be a significant risk of material misstatement in the timing of revenue recognition, which requires the auditors' attention and is therefore one of the key audit matters.

Main response audit procedures

The main response procedures that have been implemented by this CPA at specific levels for the key audit matters above are summarized as follows:

1. Understand and evaluate accounting policies for operating income.
2. Understand and assess the effectiveness of the Company's internal control over the cut-off of sales revenue, review the terms of contractual transaction conditions, and perform tests of the effectiveness of internal control over shipment and billing.
3. Perform a cut-off test for export sales revenue transactions during a specific period around the balance sheet date to assess the attribution of recognized revenue to the correct period.

Evaluation of Investment Balance Using Equity Method

For the accounting policy on investments using the equity method, please refer to Note IV, (XII) Explanations for Investments Accounted for Using Equity Method / Subsidiaries in the PARENT COMPANY ONLY financial statements; for accounting items, please refer to Note VI (VI) Investments Accounts for under Equity Method in the PARENT COMPANY ONLY financial statements.

On December 31, 2022, the balance of investment in Hanpin (BVI) International Co., Ltd., a subsidiary held by HANPIN ELECTRON CO., LTD., under the equity method, is NT$1,305,729,000. Since the balance of the investment in this subsidiary using the equity method accounts for approximately 40% of the total assets of HANPIN ELECTRON CO., LTD's PARENT COMPANY ONLY financial statements, and has a significant impact on the PARENT COMPANY ONLY financial statements, so the key audit matters of this subsidiary are listed as one of the key audit matters of this audit, and are explained as follows:

Hanpin (BVI) International Co., Ltd. and its subsidiaries - impairment of inventory

Statement of matters

Hanpin (BVI) International Co., Ltd. and its subsidiaries are professional ODM manufacturers in the entertainment audio industry, producing consumer audio products for personal audio-visual entertainment and audio products for professional DJs, which are made from a wide variety of raw materials including electronic parts, metals, plastic materials and packaging materials. However, if customers reduce orders or require changes in product specifications to develop new products, there is a risk that the original product specifications will become stagnant, resulting in a higher risk of loss on decline in value of inventories or obsolescence. The Company measures inventories normally sold at the lower of cost or net realizable value and individually recognizes losses at net realizable value for inventories aged over a certain period and for individual obsolete and damaged inventories. The aforementioned allowance for inventory valuation loss is mainly from the PARENT COMPANY ONLY identification of obsolete or damaged inventory items. Due to the large number of items and the PARENT COMPANY ONLY identification of obsolete or damaged inventory often involves manual judgment, it is also an area to be judged in the audit, so it is listed as one of the key audit matters in this audit.

<u>Main response audit procedures</u>

The main response procedures that have been implemented by this CPA at specific levels for the key audit matters above are summarized as follows:

1. Evaluate the reasonableness of the provision policies and procedures used to record inventory allowance for loss on decline in value, including the inventory classification used to determine net realizable value, historical sources of information on the degree of inventory liquidation and the extent of discount, and the inventory items deemed obsolete.
2. Understand its warehouse management process, review its annual inventory plan and participate in the annual inventory to evaluate the effectiveness of management in distinguishing and controlling obsolete inventory.
3. Verify the logic of its inventory age reporting system to confirm the consistency of reporting information with its policies.
4. Test the inventory impairment statement to assess the adequacy of the inventory allowance for loss on decline in value.

Responsibility of Management and Governance Unit for PARENT COMPANY ONLY Financial Statements

The responsibility of management is to prepare PARENT COMPANY ONLY financial statements that present properly in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain necessary internal control relevant to the preparation of PARENT COMPANY ONLY financial statements, to ensure that PARENT COMPANY ONLY financial statements are free from material misrepresentation, whether due to fraud or error.

In preparing the PARENT COMPANY ONLY financial statements, the responsibility of management also includes assessing the ability of HANPIN ELECTRON CO., LTD. to continue as a going concern, the disclosure of related matters, and the adoption of the going concern basis of accounting, unless management intends to liquidate the HANPIN ELECTRON CO., LTD. or cease operations, or there is no practical alternative to liquidation or discontinuation of operations.

The governance unit (including the audit committee) of HANPIN ELECTRON CO., LTD. is responsible for supervising the financial reporting process.

CPA's Responsibility of the PARENT COMPANY ONLY Financial Statements Audited by the CPA

The purpose of the CPA's audit of the PARENT COMPANY ONLY financial statements is to obtain reasonable assurance as to whether the PARENT COMPANY ONLY financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue a report thereon. Reasonable assurance is a high degree of certainty. However, an audit performed in accordance with ROC Auditing Standards does not provide assurance that material misstatements in the PARENT COMPANY ONLY financial statements can be detected. Misrepresentation may result from fraud or error. Individual amounts or aggregates of misstatements are considered material if they could reasonably be expected to affect economic Decemberisions made by users of the PARENT COMPANY ONLY statements.

The CPA conducted the audits in accordance with PRC auditing standards, using our professional judgment and professional skepticism. The CPA also performs the following work:

1. Identify and assess the risks of material misstatement of the PARENT COMPANY ONLY financial statements due to fraud or error; design and implement appropriate countermeasures for the assessed risks; and obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion. Because fraud may involve conspiracy, forgery, intentional omission, misrepresentation or a breach of internal control, the risk of not detecting material misstatement due to fraud is higher than that due to error.

2. Obtain the necessary understanding of the internal control relevant to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of HANPIN ELECTRON CO., LTD.

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

4. Make a conclusion, based on the audit evidence obtained, as to the appropriateness of management's adoption of the going concern basis of accounting and the existence of material uncertainty regarding events or circumstances that may cast significant doubt on the ability of HANPIN ELECTRON

CO., LTD. to continue as a going concern. If the CPA believes that there is a material uncertainty about such events or circumstances, the CPA should draw the attention of users of the PARENT COMPANY ONLY financial statements to the relevant disclosures in the PARENT COMPANY ONLY financial statements in the audit report or revise the audit opinion if such disclosures are inappropriate. The CPA's conclusion is based on the audit evidence obtained as of the audit report date. However, future events or circumstances may cause the HANPIN ELECTRON CO., LTD. to cease to have the ability to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the PARENT COMPANY ONLY financial statements, including the related notes, as well as whether the PARENT COMPANY ONLY financial statements present properly the related transactions and events.

6. Obtain sufficient and appropriate audit evidence on the financial information of the constituent entities of HANPIN ELECTRON CO., LTD. in order to express an opinion on the PARENT COMPANY ONLY financial statements. The CPA is responsible for the guidance, supervision and execution of the PARENT COMPANY ONLY audit cases and for forming PARENT COMPANY ONLY financial statement audit opinions.

The matters communicated by the CPA with the governance unit include the planned scope and timing of the audit and significant audit findings (including significant lack of internal control identified during the audit).

The CPA also provides the governance unit with a statement that the personnel of the accounting firm to which the accountant belongs are subject to the independence standards have complied with the relevant independence statements in the Code of Professional Ethics for Certified Public Accountants of the ROC, and communicates with the governance unit on all relationships and other matters that may be considered to affect the independence of the accountant (including relevant protective measures).

From the matters communicated with the governance unit, this accountant has decided on the key audit matters for the audit of HANPIN ELECTRON CO., LTD.'s 2022 PARENT COMPANY ONLY financial statements. The CPA describes these matters in the audit report, unless laws and regulations do not permit the public disclosure of specific matters, or in rare circumstances, the certified public accountant decides not to communicate specific matters in the audit report, as it can be reasonably expected that the negative impact of communication will be greater than the public gains it enhances.

PricewaterhouseCoopers

Chung-Yu Tien

Certified Public Accountant

Tzu-Meng Liu

Financial Supervisory Commission
Approved Visa No.: JGZSZ No. 1070323061
Securities Regulatory Commission of the Former Ministry of Finance
Approved Visa No.: (84) TCZ (VI) No.29174

February 24, 2023

HANPIN ELECTRON CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Asset	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets					
1100	Cash and cash equivalents	VI (I)	$ 163,988	5	$ 1,337,109	36
1110	Financial assets at fair value through profit or loss - current	VI (II)	92,027	3	81,641	2
1136	Financial assets at amortized cost - current	VI (I), (III)	763,800	24	-	-
1170	Accounts receivable, net	VI (IV) and XII	259,118	8	288,609	8
1180	Accounts receivable - related parties	VI (IV) and VII	20,255	1	37,639	1
1200	Other receivables		6,011	-	7,858	-
1210	Other receivables - related parties	VII	3,543	-	3,986	-
130X	Inventories	V and VI (V)	46,376	1	65,158	2
1410	Prepayments		10,853	-	12,840	1
11XX	**Total current assets**		1,365,971	42	1,834,840	50
	Non-current assets					
1535	Financial assets at amortized cost - non-current	VI (I), (III) and VIII	32,000	1	27,000	1
1550	Investments accounted for under equity method	VI (VI)	1,530,435	47	1,491,824	40
1600	Property, plant and equipment	VI (VII)	276,102	9	286,167	8
1780	Intangible assets		128	-	262	-
1840	Deferred income tax assets	VI (XXII)	21,691	1	42,461	1
1915	Prepayments for equipment		90	-	876	-
1920	Guarantee deposits paid		151	-	151	-
15XX	**Total non-current assets**		1,860,597	58	1,848,741	50
1XXX	**Total assets**		$ 3,226,568	100	$ 3,683,581	100

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HANPIN ELECTRON CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and equity	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2100	Short-term loans	VI (IX)	$ 60,000	2	$ 704,000	19
2110	Short-term notes and bills payable	VI (X)	-	-	300,000	8
2130	Contract liabilities - current	VI (XV)	40,741	1	31,062	1
2150	Notes payable		194	-	343	-
2170	Accounts payable		49,942	2	134,054	4
2180	Accounts payable - related parties	VII	312,760	10	95,961	3
2200	Other payables		129,101	4	81,398	2
2220	Other payables - related parties	VII	140	-	2,173	-
2230	Current income tax liabilities	VI (XXII)	67,832	2	34,025	1
21XX	**Total current liabilities**		660,710	21	1,383,016	38
	Non-current liabilities					
2570	Deferred income tax liabilities	VI (XXII)	207,595	6	194,746	5
2640	Net defined benefit liabilities - non-current	VI (XI)	21,578	1	33,304	1
2645	Guarantee deposits received		2,193	-	2,110	-
25XX	**Total non-current liabilities**		231,366	7	230,160	6
2XXX	**Total liabilities**		892,076	28	1,613,176	44
	Equity					
	Share capital					
3110	Common stock	VI (XII)	799,994	25	799,994	22
3200	Capital surplus	VI (XIII)	33,826	1	33,719	1
	Retained earnings	VI (XIV)				
3310	Legal reserve		493,893	15	479,570	13
3320	Special reserve		199,263	6	199,263	5
3350	Unappropriated retained earnings		866,310	27	662,143	18
3400	Other equity interest		(58,794)	(2)	(104,284)	(3)
3XXX	**Total equity**		2,334,492	72	2,070,405	56
	Significant Contingent Liabilities and Commitments	VII and IX				
3X2X	**Total liabilities and equity**		$ 3,226,568	100	$ 3,683,581	100

The accompanying notes are an integral part of these parent company only financial statements.

HANPIN ELECTRON CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenue	VI (VIII), (XV)	$ 3,016,265	100	$ 2,366,287	100
5000	Operating costs	VI (V), (XI) (XX), (XXI) and VII	(2,533,860)	(84)	(2,104,008)	(89)
5900	Gross profits		482,405	16	262,279	11
	Operating expenses	VI (XI), (XX) (XXI), VII and XII				
6100	Selling expenses		(16,264)	(1)	(10,765)	-
6200	General and administrative expenses		(103,727)	(3)	(72,300)	(3)
6300	Research and development expenses		(81,342)	(3)	(58,872)	(3)
6450	Expected credit (losses) gains		(7,036)	-	2,339	-
6000	Total operating expenses		(208,369)	(7)	(139,598)	(6)
6900	Operating profit		274,036	9	122,681	5
	Non-operating income and expenses					
7100	Interest income	VI (III), (XVI)	11,469	-	5,717	-
7010	Other income	VI (XVII)	2,959	-	2,415	-
7020	Other gains and losses	VI (II), (XVIII) and XII	73,396	3	(5,970)	-
7050	Finance costs	VI (XIX)	(4,894)	-	(3,901)	-
7070	Share of profit/loss of subsidiaries, associates, and joint ventures accounted for under equity method	VI (VI)	36,761	1	53,018	2
7000	Total non-operating income and expenses		119,691	4	51,279	2
7900	**Profit before income tax**		393,727	13	173,960	7
7950	Income tax expense	VI (XXII)	(85,042)	(3)	(30,665)	(1)
8200	**Profit for the year**		$ 308,685	10	$ 143,295	6
	Other Comprehensive Income loss					
	Components of other comprehensive income(loss)that will not be reclassified to profit or loss					
8311	Actuarial gains(losses) on defined benefit plans	VI (XI)	$ 7,255	-	($ 80)	-
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	VI (XXII)	(1,451)	-	16	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	VI (VI)	56,862	2	(16,615)	(1)
8399	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	VI (XXII)	(11,372)	-	3,323	-
8300	**Total other comprehensive income (loss) for the year**		$ 51,294	2	($ 13,356)	(1)
8500	**Total comprehensive income for the year**		$ 359,979	12	$ 129,939	5
	Earnings per share (in dollars)	VI (XXIII)				
9750	Basic		$	3.86	$	1.79
9850	Diluted		$	3.79	$	1.78

The accompanying notes are an integral part of these parent company only financial statements.

HANPIN ELECTRON CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

			Capital surplus		Retained earnings			Other equity	
	Notes	Common stock	Issued at premium	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total
2021									
Balance at January 1, 2021		$ 799,994	$ 33,594	$ 71	$ 461,574	$ 199,263	$ 656,907	($ 90,992)	$ 2,060,411
Net profit in 2021		-	-	-	-	-	143,295	-	143,295
Other comprehensive income in 2021		-	-	-	-	-	(64)	(13,292)	(13,356)
Total comprehensive income in 2021		-	-	-	-	-	143,231	(13,292)	129,939
Earnings allocation and distribution in 2020:									
Legal reserve		-	-	-	17,996	-	(17,996)	-	-
Cash dividends	VI (XIV)	-	-	-	-	-	(119,999)	-	(119,999)
Referrals of deferred cash dividends in previous years		-	-	54	-	-	-	-	54
Balance at December 31, 2021		$ 799,994	$ 33,594	$ 125	$ 479,570	$ 199,263	$ 662,143	($ 104,284)	$ 2,070,405
2022									
Balance at January 1, 2022		$ 799,994	$ 33,594	$ 125	$ 479,570	$ 199,263	$ 662,143	($ 104,284)	$ 2,070,405
Net profit in 2022		-	-	-	-	-	308,685	-	308,685
Other comprehensive income in 2022		-	-	-	-	-	5,804	45,490	51,294
Total comprehensive income in 2022		-	-	-	-	-	314,489	45,490	359,979
Earnings allocation and distribution in 2021:									
Legal reserve		-	-	-	14,323	-	(14,323)	-	-
Cash dividends	VI (XIV)	-	-	-	-	-	(95,999)	-	(95,999)
Referrals of deferred cash dividends in previous years		-	-	107	-	-	-	-	107
Balance at December 31, 2022		$ 799,994	$ 33,594	$ 232	$ 493,893	$ 199,263	$ 866,310	($ 58,794)	$ 2,334,492

The accompanying notes are an integral part of these parent company only financial statements.

HANPIN ELECTRON CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 393,727	$ 173,960
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on financial assets at fair value through profit or loss	VI (XVIII)	9,536	6,492
Expected credit loss (gain)	XII	7,036	(2,339)
Provision for inventory market price decline	VI (V)	561	185
Share of profit of subsidiaries, associates, and joint ventures for under equity method	VI (VI)	(36,761)	(53,018)
Loss on disposal of investment accounted for under equity method	VI (VI), (XVIII)	2,811	-
Depreciation expense	VI (VII), (XX)	14,754	15,898
Gain on disposal of in property, plant and equipment	VI (XVIII)	-	(5)
Amortization	VI (XX)	134	466
Interest income	VI (XVI)	(11,469)	(5,717)
Interest expense	VI (XIX)	4,894	3,901
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		(19,922)	(83,078)
Accounts receivable		22,455	52,436
Accounts receivable - related parties		17,384	22,434
Other receivables		1,960	5,770
Other receivables - related parties		443	56
Inventories		18,221	(18,127)
Prepayments		1,883	(4,261)
Changes in operating liabilities			
Contract liabilities - current		9,679	15,943
Notes payable		(149)	249
Accounts payable		(84,112)	8,114
Accounts payable- related parties		216,799	13,405
Other payables		48,374	(16,931)
Other payables - related parties		(2,033)	1,493
Net defined benefit liability - non-current		(4,471)	(950)
Cash inflow generated from operations		611,734	136,376
Dividends received	VI (VI)	12,600	-
Interest received		11,356	6,263
Interest paid		(4,906)	(3,968)
Income tax paid		(30,439)	(22,985)
Net cash flows from operating activities		600,345	115,686

(Continued)

HANPIN ELECTRON CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	2022	2021
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Increase in financial assets at amortized cost		($ 768,800)	($ 4,000)
Return of capital from investments accounted for using equity method	VI (VI)	39,601	-
Cash paid for acquisition of property, plant and equipment	VI (XXIV)	(2,767)	(7,114)
Proceeds from disposal of property, plant and equipment		-	470
Acquisition of intangible asset		-	(159)
Increase in prepayment for equipment		(1,691)	(1,924)
Net cash flows used in investing activities		(733,657)	(12,727)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term loans	VI (XXV)	(644,000)	324,000
(Decrease) increase in short-term notes and bills payable	VI (XXV)	(300,000)	300,000
Decrease in other payables - related parties	VI (XXV)	-	(367,680)
Increase in guarantee deposits received	VI (XXV)	83	-
Payment of cash dividends	VI (XIV)	(95,999)	(119,999)
Referrals of deferred cash dividends in previous years		107	54
Net cash flows (used in) from financing activities		(1,039,809)	136,375
Net (decrease) increase in cash and cash equivalents		(1,173,121)	239,334
Cash and cash equivalents at beginning of year	VI (I)	1,337,109	1,097,775
Cash and cash equivalents at end of year	VI (I)	$ 163,988	$ 1,337,109

The accompanying notes are an integral part of these parent company only financial statements.

HANPIN ELECTRON CO., LTD.
Notes to PARENT COMPANY ONLY Financial Statements
2022 and 2021

(Expressed in thousands of New Taiwan dollars)(Unless otherwise specified)

I. Company history

(I) HANPIN ELECTRON CO., LTD. (hereinafter referred to as “the Company”) was established with approval on April 1, 1969 in accordance with the provisions of the Company Act and other relevant laws and regulations. It is engaged in the manufacture and international trade of electrical appliances, lighting equipment, data storage and processing equipment, wireless communication machinery and equipment, and electronic components, product design, information software services, and other businesses.

(II) On October 28, 2003, the shareholders resolved at the stockholders’ meeting that the Company’s business related to construction department and its related assets and liabilities be subdivided to Hanchih Development Co., Ltd. with November 28, 2003 as the base date for the subdivision. The Company exchanged 25,400 thousand shares of common stock at NT$35.36 per share for NT$10 per share of Hanchih Development Co., Ltd. based on the book value of the divided net operating assets.

(III) The Company’s shares have been listed and traded on the Taiwan Stock Exchange since September 17, 2001.

II. Date and procedure for the adoption of financial reports

The PARENT COMPANY ONLY financial statements were approved by the Board of Directors and issued on February 24, 2023.

III. Application of newly issued and revised criteria and interpretations

(I) Impact of the adoption of newly issued and amended International Financial Reporting Standards (the “IFRSs”) endorsed by the Financial Supervisory Commission (the “FSC”) and issued into effect

The following table presents the newly issued, amended and revised standards and interpretations of IFRSs approved by the FSC and effective for the year 2022:

Newly issued/amended/revised standards and interpretations	Effective date of issuance by the International Accounting Standards Board
Amendments to IFRS 3, “Index to Conceptual Framework”	January 1, 2022
Amendments to IAS 16 “Property, Plant and Equipment: Value Before Reaching Intended Use”	January 1, 2022
Amendments to IAS 37 “Loss-making Contracts - Cost of Performance”	January 1, 2022
Annual improvement for the 2018-2020 cycle	January 1, 2022

The Company has assessed that the above standards and interpretations do not have a material impact on the Company's financial position and financial performance.

(II) Impact of newly issued and amended IFRSs not yet adopted by the FSC

The following table presents the newly issued, amended and revised standards and interpretations of IFRSs approved by the FSC for the year 2023:

Newly issued/amended/revised standards and interpretations	Effective date of issuance by the International Accounting Standards Board
Amendments to IAS 1, "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Income Taxes Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023

The Company has assessed that the above standards and interpretations do not have a material impact on the Company's financial position and financial performance.

(III) Impact of International Financial Reporting Standards issued by the IASB but not yet endorsed by the FSC

The following table presents the newly issued, amended and revised standards and interpretations of IFRS that have been issued by the IASB but not yet incorporated into IFRS endorsed by the FSC:

Newly issued/amended/revised standards and interpretations	Effective date of issuance by the International Accounting Standards Board
Amendments to IFRS 10 and IAS 28 "Disposal of or Contribution to Assets between an Investor and its Affiliates or Joint Ventures"	To be decided by the IASB
Amendments to IFRS 16 "Lease Liabilities in Sale and Leasebacks"	January 1, 2024
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Current or Non-current Classification of Liabilities"	January 1, 2024
Amendments to IAS 1, "Non-current Liabilities with Contractual Provisions"	January 1, 2024

The Company has assessed that the above standards and interpretations do not have a material impact on the Company's financial position and financial performance.

IV. Summary statement of significant accounting policies

The main accounting policies used in the preparation of this PARENT COMPANY ONLY financial report are described below. Unless otherwise explanation, these policies apply consistently throughout the reporting period.

(I) Compliance Statement

The PARENT COMPANY ONLY financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

1. The PARENT COMPANY ONLY financial reports have been prepared on a historical cost basis, except for the following significant items:
   (1) Financial assets measured at fair value through profit or loss measured at fair value (including derivative instruments).
   (2) The defined benefit obligation is recognized as the net of the current value of the pension fund assets less the defined benefit obligation.
2. The preparation of PARENT COMPANY ONLY financial reports in conformity with International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretative Pronouncements (“IFRSs”) requires the use of certain critical accounting estimates, and the use of judgment by management in the process of applying the Company’s accounting policies. For items involving a high degree of judgment or complexity, or items involving significant assumptions and estimates in the PARENT COMPANY ONLY financial reports, please refer to Note V, Major sources of uncertainty in material accounting judgments, estimates and assumptions.

(III) Foreign currency translation

Items includes in the Company’s PARENT COMPANY ONLY financial reports are measured in the currency of the primary economic environment in which the Company operates (i.e., the functional currency). The PARENT COMPANY ONLY financial statements are presented in NTD, which is the Company’s functional currency.

1. Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction or measurement date, and translation differences arising from such transactions are recognized in profit or loss for the period.
2. The balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the exchange rates prevailing on the balance sheet date, and the resulting translation differences are recognized in profit or loss for the current period.
3. The balances of non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are adjusted at the exchange rates prevailing on the balance sheet date, with the resulting exchange differences recognized in profit or loss for the current period; those measured at fair value through other comprehensive income are adjusted at the exchange rates prevailing on the balance sheet date, with the resulting exchange differences

recognized in other comprehensive income; those not measured at fair value are measured at the historical exchange rates at the date of initial transaction.

4. All exchange profits or losses are reported in “Other profits or losses” in the consolidated statement of income.

(IV) Classification criteria for distinguishing between current and non current assets and liabilities

1. Assets are classified as current assets if one of the following conditions is met:
   (1) Expected that the asset will be realized in the normal course of business cycle or intended to be sold or consumed.
   (2) Those held mainly for trading purposes.
   (3) Expects to be realized within 12 months after the balance sheet date.
   (4) Cash or cash equivalents, unless they are exchanged or restricted from being used to settle liabilities for at least 12 months after the balance sheet date.

   The Company classifies all assets that do not meet the above criteria as non-current.

2. Liabilities are classified as current liabilities if one of the following conditions is met:
   (1) Expected to be repaid in the normal operating cycle.
   (2) Those held mainly for trading purposes.
   (3) Expected to be repaid within 12 months after the balance sheet date.
   (4) The repayment period cannot be unconditionally deferred to at least 12 months after the balance sheet date. The terms of the liabilities, which may be settled by issuing equity instruments at the option of the counter-parties, do not affect their classification.

   The Company classifies all liabilities that do not meet the above criteria as non-current.

(V) Cash equivalents

1. Cash equivalents refer to short-term, highly liquid investments that can be readily converted into fixed amounts of cash with minimal risk of changes in value.
2. The bonds with repurchase agreements that meet the above definition and are held for the purpose of meeting short-term cash commitments for operations are classified as cash equivalents.

(VI) Financial assets measured at fair value through profit or loss

1. It refers to financial assets that are not measured at amortized cost or at fair value through other comprehensive profit or loss.
2. The Company adopts transaction date accounting for financial assets measured at fair value through profit or loss in accordance with the customary transactions.
3. The Company is measured at fair value upon initial recognition, with related transaction costs recognized in profit or loss, and subsequently measured at fair value, with its profits or losses recognized in profit or loss
4. The Company recognizes dividend income in profit or loss when the right to receive

dividends is established, it is probable that the economic benefits associated with the dividends will flow in and the amount of dividends can be measured reliably.

(VII) Financial assets at amortized cost

1. It refers to those who simultaneously meet the following conditions:
   (1) The financial assets are held under an operating model whose objective is to collect the contractual cash flows.
   (2) The contractual terms of the financial assets generate cash flows on specific dates solely for the purpose of paying principal and interest on the outstanding principal amount.
2. The Company adopts transaction date accounting for financial assets measured at amortized cost in accordance with the trading practice.
3. The Company is measured at its fair value plus transaction costs upon initial recognition, and subsequently recognized interest income and impairment loss over the liquidity period using the effective interest method under the amortization procedure, with its profits or losses recognized in profit or loss when it is derecognized.
4. Time deposits held by the Company that do not meet the cash equivalents are measured at the investment amount because of the short holding period and the impact of discounting is not significant.

(VIII) Accounts and notes receivable

1. It refers to accounts and notes that have the unconditional right to receive the amount of consideration exchanged for the transfer of goods or services in accordance with the contract.
2. Due to the insignificant impact of discounting on short-term accounts and notes receivable with unpaid interest, the Company measures them based on the original invoice amount.

(IX) Inventories

Inventories are recorded on the basis of standard cost, and cost carryforwards are calculated on a weighted-average basis. The differences are allocated to cost of goods sold and ending inventories at the end of each month to reflect actual costs. The cost of finished products and work in process includes raw materials, direct labor, other direct costs and production-related manufacturing expenses (apportioned according to normal production capacity), but excludes loan costs. Inventories at the end of the period are measured at the lower of cost or net realizable value, and when comparing the lower of cost or net realizable value, the item-by-item comparison method is used. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to be invested to completion and the estimated costs to complete the sale. If the cost is higher than the net realizable value, a loss on decline in value is recorded and included in current operating costs. If the net realizable value increases, the valuation allowance is written down to the extent of the credit balance and included in current operating costs.

(X) Impairment of financial assets

On each balance sheet date, after considering all reasonable and verifiable information (including forward-looking information) for financial assets measured at amortized cost, the Company will measure the allowance loss based on the expected 12-month credit loss amount for those whose credit risk has not significantly increased since the initial recognition; For those whose credit risk has significantly increased since the original recognition, the allowance loss is measured based on the expected amount of credit loss during the period of existence; For accounts receivable that do not include significant financial components, the allowance loss is measured based on the expected amount of credit loss during the period of existence.

(XI) Derecognition of financial assets

Financial assets are derecognized when the Company's contractual rights to receive cash flows from the financial assets lapse.

(XII) Investments accounted for using equity method / subsidiaries

1. The subsidiary refers to the PARENT COMPANY ONLY (including structured PARENT COMPANY ONLY) that is controlled by the Company, and the Company controls the PARENT COMPANY ONLY when it is exposed to or entitled to variable remuneration from participation in the PARENT COMPANY ONLY, and has the ability to influence such remuneration through its power over the PARENT COMPANY ONLY.
2. Unrealized profits or losses on transactions between the Company and its subsidiaries have been eliminated. The accounting policies of the subsidiary have been adjusted as necessary to be consistent with the policies adopted by the Company.
3. The Company recognizes the share of profits and losses of subsidiaries acquired as current profits and losses, and recognizes the share of other comprehensive profits and losses acquired as other comprehensive profits and losses. If the share of losses recognized in a subsidiary equals or exceeds its equity in that subsidiary, the Company continues to recognize losses in proportion to the percentage of shareholding.
4. When the company loses control of the subsidiary, for all amounts previously recognized in other comprehensive profit and loss relate to that subsidiary and are accounted for on the same basis as if the Group had directly disposed of the related assets or liabilities, i.e., if a profit and loss previously recognized in other comprehensive profit and loss would be reclassified to profit or loss upon disposal of the related assets or liabilities, the profit or loss is reclassified from equity to profit or loss when control over the subsidiary is lost.
5. In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss and other comprehensive income or loss for the current period in the PARENT COMPANY ONLY financial statements should be the same as the apportionment of profit or loss and other comprehensive income equity attributable to owners of parent in the financial statements prepared on a consolidated basis, and the owners' equity in the PARENT COMPANY ONLY financial statements should be the same as the equity attributable to the owners of the parent company in the financial statements prepared on a consolidation basis.

(XIII) Property, plant and equipment

1. Property, plant and equipment, except for those items that have been revalued in accordance with the law, are based on the acquisition cost and the related interest

is capitalized during the period of purchase and construction.

2. Subsequent costs are included in the book amount of an asset or recognized as a separate asset only when it is probable that future economic benefits related to the item will flow to the Company and the cost of the item can be measured reliably. The book amount of the replaced part of the accounts should be derecognized. All other repair costs are recognized in profit or loss in the period in which they are incurred.
3. For the subsequent measurement of purchasing cost mode of property, plant and equipment, except for land, which is not depreciated, depreciation is based on the straight-line method over the estimated useful life. If the components of property, plant and equipment are significant, they are depreciated separately.
4. The Company reviews the residual value, useful life and depreciation method of each asset at the end of each fiscal year. If the expected values of residual values and useful lives differ from previous estimates, or if there is a significant change in the expected consumption pattern of the future economic benefits included in the asset, the change in accounting estimates according to the IAS 8, "Accounting policies, changes in accounting estimates and errors" from the date of the change. The useful life of each asset is as follows:

Asset name	Useful life
Buildings	16 - 56 years
Machinery equipment	5 - 10 years
Mold equipment	2 - 5 years
Transportation equipment	6 years
Office equipment	5 - 11 years
Utilities equipment	16 years
Other equipment	6- 11 years

(XIV) Leasing arrangement(lessor) - operating leases

Lease income from operating leases, net of any incentives given to the lessee, is recognized in profit or loss on the straight-line amortization method during the lease term.

(XV) Intangible assets

1. Patent rights

Recognized at acquisition cost and amortized on a straight-line method based on the estimated benefit period of three years.

2. Computer Software

Recognized at acquisition cost and amortized on a straight-line method based on the estimated benefit period of three years.

(XVI) Impairment of non-financial assets

The Company estimates the recoverable amount of assets with signs of decrease on the balance sheet date. When the recoverable amount is lower than their book value, decrease losses are recognized. The recoverable amount refers to the fair value of an asset less cost to dispose or its use value, which are higher. When the impairment of assets recognized in prior years does not exist or decreases, the impairment loss is reversed, provided that the book amount of the asset increased by the reversed impairment loss does not exceed the book amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized for the asset.

(XVII) Loans

It refers to long- and short-term loans from banks. The Company is measured at its fair value less transaction costs upon initial recognition, and subsequently recognized interest expense in profit or loss over the period of liquidity using the effective interest method under the amortization procedure for any difference between the price less transaction costs and the redemption value.

(XVIII) Financial liabilities at fair value through profit or loss

1. A financial liability is one that is held for trading for the primary purpose of repurchasing in the near future or designated the financial liabilities measured at fair value through profit or loss on initial recognition. The Company designates a financial liability as measured at fair value through profit or loss on initial recognition when one of the following conditions meets:

   (1) It is a hybrid (combined) contract; or

   (2) Eliminable or significant reduction in measurement or recognition inconsistencies; or

   (3) The instruments are managed and evaluated on a fair value basis in accordance with the written risk management policy.

2. The Company is measured at fair value upon initial recognition, with related transaction costs recognized in profit or loss, and subsequently measured at fair value, with its profits or losses recognized in profit or loss

(XIX) Non-hedging and embedded derivatives

1. Non-hedging derivative instruments are measured at fair value on the date of contract upon initial recognition, and financial assets or liabilities measured at fair value through profit or loss are subsequently measured at fair value, with its profit or loss recognized in profit or loss.

2. For hybrid contracts of financial assets embedded in derivative instruments, the overall hybrid instruments are classified as financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive profit or loss, and financial assets measured at amortized cost upon initial recognition in accordance with the terms of the contracts.

3. For hybrid contracts of non-financial assets embedded in derivative instruments, the economic characteristics and risks of the embedded derivative instruments are closely related to those of the host contracts based on the terms of the contracts at the time of initial recognition to determine whether they are separated. When closely related, the overall hybrid instruments are treated according to the appropriate criteria based on their nature. When not closely related, derivatives are separated from the host contract and treated as derivatives, with the host contract treated according to the appropriate criteria based on its nature; or the overall financial liabilities are designated as financial liabilities measured at fair value through profit or loss on initial recognition.

(XX) Accounts and notes payable

1. Debt arising from the purchase of raw materials, goods or services on credit and negotiable instrument payable arising from operating and non-operating activities are referred to as debt.
2. Due to the insignificant impact of discounting on short-term accounts and notes payable with unpaid interest, the Company measures them based on the original invoice amount.

(XXI) Derecognition of financial liabilities

The Company derecognizes financial liabilities upon the performance, cancellation or maturity of the obligations specified in the contracts.

(XXII) Employee benefits

1. Short-term employee welfare

Short-term employee welfare is measured at the non-discounted amount expected to be paid and are recognized as an expense when the related services are rendered.

2. Pension
   (1) Defined contribution plans
   For defined contribution plans, the amount to be contributed to the pension fund is recognized as pension cost for the period on an accrual basis. Prepaid contributions are recognized as assets to within the scope of refundable cash or reduced future payments.
   (2) Defined benefit plans
      A. The net obligation under the defined benefit plans is calculated by discounting the amount of future benefit payments earned by employees for current or past service and subtracting the fair value of plan assets from the present value of the defined benefit obligation as of the balance sheet date. The net defined benefit obligation is calculated annually by the actuary using the projected unit credit method, and the discount rate is determined by reference to market yields on government debt (at the balance sheet date) that correspond to the currency and period of the defined benefit plan at the balance sheet date.
      B. The re-measurement arising from defined benefit plans is recognized in other comprehensive income in the period in which it occurs and is expressed in retained earnings.
3. Remuneration to employees and directors

   Remuneration to employees and directors is recognized as expenses and liabilities when there is legal or constructive obligation and the amount can be reasonably estimated. If the actual allotment amount differs from the estimated amount in a subsequent decision, the difference is treated as changes in accounting estimates. In addition, if employees are paid in shares, the basis for calculating the number of shares is the closing price on the day before the date of the board of directors' resolution.

(XXIII) Income tax

1. Income tax expense consists of current and deferred tax. Income tax is recognized in profit or loss, except for those relating to items included in other comprehensive

income or directly in equity, which are included in other comprehensive income or directly in equity, respectively.

2. The Company calculates current income taxes based on the tax rates that have been legislated or substantively legislated at the balance sheet date in the countries in which the Company operates and generates taxable income. Management periodically evaluates the status of income tax reporting in relation to applicable income tax regulations, and estimates the income tax liabilities based on the expected tax payments to the tax authorities in applicable. The income tax imposed on undistributed earnings in accordance with the income tax law is recognized as income tax expense on undistributed earnings based on the actual distribution of earnings until the earnings distribution plan is approved by the shareholders' meeting following the year in which the earnings are generated.
3. Deferred income tax is recognized using the balance sheet method on temporary differences arising between the tax bases of assets and liabilities and their book amounts on PARENT COMPANY ONLY balance sheets. Deferred income tax liabilities arising from goodwill arising from original recognition are not recognized. Deferred income tax is not recognized if it arises from the original recognition of an asset or liability in a transaction (other than a business combination) that does not affect accounting profit or taxable income (tax loss) at the time of the transaction. If the Company is able to control the timing of the reversal of temporary differences arising from an investment in a subsidiary and it is probable that the temporary differences will not reverse in the foreseeable future, the temporary differences are not recognized. Deferred income tax is based on the tax rates and tax laws that are expected to apply when the relevant deferred income tax assets are realized or the deferred income tax liabilities are settled, if legislation has been legislated or substantively enacted at the balance sheet date.
4. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized, and the unrecognized and recognized deferred income tax assets are reassessed at each balance sheet date.

(XXIV) Share capital

Ordinary shares are classified as equity. The net amount of incremental costs directly attributable to the issuance of new shares or stock options after deducting income tax are recognized as a price deduction in equity.

(XXV) Dividends

Dividends distributed to the Company's shareholders are recognized in the financial statements when the Company's shareholders meeting resolves to distribute the dividends, and the distribution of cash dividends is recognized as liabilities, distributed stock dividends are recognized as stock dividends to be distributed and are transferred to common capital on the basis date of issuance of new shares.

(XXVI) Revenue recognition

Product sales

1. The Company mainly manufactures and sells audio and other products, and sales revenue is recognized when control of the product is transferred to the customer. That is, when the product is delivered to the customer, the customer has discretion

over the channel and price of product sales, and the Company has no outstanding performance obligations that may affect the customer's acceptance of the product. Delivery of products occurs when the product is delivered to the designated location, the risk of obsolescence and loss has been transferred to the customer, and the customer accepts the product in accordance with the sales contract, or there is objective evidence that all acceptance criteria have been met.

2. Accounts receivable are recognized when the products are delivered to customers, as the Company has an unconditional right to the contract price from that point onward, and only time is required to collect the consideration from customers.

(XXVII) Government grants

Government subsidy are recognized at fair value when there is reasonable assurance that the enterprise will comply with the conditions attached to the government subsidy and that the subsidy will be received. If the nature of the government subsidy is to compensate the Company for expenses incurred, the government subsidy is recognized in profit or loss on a systematic basis in the period in which the related expenses are incurred.

V. Major sources of uncertainty in material accounting judgments, estimates and assumptions

The Company in preparing the PARENT COMPANY ONLY financial statements, management has exercised its judgment in determining the accounting policies to be used and has made accounting estimates and assumptions that are based on reasonable expectations of future events under the circumstances prevailing at the balance sheet date. Significant accounting estimates and assumptions made may differ from actual results and will be evaluated and adjusted on an ongoing basis, taking into account historical experience and other factors. The estimates and assumptions have a significant risk of causing a material adjustment to the book amounts of assets and liabilities in the next accounting year. Please see below for a description of significant accounting judgments, estimates and assumption uncertainties:

Inventory valuation

1. As inventories must be valued at the lower of cost and net realizable value, the Company must use judgment and estimates to determine the net realizable value of inventories on the balance sheet date. As a result of rapid technological change, the Company assesses the amount of inventories due to normal wear and tear, obsolescence or lack of market value on the balance sheet date and reduces the cost of inventories to net realizable value. This inventory evaluation is mainly based on the estimation of product demand in a specific period in the future, so there may be significant changes.
2. As of December 31, 2022, the carrying amount of inventories was $46,376.

VI. Statement of important accounting items

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash:		
Cash on hand	$ 199	$ 209
Checking deposits and demand deposits	163,789	672,550

	163,988	672,759
Cash equivalents:		
Bonds with repurchase agreement	-	664,350
	$ 163,988	$ 1,337,109

1. The financial institutions with which the Company transacts have good credit quality and the Company transacts with a number of financial institutions to spread credit risk. The probability of expected default is very low.
2. The Company pledged time deposits with maturities of more than three months and less than one year of $763,800 and $-, respectively, and time deposits of more than one year of $32,000 and $27,000, respectively, to “Financial assets at amortized cost-current” and “Financial assets at amortized cost-non-current” as of December 31, 2022 and 2021.

(II) Financial assets measured at fair value through profit or loss - current

Assets	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 103,000	$ 83,078
Unlisted stocks	573	573
Derivatives-forward exchange contracts	-	-
	103,573	83,651
Valuation adjustment	(11,546)	(2,010)
	$ 92,027	$ 81,641

1. Details of financial assets measured at fair value through profit or loss recognized in profit or loss are as follows:

	2022	2021
Financial assets mandatorily measured at fair value through profit or loss	($ 20,457)	$ 20,483

2. The transaction and contract information of the Company’s derivative financial assets for which hedge accounting is not applicable are as follows:

	December 31, 2021	
Items	Contract Amount	Contract Period
Forward foreign exchange selling contract	USD 11,000 (in thousands)	2021.10～2022.4
Forward foreign exchange buying contract	USD 11,000 thousand dollars	2021.10～2022.4

None on December 31, 2022.

The forward foreign exchange contracts that the Company is engaged in are mainly to avoid exchange risks arising from exchange rate changes in operating activities, but hedge accounting is not applicable.

3. Please refer to Note XII, (II) Description of Financial Instruments for credit risk of financial assets measured at fair value through profit or loss.

(III) Financial assets at amortized cost

Items	December 31, 2022	December 31, 2021
Current items:		
Time deposits with a maturity of more than three months but less than one year	$ 763,800	$ -
Non-current items:		
Pledged time deposits	$ 32,000	$ 27,000

1. Interest income of $7,037 and $914 (shown as “interest income”) was recognized in profit or loss as at December 31, 2022 and 2021, respectively, for the Company’s financial assets measured at amortized cost.
2. The maximum exposure to credit risk as at December 31, 2022 and 2021 is the book value of the financial assets measured at amortized cost that best represent the Company’s holdings, irrespective of collateral or other credit enhancements held.
3. Please refer to Note VIII, Description of Pledged Assets for the information provided by the Company on pledges of financial assets measured at amortized cost as of December 31, 2022 and 2021.
4. Please refer to Note XII, (II) for information on the credit risk of financial assets measured at amortized cost. The trading partners of the Company’s investment in certificates of deposit are financial institutions with good credit quality, and the possibility of default is expected to be low.

(IV) Account receivable, net

	December 31, 2022	December 31, 2021
Accounts receivable	$ 267,066	$ 303,555
Less: Allowance for uncollectible accounts	(7,948)	(14,946)
	$ 259,118	$ 288,609

1. Aging analysis of accounts receivable (including related parties) is as follows:

	December 31, 2022	December 31, 2021
Current	$ 280,129	$ 327,160
1 to 30 days past due	2,582	-

61 to 90 days past due	4,610	-
More than 91 days past due (Note)	-	14,034
	$ 287,321	$ 341,194

(Note) Accounts receivable that were more than 91 days past due as at December 31, 2022 were written off as uncollectable.

The above aging analysis is based on days past due.

2. As of December 31, 2022 and 2021, accounts receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables (including related parties) from contracts with customers amounted to $416,064.
3. The Company did not hold any collateral as security for accounts receivable on December 31, 2022 and 2021.
4. Please refer to Note XII, (II) Description of Financial Instruments for relevant information on credit risk of accounts receivable.

(V) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 11,783	($ 278)	$ 11,505
Raw materials	36,795	(1,924)	34,871
	$ 48,578	($ 2,202)	$ 46,376

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 35,198	($ 299)	$ 34,899
Raw materials	31,601	(1,342)	30,259
	$ 66,799	($ 1,641)	$ 65,158

The cost of inventories recognized as expense for the year

	2022	2021
Cost of goods sold	$ 2,531,544	$ 2,101,742
Loss on inventory valuation	561	185
Loss on discarding of inventory	239	565
	$ 2,532,344	$ 2,102,492

(VI) Investments accounts for under equity method

	2022	2021
Balance, January 1	$ 1,491,824	$ 1,455,421
Dispose of investments accounts for under equity method (Note)	(42,412)	-
Share of investment earnings and losses accounted for under equity method	36,761	53,018
Distribution of earnings from investment accounted for using equity method	(12,600)	-
Changes in other equity interest	56,862	(16,615)
Balance, December 31	$ 1,530,435	$ 1,491,824

	December 31, 2022	December 31, 2021
Subsidiary	$ 1,530,435	$ 1,491,824

(Note) HANPIN PRO AUDIO CO., LTD, a subsidiary of the Company, has completed the liquidation and cancellation in September 2022, and the Company has recovered $39,601 from the liquidation, and recognized the investment loss of $2,811 by using the equity method (shown as “other benefits and losses”).

1. For details of the Company’s subsidiary, please refer to Note IV, (III) Explanation of Consolidation Basis to the Company’s Consolidated Financial Statements for Year 2022.
2. The Company has no investment accounted for under equity method pledged to others as of December 31, 2022 and 2021.

(VII) Property, plant and equipment

	Land	Buildings			Machinery equipment	Mold equipment	Transportation equipment	Office equipment	Utilities and other equipment	Construction in progress	Total
		Owner-occupied	Lease	Subtotal							
January 1, 2022											
Cost	$ 155,919	$ 173,567	$ 99,585	$ 273,152	$ 2,835	$ 23,113	$ 3,264	$ 6,660	$ 13,273	$ -	$ 478,216
Accumulated depreciation	-	(106,641)	(59,832)	(166,473)	(1,791)	(12,014)	(2,996)	(3,334)	(5,441)	-	(192,049)
	$ 155,919	$ 66,926	$ 39,753	$ 106,679	$ 1,044	$ 11,099	$ 268	$ 3,326	$ 7,832	$ -	$ 286,167
2022											
January 1	$ 155,919	$ 66,926	$ 39,753	$ 106,679	$ 1,044	$ 11,099	$ 268	$ 3,326	$ 7,832	$ -	$ 286,167
Additions	-	870	-	870	112	319	-	474	437	-	2,212
Transferred from prepayment for equipment	-	-	-	-	-	-	-	-	-	2,477	2,477
Acceptance transfer-in	-	-	-	-	-	2,255	-	-	222	(2,477)	-
Depreciation expense	-	(5,928)	(1,869)	(7,797)	(219)	(4,236)	(83)	(1,167)	(1,252)	-	(14,754)
Disposals - Cost	-	-	-	-	(245)	(5,442)	(2,770)	(1,145)	(1,337)	-	(10,939)
- Accumulated depreciation	-	-	-	-	245	5,442	2,770	1,145	1,337	-	10,939
December 31	$ 155,919	$ 61,868	$ 37,884	$ 99,752	$ 937	$ 9,437	$ 185	$ 2,633	$ 7,239	$ -	$ 276,102
December 31, 2022											
Cost	$ 155,919	$ 174,437	$ 99,585	$ 274,022	$ 2,702	$ 20,245	$ 494	$ 5,989	$ 12,595	$ -	$ 471,966
Accumulated depreciation	-	(112,569)	(61,701)	(174,270)	(1,765)	(10,808)	(309)	(3,356)	(5,356)	-	(195,864)
	$ 155,919	$ 61,868	$ 37,884	$ 99,752	$ 937	$ 9,437	$ 185	$ 2,633	$ 7,239	$ -	$ 276,102

	Land	Buildings: Owner-occupied	Buildings: Lease	Buildings: Subtotal	Machinery equipment	Mold equipment	Transportation equipment	Office equipment	Utilities and other equipment	Construction on in progress	Total
January 1, 2021											
Cost	$ 155,919	$ 173,626	$ 99,585	$ 273,211	$ 2,664	$ 22,403	$ 3,869	$ 7,568	$ 15,813	$ -	$ 481,447
Accumulated depreciation	-	(101,163)	(57,964)	(159,127)	(1,637)	(10,117)	(3,041)	(4,787)	(7,154)	-	(185,863)
	$ 155,919	$ 72,463	$ 41,621	$ 114,084	$ 1,027	$ 12,286	$ 828	$ 2,781	$ 8,659	$ -	$ 295,584
2021											
January 1	$ 155,919	$ 72,463	$ 41,621	$ 114,084	$ 1,027	$ 12,286	$ 828	$ 2,781	$ 8,659	$ -	$ 295,584
Additions	-	359	-	359	223	3,026	-	1,845	238	-	5,691
Transferred from prepayment for equipment	-	-	-	-	-	-	-	-	-	1,255	1,255
Acceptance transfer-in	-	-	-	-	80	725	-	-	450	(1,255)	-
Depreciation expense	-	(5,896)	(1,868)	(7,764)	(286)	(4,473)	(560)	(1,300)	(1,515)	-	(15,898)
Disposals - Cost	-	(418)	-	(418)	(132)	(3,041)	(605)	(2,753)	(3,228)	-	(10,177)
- Accumulated depreciation	-	418	-	418	132	2,576	605	2,753	3,228	-	9,712
December 31	$ 155,919	$ 66,926	$ 39,753	$ 106,679	$ 1,044	$ 11,099	$ 268	$ 3,326	$ 7,832	$ -	$ 286,167
December 31, 2021											
Cost	$ 155,919	$ 173,567	$ 99,585	$ 273,152	$ 2,835	$ 23,113	$ 3,264	$ 6,660	$ 13,273	$ -	$ 478,216
Accumulated depreciation	-	(106,641)	(59,832)	(166,473)	(1,791)	(12,014)	(2,996)	(3,334)	(5,441)	-	(192,049)
	$ 155,919	$ 66,926	$ 39,753	$ 106,679	$ 1,044	$ 11,099	$ 268	$ 3,326	$ 7,832	$ -	$ 286,167

1. The Company's property, plant and equipment as at December 31, 2022 and 2021 were for own use except for certain houses and buildings for lease.
2. There was no capitalization of loan costs in respect of property, plant and equipment during Year 2022 and 2021.
3. The Company did not provide guarantee for property, plant and equipment as of December 31, 2022 and 2021.

(VIII) Leasing arrangements-lessor

1. The underlying assets leased by the Company are buildings and the lease contract period typically ranges from 1 to 5 years. The lease contract is negotiated individually and contains various terms and conditions. To preserve the use of leased assets, lessees are generally required not to use the leased assets as security for borrowings.
2. The Company recognized rental income of $10,141 and $9,650 (shown as "operating revenue") based on operating lease contracts in 2022 and 2021 respectively, in which no variable lease payments were made.
3. The analysis of the expiry dates of lease payments under operating leases of the Company is as follows:

	December 31, 2022	December 31, 2021
Within next 1 year	$ 6,206	$ 9,892
Next 1~2 years	4,453	1,771
Next 2~3 years	3,714	18
Next 3~4 years	-	18
	$ 14,373	$ 11,699

(IX) Short-term loans

Type of loans	December 31, 2022	Interest rate range	Collateral
Bank loans			
Unsecured bank loans	$ 60,000	1.99%	None

Type of loans	December 31, 2021	Interest rate range	Collateral
Bank loans			
Unsecured bank loans	$ 704,000	0.62%～0.79%	None

Please refer to Note VI, (XIX) Description of Finance Costs for details of the Company's interest expenses recognized in profit or loss for Year 2022, 2021.

(X) Short-term notes and bills payable

	December 31, 2021	Interest rate range	Collateral
Commercial papers payable	$ 300,000	0.84%～0.85%	None

1. None on December 31, 2022.
2. The above commercial promissory notes payable are guaranteed to be issued by China Bills Finance Corporation and Mega Bills Finance Corporation for short-term capital turnover.
3. Please refer to Note VI, (XIX) Description of Finance Costs for details of the Company's interest charges recognized in profit or loss for the Years 2022, 2021.

(XI) Pensions

1. The Company has defined benefit retirement scheme in accordance with the provisions of Labor Standards Act, which is applicable to the length of service of all regular employees before the implementation of Labor Pension Act on July 1, 2005 and the subsequent length of service of employees who elect to continue to apply Labor Standards Act after the implementation of the Labor Pension Act. For employees who are eligible for retirement, the pension shall be paid based on the length of service and the average salary of the six months prior to retirement. Two bases shall be given for each full year of service within 15 years (inclusive), and one base shall be given for each full year of service beyond 15 years, subject to a cumulative maximum of 45 bases. The Company contributes 3.5% of total salaries to a monthly pension fund, which is deposited in the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. In addition, before the end of each year, the Company shall estimate the balance in the special account of labor retirement reserve referred to in the preceding clause. If the balance is not enough to pay the amount of pension calculated as mentioned above for the estimated eligible workers in the next year, the Company shall make a single appropriation for the difference before the end of March of the next year. The relevant information of the Company's retirement payment method determined according to the previous disclosure is as follows:

(1) The amounts recognized in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	($ 97,939)	($ 98,688)
Fair value of plan assets	76,361	65,384
Net defined benefit liability	($ 21,578)	($ 33,304)

(2) Movements in present value of defined benefit obligations are as follows:

2022	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 98,688)	$ 65,384	($ 33,304)
Current service cost	(847)	-	(847)
Interest (expense) income	(592)	392	(200)
	(100,127)	65,776	(34,351)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	5,067	5,067
Change in financial assumptions	1,744	-	1,744
Experience adjustments	444	-	444
	2,188	5,067	7,255
Pension fund contribution	-	5,518	5,518
Balance at December 31	($ 97,939)	$ 76,361	($ 21,578)

2021	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 98,271)	$ 64,097	($ 34,174)
Current service cost	(759)	-	(759)
Interest (expense) income	(197)	128	(69)
	(99,227)	64,225	(35,002)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,028	1,028
Change in population assumptions	(35)	-	(35)
Change in financial assumptions	1,643	-	1,643
Experience adjustments	(2,716)	-	(2,716)
	(1,108)	1,028	(80)
Pension fund contribution	-	1,778	1,778
Paid pensions	1,647	(1,647)	-
Balance at December 31	($ 98,688)	$ 65,384	($ 33,304)

(3) The assets of the Company's defined welfare retirement plan fund are entrusted by Bank of Taiwan according to the proportion and amount of entrusted business items set by the investment and operation plan of the fund, according to the items in Article 6 of the Measures for the Custody and Operation of Income and Expenditure of Work Retirement Fund (i.e. depositing in domestic and foreign financial institutions, investing in domestic and foreign listed, OTC or private equity securities, and investing in securitized goods of domestic and foreign movable property, etc.), and the relevant application is supervised by the Labor Retirement Fund Supervision Committee. For the use of the fund, the minimum income to be distributed each year shall not be lower than the income calculated by the two-year time deposit interest rate of the appropriate bank. If there is any deficiency, it shall be fully funded by the state database after being approved by the competent authority. As the Company does not have the right to operate and manage the fund, it is not possible to disclose the classification of the fair value of planned assets in accordance with Paragraph 142 of International Accounting Standards No.19. For the fair value of the fund's total assets on December 31, 2022 and 2021, please refer to the employment report of the labor retirement fund in each year announced by the government.

(4) Actuarial assumptions about pensions are summarized as follows:

	2022	2021
Discount rate	1.10%	0.60%
Future salary increases	1.00%	1.00%

Assumptions about mortality rates in the future are estimated based on published national statistics and experience.

The analysis of the current value of the defined benefit obligation as a result of changes in the key actuarial assumptions used is as follows:

	Discount rate		Future salary increases	
	Increased 0.25%	Decrease 0.25%	Increased 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 848)	$ 864	$ 646	($ 638)
December 31, 2021				
Effect on present value of defined benefit obligation	($ 979)	$ 999	$ 773	($ 762)

The sensitivity analysis above is based on the analysis of the impacts of changes in a single assumption with the other assumptions held constant. Changes in many of the assumptions in practice may be interlocking. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities of the balance sheet. The methods and assumptions used in the preparation of sensitivity analysis in this year are the same as those in the previous year.

(5) Expected contributions to the defined benefit pension plans of the Company for the year 2023 amount to $357.

(6) As of December 31, 2022, the weighted average duration of the retirement plan is 4 years. The analysis of timing of the future pension payment was as follows:

Within next 1 year	$	31,882
Next 2-5 years		45,701
Next over 6 years		24,279
	$	101,862

2. Since July 1, 2005, the Company has established a retirement scheme with definite contribution according to Labor Pension Act, which is applicable to employees of this nationality. In respect of the employees' election to apply the part of the labor pension system under Labor Pensions Act, the Company shall pay a labor pension at 6% of their salaries to the individual accounts of the Bureau of Labor Security for each month, and the employees' pension shall be paid either as a monthly pension or as a lump sum pension based on the amount of the individual pension accounts and accumulated earnings of the employees. The pension costs recognized by the Company in 2022 and 2021 under the above pension scheme were $4,102 and $4,081, respectively.

(XII) Share capital

1. The number of outstanding shares of the Company's common stock at the beginning and the end of the period is adjusted as follows: (unit: thousand shares)

	2022	2021
Beginning and ending balances	79,999	79,999

2. As of December 31, 2022, the Company's rated capital was $1,450,000, and its paid-in capital was $799,994, which was divided into 79,999 thousand shares, each of which was issued in installments at the amount of NT$ 10 (in dollars). All the shares of the Company's issued shares have been received.

(XIII) Capital surplus

In accordance with the provisions of the Company Act, the capital surplus from the issuance of shares in excess of par value and share premium from gifts may, in addition to being used to make up for losses, be issued as new shares or cash in proportion to the shareholders' original shares when there is no accumulated deficit. In addition, in accordance with the relevant provisions of the Securities and Exchange Act, the total amount shall be limited to an annual aggregate amount not exceeding 10% of the paid-in capital when the above additional paid-in capital is appropriated for capital. The Company may not use the additional paid-in capital to supplement capital deficits unless the deficits are met from surplus reserves.

(XIV) Retained Earnings

1. The legal reserve shall not be used except to make up the losses or to issue new shares or cash in proportion to the shareholders' original shares, provided that the amount of new shares or cash issued shall be limited to the extent that such

reserve exceeds 25% of the paid-in capital.

2. Pursuant to the Company's Articles of Incorporation, the Company's market in a steadily growing industry. To be in line with the Company's long-term business development, future capital needs, long-term financial plans, and fulfillment of shareholders' need for cash inflow, if the Company has earnings for the year, it distributes the earnings in the following order: (1) Pay taxes. (2) Set off accumulated deficits. (3) Appropriate 10% as legal reserve. However, this limit does not apply when the legal reserve has reached the amount of paid-in capital. (4) Appropriate or reverse to special reserve as required by the competent authority. (5) If there is any remaining balance after deducting the amounts in (1) to (4) above, combined with the accumulated undistributed earnings of the previous year, the Company shall, after taking into account the Company's future business scope expansion and cash flow requirements, prepare a proposal for the distribution of earnings based on the distributable earnings and distribute dividends and bonuses to shareholders of not less than 10%, and the total amount of cash dividends shall not be less than 10% of the total amount of dividends paid to shareholders, subject to a maximum of 100%, which shall be determined by the Board of Directors to retain or distribute stock dividends and cash dividends, and shall request the approval of the shareholders' meeting. The ratio of the share and cash dividends may be adjusted based on actual profit and capital of the year upon approval at the Shareholders' Meeting.

3. Special reserves

   (1) When the Company distributes the surplus, it is required by law to set aside the special reserves for the debit balance of other equity items on the balance sheet date of the current year, and then when the debit balance of other equity items is reversed, the reversal amount may be included in the distributable surplus.

   (2) When adopting IFRSs for the first time, according to the special reserves set aside by letter JGZF No. 1010012865 dated April 6, 2012, when the Company uses, disposes of or reclassifies the related assets later, the proportion of the originally set aside special surplus reserve will be reversed. If the above-mentioned related assets are investment property, the land part will be reversed during the disposal or reclassification, and the part other than the land will be reversed periodically during the use period.

4. The cash dividends recognized by the Company for distribution to owners in the Years 2022 and 2021 were $95,999 (NT$ 1.2 (in dollars) per share) and $119,999 (NT$ 1.5 dollars per share) respectively. On February 24, 2023, the board of directors proposed to distribute a cash dividend of $199,999 (NT$ 2.5 (in dollars) per share) to the surplus for Year 2022.

(XV) Operating revenue

1. Classification of revenue from contracts with customers

   The Company's revenue arises from the provision of goods and services transferred at a point in time and from lease income transferred over time, segmentation by the point in time of transfer as follows:

	2022	2021
Revenue from contracts with customers:		
At a point in time	$ 3,006,124	$ 2,356,637
Over time	10,141	9,650
	$ 3,016,265	$ 2,366,287

2. Contract liabilities

The amounts of contract liabilities relating to the Company's recognition of contract revenue from customers as at December 31, 2022, December 31, 2021, January 1, 2021 were $40,741, $31,062 and $15,119 respectively. The amount of revenue recognized for opening contract liabilities in year 2022 and 2021 was $23,865 and $14,301 respectively.

(XVI) Interest income

	2022	2021
Interest income from bank deposits	$ 4,195	$ 4,520
Interest income from financial assets measured at amortized cost	7,037	914
Other interest income	237	283
	$ 11,469	$ 5,717

(XVII) Other income

	2022	2021
Government gains income	$ 383	$ 70
Other income	2,576	2,345
	$ 2,959	$ 2,415

(XVIII) Other gains and losses

	2022	2021
Net (loss) gain on disposal of investment	($ 33,242)	$ 2,985
Loss on disposal of investment accounted for under equity method	(2,811)	-
Net currency exchange gain (loss)	119,200	(2,318)
Net loss on financial assets at fair value through profit or loss	(9,536)	(6,492)
Net gain on disposal of property, plant and equipment	-	5
Other losses	(215)	(150)
	$ 73,396	($ 5,970)

(XIX) Finance costs

	2022	2021
Interest expense:		
Bank loans	$ 4,460	$ 3,719
Others	434	182
	$ 4,894	$ 3,901

(XX) Additional information of expenses by nature

2022	Operating cost	Operating expense	Total
Employee benefit expenses	$ 7,341	$ 183,757	$ 191,098
Depreciation	7,065	7,689	14,754
Amortization	-	134	134
	$ 14,406	$ 191,580	$ 205,986

2021	Operating cost	Operating expense	Total
Employee benefit expenses	$ 5,694	$ 117,896	$ 123,590
Depreciation	7,365	8,533	15,898
Amortization	-	466	466
	$ 13,059	$ 126,895	$ 139,954

(XXI) Employee benefit expenses

2022	Operating cost	Operating expense	Total
Wages and salaries	$ 5,499	$ 141,249	$ 146,748
Labor and health insurance expenses	677	9,063	9,740
Pension costs	321	4,828	5,149
Remuneration to directors	-	21,556	21,556
Other personnel expenses	844	7,061	7,905
	$ 7,341	$ 183,757	$ 191,098

2021	Operating cost		Operating expense		Total	
Wage and salaries	$	3,893	$	85,992	$	89,885
Labor and health insurance expenses		694		9,086		9,780
Pension costs		319		4,590		4,909
Remuneration to directors		-		11,574		11,574
Other personnel expenses		788		6,654		7,442
	$	5,694	$	117,896	$	123,590

1. The average number of employees of the Company in 2022 and 2021 was 152 and 155 respectively, among which the number of directors who were not part-time employees was 8; the average employee benefit expenses in 2022 and 2021 were $1,177 and $762 respectively; the average employee salary expenses in 2022 and 2021 were $1,019 and $611 respectively; in 2022, the average employee salary was adjusted to 67%.
2. The Company has set up an audit committee, so there is no supervisor's remuneration in 2022 and 2021.
3. The Company's Independent Directors received a monthly fixed remuneration, and do not participate in retained earnings distribution. Remuneration to non-Independent Directors include transportation allowance and Directors' remuneration. The transportation allowance is distributed based on the allowance level of the peer companies in the same industry and the actual attendance of the Directors. Directors' remuneration is determined in accordance with the Company's Articles of Incorporation, while taking into consideration the operational risks of borne by the Directors. In addition, the Remuneration Committee may also, in accordance with the Charter of Remuneration Committee, distribute reasonable remuneration based on the Directors' individual performance assessment and contribution to the Company. Directors' performance assessment and reasonableness of the remuneration is reviewed by the Remuneration Committee, approved by the Board of Directors, and the reported at the Shareholders' Meeting.
4. Remuneration to Managerial Officers include salary, bonus, compensation to employees. The evaluation of the said bonus is determined by taking into the consideration of the Managerial Officers performance evaluation, which include financial and non-financial indicators. The bonuses to Managerial Officers are calculated and submitted to the Remuneration Committee for discussion and resolution. The calculation can be revised anytime depending on the actual operating status and relating laws and regulations.
5. Remuneration to employees includes salary, bonus, compensation. Salary is calculated based on factors such as the employees' educational background, work experience, professional skills, and seniority, while taking into consideration the remuneration level in the market; the distribution of bonuses depends on duty, department and purposes.
6. Pursuant to the Company's Articles of Incorporation, shall there be profit for the year after off-setting all accumulated deficits, the Company may distribute

no less than 5% and no more than 15% of the profit as remuneration to employees and directors, respectively.

7. The estimate of the Company's remuneration to employees and Directors in 2022 and 2021 are $53,683 and $23,705, respectively. The salary expense items listed in the above amount are estimated based on the profit situation of each year and the percentage stipulated in the Company's Articles of Incorporation. In 2022, the board of directors decided that the actual allocation amount was $53,683, of which the employee remuneration would be paid in cash. The total amount of remuneration to employees and directors in 2021 as determined by the board of directors is $23,705, which is consistent with the amount recognized in Year 2021 financial report. Information about the remuneration to employees and directors approved by the board of directors of the Company can be inquired at the Market Observation Post System (MOPS).

(XXII) Income tax

1. Income tax expense

(1) Components of income tax expense:

	2022		2021	
Current income tax:				
Income tax incurred in current year	$	66,782	$	32,491
Tax on unappropriated earnings		1,645		2,098
Over provision of prior year's income tax payable	(	4,181)	(	3,168)
Total current income tax		64,246		31,421
Deferred income tax:				
Origination and reversal of temporary differences		20,796	(	756)
Income tax expense	$	85,042	$	30,665

(2) The income tax relating to components of other comprehensive income is as follows:

	2022		2021	
Remeasurement of defined benefit obligations	$	1,451	($	16)
Currency translation differences		11,372	(	3,323)
	$	12,823	($	3,339)

2. Reconciliation between income tax expense and accounting profit:

	2022		2021	
Tax calculated based on profit before tax and statutory tax rate	$	78,745	$	34,792
Effect from items disallowed by tax regulation		8,833	(	3,057)
Tax on undistributed earnings		1,645		2,098
Prior year income tax over estimation	(	4,181)	(	3,168)
Income tax expense	$	85,042	$	30,665

3. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

2022

	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Allowance for doubtful accounts	$ 2,458	($ 1,443)	$ -	$ 1,015
Loss on inventory	328	112	-	440
Unused compensated absences	963	24	-	987
Unrealized exchange loss	5,681	(5,681)	-	-
Pensions	6,961	(959)	(1,451)	4,551
Currency translation differences	26,070	-	(11,372)	14,698
	$ 42,461	($ 7,947)	($ 12,823)	$ 21,691
Deferred tax liabilities				
Temporary differences:				
Increment tax on land valuation	($ 37,968)	$ -	$ -	($ 37,968)
Unrealized gain and loss on financial instruments	(189)	189	-	-
Investment income	(156,589)	(7,520)	-	(164,109)
Unrealized exchange gains	-	(5,518)	-	(5,518)
	($ 194,746)	($ 12,849)	$ -	($ 207,595)
	($ 152,285)	($ 20,796)	($ 12,823)	($ 185,904)

2021	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Allowance for doubtful account	$ 2,625	($ 167)	$ -	$ 2,458
Loss on inventory	291	37	-	328
Unused compensated absences	946	17	-	963
Unrealized exchange loss	-	5,681	-	5,681
Pensions	7,206	(261)	16	6,961
Currency translation differences	22,747	-	3,323	26,070
	$ 33,815	$ 5,307	$ 3,339	$ 42,461
Deferred tax liabilities				
Temporary differences:				
Increment tax on land revaluation	($ 37,968)	$ -	$ -	($ 37,968)
Unrealized gain and loss on financial instruments	(1,011)	822	-	(189)
Investment income	(148,784)	(7,805)	-	(156,589)
Unrealized exchange gain	(2,432)	2,432	-	-
	($ 190,195)	($ 4,551)	$ -	($ 194,746)
	($ 156,380)	$ 756	$ 3,339	($ 152,285)

4. The company’s income tax for profit-making enterprises was approved by the tax collection authority until year 2020, and there was no administrative remedy as of February 24, 2023.

(XXIII) Earnings per share

2022	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 308,685	79,999	$ 3.86
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 308,685	79,999	
Assumed conversion of all dilutive potential ordinary shares			
Employees's compensation	-	1,385	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 308,685	81,384	$ 3.79

2021	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 143,295	79,999	$ 1.79
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 143,295	79,999	
Assumed conversion of all dilutive potential ordinary shares			
Employees's compensation	-	704	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 143,295	80,703	$ 1.78

(XXIV) Supplementary cash flow information

1. Investment activities with partial cash payments:

	2022	2021
Purchase of property, plant and equipment	$ 2,212	$ 5,691
Add: Beginning balance of other payables	815	2,238
Less: Ending balance of other payables	(260)	(815)
Cash paid for acquisition of property, plant and equipment	$ 2,767	$ 7,114

2. Operating activities with no cash flow effects:

	2022	2021
Write-off of allowance for doubtful accounts	$ 14,034	$ -

3. Investing activities with no cash flow effects:

	2022	2021
Prepayment for equipment transferred to property, plant and equipment	$ 2,477	$ 1,255

(XXV) Changes in liabilities from financing activities

	Short-term loans	Short-term notes and bills payable	Guarantee deposits received	Total liabilities from financing activities
Balance at January 1, 2022	$ 704,000	$ 300,000	$ 2,110	$ 1,006,110
Changes in cash flow from financing activities	(644,000)	(300,000)	83	(943,917)
Balance at December 31, 2022	$ 60,000	$ -	$ 2,193	$ 62,193

	Short-term loans	Short-term notes and bills payable	Payable to related parties (Note)	Guarantee deposits received	Total liabilities from financing activities
Balance at January 1, 2021	$ 380,000	$ -	$ 367,680	$ 2,110	$ 749,790
Changes in cash flow from financing activities	324,000	300,000	(367,680)	-	256,320
Balance at December 31, 2021	$ 704,000	$ 300,000	$ -	$ 2,110	$ 1,006,110

(Note) It belongs to the nature of capital loan and lists "other accounts payable - related parties".

VII. Related party transactions

(I) Names and relationships of relationship

Name of related parties	Relationship with the Company
Hanpin (BVI) International Co., Ltd. (Hanpin BVI)	the Company's subsidiary
HANPIN PRO AUDIO CO., LTD.(HPA)	the Company's subsidiary
Hanchih Development Co., Ltd. (Hanchih Development)	the Company's subsidiary
Hanchih Electronics (Hong Kong) Co., Ltd. (Hanchih Hong Kong)	the Company's subsidiary
Hanchih Electronics (Shenzhen) Co., Ltd. (Hanchih Shenzhen)	the Company's subsidiary
Hanpin Electronics (Shenzhen) Co., Ltd. (Hanpin Shenzhen)	the Company's subsidiary

(II) Significant transactions and balance with related parties

1. Purchases

	2022	2021
Product purchase:		
Hanchih Hong Kong	$ 2,496,991	$ 2,074,019

Other subsidiaries	2	-
	$ 2,496,993	$ 2,074,019

The terms of payment for purchasing goods from related parties are telegraphic transfer payment within 60 days of the monthly settlement, but both parties may agree to postpone the payment period according to the funds situation, and the general supplier pays the goods within 30 ~ 90 days of the monthly settlement. There is no similar purchase price for comparison.

2. Receivables from related parties

	December 31, 2022	December 31, 2021
Receivables from related parties (shown as "Accounts receiable-related parties" and "Other receivables-related parties"):		
Hanchih Shenzhen	$ 21,052	$ 38,840
Hanpin BVI	2,613	2,694
Other subsidiaries	133	91
	$ 23,798	$ 41,625

The receivables from related parties are mainly sales of labor services and export of purchased raw materials to overseas subsidiaries for processing. According to the provisions of financial accounting standards, the processing amount exported to overseas subsidiaries is not treated as sales income, and the related costs and expenses are not included in the company's profits and losses. The accounts receivable is unsecured and interest-bearing, and there is no provision for liabilities.

3. Payables to related parties (excluding loans)

	December 31, 2022	December 31, 2021
Payables to related parties (shown as "Accounts payable-related parties" and "Other payables - related parties"):		
Hanchih Hong Kong	$ 312,760	$ 96,003
Other subsidiaries	140	2,131
	$ 312,900	$ 98,134

The funds payable to related parties mainly come from purchase transactions, and are paid by telegraphic transfer 60 days after the purchase date. The accounts payable bear no interest.

4. Endorsements and guarantee made by related parties

The details of the endorsement/guarantee provided by the Company are as follows:

	Nature	December 31, 2022	December 31, 2021
Hanchih Hong Kong	Secured credit facility	$ 93,420	$ 110,040

As of December 31, 2022 and 2021, the actual expenditures of the Company's endorsement/guarantee for subsidiaries were $93,420 and $110,040 respectively.

(III) Key management compensation

	2022	2021
Salaries and other short-term employee benefits	$ 36,508	$ 24,746
Post-employment benefits	318	352

	$ 36,826	$ 25,098

VIII. Pledged assets

Details of the guarantee provided by the Company's assets are as follows:

Pledged asset	December 31, 2022	December 31, 2021	Purpose
Time deposits (Note)	$ 32,000	$ 27,000	Guarantee to provide endorsement guarantee for subsidiaries

(Note) It is shown under "Financial assets at amortized cost - non-current".

IX. Significant contingent liabilities and unrecognized contract commitments

(I) As of December 31, 2022 and 2021, the contracted unpaid amounts of prepaid equipment of the Company were $110 and $1,264 respectively.

(II) Please refer to Note XIII, (I) 2. Description of endorsement/guarantee for others for details of the Company's endorsement/guarantee for others.

X. Significant disaster losses

None.

XI. Significant events after the balance sheet date

None.

XII. Others

(I) Capital management

The Company's capital management objectives are to safeguard the Company's ability to continue as a going concern, maintain an optimal capital structure to reduce the cost of capital, provide compensation to shareholders, and ensure that necessary financial resources and operating plans are in place to cover the working capital, capital expenditures, R&D expenses, debt repayment and dividend expenditures in the next 12 months.

(II) Financial instrument

1. Classification of financial instruments

For the types of financial instruments of the Company, please refer to Note VI for the description of financial assets and liabilities.

2. Risk management policies

(1) The Company's daily operations are affected by many financial risks, including market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. In order to reduce the adverse impact on the financial performance of the Company caused by uncertainties, the Company entered into forward exchange rate contracts to avoid exchange rate risk; contracts that are also committed to foreign exchange transactions convert future changes in cash flows into fixed amounts. Derivatives are committed by the Company for hedging purposes and are not for trading or speculation purposes.

(2) Risk management is performed by the finance department of the Company in accordance with policies approved by the Board. The Finance Department of the Company is responsible for identifying, evaluating and avoiding financial risks. The Board of Directors has written principles on overall risk management, and also provides written policies on specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of surplus liquidity. Please refer to Note VI, (II) Description of Financial Assets at Fair Value through Profit or Loss - Current.

(3) For information on undertaking derivative instruments to avoid financial risks, please refer to Note VI, (II) Description of Financial Assets at Fair Value through Profit or Loss - Current.

3. Significant financial risks and degrees of financial risk

(1) Market risk

Foreign exchange risk

A. The Company operates internationally, so it is exposed to exchange rate risks arising from transactions different from the functional currency of the Company, mainly USD and RMB. The related exchange rate risk comes from future commercial transactions and recognized assets and liabilities.

B. The management of the Company has formulated policies to require the Company to manage the exchange rate risk relative to its functional currency. The Company shall hedge its overall exchange rate risk through the finance department. The measurement of exchange rate risk is to use forward foreign exchange contracts to reduce the impact of exchange rate fluctuations on the expected purchase cost of inventory through the expected transactions of USD and RMB expenditures that are highly likely to occur.

C. The Company uses forward exchange rate transactions to avoid exchange rate risks, but hedging accounting is not applied. Please refer to Note VI, (II) Description of Financial Assets at Fair Value through Profit or Loss - Current.

D. The Company's risk management policy is to provide appropriate hedging against the expected future cash flows in the major currencies, mainly for export sales and inventory purchases, in order to reduce the exposure in the major currencies.

E. The Company holds investments in certain foreign operating institutions whose net assets are exposed to foreign currency translation risk.

F. The Company's operations involve certain non-functional currencies (the Company's functional currency is New Taiwan Dollars), so foreign currency assets and liabilities that are subject to exchange rate fluctuations and have a significant impact on exchange rate fluctuations are as follows:

(Foreign currency: functional currency)	December 31, 2022 Foreign currency (in thousands)	Exchange rate	Book value
Financial assets			
Monetary items			
USD:NTD	$ 12,904	30.71	$ 396,277
Investments accounted for under equity method			
USD:NTD	42,517	30.71	1,305,729
Financial liabilities			
Monetary items			
USD:NTD	10,205	30.71	313,405

(Foreign currency: functional currency)	December 31, 2021 Foreign currency (in thousands)	Exchange rate	Book value
Financial assets			
Monetary items			
USD:NTD	$ 63,491	27.68	$ 1,757,435
Investments accounted for under equity method			
USD:NTD	44,961	27.68	1,244,507
Financial liabilities			
Monetary items			
USD:NTD	3,610	27.68	99,926

The sensitivity analysis of foreign currency exchange rate risk is mainly calculated for foreign currency monetary items at the end of the financial reporting period. When TWD appreciates/depreciates by 1% against foreign currencies, and all other factors remain unchanged, the after-tax net profit of the Company in 2022 and 2021 will decrease/increase by $829 and $16,575 respectively.

G. The total amount of all exchange gains (losses) (including realized and unrealized) recognized by the Company for monetary items in 2022 and 2021 due to exchange rate fluctuations was $119,200 and ($2,318) respectively.

Price risk

A. The Company's equity instruments exposed to price risk are financial assets held at fair value through profit or loss. In order to manage the price risk of equity instrument investment, the Company diversified its investment portfolio according to the limit set by the Company.

B. The Company mainly invests in equity instruments and open-end funds issued by domestic companies, and the prices of these equity instruments will be affected by the uncertainty of the future value of the investment target. The sensitivity analysis of the price risk of equity instruments is based on the change of fair value at the end of the financial reporting period. If the price of these equity instruments increases/decreases by 1%, and all other factors remain the same, the after-tax net profit in 2022 and 2021 will decrease/increase by $920 and $807 respectively due to the profit or loss from equity instruments measured at fair value through profit or loss.

Cash flow and fair value interest rate risk

A. Some of the loans of the Company are floating interest rate financial products, so changes in market interest rates will change the effective interest rates of debt-based financial products accordingly, resulting in fluctuations in future cash flows, but some of the risks are offset by cash held at floating rates and cash equivalents, while loans issued at fixed rates expose the Company to fair value interest rate risk.

B. If the loan rate had been increased/decreased by 10%, net profit after tax for 2022 and 2021 would have been decreased or increased by $489 and $390, with all other factors held constant, primarily due to the increase or decrease in interest expenses on floating interest rate loans.

(2) Credit risk

A. The Company's credit risk is the risk of financial loss to the Company arising from the inability of a customer or a counterparty to a financial instrument to meet its contractual obligations. It arises primarily from the counterparty's inability to settle accounts receivable that are payable on collection terms.

B. The Company has established credit risk management from a corporate perspective. In accordance with internally defined credit policies, each operating entity and each new customer within the Company is required to conduct management and credit risk analysis before setting the terms and conditions for payment and delivery. Internal risk control is to evaluate the credit quality of customers by considering their financial status, past experience and other factors. The limit of individual risks is set by the board of directors according to internal or external ratings, and the use of credit lines is regularly monitored.

C. The Company adopts the following assumptions provided by IFRS 9 as the basis for judging whether the credit risk of financial instruments has increased significantly since the original recognition: When the contract payment is overdue for more than 60 days according to the agreed payment terms, it is deemed that the credit risk of financial assets has increased significantly since the original recognition.

D. The Company adopts the premise provided by IFRS 9, and when the contract payment is overdue for more than 180 days according to the agreed payment terms, it is deemed to have breached the contract.

E. The Company will group customers' accounts receivable according to the characteristics of customers' rating, and adopt simplified methods to adjust the estimated expected credit loss based on the historical and current information of a specific period. The following table shows the changes in the loss allowance for accounts receivable adopted by the Company in a simplified way:

	2022	2021
Balance at January 1	$ 14,946	$ 17,285
Expected credit losses (gains)	7,036	(2,339)
Write-offs due to irrecoverable amounts	(14,034)	-
Balance at December 31	$ 7,948	$ 14,946

(3) Liquidity risk

A. Cash flow forecasts are performed by each operating entity within the Company and are summarized by the Company's Finance Department. The Company's Finance Department monitors the forecast of the Company's liquidity needs to ensure that it has sufficient funds to meet its operating needs and maintains sufficient unspent loan commitments at all times to ensure that the Company has sufficient financial flexibility.

B. If the remaining cash held by the Company exceeds the amount needed to manage working capital, the Company's Finance Department coordinates the planning of investing the remaining funds in interest-bearing demand deposits, time deposits and marketable securities with instruments of appropriate maturity or sufficient liquidity to respond to the above forecasts and provide sufficient level of dispatch, which are expected to generate cash flow immediately to manage liquidity risk.

C. The details of the Company's unused loans are as follows:

	December 31, 2022	December 31, 2021
Floating interest rate		
Expiring within one year	$ 1,342,301	$ 440,928

D. The following table shows the Company's non-derivative financial liabilities and derivative financial liabilities for net or total settlement, grouped by the relevant maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date; derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date. The contractual cash flow amounts disclosed in the table below are undiscounted amounts.

December 31, 2022	Less than 1year	Between 1 to 2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term loans	$ 60,013	$ -	$ -
Notes payable	194	-	-
Accounts payable	49,942	-	-
Accounts payable - related parties	312,760	-	-
Other payables	129,101	-	-
Other payables - related parties	140	-	-
Guarantee deposits received	-	-	2,193

December 31, 2021	Less than 1year	Between 1 to 2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term loans	$ 704,611	$ -	$ -
Short-term notes and bills payable	300,000	-	-
Notes payable	343	-	-
Accounts payable	134,054	-	-
Accounts payable - related parties	95,961	-	-
Other payables	81,398	-	-
Other payables - related party	2,173	-	-
Guarantee deposits received	-	-	2,110

E. The Company does not anticipate that the timing of cash flows for the maturity analysis will occur significantly earlier or that the actual amounts will be significantly different.

(III) Fair value information

1. The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that are available to the enterprise at the measurement date. An active market is one in which transactions in assets or liabilities occur with sufficient frequency and quantity to provide pricing information on an ongoing basis. The fair value of the stocks and beneficiary certificates of listed (TWSE listed) companies invested by the Company are included in it.

Level 2: Observable input value of assets or liabilities, directly or indirectly, other than those included in the quoted prices in Level 1. The fair value of forward foreign exchange contract derivatives invested by the Company are included in it.

Level 3: Unobservable input value of assets or liabilities. All equity instrument investments in which the Company invests without a viable market are included in it.

2. The book amount of financial instruments not measured at fair value (including cash and cash equivalents, financial assets measured at amortized cost, accounts receivable (including related parties), other receivables (including related parties), refundable deposits, short-term loans, short-term securities payable, negotiable instrument payable, accounts payable (including related parties), other payables (including related parties) and guarantee deposits) is a reasonable approximation of fair value.

3. Financial instruments measured at fair value are classified by the Company according to the nature, characteristics and risks of the assets and liabilities and the basis of the fair value hierarchy, and the related information is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 92,027	$ -	$ -	$ 92,027

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 80,697	$ -	$ -	$ 80,697
Forward foreign exchange contract	-	944	-	944
	$ 80,697	$ 944	$ -	$ 81,641

4. The methods and assumptions used by the Company to measure fair value are described as follows:

(1) The Company uses market quotation for fair value inputs (i.e. Level 1), which are broken down by the characteristics of the instruments as follows:

	Stocks of listed (TWSE listed) company	Open-ended fund
Market quotation	Stock closing price	Fund net value

(2) Except for the above financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by reference to quoted prices from counterparties. The fair

value obtained through valuation techniques may be calculated by reference to the current fair value of other financial instruments with substantially similar conditions and characteristics, the discounted cash flow method or other valuation techniques, including using models to calculate market information available at the balance sheet date.

5. There was no transfer between Level 1 and Level 2 in both 2022 and 2021.
6. There were no transfers in or out of Level 3 in both 2022 and 2021.

(IV) Other matters

Due to the impact of the novel coronavirus pneumonia epidemic and the government’s promotion of various epidemic prevention measures, the Company has implemented workplace hygiene management measures and continues to manage related matters in accordance with the “Guidelines for Continuing Operations in Response to the Severe and Special Infectious Pneumonia Epidemic”, so there is no significant adverse impact on operations.

XIII. Disclosures in notes

(According to the regulatory requirement, the Company is only required to disclose the information for the year ended December 2022)

(I) Significant transactions information

1. Loans to others: Please refer to Table 1.
2. Provision of endorsements and guarantees to others: Please refer to Table 2.
3. Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures): Please refer to Table 3.
4. Acquisition or sale of the same security with the accumulated cost reaching NT$300 million or 20% of the paid-in capital or more: Please refer to Table 4.
5. Acquisition of property reaching NT$300 million or 20% of the paid-in capital or more: None.
6. Disposal of property reaching NT$300 million or 20% of the paid-in capital or more: None.
7. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Please refer to Table 5.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Table 6.
9. Trading in derivative instruments: Please refer to Table 7.
10. Significant inter-company transactions during the reporting periods: Please refer to Table 8 .

(II) Information on investees

Names, locations and other information of investee companies (excluding investees in Mainland China): Please refer to Table 9.

(III) Information on investment in Mainland China

1. Basic information: Please refer to Table 10.
2. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Table 11.

(IV) Information of major shareholders

Information of major shareholders: Please refer to Table 12.

XIV. Segment information

None.

Hanpin Electron Co.,Ltd.
Loans to others
For the year ended December 31, 2022

Table 1

(Expressed in thousands of New Taiwan dollars)

No.	Financing company	Name of counterparty	Account	Related parties	Maximum balance	Ending balance	Actual amount draw down	Interest rate	Nature for financing (Note 1)	Total transaction amount	Reason for financing	Allowance for doubtful accounts	Assets pledged		Loan limit per entity (Note 2)	Maximum amount available for loan(Note 2)	Note
													Item	Value			
1	Hanpin (BVI) International Co., Ltd.	Hanchih Electronics (Shenzhen) Co., Ltd.	Other receivables	Yes	$ 415,638	$ 396,159	$ 396,159	-	2	$ -	Operating capital	$ -	-	$ -	$ 1,306,759	$ 1,306,759	—

(Note 1) The description of loaning fund nature code is as follows:
1. Those who have business transactions.
2. Those who have the need for short-term financing.

(Note 2) The calculation of the loaning fund limit for individual targets and the loaning fund total limit is as follows:
1. Loaning fund limit for individual targets
   (1) If funds are loaned to a company or firm with business transactions, the amount of individual loans shall not exceed the amount of business transactions between the two parties in the most recent year. The transaction amount refers to the higher of the purchase or sale amount between the two parties, but shall not exceed 10% of the net value of the lending company.
   (2) If funds are loaned to a company or firm with short-term financing needs, the amount of individual loans shall not exceed 10% of the Company's net worth. However, if funds are loaned to a Taiwan parent company or a subsidiary directly or indirectly holding 100% of the voting shares of a Taiwan parent company that has short-term financing needs, the amount of individual loans shall not exceed 100% of the net worth of the lending company.
2. Loaning fund total limit: The total amount of funds loaned by the lending company to others shall not exceed 100% of the net worth of the lending company, of which:
   (1) If funds are loaned to a company or firm with business transactions, the loaning fund total limit shall not exceed 20% of the net worth of the lending company.
   (2) If funds are loaned to a company or firm with short-term financing needs, the loaning fund total limit shall not exceed 10% of the net worth of the lending company. However, if funds are loaned to a Taiwan parent company or a subsidiary directly or indirectly holding 100% of the voting shares of a Taiwan parent company that has short-term financing needs, the loaning fund total limit shall not exceed 100% of the net worth of the lending company.

(Note 3) Amounts in this table that involving foreign currencies are converted into NTD using the exchange rate (USD:NTD 1:30.71) as of the date of the financial reports.

Hanpin Electron Co.,Ltd.
Provision of endorsements and guarantees to others
For the year ended December 31, 2022

Table 2

(Expressed in thousands of New Taiwan dollars)

No.	Endorser / guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party(Note 2)	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per lastest financial statements (%)	Maximum endorsement/guarantee amount allowable (Note 2)	Endorsement/ guarantee provided by parent company	Endorsement/ guarantee provided by a subsidiary	Endorsement/ guarantee provided to subsidiaries in Mainland China	Note
0	Hanpin Electron Co.,Ltd.	Hanchih Electronics (Hong Kong) Co., Ltd.	(Note 1)	$ 2,334,492	$ 151,120	$ 93,420	$ 93,420	$ 32,000	4.00%	$ 2,334,492	Yes	No	No	—

(Note 1) The relationship codes with the Company are described as follows:
A company in which the Company directly and indirectly holds more than 50% of the voting shares.

(Note 2) 1. The limit of the Company and its subsidiaries' endorsement/guarantee for a single enterprise shall not exceed 50% of the current net shareholders' equity, except for a single overseas subsidiary where the limit shall not exceed 100% of the current net shareholders' equity;
If the endorsement/guarantee is for business relationship, it shall not exceed the total amount of transactions with the Company in the most recent year (the higher of the amount of purchase or sale between the two parties). The total amount of endorsement/guarantee of the Company and its subsidiaries shall not exceed 100% of the current net shareholders' equity.
2. The total amount of endorsement/guarantee for the Company and its subsidiaries as a whole shall not exceed 100% of the current net worth of the Company, and the total amount of endorsement/guarantee for a single enterprise shall not exceed 50% of the current net worth of the Company, except for an overseas subsidiary or a single affiliate where total amount shall not exceed 100% of the current net worth of the Company.

(Note 3) Amounts in this table that involving foreign currencies are converted into NTD using the exchange rate (USD:NTD 1:30.71) as of the date of the financial reports.

Hanpin Electron Co.,Ltd.
Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures)
December 31, 2022

Table 3

(Expressed in thousands of New Taiwan dollars)

Investor	Type and name of securities	Relationship with the issuer	General ledger account	Ending balance: Number of shares (in thousands)	Ending balance: Book value	Ending balance: Percentage of ownership	Ending balance: Fair value	Note
Hanpin Electron Co.,Ltd.	Stocks:							
	D&G Technology Holding Co., Ltd.	-	(Note 1)	2	$ -	-	$ -	-
	Beneficiary certificates:							
	Cathay Pacific China Domestic Demand Growth Fund	-	(Note 1)	528	10,268	-	10,268	-
	PineBridge China A-Share Quantitative Selection Fund	-	(Note 1)	1,555	15,472	-	15,472	-
	Risheng China Strategic A-Share Fund	-	(Note 1)	1,581	14,702	-	14,702	-
	Franklin Templeton SinoAm China A-Share Fund	-	(Note 1)	2,350	21,546	-	21,546	-
	Allianz China Strategic Fund	-	(Note 1)	811	17,218	-	17,218	-
	PineBridge Special Dividend Income Fund	-	(Note 1)	944	9,821	-	9,821	-
	PineBridge ESG Carbon Reduction Global Equity Fund	-	(Note 1)	300	3,000	-	3,000	-
Hanchih Development Co., Ltd.	Beneficiary certificates:							
	Yuanda Taiwan Excellence 50 Securities Investment Trust Fund	-	(Note 1)	150	16,530	-	16,530	-
Hanpin Electronics (Shenzhen) Co., Ltd.	Structured deposits:							
	Fubon Bank CNY Interest Rate Structured Products	-	(Note 1)	-	78,312	-	78,312	-
Hanchih Electronics (Shenzhen) Co., Ltd.	Structured deposits:							
	Fubon Bank CNY Interest Rate Structured Products	-	(Note 1)	-	275,903	-	275,903	-

(Note 1) It is shown as "Financial assets at fair value through profit or loss - current".
(Note 2) Amounts involving foreign currencies in this table are converted into NTD using the exchange rate (USD: NTD 1:30.71; CNY: USD 1:0.1436) as of the date of the financial reports.

Hanpin Electron Co., Ltd.

Acquisition or sale of the same security with the accumulated cost reaching NT$300 million or 20% of the paid-in capital or more

For the year end December 31, 2022

Table 4

(Expressed in thousands of New Taiwan dollars)

Investor	Type and name of securities	General ledger account	Counterparty	Relationship	Beginning balance		Addition		Disposal				Other increase (decrease)		Ending balance	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Selling price	Book value	Gain(loss) on Disposal	Number of shares (in thousand)	Amount	Number of shares (in thousands)	Amount
Hanchih Electronics (Shenzhen) Co., Ltd.	Fubon Bank CNY Interest Rate Structured Products	Financial assets at fair value through profit or loss - current	Fubon Bank	—	-	$ 270,691	-	$ 410,126	-	$ 413,547	($ 405,777)	$ 7,770	-	$ 863	-	$ 275,903

(Note) Amounts involving foreign currencies in this table are converted into NTD using the exchange rate (USD:NTD 1:30.71; CNY:USD 1:0.1436) as of the date of the financial reports.

Hanpin Electron Co., Ltd.
Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital
For the year end December 31, 2022

Table 5

(Expressed in thousands of New Taiwan dollars)

			Transaction					Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/Seller	Counterparty	Relationship	Purchases (sales)		Amount	Percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable) (%)	Notes
Hanpin Electron Co., Ltd.	Hanchih Electronics (Hong Kong) Co., Ltd.	Subsidiary	Purchases	$	2,496,991	86%	(Note 1)	-	(Note 2)	($ 312,760)	(86%)	—
Hanchih Electronics (Hong Kong) Co., Ltd.	Hanchih Electronics (Shenzhen) Co., Ltd.	Subsidiary	Purchases		2,496,688	84%	(Note 1)	-	(Note 2)	(286,419)	(88%)	—
	Hanpin Electron Co., Ltd.	The Company	(Sales)	(	2,496,991)	(99%)	(Note 1)	-	(Note 2)	312,760	99%	—
Hanchih Electronics (Shenzhen) Co., Ltd.	Hanchih Electronics (Hong Kong) Co., Ltd.	Subsidiary	(Sales)	(	2,496,688)	(98%)	(Note 1)	-	(Note 2)	286,419	100%	—

(Note 1) The terms of payment and collection for purchases and sales with related parties are 60 days of monthly settlement by wire transfer, but both parties may agree to postpone the payment and collection period depending on the capital situation.

(Note 2) The terms of payment and collection for general transactions are 30 to 90 days of monthly settlement, mainly depending on the Company's customer credit management regulations.

(Note 3) Amounts involving foreign currencies, the balance of the notes and accounts receivable (payable) in this table are converted into NTD using the exchange rate (USD: NTD 1:30.71; CNY:USD 1:0.1436) as of the date of the financial reports; the purchase and sales transaction amount for the period is converted into NTD at the average exchange rate (USD:NTD 1:29.80; CNY:USD 1:0.1488) in 2022.

Hanpin Electron Co., Ltd.
Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital
December 31, 2022

Table 6 (Expressed in thousands of New Taiwan dollars)

Company name	Counterparty	Relationship	Receivables from related parties: General ledger account	Receivables from related parties: Amount	Turnover rate	Overdue receivables: Amount	Overdue receivables: Action taken	Subsequent collections	Allowance for doubtful accounts	Note
Hanpin (BVI) International Co., Ltd.	Hanpin Electronics (Shenzhen) Co., Ltd.	Subsidiary	Other receivables	$ 396,159	-	$ -	-	$ -	$ -	—
Hanchih Electronics (Hong Kong) Co., Ltd.	Hanpin Electron Co., Ltd.	The Company	Accounts receivable	312,760	12.26	-	-	70,358	-	-
Hanchih Electronics (Shenzhen) Co., Ltd.	Hanchih Electronics (Hong Kong) Co., Ltd.	Subsidiary	Accounts receivable	286,419	13.23	-	-	68,632	-	-

(Note) Amounts involving foreign currencies in this table are converted into NTD using the exchange rate (USD:NTD 1:30.71; CNY:USD 1:0.1436) as of the date of the financial reports.

Hanpin Electron Co., Ltd.
Trading derivative instruments
December 31, 2022

Table 7

Expressed in thousands of New Taiwan dollars (Unless otherwise specified)

Company name	Derivative financial instruments	Contract amount (thousand dollars)		Book value	
Hanpin Electronics (Shenzhen) Co., Ltd.	Fubon Bank CNY Interest Rate Structured Products	CNY	17,190	$	78,312
Hanchih Electronics (Shenzhen) Co., Ltd.	Fubon Bank CNY Interest Rate Structured Products	CNY	61,000		275,903

(Note 1) The Group recognized a net transaction benefit of $12,722 for engaging in derivative instruments in 2022.
(Note 2) Amounts involving foreign currencies in this table are converted into NTD using the exchange rate (USD:NTD 1:30.71; CNY:USD 1:0.1436) as of the date of the financial reports.

Hanpin Electron Co., Ltd.
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2022

Table 8

(Expressed in thousands of New Taiwan dollars)

No. (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction: General ledges account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total revenue or total assets (Note 4)
0	HANPIN ELECTRON CO., LTD.	Hanchih Electronics (Hong Kong) Co., Ltd.	1	Purchases	$ 2,496,991	(Note 5)	81%
				Accounts payable	312,760	–	9%
				Endorsement/guarantee	93,420	–	3%
		Hanchih Electronics (Shenzhen) Co., Ltd.	1	Accounts receivable	20,255	(Note 6)	1%
1	Hanpin (BVI) International Co., Ltd.	Hanpin Electronics (Shenzhen) Co., Ltd.	3	Other receivables	13,789	–	–
				Accounts payable	28,227	–	1%
		Hanchih Electronics (Shenzhen) Co., Ltd.	3	Other receivables	396,159	–	12%
2	HANPIN PRO AUDIO CO., LTD.	Hanchih Electronics (Shenzhen) Co., Ltd.	3	Purchases	19,570	(Note 5)	1%
3	Hanchih Electronics (Hong Kong) Co., Ltd.	Hanchih Electronics (Shenzhen) Co., Ltd.	3	Purchases	2,496,688	(Note 5)	81%
				Accounts payable	286,419	–	9%

(Note 1) The business relationship and significant transactions between the parent company and its subsidiary are not separately disclosed because they are in a different direction from their relative transactions; another important transaction disclosure standard is NT$10 million or more.

(Note 2) Information on business transactions between the parent company and its subsidiaries and between each subsidiary should be indicated in the numbered column respectively, and the number should be completed as follows:

1. Fill in 0 for the parent company.
2. The subsidiaries are numbered sequentially by company, starting with the Arabic numeral 1.

(Note 3) There are three types of relationships with traders, which can be repeatedly disclosed by labeling the type of relationship;

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

(Note 4) The ratio of transaction amount to consolidated total revenue or total assets is calculated based on the ratio of closing balance to total consolidated assets in the case of assets and liabilities, or based on the interim cumulative amount accounting for the total consolidated revenue in the case of profit or loss.

(Note 5) The terms of payment for purchases from related parties are 60 days of monthly settlement by wire transfer, but both parties may agree to postpone the payment period depending on the capital situation.

(Note 6) The raw materials purchased by the Company were exported to its subsidiary in China for processing. The Company did not treat this amount as sales revenue in accordance with the Financial Accounting Standards, and the related costs and expenses were not included in the Company's profit or loss.

(Note 7) Amounts involving foreign currencies, the balance of the notes and accounts receivable (payable) in this table are converted into NTD using the exchange rate (USD: NTD 1:30.71; CNY:USD 1:0.1436) as of the date of the financial reports; the purchase and sales transaction amount for the period is converted into NTD at the average exchange rate (USD:NTD 1:29.80; CNY:USD 1:0.1488) in 2022.

Hanpin Electron Co., Ltd.
Names, locations and other information of investee companies (excluding investees in Mainland China)
For the year ended December 31, 2022

Table 9

(Expressed in thousands of New Taiwan dollars)

Investor	Investee	Location	Main business	Original investment amount: End of current period	Original investment amount: Late last year (Note 1)	As of December 31,2022: Number of shares	As of December 31,2022: Ownership (%)	As of December 31,2022: Book value	Net income (loss)of the investee	Investment income(loss) recognized by the Company	Note
Hanpin Electron Co., Ltd.	Hanpin (BVI) International Co., Ltd.	British Virgin Islands	Import and development of household electrical appliances, digital audio, and laser turntables	$ 462,466	$ 462,466	15,003,894	100.00	$ 1,305,729	$ 49,225	$ 49,137	Subsidiary
Hanpin Electron Co., Ltd..	Hanchih Development Co., Ltd.	Taiwan	Residential and building rental and sales development	271,006	271,006	15,400,000	100.00	224,706	(10,011)	(10,011)	Subsidiary
Hanpin Electron Co., Ltd..	HANPIN PRO AUDIO CO., LTD.	Mauritius	Trading, research and development, import and export of audio products	-	36,935	-	-	-	(3,622)	(2,365)	Subsidiary (Note 2)
Hanpin (BVI) International Co., Ltd.	Hanchih Electronics (Hong Kong) Co., Ltd.	Hong Kong	Import and export declaration service	294,816	294,816	50,961,160	100.00	743,971	57,052	-	Subsidiary (Note 3)

(Note 1) represents the original investment balance as of December 31, 2021.
(Note 2) The liquidation and cancellation procedures were completed in September 2022.
(Note 3) The amount of investment (loss) profit recognized in the current period is exempt from disclosure in accordance with regulations.
(Note 4) Amounts involving foreign currencies in this table are converted into NTD using the exchange rate (USD:NTD 1:30.71; CNY:USD 1:0.1436) as of the date of the financial reports.

Hanpin Electron Co., Ltd.
Information on investments in Mainland China - Basic information
For the year ended December 31, 2022

Table 10 (Expressed in thousands of New Taiwan dollars)

Investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated outflow of investment from Taiwan as of January 1,2022	Investment flows: Outflow	Investment flows: Inflow	Accumulated outflow of investment from Taiwan as of December 31,2022	Net income (losses) of the investee company	Percentage of ownership	Share of profits/losses	Book value of investments as of December 31,2022	Accumulated inward remittance of earnings as of December 31,2022	Note
Hanpin Electronics (Shenzhen) Co., Ltd.	Production, sales and R&D of laser turntables and traditional turntables	$ 92,130	Note 1	$ 153,550	$ -	$ -	$ 153,550	$ 11,138	100.00	$ 11,138	$ 230,282	$ 265,245	—
Hanchih Electronics (Shenzhen) Co., Ltd.	Production, sales and R&D of laser turntables and traditional turntables	153,550	Note 2	153,550	-	-	153,550	51,951	100.00	51,951	686,743	110,944	—

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31,2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the investment commission of MOEA (Note 4)
HANPIN ELECTRON CO., LTD.	$ 336,275	$ 353,165	$ 1,400,695

(Note 1) Reinvestment in mainland companies through was established through the company invested and established in third regions (Hanpin (BVI) International Co., Ltd.).
(Note 2) Reinvestment in mainland companies through reinvestment in an existing company in a third region (Hanchih Electronics (Hong Kong) Co., Ltd.).
(Note 3) It is recognized based on the financial statements of each investee company audited by a certified public accountant of the parent company in Taiwan for the same period.
(Note 4) The calculation is based on 60% of the higher of net worth or consolidated net worth.
(Note 5) Amounts involving foreign currencies in this table are converted into NTD using the exchange rate (USD:NTD 1:30.71; CNY:USD 1:0.1436) as of the date of the financial reports.

Hanpin Electron Co., Ltd.
Information on investments in Mainland China - Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area
For the year ended December 31, 2022

Table 11

(Expressed in thousands of New Taiwan dollars)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31,2022	%	Balance at December 31,2022	Purpose	Maximum balance during the year ended December 31,2022	Balance at December 31,2022	Interest rate	Interest during the year ended December 31,2022	Other
Hanchih Electronics (Shenzhen) Co., Ltd.	($ 2,496,991)	(86)	$ -	-	($ 312,760)	(86)	$ -	-	$ -	$ -	-	$ -	-
	-	-	-	-	20,255	7	-	-	-	-	-	-	(Note)
	-	-	-	-	-	-	-	-	415,638	396,159	-	-	-

(Note) The raw materials purchased by the Company were exported to its subsidiary in China for processing. The Company did not treat this amount as sales revenue in accordance with the Financial Accounting Standards, and the related costs and expenses were not included in the Company's profit or loss.

Hanpin Electron Co., Ltd.
Information of major shareholders
December 31, 2022

Table 12

Unit: shares

Names of major shareholders	Share: Number of shares held	Share: Ownership percentage
Shen-Chi Liu	4,933,434	6.16%
Hanpin Development Co., Ltd.	4,850,000	6.06%
Chiu-Hsiung Liu	4,270,915	5.33%
Shen-Keng Liu	4,094,056	5.11%

(Note) The information on major shareholders in this table refers to information on the total number of the completed common shares and preferred shares held by shareholders of the Company that have been delivered without physical registration (including treasury shares) amounting to 5% or more calculated by CIB on the last business day at the end of each quarter
The number of shares recorded in the Company's financial reports and the actual number of shares delivered without physical registration may vary depending on the basis of preparation of the calculation.

HANPIN ELECTRON CO., LTD.
Statement of Cash and Cash Equivalents
December 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	
Cash:			
Cash on hand		$	199
Check deposits			50,893
Demand deposits - NTD			8,541
- Foreign currency	USD 3,398 thousands @ 30.71		
	HKD 3 thousands @ 3.938		104,355
		$	163,988

HANPIN ELECTRON CO., LTD.
Statement of Financial Assets at Fair Value Through Profit or Loss - Current
December 31, 2022
(Expressed in thousands of New Taiwan dollars)

Name of financial instrument	Item	Number of shares or sheets (Thousand shares or units)	Par value (NTD)	Total amount	Interest rate	Acquisition cost	Fair value Unit price (NTD)	Fair value Total amount	It is attributed to changes in fair value of changes in credit risk	Remarks
Stocks	D&G Technology Holding Co., Ltd.	2	$ 10	$ 17	—	$ 573	$ -	$ -	—	—
Beneficiary certificates	Cathay Pacific China Domestic Demand Growth Fund	528	-	10,268	—	12,000	19.43	10,268	—	—
	PineBridge China A-Share Quantitative Selection Fund	1,555	-	15,472	—	17,000	9.95	15,472	—	—
	Risheng China Strategic A-Share Fund	1,581	-	14,702	—	18,000	9.30	14,702	—	—
	Franklin Templeton SinoAm China A-Share Fund	2,350	-	21,546	—	23,000	9.17	21,546	—	—
	Allianz China Strategic Fund	811	-	17,218	—	20,000	21.23	17,218	—	—
	PineBridge Special Dividend Income Fund	944	-	9,821	—	10,000	10.40	9,821	—	—
	PineBridge ESG Carbon Reduction Global Equity Fund	300	-	3,000	—	3,000	10.00	3,000	—	—
						103,573		$ 92,027		
	Evaluation and adjustments					(11,546)				
						$ 92,027				

HANPIN ELECTRON CO., LTD.
Statement of Financial Assets at Amortized Cost - Currentt
December 31, 2022
(Expressed in thousands of New Taiwan dollars)

Name	Description	Number of shares or sheets (Thousand shares or units)	Par value	Total amount	Interest rate	Book value	Accumulated impairment	Note
Time deposits - NTD	Expiry date: January 12, 2023 to October 18, 2023	—	$ 763,800	$ 763,800	1.30%～1.44%	$ 763,800	$ -	—

HANPIN ELECTRON CO., LTD.
Statement of Accounts Receivable, Net
December 31, 2022
(Expressed in thousands of New Taiwan dollars)

Client name	Description	Amount	Note
Company A	Trade receivables	$ 95,447	—
Company B	Trade receivables	54,814	—
Company C	Trade receivables	26,798	—
Company D	Trade receivables	25,440	—
Company E	Trade receivables	17,258	—
Other (sporadic less than 5%)	Trade receivables	47,309	—
		267,066	
Less: Allowance for uncollectible accounts		(7,948)	
		$ 259,118	

HANPIN ELECTRON CO., LTD.
Statement of Inventories
December 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount: Cost	Amount: Net realizable value	Note
Merchandise	—	$ 11,783	$ 14,337	Note
Raw materials	—	36,795	34,814	Note
		48,578	$ 49,151	
Less: Allowance for inventory price decline		(2,202)		
		$ 46,376		

(Note) For the decision method of the net realizable value, please refer to Note IV, (IX) Inventories Description.

HANPIN ELECTRON CO., LTD.
Statement of Changes in Investments Accounted for under Equity Method
For the year end December 31, 2022
(Expressed in thousands of New Taiwan dollars)

	Beginning balance		Addition		Decrease		Ending Balance			Market value or net assets value			
Name of the company	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Percentage of ownership	Amount	Unit price (NTD)	Total Amount	Collateral	Note
Hanpin (BVI) International Co., Ltd.	15,004	$1,204,083	-	$101,646	-	$ -	15,004	100%	$1,305,729	$ 87.03	$1,305,729	None	—
Hanchih Development Co., Ltd.	15,400	247,317	-	-	-	(22,611)	15,400	100%	224,706	14.59	224,706	None	—
HANPIN PRO AUDIO CO., LTD.	1,110	40,424	-	-	(1,110)	(40,424)	-	—	-	-	-	None	(Note)
		$1,491,824		$101,646		($ 63,035)			$1,530,435		$1,530,435		

(Note) The liquidation and cancellation procedures were completed in September 2022.

HANPIN ELECTRON CO., LTD.

Statement of Changes in Property, Plant and Equipment - Cost

For the year end December 31, 2022

(Expressed in thousands of New Taiwan dollars)

Please refer to Note VI (VII) Description of Property, Plant and Equipment.

HANPIN ELECTRON CO., LTD.

Statement of Changes in Property, Plant and Equipment - Accumulated Depreciation

For the year end December 31, 2022

(Expressed in thousands of New Taiwan dollars)

Please refer to Note VI (VII) Description of Property, Plant and Equipment, and Note IV (XIII) Description of Real Estate, Plant and Equipment for the depreciation methods and useful lives.

HANPIN ELECTRON CO., LTD.
Statement of Short-Term Loans
December 31, 2022
(Expressed in thousands of New Taiwan dollars)

Types of loan	Description	Ending balance	Period of contract	Range of interval rate	Credit facility	Collateral	Note
Unsecured loan	Bank of Taiwan	$ 60,000	2022.12.30～2023.1.3	1.99%	$ 100,000	None	—

HANPIN ELECTRON CO., LTD.
Statement of Contract Liabilities - Current
December 31, 2022
(Expressed in thousands of New Taiwan dollars)

Client name	Item	Amount	Note
Company G	Trade pre-receivables	$ 16,520	—
Company H	Trade pre-receivables	10,131	—
Company I	Trade pre-receivables	5,909	—
Company J	Trade pre-receivables	3,001	—
Other (sporadic less than 5%)	Trade pre-receivables	5,180	—
		$ 40,741	

HANPIN ELECTRON CO., LTD.
Statement of Accounts Payable
December 31, 2022
(Expressed in thousands of New Taiwan dollars)

Suppliers name	Description	Amount	Note
Company A	Trade payables	$ 12,785	—
Company B	Trade payables	5,095	—
Company C	Trade payables	4,427	—
Company D	Trade payables	2,889	—
Company E	Trade payables	2,854	—
Company F	Trade payables	2,714	—
Other (sporadic less than 5%)	Trade payables	19,178	—
		$ 49,942	

HANPIN ELECTRON CO., LTD.
Statement of Accounts Payable - Related Parties
December 31, 2022
(Expressed in thousands of New Taiwan dollars)

Suppliers name	Description	Amount	Note
Hanchih Electronics (Hong Kong) Co., Ltd.	Trade payables	$ 312,760	—

HANPIN ELECTRON CO., LTD.
Statement of Other Payables
December 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount		Note
Remuneration to employees and Directors payable		$	70,352	—
Salaries and bonuses payable			51,591	—
Other (sporadic less than 5%)			7,158	—
		$	129,101	

HANPIN ELECTRON CO., LTD.
Statement of Changes in Deferred Income Tax Liabilities
For the year ended December 31, 2022
(Expressed in thousands of New Taiwan dollars)

Please refer to Note VI (XXII) Explanation of Income Tax.

HANPIN ELECTRON CO., LTD.
Statement of Operating Revenue
For the year ended December 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Quantity	Amount Subtotal	Amount Total	Note
Sales:				
Audio products	1,111 (in thousands)PCS	$ 2,998,728		—
Miscellaneous	—	7,396		—
Sales revenue - net			$ 3,006,124	
Other operating revenue			10,141	—
Operating revenue - net			$ 3,016,265	

HANPIN ELECTRON CO., LTD.
Statement of Operating Costs
For the year ended December 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Merchandise at January 1, 2022	$ 35,198
Add: Merchandise purchased	2,500,847
Merchandise at December 31, 2022	(11,783)
Merchandise sold in this period	2,524,262
Raw materials at January 1, 2022	31,601
Add: Raw materials purchased	400,241
Less: Transferred to expenses	(10,937)
Raw materials for sale	(282,086)
Inventory retirement	(239)
Raw materials at December 31, 2022	(36,795)
Raw materials used during this period	101,785
Direct labor	3,381
Manufacturing expenses	65,829
Manufacturing cost	170,995
Less: Sale of semi-finished products	(170,995)
Cost of production and marketing	-
Cost of raw materials sold	282,086
Cost of semi-finished goods sold	170,995
Other deductions (offset amount of repeated revenue purchases and sales)	(445,799)
Cost of inventory sold	2,531,544
Loss of scrapped inventory	239
Provision for inventory market price decline	561
Cost of sales	2,532,344
Other operating costs	1,516
Operating Costs	$ 2,533,860

HANPIN ELECTRON CO., LTD.
Statement of Manufacturing Expenses
For the year ended December 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Processing fee		$ 53,049	—
Depreciation		5,549	—
Wage and salaries		2,439	—
Other (less than 3%)		4,792	—
		$ 65,829	

HANPIN ELECTRON CO., LTD.
Statement of Selling Expenses
For the year ended December 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wage and Salaries		$ 13,521	—
Insurance		900	—
Export expenses		586	—
Other (less than 3%)		1,257	—
		$ 16,264	

HANPIN ELECTRON CO., LTD.
Statement of General and Administrative Expenses
For the year ended December 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries		$ 57,238	—
Remuneration to directors		21,556	—
Depreciation		6,251	—
Insurance		4,108	—
Service fees		3,535	—
Other (less than 3%)		11,039	—
		$ 103,727	

HANPIN ELECTRON CO., LTD.
Statement of Research and Development Expenses
For the year ended December 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wage and salaries		$ 75,318	—
Insurance		4,571	—
Other (less than 3%)		1,453	—
		$ 81,342	

HANPIN ELECTRON CO., LTD.

Statement of Summary, Employee Benefits, Depreciation, and Amortization Expenses in the Current Period

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan dollars)

Please refer to Note VI, (XX) Additional Information of Expenses by Nature and Note VI, (XXI) Employee Benefit Expenses.