

Alltek Technology Corp. and Subsidiaries

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Alltek Technology Corp.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

Recognition of Sales Revenue

The Group's major source of revenue comes from the trading of semiconductor components. Due to the large volume of sales transactions from semiconductor components, the amount of revenue is material to the Group's consolidated revenue and profit. There is a risk that revenue generated from specific sales clients may not occur; therefore, we identified the recognition of sales revenue as identified as a key audit matter. Refer to Note 22 to the consolidated financial statements.

Our audit procedures performed in respect of the assessment of sales revenue included the following:

1. We obtained an understanding of the design and implementation and tested the operating effectiveness of internal controls over sales revenue.
2. We selected samples and performed test of details for documents related to revenue derived from specific customers, including sales orders, shipping documents and customs export declarations, and checked for any significant differences in collection status. We verified that revenue was recognized upon completion of the performance obligation and confirmed that recorded transactions have actually occurred.
3. We inspected the subsidiary ledger and confirmed the significant sales returns and discounts, and we verified and confirmed the actual occurrence of the annual sales transactions.

Other Matter

As disclosed in Notes 14 to the consolidated financial statements, we did not audit the financial statements of investments accounted for using the equity method included in the consolidated financial statements, which were audited by other auditors. Therefore, the related investment amounts and share of profit of associates accounted for using the equity method in the aforementioned companies in our opinion expressed herein, are recognized based solely on the reports of the other auditors. The total investments in the aforementioned associates accounted for using the equity method audited by other auditors amounted to \$485,661 thousand, representing 2.32% of the related consolidated total assets as of December 31, 2022, respectively. The related share of profit of the aforementioned associates accounted for using the equity method amounted to \$86,845 thousand, representing 6.86% of the consolidated total comprehensive income for the years then ended.

We have also audited the parent company only financial statements of Alltek Technology Corp. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

Those charged with governance, including supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Ching-Fu Chang and Meng-Chieh Chiu.

Ching-Fu Chang Meng-Chieh, Chiu

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2023

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 649,207	3	\$ 701,779	4
Financial assets at fair value through profit or loss - current (Note 7)	-	-	6,344	-
Financial assets at amortized cost - current (Notes 9 and 29)	668,002	3	656,415	4
Notes receivable, net (Notes 4 and 10)	9,323	-	2,666	-
Trade receivables, net (Notes 4, 10, 27, 28 and 29)	6,028,260	29	3,954,938	25
Other receivables (Notes 4, 10 and 28)	2,115,074	10	1,862,333	12
Receivable advance payment on behalf of others (Notes 10 and 22)	-	-	1,776,165	11
Inventories (Notes 4, 5 and 12)	9,988,048	48	5,325,580	34
Non-current assets held for sale (Notes 10, 11 and 27)	-	-	70,596	1
Other current assets	73,011	-	93,338	1
Total current assets	19,530,925	93	14,450,154	92
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	55,215	-	34,167	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	5,000	-	-	-
Investments accounted for using the equity method (Notes 4 and 14)	485,661	2	435,153	3
Property, plant and equipment (Notes 4, 15 and 29)	615,810	3	616,209	4
Right-of-use assets (Notes 4 and 16)	88,165	1	93,684	-
Intangible assets (Note 4)	1,170	-	2,246	-
Deferred tax assets (Notes 4 and 24)	80,914	1	108,018	1
Refundable deposits	51,569	-	41,876	-
Other non-current assets	6,487	-	-	-
Total non-current assets	1,389,991	7	1,331,353	8
TOTAL	\$ 20,920,916	100	\$ 15,781,507	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 29)	\$ 3,685,104	18	\$ 3,054,925	19
Short-term bills payable (Note 17)	1,120,000	5	1,415,000	9
Contract liabilities (Note 22)	565,673	3	624,752	4
Notes payable, net	3,357	-	6,505	-
Trade payables, net	7,806,299	37	4,226,267	27
Other payables (Notes 19 and 28)	561,327	3	634,803	4
Current tax liabilities (Notes 4 and 24)	341,231	2	94,040	1
Lease liabilities - current (Notes 4 and 16)	58,128	-	49,841	-
Current portion of long-term borrowings (Notes 17 and 29)	34,718	-	720,135	4
Other current liabilities (Notes 19, 22 and 28)	436,741	2	463,992	3
Total current liabilities	14,612,578	70	11,290,260	71
NON-CURRENT LIABILITIES				
Bonds payable (Notes 18 and 27)	549,664	2	-	-
Long-term borrowings (Notes 17 and 29)	595,131	3	186,824	1
Deferred tax liabilities (Notes 4 and 24)	341,068	2	295,973	2
Lease liabilities - non-current (Notes 4 and 16)	32,632	-	47,142	1
Net defined benefit liabilities - non-current (Notes 4 and 20)	21,370	-	25,004	-
Deposits received	27,762	-	24,544	-
Total non-current liabilities	1,567,627	7	579,487	4
Total liabilities	16,180,205	77	11,869,747	75
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	2,179,081	10	2,005,322	13
Capital surplus	542,552	3	502,180	3
Retained earnings				
Legal reserve	471,566	2	390,412	3
Special reserve	130,743	1	91,332	1
Unappropriated earnings	1,165,757	6	839,626	5
Total retained earnings	1,768,066	9	1,321,370	9
Other equity				
Exchange differences on translating the financial statements of foreign operations	56,537	-	(130,743)	(1)
Total equity attributable to owners of the Company	4,546,236	22	3,698,129	24
NON-CONTROLLING INTERESTS	194,475	1	213,631	1
Total equity (Note 21)	4,740,711	23	3,911,760	25
TOTAL	\$ 20,920,916	100	\$ 15,781,507	100

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

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 28)	\$ 60,428,396	100	\$ 47,134,253	100
OPERATING COSTS (Notes 12, 23 and 28)	<u>(57,972,155)</u>	<u>(96)</u>	<u>(44,688,561)</u>	<u>(95)</u>
GROSS PROFIT	<u>2,456,241</u>	<u>4</u>	<u>2,445,692</u>	<u>5</u>
OPERATING EXPENSES (Notes 23 and 28)				
Selling and marketing expenses	(657,897)	(1)	(700,250)	(2)
General and administrative expenses	(441,433)	(1)	(515,353)	(1)
Research and development expenses	<u>(128,191)</u>	<u>-</u>	<u>(138,473)</u>	<u>-</u>
Total operating expenses	<u>(1,227,521)</u>	<u>(2)</u>	<u>(1,354,076)</u>	<u>(3)</u>
PROFIT FROM OPERATIONS	<u>1,228,720</u>	<u>2</u>	<u>1,091,616</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 23)	15,627	-	3,513	-
Other income (Notes 23 and 28)	135,599	-	49,893	-
Other gains and losses (Note 23)	179,714	-	(77,048)	-
Finance costs (Notes 23 and 28)	(228,533)	-	(81,188)	-
Share of profit or loss of associates (Note 14)	<u>82,044</u>	<u>-</u>	<u>14,171</u>	<u>-</u>
Total non-operating income and expenses	<u>184,451</u>	<u>-</u>	<u>(90,659)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,413,171	2	1,000,957	2
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(337,437)</u>	<u>-</u>	<u>(214,805)</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>1,075,734</u>	<u>2</u>	<u>786,152</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	3,301	-	(999)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(650)</u>	<u>-</u>	<u>125</u>	<u>-</u>
	<u>2,651</u>	<u>-</u>	<u>(874)</u>	<u>-</u>

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ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to loss:				
Exchange differences on translating the financial statements of foreign operations	\$ 234,919	-	\$ (49,582)	-
Share of the other comprehensive income of associates accounted for using the equity method	4,806	-	-	-
Income tax relating to items that may be reclassified subsequently to profit or loss	(52,440)	-	10,171	-
	<u>187,285</u>	<u>-</u>	<u>(39,411)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>189,936</u>	<u>-</u>	<u>(40,285)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,265,670</u>	<u>2</u>	<u>\$ 745,867</u>	<u>2</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,085,773	2	\$ 812,413	2
Non-controlling interests	<u>(10,039)</u>	<u>-</u>	<u>(26,261)</u>	<u>-</u>
	<u>\$ 1,075,734</u>	<u>2</u>	<u>\$ 786,152</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,275,679	2	\$ 772,128	2
Non-controlling interests	<u>(10,009)</u>	<u>-</u>	<u>(26,261)</u>	<u>-</u>
	<u>\$ 1,265,670</u>	<u>2</u>	<u>\$ 745,867</u>	<u>2</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 5.01</u>		<u>\$ 3.75</u>	
Diluted	<u>\$ 4.79</u>		<u>\$ 3.71</u>	

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

(Concluded)

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company					Other Equity	Total	Non-controlling Interests (Note 21)	Total Equity
	Share Capital	Capital Surplus (Note 21)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations			
BALANCE AT JANUARY 1, 2021	\$ 1,891,813	\$ 502,180	\$ 344,259	\$ 27,662	\$ 516,273	\$ (91,332)	\$ 3,190,855	\$ 245,015	\$ 3,435,870
Appropriation of 2020 earnings									
Legal reserve	-	-	46,153	-	(46,153)	-	-	-	-
Special reserve	-	-	-	63,670	(63,670)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(264,854)	-	(264,854)	-	(264,854)
Share dividends distributed by the Company	113,509	-	-	-	(113,509)	-	-	-	-
Cash dividends to shareholders of subsidiaries	-	-	-	-	-	-	-	(5,123)	(5,123)
Net profit for the year ended December 31, 2021	-	-	-	-	812,413	-	812,413	(26,261)	786,152
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	(874)	(39,411)	(40,285)	-	(40,285)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	811,539	(39,411)	772,128	(26,261)	745,867
BALANCE AT DECEMBER 31, 2021	2,005,322	502,180	390,412	91,332	839,626	(130,743)	3,698,129	213,631	3,911,760
Appropriation of 2021 earnings									
Legal reserve	-	-	81,154	-	(81,154)	-	-	-	-
Special reserve	-	-	-	39,411	(39,411)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(481,277)	-	(481,277)	-	(481,277)
Share dividends distributed by the Company	160,426	-	-	-	(160,426)	-	-	-	-
Cash dividends to shareholders of subsidiaries	-	-	-	-	-	-	-	(9,147)	(9,147)
Changes in convertible bonds conversion	13,333	29,656	-	-	-	-	42,989	-	42,989
Equity component of convertible bonds issued	-	10,716	-	-	-	-	10,716	-	10,716
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	1,085,773	-	1,085,773	(10,039)	1,075,734
Other comprehensive loss for the year ended December 31, 2022, net of income tax	-	-	-	-	2,626	187,280	189,906	30	189,936
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,088,399	187,280	1,275,679	(10,009)	1,265,670
BALANCE AT DECEMBER 31, 2022	\$ 2,179,081	\$ 542,552	\$ 471,566	\$ 130,743	\$ 1,165,757	\$ 56,537	\$ 4,546,236	\$ 194,475	\$ 4,740,711

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

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,413,171	\$ 1,000,957
Adjustments for:		
Depreciation expense	79,445	78,237
Amortization	1,319	1,840
Impairment loss of property, plant and equipment	-	33,504
Impairment profit or loss recognized on trade receivables	8,083	1,105
Net gain (loss) on fair value changes of financial liabilities designated as at fair value through profit or loss	2,257	(1,731)
Finance costs	228,533	81,188
Interest income	(15,627)	(3,513)
Dividend income	(500)	(336)
Share of profit of associates	(82,044)	(14,171)
(Loss) gain on disposal of property, plant and equipment	(80)	141
Loss on disposal and write-down of inventories	716,454	58,871
Net loss (gain) on foreign currency exchange	40,770	(64,955)
Gain on lease modification	(554)	(93)
Gain from bargain purchase	-	(5,469)
Changes in operating assets and liabilities		
Notes receivable	(6,657)	5,461
Trade receivables	(2,137,768)	1,475,186
Other receivables	(250,562)	(1,178,571)
Receivable advance payment on behalf of others	1,780,312	(1,780,312)
Inventories	(5,343,956)	(1,317,461)
Other current assets	20,345	2,826
Financial assets at amortized cost - current	(11,587)	10,782
Contract liabilities	(59,079)	177,618
Notes payable	(3,148)	(1,854)
Trade payables	3,582,923	882,761
Other payables	(100,647)	281,651
Other current liabilities	(27,250)	130,507
Net defined benefit liabilities - non-current	(385)	(1,185)
Cash generated from operations	(166,232)	(147,016)
Interest received	15,627	3,513
Interest paid	(195,521)	(77,593)
Income tax paid	(80,925)	(72,631)
Net cash used in operating activities	(427,051)	(293,727)

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ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (5,000)	\$ -
Purchase of financial assets at fair value through profit or loss	(38,115)	(48,097)
Proceeds from sale of financial assets at fair value through profit or loss	21,214	11,591
Acquisition of long-term equity investments accounted for using the equity method	-	(319,770)
Increase in prepayments for investment	(5,004)	-
Payments for property, plant and equipment	(13,667)	(10,995)
Proceeds from disposal of property, plant and equipment	80	28
Increase in refundable deposits	(9,693)	(12,615)
Payments for intangible assets	(243)	(1,044)
Increase in prepayments for equipment	(1,483)	-
Dividends received	<u>36,838</u>	<u>336</u>
Net cash used in investing activities	<u>(15,073)</u>	<u>(380,566)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	34,543,868	20,348,634
Repayments of short-term payables	(33,909,687)	(19,423,653)
Proceeds from short-term bills payable	(295,000)	(23,800)
Proceeds of bond payable	600,939	-
Proceeds from long-term borrowings	2,367,197	1,652,627
Prepayment for long-term borrowings	(2,644,307)	(1,516,384)
Repayments of the principal portion of lease liabilities	(69,397)	(66,349)
Increase in deposits to margin	3,218	24,514
Payment of cash dividends to non-controlling interests	(9,147)	(5,123)
Dividends paid to owners of the Company	<u>(481,277)</u>	<u>(264,854)</u>
Net cash generated from financing activities	<u>106,407</u>	<u>725,612</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>283,145</u>	<u>(57,920)</u>
NET DECREASE IN CASH	<u>(52,572)</u>	<u>(6,601)</u>
CASH AT THE BEGINNING OF THE YEAR	<u>701,779</u>	<u>708,380</u>
CASH AT THE END OF THE YEAR	<u>\$ 649,207</u>	<u>\$ 701,779</u>

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

(Concluded)

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Alltek Technology Corp. (the “Company”) was incorporated in April 1991 as a company limited by shares under the Company Law of the Republic of China (ROC). The Company mainly business operations:

- a. Telecommunications equipment, computer peripherals, and trading in electronic components and test equipment (other than licensing business).
- b. Technology transfer of related products above.
- c. Trading and import and export of radio equipment.
- d. Import and export trade of related products.
- e. Acting as the agent for the relevant products and tendering business of domestic and foreign manufacturers.

The Company’s shares have been traded on Taipei Exchange, formerly known as the GreTai Securities Market since March 2004. In November 2008, the Company’s shares have been listed on the Taiwan Stock Exchange (TWSE).

The functional currency of the Company is the New Taiwan dollar. The consolidated financial statements are presented in the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Company’s board of directors on March 14, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenant”	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

- 1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of financial assets at fair value through other comprehensive income/financial assets at fair value through profit or loss or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

See Note 12, Table 7 and Table 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at fair value. Other types of non-controlling interests are measured at fair value.

f. Foreign currencies

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

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

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

g. Inventories

Inventories consist of merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Group uses the equity method to account for its investments in associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

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

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

When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognizing its share of further loss, if any.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

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

k. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

m. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27: Financial Instruments.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables, lease receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

n. Provisions

Provisions, including those arising from contractual obligations specified in service concession arrangements to maintain or restore infrastructure before it is handed over to the grantor and levies imposed by governments, are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the 4 of the expenditures required to settle the Group's obligations.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of leisure goods and electronic equipment. Sales of semiconductor components are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

Agency income

The Group plays the role of an agent instead of a principal because the Group has no control on specific products before they are transferred to customers. Therefore, the Group's role as an agent is to perform its obligation of product procurement on behalf of the customers. The Group recognizes agency income and receivables when a product is transferred to a customer, and the Group has no further obligation to the customer.

p. Leases

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Government grants

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

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Write-down of inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 1,112	\$ 1,306
Checking accounts and demand deposits	607,251	638,554
Cash equivalent (investments with original maturities of less than three months)		
Time deposits	<u>40,844</u>	<u>61,919</u>
	<u>\$ 649,207</u>	<u>\$ 701,779</u>

The market rate intervals of cash in bank and bank overdrafts at the end of the reporting period were as follows:

	December 31	
	2022	2021
Bank balance	0.01%-2.12%	0.01%-0.30%
Cash equivalent	3.10%-3.85%	0.09%-1.10%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ -	\$ 6,344
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Foreign unlisted shares	\$ 54,993	\$ 34,167
Financial liabilities held for trading		
Derivative financial liabilities		
Convertible options (Note 18)	222	-
	<u>\$ 55,215</u>	<u>\$ 34,167</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Non-current</u>		
Domestic investments		
Domestic unlisted shares	\$ 5,000	\$ -

9. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31	
	2022	2021
Pledged bank deposits	<u>\$ 668,002</u>	<u>\$ 656,415</u>

Refer to Note 29 for information relating to other financial assets pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 9,323	\$ 2,666
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 9,323</u>	<u>\$ 2,666</u>
Notes receivable - operating	\$ 9,323	\$ 2,666
Notes receivable - non-operating	<u>-</u>	<u>-</u>
	<u>\$ 9,323</u>	<u>\$ 2,666</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 6,035,975	\$ 3,791,200
Less: Allowance for impairment loss	<u>(17,971)</u>	<u>(10,157)</u>
	6,018,004	3,781,043
At FVTOCI	<u>242</u>	<u>144,104</u>
	<u>\$ 6,018,246</u>	<u>\$ 3,925,147</u>
<u>Trade receivables from related parties</u>		
At amortized cost		
Gross carrying amount	\$ 10,014	\$ 29,791
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 10,014</u>	<u>\$ 29,791</u>
<u>Other receivables</u>		
Factored trade receivables reclassified to other receivables (Note 27)	\$ 1,483,401	\$ 1,616,816
Purchases returns or allowances receivable	179,292	222,309
Business tax refund receivables	7,538	22,162
Others	<u>3,649</u>	<u>1,046</u>
	<u>\$ 1,673,880</u>	<u>\$ 1,862,333</u>
<u>Other receivables from related parties</u>		
Associates	<u>\$ 441,194</u>	<u>\$ -</u>
Receivable advance payment on behalf of others	<u>\$ -</u>	<u>\$ 1,776,165</u>

Trade Receivables

a. At amortized cost

The average credit period of sales of goods ranged from 30-180 days. No interest was charged on trade receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does show significantly different loss patterns for different customer segments, the Group uses different provision matrixes based on customer segments by geographical region and determines the expected credit loss rate by reference to past due days of accounts receivable and regional economic conditions.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables at amortized cost based on the Group's provision matrix.

December 31, 2022

	Not Past Due	1 to 120 Days	Over 121 Days	Total
Expected credit loss rate	0.00%-0.06%	0.03%-3.29%	0%-100%	
Gross carrying amount	\$ 5,558,282	\$ 482,990	\$ 14,040	\$ 6,055,312
Loss allowance (Lifetime ECLs)	<u>(2,194)</u>	<u>(1,996)</u>	<u>(13,781)</u>	<u>(17,971)</u>
Amortized cost	<u>\$ 5,556,088</u>	<u>\$ 480,994</u>	<u>\$ 259</u>	<u>\$ 6,037,341</u>

December 31, 2021

	Not Past Due	1 to 120 Days	Over 121 Days	Total
Expected credit loss rate	0%	0%-5%	5%-100%	
Gross carrying amount	\$ 3,535,410	\$ 279,049	\$ 9,198	\$ 3,823,657
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(959)</u>	<u>(9,198)</u>	<u>(10,157)</u>
Amortized cost	<u>\$ 3,535,410</u>	<u>\$ 278,090</u>	<u>\$ -</u>	<u>\$ 3,813,500</u>

The movements of the loss allowance of trade receivables were as follows:

	2022	2021
Balance at January 1	\$ 10,157	\$ 50,384
Add: Net remeasurement of loss allowance*	8,083	1,105
Less: Amounts written off*	(1,463)	(40,371)
Foreign exchange gains and losses	<u>1,194</u>	<u>(961)</u>
Balance at December 31, 2020	<u>\$ 17,971</u>	<u>\$ 10,157</u>

* During 2022 and 2021, trade receivables increased by \$2,231,655 thousand and decreased by \$1,591,005 thousand, respectively. The Group reversed an impairment loss on trade receivables of \$1,463 thousand as of December 31, 2022. The Group recognized an impairment loss on trade receivables of \$40,371 thousand as of December 31, 2021. These amounts were mainly due to customers that were under severe financial difficulties.

b. At FVTOCI

The Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

The following table details the loss allowance of trade receivables at FVTOCI based on the Group's provision matrix.

December 31, 2022

	Not Past Due	1 to 120 Days	Over 121 Days	Total
Expected credit loss rate	0%	0%	100%	
Gross carrying amount	\$ 242	\$ -	\$ -	\$ 242
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cost at FVTOCI	<u>\$ 242</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242</u>

December 31, 2021

	Not Past Due	1 to 120 Days	Over 121 Days	Total
Expected credit loss rate	0%	0%	100%	
Gross carrying amount	\$ 144,104	\$ -	\$ -	\$ 144,104
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cost at FVTOCI	<u>\$ 144,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,104</u>

c. Receivables advance payment on behalf of others

Receivables advance payment on behalf of others is the Group's purchases on behalf of customers. The average credit period after the customer pulls the goods is 45-60 days. In determining the recoverability of the receivables advance payment on behalf of others, the Group considers any changes in the credit quality of the receivables advance payment on behalf of others since the date credit was initially granted until the end of the reporting period. When the receivables advance payment on behalf of others is overdue, allowance for impairment loss is recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

11. NON-CURRENT ASSETS HELD FOR SALE

The Group signed a business transfer and integration agreement with Yuban Technology Co., Ltd. in July 2021. In order to integrate Infineon and Cypress's business sales system and strengthen business cooperation, the agency rights of the related product lines were transferred to Yuban Technology Co., Ltd. According to the business transfer and integration agreement, the Group will transfer the related inventories by product line to Yuban Technology Co., Ltd. at their carrying amount. The transaction was executed in two phases between 2022 and 2021 and was completed before the end of 2022. Therefore, the non-current assets to be sold were delisted and no profit or loss occurred. In addition, as of December 31, 2022, \$441,194 thousand has not yet been collected and is listed in other receivables - related parties. Refer to Notes 10 and 28.

The list of non-current assets to be sold as at December 31, 2022 and 2021 were as follows:

	December 31	
	2022	2021
Inventories	\$ <u>-</u>	\$ <u>70,596</u>

12. INVENTORIES

	December 31	
	2022	2021
Merchandise	\$ 9,887,970	\$ 5,186,538
Finished goods	15,897	23,522
Work in progress	15,781	35,637
Raw materials	<u>68,400</u>	<u>79,883</u>
	<u>\$ 9,988,048</u>	<u>\$ 5,325,580</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	\$ 57,243,652	\$ 44,628,095
Inventory write-downs	715,235	53,741
Inventory disposal	1,219	5,130
Others	<u>12,049</u>	<u>1,595</u>
	<u>\$ 57,972,155</u>	<u>\$ 44,688,561</u>

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership	
			December 31	
			2022	2021
Alltek Technology Corp.	Pantek Technology Corp.	Selling and marketing of communication components	100.00%	100.00%
Alltek Technology Corp.	Alltek Marine Electronics Corp.	Designing and manufacturing of high quality AIS products	53.00%	53.00%
Alltek Technology Corp.	Alltek Group Corp.	Investments	100.00%	100.00%
Alltek Technology Corp.	Alder Optomechanical Corp.	Manufacturing and selling lighting equipment	51.00%	51.00%
Alltek Group Corp.	All Plus Co., Ltd. (BVI)	Selling and marketing of communication components	100.00%	100.00%
Alltek Group Corp.	All Pan Co., Ltd.	Investments	100.00%	100.00%
Alltek Group Corp.	Alltek Technology (H.K.) Limited	Selling and marketing of communication components	100.00%	100.00%
All Pan Co., Ltd.	YMY Co., Ltd.	Selling and marketing of communication components	100.00%	100.00%
Alltek Technology (H.K.) Limited	Alltek Technology (Shenzhen) Ltd.	Selling and marketing of communication components	100.00%	100.00%
Pantek Technology Corp.	Pantek Global Corp.	Selling and marketing of communication components	100.00%	100.00%
Pantek Global Corp.	Pantek Trade (Shenzhen) Co., Ltd.	Selling and marketing of communication components	100.00%	100.00%

b. Subsidiaries excluded from the consolidated financial statements: None.

c. Details of subsidiaries that have material non-controlling interests: None.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
<u>Investments in associates</u>		
Associates that are not individually material:		
Yuban Technology Co., Ltd.	\$ 365,394	\$ 333,528
General Life Biotechnology Co., Ltd.	120,267	101,625
Alltek Technology (S) Pte. Ltd.	-	-
	<u>\$ 485,661</u>	<u>\$ 435,153</u>

Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2022	2021
The Group's share of:		
Net gain for the year	\$ 82,044	\$ 14,171
Gain fair value through other comprehensive income	<u>4,801</u>	<u>-</u>
Total comprehensive income (loss) for the year	<u>\$ 86,845</u>	<u>\$ 14,171</u>

The Group's share of loss of Alltek Technology (S) Pte. Ltd. is limited to the amount of investment and share of profit of the associate. When the Group's share of loss of the associate equals the interests in the associate and the investment becomes zero, further losses are not recognized.

In September 2021, the Group acquired 14,535 thousand shares and held 25% of the outstanding shares of Yuban Technology Co., Ltd. The Group recognized a bargain purchase gain of \$5,439 thousand on the acquisition of Yuban Technology Co., Ltd. Under the agreement between the Group and Yuban Technology Co., Ltd., the Group shall not transfer, pledge and create any security rights or dispose of the aforementioned ordinary shares within 3 years from the acquisition date.

The Group hold more than 20% of the total voting shares of the investee; therefore, the equity method is used for the evaluation of investment transaction.

Associates are accounted for using the equity method.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Experimental Equipment	Transportation Equipment	Office Equipment	Unfinished Work and Equipment to Be Inspected	Leasehold Improvements	Total
<u>Cost</u>									
Balance at January 1, 2021	\$ 406,136	\$ 275,989	\$ 319,971	\$ 1,736	\$ 3,761	\$ 78,089	\$ -	\$ -	\$ 1,085,682
Additions	-	-	4,080	398	-	2,721	1,300	2,496	10,995
Disposals	-	(2,685)	(10,378)	(133)	(1,310)	(12,557)	-	-	(27,063)
Acquisition through business combination	-	-	-	-	-	(3,959)	-	3,959	-
Effect of foreign currency exchange differences	-	-	(25)	-	(2)	(553)	-	59	(521)
Balance at December 31, 2021	<u>\$ 406,136</u>	<u>\$ 273,304</u>	<u>\$ 313,648</u>	<u>\$ 2,001</u>	<u>\$ 2,449</u>	<u>\$ 63,741</u>	<u>\$ 1,300</u>	<u>\$ 6,514</u>	<u>\$ 1,069,093</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2021	\$ -	\$ 77,956	\$ 273,407	\$ 228	\$ 3,104	\$ 68,565	\$ -	\$ -	\$ 423,260
Depreciation expense	-	5,431	11,867	401	296	3,873	-	1,605	23,473
Disposals	-	(2,685)	(10,338)	(133)	(1,310)	(12,428)	-	-	(26,894)
Acquisition through business combination	-	-	-	-	-	(1,741)	-	1,741	-
Effect of foreign currency exchange differences	-	-	(27)	-	-	(470)	-	38	(459)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 80,702</u>	<u>\$ 274,909</u>	<u>\$ 496</u>	<u>\$ 2,090</u>	<u>\$ 57,799</u>	<u>\$ -</u>	<u>\$ 3,384</u>	<u>\$ 419,380</u>
<u>Accumulated impairment</u>									
Balance at January 1, 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Impairment loss	-	-	32,974	-	117	413	-	-	33,504
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,974</u>	<u>\$ -</u>	<u>\$ 117</u>	<u>\$ 413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,504</u>
Carrying amount at December 31, 2021	<u>\$ 406,136</u>	<u>\$ 192,602</u>	<u>\$ 5,765</u>	<u>\$ 1,505</u>	<u>\$ 242</u>	<u>\$ 5,529</u>	<u>\$ 1,300</u>	<u>\$ 3,130</u>	<u>\$ 616,209</u>
<u>Cost</u>									
Balance at January 1, 2022	\$ 406,136	\$ 273,304	\$ 313,648	\$ 2,001	\$ 2,449	\$ 63,741	\$ 1,300	\$ 6,514	\$ 1,069,093
Additions	-	-	1,262	5,901	-	4,240	700	1,564	13,667
Disposals	-	(5,249)	(4,384)	(16)	(415)	(12,456)	-	-	(22,520)
Acquisition through business combination	-	-	2,000	-	-	-	(2,000)	-	-
Effect of foreign currency exchange differences	-	-	104	-	-	1,600	-	(155)	1,549
Balance at December 31, 2022	<u>\$ 406,136</u>	<u>\$ 268,055</u>	<u>\$ 312,630</u>	<u>\$ 7,886</u>	<u>\$ 2,034</u>	<u>\$ 57,125</u>	<u>\$ -</u>	<u>\$ 7,923</u>	<u>\$ 1,061,789</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2022	\$ -	\$ 80,702	\$ 274,909	\$ 496	\$ 2,090	\$ 57,799	\$ -	\$ 3,384	\$ 419,380
Depreciation expense	-	5,127	2,970	701	207	3,193	-	1,941	14,139
Disposals	-	(5,249)	(4,384)	(16)	(415)	(12,456)	-	-	(22,520)
Acquisition through business combination	-	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	-	-	103	-	-	1,491	-	(118)	1,476
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 80,580</u>	<u>\$ 273,598</u>	<u>\$ 1,181</u>	<u>\$ 1,882</u>	<u>\$ 50,027</u>	<u>\$ -</u>	<u>\$ 5,207</u>	<u>\$ 412,475</u>
<u>Accumulated impairment</u>									
Balance at January 1, 2022	\$ -	\$ -	\$ 32,974	\$ -	\$ 117	\$ 413	\$ -	\$ -	\$ 33,504
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,974</u>	<u>\$ -</u>	<u>\$ 117</u>	<u>\$ 413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,504</u>
Carrying amount at December 31, 2022	<u>\$ 406,136</u>	<u>\$ 187,475</u>	<u>\$ 6,058</u>	<u>\$ 6,705</u>	<u>\$ 35</u>	<u>\$ 6,685</u>	<u>\$ -</u>	<u>\$ 2,716</u>	<u>\$ 615,810</u>

As a result of future business plans and existing capacity requirements, the estimated future cash flows expected to arise from the related equipment decreased. The Group carried out a review of the recoverable amount of the related equipment and recognized an impairment loss of \$33,504 thousand, which was recognized in other gains and losses for the year ended December 31, 2021. The Group determined the recoverable amounts of the relevant assets on the basis of their value in use.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Building	
Main buildings	50 years
Others	2-10 years
Machinery and equipment	2-10 years
Experimental equipment	2-5 years
Transportation equipment	3-5 years
Office equipment	1-10 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 29.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Buildings	\$ 84,457	\$ 88,446
Transportation equipment	<u>3,708</u>	<u>5,238</u>
	<u>\$ 88,165</u>	<u>\$ 93,684</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 58,944</u>	<u>\$ 94,216</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 60,987	\$ 50,759
Transportation equipment	<u>4,319</u>	<u>4,005</u>
	<u>\$ 65,306</u>	<u>\$ 54,764</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 58,128</u>	<u>\$ 49,841</u>
Non-current	<u>\$ 32,632</u>	<u>\$ 47,142</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	1.20%-4.75%	1.20%-4.75%
Transportation equipment	1.20%-4.75%	1.20%-4.75%

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
<u>Secured borrowings (Note 29)</u>		
Bank loans (1)	\$ 582,800	\$ 523,500
Transferred receivables (2)	<u>39,923</u>	<u>130,096</u>
	<u>622,723</u>	<u>653,596</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>3,062,381</u>	<u>2,401,329</u>
	<u>\$ 3,685,104</u>	<u>\$ 3,054,925</u>
Interest rate interval	1.47%-6.53%	0.34%-1.80%

- 1) Part of the short-term borrowings of the Group for the years ended December 31, 2022 and 2021 have been jointly guaranteed by chairman of the board of the Company.
- 2) Part of the secured borrowings of the Group for the year end December 31, 2022 and 2021 have been jointly guaranteed by time deposits, property and plant.
- 3) Transferred receivables were secured by a guarantee over a certain amount of the Group's trade receivables (refer to Note 10). The weighted average effective interest rates were 5.34% and 0.91%-0.98% per annum as of December 31, 2022 and 2021, respectively.

b. Short-term bills payable

	December 31	
	2022	2021
Commercial paper	\$ 1,120,000	\$ 1,415,000
Less: Unamortized discount on bills payable	<u>-</u>	<u>-</u>
	<u>\$ 1,120,000</u>	<u>\$ 1,415,000</u>
Interest rate interval	0.82%-1.80%	0.24%-0.94%

The commercial paper payable were not discounted because the effect was not material.

c. Long-term borrowings

	December 31	
	2022	2021
<u>Secured borrowings (Note 29)</u>		
Bank loans	\$ 599,940	\$ 891,072
<u>Unsecured borrowings</u>		
Bank loans	<u>29,909</u>	<u>15,887</u>
	629,849	906,959
Less: Current portion	<u>(34,718)</u>	<u>(720,135)</u>
Long-term borrowings	<u>\$ 595,131</u>	<u>\$ 186,824</u>
Interest rate interval	1.95%-5.70%	1.45%-1.80%

Portion of the long-term borrowings of the Group for the years ended December 31, 2022 and 2021 have been jointly guaranteed by chairman of the board of the Company.

In April 2020 and April 2021, the bank borrowings were secured by the Company's freehold land and building. The weighted average effective interest rate of the bank borrowings secured by the Company's freehold land and buildings was 1.95%~2.35% per annum.

The Group signed a long-term syndicated loan contract with the bank for a total amount of US\$100,000 thousand on June 26, 2019 to fund its operating capital, and the borrowings were secured by its own land and buildings. The credit period is three years from June 2019 and the Group may apply to the bank for an extension of two years and six months before the expiration date of the original letter of credit. As of September 30, 2021, the Group has negotiated with the bank for an extension approval. The syndicated loan may be used on a revolving basis within the repayment period. The effective interest rate was 2.28%-5.70% as of December 30, 2022 and the loan will mature in June 2024.

18. BONDS PAYABLE

In July 21, 2022, to repay the loan, the Group issued the 4th domestic unsecured convertible bonds with an aggregate principal amount of \$600,000 thousand and a face value of \$100 thousand per bond certificate. The issuance price is not lower than face value multiplied by 101% Actual issuance amount was \$606,289 thousand. At the end of third year from the bond issuance date, bondholders have the right to redeem the convertible bonds at face value plus interest compensation (the interest compensation is face value multiplied by 102.2669%, rate of return is 0.75%, at expiration date) in cash. The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - option. The terms and conditions of the bonds are as follows:

- Issuance date: July 21, 2022
- Coupon rate: 0%
- Issuance period: 3 years, and a circulation period from July 21, 2022 to July 21, 2025.

d. Redemption of the convertible bonds

At the end of second years from the bond issuance date (July 21, 2024), bondholders have the right to request the Group to redeem the convertible bonds at face value plus interest compensation (the interest compensation is face value multiplied by 101.5056%, rate of return is 0.75% at expiration date) in cash.

e. Redemption method

1) Conversion subject: Subject is ordinary shares of the Company. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding ordinary shares.

2) Conversion period

From October 22, 2022 (3 months after the date of issuance) to July 21, 2025 (expiration date), each bond entitles the holder to convert it into ordinary shares through broker-dealer informing Taiwan Depository & Clearing Corporation to request the Company's agent for stock affairs in accordance with the conditions of the issuance of the bonds except for (1) Period of suspension of transfer of ordinary shares according to the law; (2) Fifteen business days before the stop transfer date of issuance of bonus shares, the stop transfer date of the cash dividend or the stop transfer date of issuance of ordinary shares for cash subscription, and the rights distribution base date; (3) The capital reduction base date to the capital reduction of stocks one day before the trading day.

3) Conversion prices and the adjustments

The conversion price of the bonds is set based on the arithmetic mean of the business day's closing share price multiplied by 102.03% premium rate before the effective date on July 1, 2022. As the Company distributed share dividends in the year ended 2022, the conversion price was adjusted from NT\$38.2 per share to NT\$33 per share.

4) Partial split of convertible bond components

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - option. The effective interest rate of the liability component was 0.8947% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,350 thousand)	\$ 600,939
Equity component (less transaction costs allocated to the equity component of \$95 thousand and related income tax of \$19 thousand)	(10,716)
Deferred tax assets	<u>19</u>
Liability component at the date of issuance	590,242
Option	61
Interest charged at an effective interest rate	2,350
Convertible bonds into ordinary shares	<u>(42,989)</u>
Liability component at December 31, 2022	<u>\$ 549,664</u>

19. OTHER LIABILITIES

	December 31	
	2022	2021
<u>Other payables</u>		
Salaries and bonus	\$ 327,767	\$ 451,258
Payable for annual leave	21,540	19,071
Payable for interest	33,134	6,048
Payables for freight	31,162	22,979
Others	<u>147,724</u>	<u>135,447</u>
	<u>\$ 561,327</u>	<u>\$ 634,803</u>
<u>Other liabilities</u>		
Refund liabilities (Note 22)	\$ 214,271	\$ 277,391
Receipts under custody	209,584	136,738
Other advance receipts - related parties (Note 28)	-	18,316
Others	<u>12,886</u>	<u>31,547</u>
	<u>\$ 436,741</u>	<u>\$ 463,992</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's subsidiary in China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company, Pantek Technology Corp. and Alder Optomechanical Corp., of the Group in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company and Pantek Technology Corp. of the Group contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

Based on the agreement reached in July 2021 with the employees of the applicable defined benefit program, Pantek Technology Corp., a subsidiary of the Group, has requested Taiwan Bank to close its pension account. The balance of \$346 thousand was recovered from the pension account after clearing the account, and the net defined benefit liabilities of \$676 thousand were transferred to income without payment obligation; therefore, the total amount of \$1,022 thousand was recorded as other income, refer to Note 23(2) other income.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 39,487	\$ 41,094
Fair value of plan assets	<u>(18,117)</u>	<u>(16,090)</u>
Net defined benefit liability	<u>\$ 21,370</u>	<u>\$ 25,004</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2021	<u>\$ 41,744</u>	<u>\$ (16,554)</u>	<u>\$ 25,190</u>
Service cost			
Current service cost	409	-	409
Net interest expense (income)	223	(99)	124
Clearance of benefits	<u>(1,022)</u>	<u>346</u>	<u>(676)</u>
Recognized in profit or loss	<u>(390)</u>	<u>247</u>	<u>(143)</u>
Remeasurement			
Return on plan assets	-	(179)	(179)
Actuarial loss - changes in financial assumptions	842	-	842
Actuarial loss - experience adjustments	<u>36</u>	<u>300</u>	<u>336</u>
Recognized in other comprehensive income	<u>878</u>	<u>121</u>	<u>999</u>
Contributions from the employer	<u>-</u>	<u>(1,042)</u>	<u>(1,042)</u>
Benefit payments	<u>(1,138)</u>	<u>1,138</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 41,094</u>	<u>\$ (16,090)</u>	<u>\$ 25,004</u>
Balance at January 1, 2022	<u>\$ 41,094</u>	<u>\$ (16,090)</u>	<u>\$ 25,004</u>
Service cost			
Current service cost	238	-	238
Net interest expense (income)	<u>206</u>	<u>(87)</u>	<u>119</u>
Recognized in profit or loss	<u>444</u>	<u>(87)</u>	<u>357</u>
Remeasurement			
Return on plan assets	-	(1,190)	(1,190)
Actuarial loss - changes in financial assumptions	(1,768)	-	(1,768)
Actuarial loss - experience adjustments	<u>(283)</u>	<u>(60)</u>	<u>(343)</u>
Recognized in other comprehensive income	<u>(2,051)</u>	<u>(1,250)</u>	<u>(3,301)</u>
Contributions from the employer	<u>-</u>	<u>(690)</u>	<u>(690)</u>
Balance at December 31, 2022	<u>\$ 39,487</u>	<u>\$ (18,117)</u>	<u>\$ 21,370</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rate(s)	0.25%-1.25%	0.50%-1.00%
Expected rate(s) of salary increase	0.25%-2.75%	2.50%-3.00%

If possible reasonable change in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2022	2021
Discount rate(s)		
0.25% increase	\$ (824)	\$ (928)
0.25% decrease	\$ 854	\$ 965
Expected rate(s) of salary increase		
0.25% increase	\$ 827	\$ 930
0.25% decrease	\$ (802)	\$ (890)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
The expected contributions to the plan for the next year	\$ 673	\$ 707
The average duration of the defined benefit obligation	8.5-24 years	9.1-25 years

21. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	350,000	350,000
Shares authorized	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>
Number of shares issued and fully paid (in thousands)	217,908	200,532
Shares issued	<u>\$ 2,179,081</u>	<u>\$ 2,005,322</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

The total amount of share capital according to the Articles of Incorporation is \$3,500,000 thousand, which was approved in the shareholders' meeting of the Company.

In addition, the shareholders of the Company issued 11,351 thousand shares with a per value of \$10 by way of a surplus transfer to capital increase by resolution of August 11, 2021. The subscription base date was September 11, 2021, and the above transaction was approved by FSC.

In addition, the shareholders of the Company issued 16,043 thousand shares with a per value of \$10 by way of a surplus transfer to capital increase by resolution of June 21, 2022. The subscription base date was July 29, 2022, and the above transaction was approved by FSC.

As of December 31, 2022, the 4th domestic unsecured convertible bonds had converted into 1,333 shares of ordinary shares at \$33 per share.

b. Capital surplus

	December 31	
	2022	2021
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 526,091	\$ 495,650
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	3,884	3,884
<u>May be used to offset a deficit only (2)</u>		
Changes in percentage of ownership interests in subsidiaries	793	793
Employee share options expired	1,322	1,322
Redemption of the convertible bonds	531	531
<u>May not be used for any purpose</u>		
Components of equity of convertible corporate bonds issued by the company	<u>9,931</u>	<u>-</u>
	<u>\$ 542,552</u>	<u>\$ 502,180</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

The shareholders of the Company held their regular meeting on June 20, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). And the amendments explicitly stipulate that the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

Under the dividend policy to the Company, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration to directors and supervisors before and after amendment, please refer to employee benefits expense in Note 22(g).

The Company's dividend policy is designed to meet present and future development projects and takes into consideration the investment environment, funding requirements, international or domestic competitive conditions while simultaneously meeting shareholders' interests. When there is no cumulative loss, the Company shall set aside share dividends at no less than 50% of the net profit. The way to distribute dividends could be either through cash or shares, and cash dividends shall not be less than 30% of the total dividends.

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

The appropriations of earnings for 2021 and 2020 approved in the shareholders' meetings on August 11, 2022 and June 18, 2021, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 81,154	\$ 46,153
Special reserve	\$ 39,411	\$ 63,670
Cash dividends	\$ 481,277	\$ 264,854
Share dividends	\$ 160,426	\$ 113,509
Cash dividends per share (NT\$)	\$ 2.4	\$ 1.4
Share dividends per share (NT\$)	\$ 0.8	\$ 0.6

The appropriations of earnings for 2022 were proposed by the Company's board of directors on March 14, 2023. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u> For the Year Ended December 31, 2022
Legal reserve	\$ <u>108,839</u>
Special reserve	\$ <u>(130,743)</u>
Cash dividends	\$ <u>823,185</u>
Cash dividends per share (NT\$)	\$ 3.78

The appropriations of earnings for 2022 are subject to the resolution of the shareholders' meeting to be held on June 23, 2023.

d. Non-controlling interests

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ 213,631	\$ 245,015
Cash dividends to shareholders of subsidiaries	(9,147)	(5,123)
Attributable to non-controlling interests:		
Share of profit for the year	(10,039)	(26,261)
Other comprehensive income/(loss) during the year	<u>30</u>	<u>-</u>
	<u>(10,009)</u>	<u>(26,261)</u>
Balance at December 31	<u>\$ 194,475</u>	<u>\$ 213,631</u>

22. REVENUE RECOGNITION

	<u>For the Year Ended December 31</u>	
	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	\$ 60,328,353	\$ 47,025,972
Agency income	65,651	85,195
Others	<u>34,392</u>	<u>23,086</u>
	<u>\$ 60,428,396</u>	<u>\$ 47,134,253</u>
	<u>December 31</u>	
	2022	2021
Contract liabilities - current		
Revenue from sale of goods	<u>\$ 565,673</u>	<u>\$ 624,752</u>

a. Contract information

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of the semiconductor components, AIS products and lighting equipment. Sales of the semiconductor components, AIS products and lighting equipment are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The estimation of refund liabilities is made and adjusted based on historical experience and classified under other current liabilities, refer to Note 19.

The Group, as agreed in the sales commodity contract, recognizes the provision for warranty liabilities (other current liabilities) for the present value of the best estimate of future economic benefit outflow due to warranty obligations. This estimate is based on historical warranty experience.

Agency income

The Group plays the role of an agent instead of a principal because the Group has no control on specific products before they are transferred to customers. Therefore, the Group's role as an agent is to perform its obligation of product procurement on behalf of the customers. The Group recognizes agency income and receivables when a product is transferred to a customer, and the Group has no further obligation to the customer. The amount the Group purchased as an agent on the behalf of customers is recognized as payment on behalf others, refer to Note 10.

b. Disaggregation of revenue

Refer to Note 33 for information about disaggregation of revenue.

23. NET PROFIT AND OTHER COMPREHENSIVE INCOME

Net profit was attributable to:

a. Interest income

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Bank deposits	\$ 15,627	\$ 3,513

b. Other income

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Government subsidiaries	\$ 5,482	\$ 10,770
Dividends		
Financial assets at FVTPL	500	336
Pension settlement income	-	1,022
Others	<u>129,617</u>	<u>37,765</u>
	<u>\$ 135,599</u>	<u>\$ 49,893</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gains	\$ 227,706	\$ (6,010)
Fair value changes of financial assets and financial liabilities		
Financial assets designated as at FVTPL	(2,419)	1,731
Non-derivative financial assets held for trading	162	-
Gain from bargain purchases on acquisition of associates (Note 14)	-	5,469
Impairment loss of property, plant and equipment	-	(33,504)
Others	<u>(45,735)</u>	<u>(44,734)</u>
	<u>\$ 179,714</u>	<u>\$ (77,048)</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on loans/loans from related parties/convertible bonds	\$ 224,958	\$ 78,410
Interest on lease liabilities	<u>3,575</u>	<u>2,778</u>
	<u>\$ 228,533</u>	<u>\$ 81,188</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	\$ 1,672	\$ 12,011
Operating expenses	<u>77,773</u>	<u>66,226</u>
	<u>\$ 79,445</u>	<u>\$ 78,237</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 1,319</u>	<u>\$ 1,840</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits		
Defined contribution plans	\$ 18,953	\$ 19,017
Defined benefit plans (Note 20)	<u>357</u>	<u>533</u>
	<u>19,310</u>	<u>19,550</u>
Other employee benefits	<u>789,445</u>	<u>985,287</u>
Total employee benefits expense	<u>\$ 808,755</u>	<u>\$ 1,004,837</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 48,112	\$ 49,305
Operating expenses	<u>760,643</u>	<u>955,532</u>
	<u>\$ 808,755</u>	<u>\$ 1,004,837</u>

g. Compensation of employees and remuneration of directors and supervisors

The Company accrues employees' compensation and remuneration to directors and supervisors at the rates no less than 1% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. The employees' compensation and remuneration to directors and supervisors for the years ended December 31, 2022 and 2021 which have been approved by the Company's board of directors on March 14, 2023 and March 22, 2022 respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Employees' compensation	5.05%	5.55%
Remuneration to directors and supervisors	1.61%	1.64%

Amount

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Compensation of employees	\$ 72,000	\$ 60,000
Remuneration to directors and supervisors	22,960	17,760

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

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

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

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ 3,110,099	\$ 1,082,981
Foreign exchange losses	<u>(2,882,393)</u>	<u>(1,088,991)</u>
	<u>\$ 227,706</u>	<u>\$ (6,010)</u>

24. INCOME TAXES

- a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 315,203	\$ 121,032
Income tax on unappropriated earnings	3,721	-
Adjustments for prior years	<u>(596)</u>	<u>(2,321)</u>
	318,328	118,711
Deferred tax		
In respect of the current year	<u>19,109</u>	<u>96,094</u>
Income tax expense recognized in profit or loss	<u>\$ 337,437</u>	<u>\$ 214,805</u>

- b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
<u>Deferred tax</u>		
In respect of the current year		
Exchange differences on translating the financial statements of foreign operations	\$ 52,440	\$ (10,171)
Remeasurement of defined benefit plans	<u>650</u>	<u>(125)</u>
Income tax recognized in other comprehensive income	<u>\$ 53,090</u>	<u>\$ (10,296)</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	<u>\$ 1,413,171</u>	<u>\$ 1,000,957</u>
Income tax expense calculated at the statutory rate	\$ 282,634	\$ 200,191
Nondeductible expenses in determining taxable income	2,341	4,895
Tax-exempt income	(23,659)	(14,142)
Additional income tax under the Alternative Minimum Tax Act	-	173
Effect of deferred tax of subsidiaries	57,817	119,982
Unrecognized loss carryforwards/deductible temporary differences	5,394	32
Losses in the current year	(2,979)	-
Income tax on unappropriated earnings	3,721	-
Adjustments for prior years' tax	(596)	(2,321)
Effect of different tax rate of entities in the Group operating in other jurisdictions	<u>12,764</u>	<u>(94,005)</u>
Income tax expense recognized in profit or loss	<u>\$ 337,437</u>	<u>\$ 214,805</u>

The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other entities in the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized inventory loss	\$ 25,168	\$ 20,525	\$ -	\$ 45,693
Defined benefit obligation	5,152	(62)	(650)	4,440
Unrealized foreign exchange loss	910	120	-	1,030
Others	<u>76,788</u>	<u>(10,972)</u>	<u>(36,065)</u>	<u>29,751</u>
	<u>\$ 108,018</u>	<u>\$ (9,611)</u>	<u>\$ (36,715)</u>	<u>\$ 80,914</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 270,627	\$ 36,752	\$ -	\$ 307,379
Others	<u>25,346</u>	<u>(8,032)</u>	<u>16,375</u>	<u>33,689</u>
	<u>\$ 295,973</u>	<u>\$ (28,720)</u>	<u>\$ 16,375</u>	<u>\$ 341,068</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized inventory loss	\$ 25,321	\$ (153)	\$ -	\$ 25,168
Defined benefit obligation	5,185	(158)	125	5,152
Unrealized foreign exchange loss	15,859	(14,949)	-	910
Others	<u>12,328</u>	<u>54,289</u>	<u>10,171</u>	<u>76,788</u>
	<u>\$ 58,693</u>	<u>\$ 39,029</u>	<u>\$ 10,296</u>	<u>\$ 108,018</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 160,850	\$ 109,777	\$ -	\$ 270,627
Others	<u>-</u>	<u>25,346</u>	<u>-</u>	<u>25,346</u>
	<u>\$ 160,850</u>	<u>\$ 135,123</u>	<u>\$ -</u>	<u>\$ 295,973</u>

- d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2022	2021
Loss carryforwards	<u>\$ 467,220</u>	<u>\$ 536,045</u>
Deductible temporary differences	<u>\$ 40,285</u>	<u>\$ 15,517</u>

- e. Information about unused loss carryforwards

Unused Amount	Expiry Year
\$ 83,371	2023
18,472	2024
18,272	2027
5,633	2028
155,563	2029
67,640	2030
65,149	2031
<u>50,669</u>	2032
<u>\$ 467,220</u>	

- f. Income tax assessments

The tax returns through 2020 have been assessed by the tax authorities; the Company provided its income tax to be assessed by the tax authorities.

The tax returns through 2020 have been assessed by the tax authorities; its subsidiaries in Taiwan provided their income tax to be assessed by the tax authorities.

25. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

	December 31	
	2022	2021
Basic earnings per share		
Basic earnings per share	<u>\$ 5.01</u>	<u>\$ 3.75</u>
Diluted earnings per share		
Diluted earnings per share	<u>\$ 4.79</u>	<u>\$ 3.71</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on July 29, 2022. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2021 were as follows:

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	<u>\$ 4.05</u>	<u>\$ 3.75</u>
Diluted earnings per share	<u>\$ 4.01</u>	<u>\$ 3.71</u>

Net Profit for the Year

	For the Year Ended December 31 2022	2021
Earnings used in the computation of diluted earnings per share	\$ 1,085,773	\$ 812,413
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds (after tax)	<u>1,880</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 1,087,653</u>	<u>\$ 812,413</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	December 31 2021	2020
Weighted average number of ordinary shares in computation of basic earnings per share	216,661	216,575
Effect of potentially dilutive ordinary shares:		
Convertible bonds	8,118	-
Bonus to employees	<u>2,399</u>	<u>2,297</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>227,178</u>	<u>218,872</u>

The Group may settle compensation paid to employees in cash or shares; therefore, the Group assumes that entire amount of the compensation or bonus will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, other equity and non-controlling interest).

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

27. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments not measured at fair value

	December 31			
	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>				
Financial liabilities at amortized cost				
Convertible bonds	\$ 549,664	\$ 602,037	\$ -	\$ -

- b. Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

- 1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 54,993	\$ 54,993
Derivative financial instruments				
- convertible options	222	-	-	222
	<u>\$ 222</u>	<u>\$ -</u>	<u>\$ 54,993</u>	<u>\$ 55,215</u>

Financial assets at FVTOCI

Investments in equity instruments				
Trade receivables	\$ -	\$ -	\$ 5,000	\$ 5,000
Investments in liability instruments				
Trade receivables	\$ 242	\$ -	\$ -	\$ 242

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative instruments				
Listed shares and emerging market shares	\$ 6,344	\$ -	\$ -	\$ 6,344
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>34,167</u>	<u>34,167</u>
Listed shares and emerging market shares	<u>\$ 6,344</u>	<u>\$ -</u>	<u>\$ 34,167</u>	<u>\$ 40,511</u>

Financial assets at FVTOCI

Investments in liability instruments				
Trade receivables	<u>\$ 144,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,104</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

2022

Financial Assets	Instruments at Fair Value Through Profit or Loss	Instruments at Fair Value Through Other Comprehensive Income	Total
	Non-derivative Instruments	Equity	
Balance at the beginning of the year	\$ 34,167	\$ -	\$ 34,167
Purchases	(2,987)	-	(2,987)
Effect of exchange rate	<u>23,813</u>	<u>5,000</u>	<u>28,813</u>
Balance at the end of the year	<u>\$ 54,993</u>	<u>\$ 5,000</u>	<u>\$ 59,993</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Foreign unlisted shares were determined using the market approach. The comparable company method of market approach is based on the profitability at the end of the year to select the market multiplier of comparable companies. The valuation method is chosen by the Group after careful evaluation. Therefore, the fair value measurement is reasonable. However, the use of different evaluation models or fair value may lead to different evaluation results.

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 9,020,892	\$ 8,788,030
Financial assets at fair value through profit or loss		
Financial assets mandatorily classified as at FVTPL - current	-	6,344
Financial assets mandatorily classified as at FVTPL - non-current	54,993	34,167
Held for trading	222	-
Fair value through other comprehensive income		
Equity investments	5,000	-

Financial liabilities

Amortized cost (Note 2)	14,006,923	9,774,131
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Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivables and receivable advance payment on behalf of others.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, trade payables, bonds payable, long-term borrowings, and other payables.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investment, trade receivables, trade payables, bonds payable, borrowings and short-term bills payable. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks are market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (refer to (a) below) and interest rates (refer to (b) below).

a) Foreign currency risk

Several subsidiaries of the Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 3% increase and decrease in the New Taiwan dollar (the functional currency) against the U.S. dollar. Sensitivity rate of 3% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 3% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthen 3% against the relevant currency. For a 3% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	U.S. Dollars Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	\$ 14,036	\$ 22,427

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 664,257	\$ 628,298
Financial liabilities	5,488,960	4,884,484
Cash flow interest rate risk		
Financial assets	651,725	728,016
Financial liabilities	586,417	589,383

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 20 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 20 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$131 thousand and \$277 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The Group's credit risk was mainly concentrated in the two largest customers, which accounted for 33% and 16% of the total trade receivables as of December 31, 2022 and 2021, respectively.

Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The Group did transactions with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 6,030,536	\$ 2,132,502	\$ 190,809	\$ 17,135
Lease liabilities	5,711	11,397	43,051	34,608
Variable interest rate liabilities	104,243	219,505	139,350	206,361
Fixed interest rate liabilities	<u>1,144,035</u>	<u>1,982,881</u>	<u>1,301,210</u>	<u>1,024,617</u>
	<u>\$ 7,284,525</u>	<u>\$ 4,346,285</u>	<u>\$ 1,674,420</u>	<u>\$ 1,282,721</u>

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years
Lease liabilities	<u>\$ 60,159</u>	<u>\$ 34,608</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 4,530,345	\$ 162,380	\$ 174,850	\$ -
Lease liabilities	5,211	10,318	36,878	47,903
Variable interest rate liabilities	12,833	263,254	134,735	203,035
Fixed interest rate liabilities	<u>2,470,646</u>	<u>1,157,084</u>	<u>1,172,478</u>	<u>-</u>
	<u>\$ 7,019,035</u>	<u>\$ 1,593,036</u>	<u>\$ 1,518,941</u>	<u>\$ 250,938</u>

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years
Lease liabilities	<u>\$ 52,407</u>	<u>\$ 47,903</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

	December 31	
	2022	2021
Secured borrowing		
Amount used	\$ 1,722,664	\$ 2,045,596
Amount unused	<u>2,429,076</u>	<u>1,658,224</u>
	<u>\$ 4,151,740</u>	<u>\$ 3,703,820</u>
Unsecured borrowing		
Amount used	\$ 3,725,289	\$ 3,342,216
Amount unused	<u>4,205,951</u>	<u>2,588,056</u>
	<u>\$ 7,931,240</u>	<u>\$ 5,930,272</u>

e. Transfers of financial assets

Factored trade receivables for the years ended December 31, 2022 and 2021 were as follows:

Counterparties	Receivables Sold	Amounts Reclassified to Other Receivables (Note 10)	Amounts Not Yet Advanced	Advances Received at Year-end
<u>2022</u>				
Alltek Technology Corp.				
Financial Institutions	<u>US\$ 147,654</u>	<u>US\$ 40,589</u>	<u>US\$ 26,061</u>	<u>US\$ 107,065</u>
AllPlus Co., Ltd. (BVI)				
Financial Institutions	<u>US\$ 3,043</u>	<u>US\$ 489</u>	<u>US\$ -</u>	<u>US\$ 2,554</u>
Alltek Technology (H.K) Ltd.				
Financial Institutions	<u>US\$ 72,251</u>	<u>US\$ 7,225</u>	<u>US\$ -</u>	<u>US\$ 65,026</u>
<u>2021</u>				
Alltek Technology Corp.				
Financial Institutions	<u>US\$ 127,797</u>	<u>US\$ 49,755</u>	<u>US\$ 37,266</u>	<u>US\$ 77,897</u>
AllPlus Co., Ltd. (BVI)				
Financial Institutions	<u>US\$ 8,799</u>	<u>US\$ 1,725</u>	<u>US\$ 844</u>	<u>US\$ 7,074</u>
Alltek Technology (H.K) Ltd.				
Financial Institutions	<u>US\$ 69,167</u>	<u>US\$ 6,917</u>	<u>US\$ -</u>	<u>US\$ 62,250</u>
Songsen Technology Co.				
Financial Institutions	<u>US\$ 139</u>	<u>US\$ 14</u>	<u>US\$ -</u>	<u>US\$ 125</u>

The above credit lines may be used on a revolving basis.

Pursuant to the Group's factoring agreements, losses from commercial disputes were borne by the Group, while losses from credit risk were borne by the banks.

As of December 31 2022 and 2021, the interest rates on advances received were 1.57%-5.52% and 0.56%-1.00%, respectively.

As of December 31, 2022 and 2021, the credit line was US\$368,796 thousand and US\$390,712 thousand, respectively.

During 2022, according to the contract, if the trade receivables are not paid at maturity, the bank has the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognize the full carrying amount of the receivables and has recognized the cash received on the transfer as a secured borrowing (refer to Notes 17 and 29).

As of December 31, 2022 and 2021, the carrying amount of the trade receivables that have been transferred but have not been derecognized amounted to \$44,359 thousand and \$144,551 thousand, respectively, and the carrying amount of the related liability was \$39,923 thousand and \$130,096 thousand, respectively.

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides as disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and relationship

<u>Related Party Name</u>	<u>Relationship</u>
Hsu-huang development Co., Ltd.	Related party in substance
Alltek Technology (S) Pte. Ltd.	Associate
Yuban Technology Co., Ltd.	Associate
Yuban Technology (Hong Kong) Ltd.	Associate
Yuban Technology (Shen Zhen) Ltd.	Associate

b. Sales

<u>Line Item</u>	<u>Related Party Type</u>	<u>For the Year Ended December 31</u>	
		<u>2022</u>	<u>2021</u>
Sales	Associates	\$ <u>25,948</u>	\$ <u>33,842</u>

The selling price was made at cost plus a fixed profit for related parties.

c. Purchases of goods

<u>Line Item</u>	<u>Related Party Type</u>	<u>For the Year Ended December 31</u>	
		<u>2022</u>	<u>2021</u>
Purchase	Associates	\$ <u>43</u>	\$ <u>-</u>

d. Receivables from related parties

Line Item	Related Party Type	For the Year Ended December 31	
		2022	2021
Receivables	Associates	\$ 10,014	\$ 29,791
Other receivables	Associates		
	Yuban Technology Co., Ltd.	\$ 208,867	\$ -
	Yuban Technology (Hong Kong) Ltd.	232,327	-
		<u>\$ 441,194</u>	<u>\$ -</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties

e. Payables to related parties

Line Item	Related Party Name	December 31	
		2022	2021
Other payable	Associates	\$ 10,588	\$ 26,470

The Group obtained loans from related parties at rates similar to market interest rates.

f. Lease arrangements

Type/Name of Related Party		2022	2021
<u>Acquisition of right-to-use assets</u>			
Related party in substance			
	Hsu-huang Development Co., Ltd.	\$ 10,082	\$ -
Item in the Accounts	Type/Name of Related Party	2022	2021
Lease liabilities	Related party in substance		
	Hsu-huang Development Co., Ltd.	\$ 6,788	\$ 1,722
Type/Name of Related Party		2022	2021
<u>Interest expense</u>			
Related party in substance			
	Hsu-huang Development Co., Ltd.	\$ 184	\$ 134

The Group leased a car park in May 2020 from related party Hsu-huang Development Co., Ltd. for a two-year term, which was based on the rental level of the adjacent car park.

The Group leased a car park in May 2022 from related party Hsu-huang Development Co., Ltd. for a two-year term, which was based on the rental level of the adjacent car park.

g. Other transactions with related parties

Type of Related Party	2022	2021	Nature of Transaction
Associates	\$ -	\$ 18,316	Other receipts in advance
Associates	\$ 12,688	\$ 2,908	Other income
Associates	\$ 36,104	\$ 26,405	Labor costs
Associates	\$ 47	\$ -	Other expense

h. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 84,711	\$ 73,834
Post-employment benefits	1,313	1,289
	<u>\$ 86,024</u>	<u>\$ 75,123</u>

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and tariff guarantee:

	December 31	
	2022	2021
Trade receivables	\$ 39,923	\$ 130,096
Pledged bank deposits (recognized as Financial assets at amortized cost - current)	668,002	656,415
Property and plant, net	<u>593,611</u>	<u>598,738</u>
	<u>\$ 1,301,536</u>	<u>\$ 1,385,249</u>

30. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On March 14, 2023, the Company's board of directors resolved to acquire the equity of Alltek Technology (H.K.) Limited directly in response to the Group's organizational structure adjustment. The Company expects to use the net asset value of Alltek Technology (H.K.) Limited on the transaction date as the transaction price and purchase 222,450,000 shares from its subsidiary Alltek Group Corp. After the transaction, the Company will directly hold 100% of the equity of Alltek Technology (H.K.) Limited.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 234,982	30.71 (USD:NTD)	\$ 7,216,291
EUR	546	32.72 (EUR:NTD)	<u>17,860</u>
			<u>\$ 7,234,151</u>

Financial liabilities

Monetary items			
USD	219,747	30.71 (USD:NTD)	<u>\$ 6,748,418</u>

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 235,735	27.68 (USD:NTD)	\$ 6,525,153
JPY	24,208	0.241 (JPY:NTD)	5,822
EUR	911	31.32 (EUR:NTD)	28,518
RMB	5	4.344 (RMB:NTD)	<u>24</u>
			<u>\$ 6,959,517</u>

Financial liabilities

Monetary items			
USD	208,728	27.68 (USD:NTD)	\$ 5,777,589
JPY	107	0.241 (JPY:NTD)	26
EUR	26	31.32 (EUR:NTD)	806
RMB	3,935	4.344 (RMB:NTD)	<u>17,095</u>
			<u>\$ 5,795,516</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2022		2021	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	29.805 (USD:NTD)	\$ 263,231	28.009 (USD:NTD)	\$ (20,354)
USD	6.721 (USD:RMB)	(34,904)	6.451 (USD:RMB)	16,261
Others		<u>(621)</u>		<u>(1,917)</u>
		<u>\$ 227,706</u>		<u>\$ (6,010)</u>

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 3)
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 9) Trading in derivative instruments. (Note 7)
- 10) Intercompany relationships and significant intercompany transactions. (Table 6)

b. Information on investees: Table 7

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Tables 4, 5 and 9)
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

33. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Alltek Technology Corp.
- Alltek Group Corp.
- Pantek Technology Corp.
- Others

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment Revenue		Segment Profit	
	2022	2021	2022	2021
Alltek Technology Corp.	\$ 30,691,029	\$ 25,464,644	\$ 953,273	\$ 480,992
Alltek Group Corp	26,489,201	18,431,347	253,028	581,261
Pantek Technology Corp.	3,152,880	3,296,495	37,035	47,506
Others	<u>366,140</u>	<u>307,094</u>	<u>(26,538)</u>	<u>(20,062)</u>
Profits from continuing operations	60,699,250	47,499,580	1,216,798	1,089,697
Less: Inter-segment profits	(270,854)	(365,327)	-	-
Add: Inter-segment revenues	<u>-</u>	<u>-</u>	<u>11,922</u>	<u>1,919</u>
Revenue profits from segment and external customers	<u>\$ 60,428,396</u>	<u>\$ 47,134,253</u>	1,228,720	1,091,616
Interest income			15,627	3,513
Other income			135,599	49,893
Other gains and losses			179,714	(77,048)
Finance cost			(228,533)	(81,188)
Shares of profits of associates accounted for using the equity method			<u>82,044</u>	<u>14,171</u>
Profit before income tax from continuing operations			<u>\$ 1,413,171</u>	<u>\$ 1,000,957</u>

Inter-segment revenues were accounted for according to market prices.

Segment profit represented the profit before tax earned by each segment without other income, other gains and losses finance costs and share of profits of associates accounted for using the equity method. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2022	2021
Broadband communication component	\$ 18,547,548	\$ 16,407,583
Wireless communication component	28,120,636	15,619,530
Others	<u>13,760,212</u>	<u>15,107,140</u>
	<u>\$ 60,428,396</u>	<u>\$ 47,134,253</u>

c. Geographical information

The Group operates in Taiwan and China.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
Taiwan	\$ 19,210,615	\$ 17,964,309	\$ 724,918	\$ 694,552
China	38,900,795	27,741,183	98,498	93,630
Others	<u>2,316,986</u>	<u>1,428,761</u>	<u>-</u>	<u>-</u>
	<u>\$ 60,428,396</u>	<u>\$ 47,134,253</u>	<u>\$ 823,416</u>	<u>\$ 788,182</u>

Non-current assets exclude non-current assets classified as investments accounted for using the equity method and deferred tax assets.

d. Information on major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2022	2021
Customer A (Note)	\$ 6,657,079	\$ 6,925,599
Customer B (Note)	<u>6,935,012</u>	<u>5,905,947</u>
	<u>\$ 13,592,091</u>	<u>\$ 12,831,546</u>

Note: Revenue from electronic equipment.

TABLE 1

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits (Note 2)
													Item	Value		
0	Alltek Technology Corp.	Pantek Technology Corp.	Trade receivable from related parties	Yes	\$ 150,000	\$ 150,000	\$ 92,130	The highest loan rate borrowed from financial institution	Short-term accommodation of funds	\$ -	Operating turnover	\$ -	-	-	\$ 454,642 (Note 2)	\$ 2,273,118
1	Pantek Global Corp.	Pantek Trade (Shenzhen) Co., Ltd.	Trade receivable from related parties	Yes	106,997	106,997	106,997	N/A	Short-term accommodation of funds	-	Operating turnover	-	-	-	181,162 (Note 2)	181,162
2	All Plus Co., Ltd.	Alltek Technology (H.K.) Limited	Trade receivable from related parties	Yes	706,330	706,330	492,907	N/A	Short-term accommodation of funds	-	Operating turnover	-	-	-	1,163,151 (Note 2)	1,163,151
		Alltek Technology (Shenzhen) Ltd.	Trade receivable from related parties	Yes	68,611	68,611	68,611	N/A	Short-term accommodation of funds	-	Operating turnover	-	-	-	1,163,151 (Note 2)	1,163,151
3	Alltek Technology (H.K.) Limited	Alltek Technology (Shenzhen) Ltd.	Trade receivable from related parties	Yes	32,383	3,678	3,678	N/A	Short-term accommodation of funds	-	Operating turnover	-	-	-	1,068,063 (Note 2)	1,068,063
4	Alltek Marine Electronics	Pantek Technology Corp.	Trade receivable from related parties	Yes	22,111	22,111	22,111	The highest loan rate borrowed from financial institution	Short-term accommodation of funds	-	Operating turnover	-	-	-	25,177 (Note 2)	125,887

Note 1: a. 0: Investors.
b. 1: Investees.

Note 2: a. No. 0: Alltek Technology Corp.

Financing limit for each borrower shall not exceed ten percent (10%) of the net worth as per latest financial report.
Financial limit shall not exceed fifty percent (50%) of the net worth as per latest financial report.

b. No. 1: Pantek Global Corp.

Financing limit for each borrower shall not exceed forty percent (40%) of the net worth as per latest financial report.
Financial limit shall not exceed fifty percent (50%) of the net worth as per latest financial report.

Note 3: The above transactions have been eliminated on consolidation.

TABLE 2

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Endorser/Guarantor	Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	Alltek Technology Corp.	Pantek Technology Corp.	b	\$ 11,365,590	\$ 1,305,620	\$ 1,092,780	\$ 763,113	\$ -	24	\$ 13,638,708	Y	-	-
		All Plus Co., Ltd. (BVI)	c	11,365,590	399,230	214,970	-	-	5	13,638,708	Y	-	-
		Alltek Technology (H.K.) Limited	c	11,365,590	2,235,688	1,646,056	199,185	-	36	13,638,708	Y	-	-
1	Pantek Technology Corp.	Pantek Global Corp.	c	1,334,662	67,562	67,562	12,069	-	11	1,668,328	Y	-	-

Note 1: a. 0: Investors.
b. 1: Investees.

Note 2: a. No. 0: Alltek Technology Corp.

Endorsement/guarantee given on direct/indirect voting rights over fifty percent (50%) subsidiaries shall not exceed two hundred fifty percent (250%) of the net worth as per latest financial report. Endorsement/guarantee provided shall not exceed three hundred percent (300%) of the net worth as per latest financial report.

b. No. 1: Pantek Technology Corp.

Endorsement/guarantee given on direct/indirect voting rights over fifty percent (50%) subsidiaries shall not exceed two hundred fifty percent (200%) of the net worth as per latest financial report. Endorsement/guarantee provided shall not exceed three hundred percent (250%) of the net worth as per latest financial report.

TABLE 3

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Alltek Technology Corp.	<u>Foreign private company convertible finance bill</u> icClarity, Inc.	N	At fair value through profit or loss	\$ -	\$ -	-	\$ -	Note 6
	<u>Foreign unlisted shares - preference shares</u> Kneron Holding Corporation	N	At fair value through profit or loss	338,885	54,993	-	54,993	-
Alltek Marine Electronics Corp.	<u>Domestic unlisted shares - ordinary shares</u> International Games System Co., Ltd.	N	At fair value through other comprehensive income	500,000	5,000	4	5,000	-

TABLE 4

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Alltek Technology Corp.	Alltek Technology (H.K.) Limited	Subsidiary	Sales	\$ 158,170	1	180 days	Cost plus a fixed profit	No significant difference	Trade receivable \$ 5,934	-	-
Alltek Technology (H.K.) Limited	All Plus Co., Ltd.	Subsidiary of Alltek Technology Corp.	Sales	1,068,394	4	180 days	Cost plus a fixed profit	No significant difference	Trade receivable -	-	-
All Plus Co., Ltd.	Alltek Technology (Shenzhen) Ltd.	Subsidiary of Alltek Technology Corp.	Sales	100,914	3	180 days	Cost plus a fixed profit	No significant difference	Trade receivable 50,308	15	-
	YMY Co., Ltd.	Subsidiary of Alltek Technology Corp.	Sales	140,650	4	180 days	Cost plus a fixed profit	No significant difference	Trade receivable 66,100	21	-
Pantek Technology Corp.	Pantek Technology Corp.	Subsidiary of Alltek Technology Corp.	Sales	1,168,830	41	180 days	Cost plus a fixed profit	No significant difference	Trade receivable 553,424	54	-

Note: The above transactions have been eliminated upon consolidation.

TABLE 5

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Trade Receivables		Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
			Financial Statement Accounts	Ending Balance		Amount	Actions Taken		
Alltek Technology Corp.	Yuban Technology Co., Ltd.	Associate	Trade receivable	\$ 208,867	-	\$ -	-	\$ 208,867	\$ -
Alltek Technology (H.K.) Limited	Yuban Technology (Hong Kong) Ltd.	Associate	Trade receivable	232,327	-	-	-	-	-
All Plus Co, Ltd.	Alltek Technology (H.K.) Limited	Subsidiary of Alltek Technology Corp.	Trade receivable	492,907	-	-	-	-	-
Pantek Technology Corp.	Pantek Global Corp.	Subsidiary of Alltek Technology Corp.	Trade receivable	553,424	8.35	-	-	219,426	-
Pantek Global Corp.	Pantek Trade (Shenzhen) Co., Ltd.	Subsidiary of Alltek Technology Corp.	Trade receivable	106,997	-	-	-	-	-

Note: The above transactions have been eliminated upon consolidation.

TABLE 6**ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES**
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship (Note 1)	Transactions Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets
0	Alltek Technology Corp.	All Plus Co., Ltd.	a	Sales revenue	\$ 65,262	No significant difference	-
		All Plus Co., Ltd.	a	Sales revenue	158,170	No significant difference	-
		Alltek Technology (H.K.) Limited	a	Other receivables	92,970	-	-
1	All Plus Co., Ltd.	Alltek Technology Corp.	b	Sales revenue	18,504	No significant difference	-
		Alltek Technology (H.K.) Limited	c	Sales revenue	84,679	No significant difference	-
		Alltek Technology (H.K.) Limited	c	Accounts receivable	42,055	No significant difference	-
		Alltek Technology (H.K.) Limited	c	Other receivables	492,967	-	2
		Alltek Technology (Shenzhen) Ltd.	c	Sales revenue	100,914	No significant difference	-
		Alltek Technology (Shenzhen) Ltd.	c	Accounts receivable	50,308	No significant difference	-
		Alltek Technology (Shenzhen) Ltd.	c	Other receivables	68,611	-	-
		YMY Co., Ltd.	c	Sales revenue	140,650	No significant difference	-
		YMY Co., Ltd.	c	Accounts receivable	66,100	No significant difference	-
2	Alltek Technology (H.K.) Limited	Alltek Technology Corp.	b	Sales revenue	18,656	No significant difference	-
		All Plus Co., Ltd.	c	Sales revenue	1,068,394	No significant difference	2
		All Plus Co., Ltd.	c	Commission income	22,370	-	-
		Alltek Technology (Shenzhen) Ltd.	c	Sales revenue	60,153	No significant difference	-
		Alltek Technology (Shenzhen) Ltd.	c	Accounts receivable	47,053	No significant difference	-
3	Pantek Technology Corp.	Pantek Global Corp.	c	Sales revenue	1,168,830	No significant difference	2
		Pantek Global Corp.	c	Accounts receivable	553,424	No significant difference	3
4	Pantek Global Corp.	Pantek Technology Corp.	c	Sales revenue	18,086	No significant difference	-
		Pantek Trade (Shenzhen) Co., Ltd.	c	Sales revenue	40,212	No significant difference	-
		Pantek Trade (Shenzhen) Co., Ltd.	c	Accounts receivable	30,548	No significant difference	-
		Pantek Trade (Shenzhen) Co., Ltd.	c	Other receivables	106,997	-	1
5	Alltek Technology (Shenzhen) Ltd.	YMY Co., Ltd.	c	Commission income	100,836	-	-
6	Alltek Marine Electronics Corp.	Pantek Technology Corp.	c	Other receivables	22,145	-	-

Note 1: Categories of transactions with related parties:

- a. Parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Subsidiary to subsidiary.

Note 2: The above transactions have been eliminated upon consolidation.

TABLE 7

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2022	December 31, 2021	Shares	%	Carrying Amount			
Alltek Technology Corp.	Pantek Technology Corp.	Taiwan	Distributor of electronic parts and components	\$ 588,132	\$ 588,132	53,200	100	\$ 667,331	\$ 51,295	\$ 51,295	Subsidiary
	Alltek Marine Electronics Corp.	Taiwan	Manufacturing of wireless communication machinery and equipment	171,622	171,622	10,429	53	134,092	26,222	13,969	Subsidiary
	General Life Biotechnology Co., Ltd.	Taiwan	Wholesale and manufacturing of medical devices and equipment	70,072	70,072	6,923	23	120,267	80,786	18,642	Associate
	Alltek Technology (S) Pte. Ltd.	Singapore	Distributor of electronic parts and components	3,570	3,570	200	40	-	-	-	Associate
	Alder Optomechanical Corp.	Taiwan	Wholesale and manufacturing of lighting equipment	101,200	101,200	8,872	51	80,304	(45,592)	(23,300)	Subsidiary
	Alltek Group Corp.	Seychelles	Investment and trading	621,839	621,839	20,000	100	2,260,692	180,828	180,828	Subsidiary
	Yuban Technology Co., Ltd.	Taiwan	Wholesale of electrical appliances, telecommunication equipment and information software	191,862	191,862	9,157	15	219,236	253,605	38,041	Associate, Note 3
Pantek Technology Corp.	Pantek Global Corp.	Seychelles	Distributor of electronic parts and components	US\$ 4,750	US\$ 4,750	-	100	174,664	(35,897)	N/A	Subsidiary
	Yuban Technology Co., Ltd.	Taiwan	Wholesale of electrical appliances, telecommunication equipment and information software, etc.	(\$ 145,873)	(\$ 131,480)	6,105	10	174,664	253,605	25,361	Associate, Note 3
Alltek Group Corp.	Alltek Technology (H.K.) Limited	Hong Kong	Electronic components distributor	US\$ 28,759	US\$ 28,759	222,450	100	US\$ 34,779	US\$ 1,048	N/A	Subsidiary
	All Plus Co., Ltd.	British Virgin Islands	Electronic components distributor	US\$ 251	US\$ 251	50	100	US\$ 37,838	US\$ 5,855	N/A	Subsidiary
	All Pan Co., Ltd.	Seychelles	Investment and trading	US\$ 750	US\$ 750	750	100	US\$ 1,015	US\$ (865)	N/A	Subsidiary

Note 1: Subsidiaries became associates because of increased investment.

Note 2: The above transactions have been eliminated upon consolidation.

Note 3: Yuban Technology Co., Ltd became an associate in September 2021.

TABLE 8

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
						Outward	Inward						
Alltek Technology Corp.	Alltek Technology (Shenzhen) Ltd.	Selling and marketing of communication components	RMB 13,270	Note 2 A	US\$ 250 (\$ 6,920)	\$ -	\$ -	US\$ 250 (\$ 7,678)	\$ (6,527)	100	\$ (6,527)	\$ (28,735)	\$ -
	YMY Co., Ltd.	Selling and marketing of communication components	US\$ 750	Note 2 B	US\$ 500 (\$ 13,840)	-	-	US\$ 500 (\$ 15,355)	(25,791)	100	(25,791)	31,142	-
Pantek Technology Corp.	Pantek Trade (Shenzhen) Co., Ltd.	Selling and marketing of communication components	US\$ 4,500	Note 2 C	US\$ 3,000 (\$ 83,040)	-	-	US\$ 3,000 (\$ 92,130)	(45,593)	100	(45,593)	(86,945)	-
Alltek Group Corp.	Pantek Trade (Shenzhen) Co., Ltd.	Selling and marketing of communication components	US\$ 4,500	Note 2 D	US\$ 1,500 (\$ 41,520)	-	-	US\$ 1,500 (\$ 46,065)	(45,593)	-	-	-	-

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
Alltek Technology Corp.	US\$ 750 (\$ 23,033)	US\$ 2,506 (\$ 76,959)	\$ 2,727,742
Pantek Technology Corp.	US\$ 3,000 (\$ 92,130)	US\$ 3,000 (\$ 92,130)	400,399
Alltek Group Corp.	US\$ 1,500 (\$ 46,065)	US\$ 1,500 (\$ 46,065)	1,356,740

Note 1: Indirect investment in mainland China’s company through third region company partners.

Note 2: The total amount invested in mainland China shall not exceed sixty percent (60%) of the net worth of Alltek Technology Corp. partners.

Note 3: The above transactions have been eliminated upon consolidation.

TABLE 9

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Trade Receivable (Payable)		Unrealized (Gain) Loss
		Amount	%		Payment Term	Comparison with Normal Transaction	Ending Balance	%	
YMY Co., Ltd.	Sales	\$ 140,650	-	Cost plus a fixed profit	180 days after monthly closing	No significant differences	\$ 66,100	1	\$ 1,117

Note: The above transactions have been eliminated upon consolidation.

TABLE 10**ALLTEK TECHNOLOGY CORP.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Mu Tsung, Wang	11,585,000	5.31

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

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