Stock Code：4906

Gemtek Technologies Co., Ltd.
and Subsidiary Companies

Consolidated Financial Statements
and Audit Report

As of December 31, 2022 and 2021

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CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of Gemtek Technologies Co., Ltd. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards 10, “Consolidated and Separate Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Gemtek Technologies Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Gemtek Technologies Co., Ltd.

Chairman

March 13, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Gemtek Technologies Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Gemtek Technologies Co., Ltd. (the "Company") 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, 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 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 auditing standards generally accepted in 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 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.

We hereby summarize the Key Audit Matters of the 2022 Consolidated Financial Statements of the Group as follows:

Revenue Recognition

The 2022 operating income of Gemtek Technology Co., Ltd. and its subsidairies is NT$27,899,990 thousand, in which NT$8,383,981 thousand sales revenue is attributed to the sale of a major customer product, accounting for 30% of the operating income. Due to the fact that the sales revenue makes up a consequential part of the operating income in contrast to the year 2021, the operating income for the sale to the specific customer product is listed as a Key Audit Matter. For related accounting policies pertaining to revenue recognition, please refer to Note 4 and 22.

Main Audit Procedures conducted by the CPA are as follows:

1.Assess the quality of composition and implementation of the Group's Internal Control Policy that are related to sales income conjointly with the Group's Sales Revenue Recognition Policy.

2.Conduct inspections on selected materials acquired from income reports that are related to sales transactions and receivables, etc. to verify whether the origins of the operating income are documented truthfully.

3.Verify whether the customer has received any substantial sales return or discounts after the transaction.

Additional Matters:

The 2022 and 2021 financial statements of Gemtek Vietnam Co., Ltd. has been incorporated in the consolidated financial statements of Gemtek Technologies Co., Ltd. and its subsidiaries. Due to the differences in the respective financial reporting structures, the audit engagement for the financial statements of Gemtek Vietnam Co., Ltd. was performed by a separate CPA firm other than us. The financial statements of Gemtek Vietnam Co., Ltd. was audited by the appointed CPA 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. Therefore, when issuing our opinions for the consolidated financial statements, the opinions for the financial statements of Gemtek Vietnam Co., Ltd. is based on the audit report given by the appointed CPA. The total asset of Gemtek Vietnam Co., Ltd. as of December 31, 2022 and 2021 was NT$4,998,116 thousand and NT$2,091,260 thousand respectively, accounting for 20% and 10% of the total consolidated assets. The net operating income from January 1 to December 31, 2022 and 2021 was NT$871 thousand NT$1,104 thousand respectively, accounting for 0% of both consolidated net operating income.

We have audited the individual financial statements of Gemtek Technologies Co., Ltd. as of and for the years December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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, 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 the audit committee and 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 auditing standards generally accepted in 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 auditing standards generally accepted in 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.

Deloitte & Touche Taiwan
Certified Public Accountant
Alice H. Fang

Deloitte & Touche Taiwan
Certified Public Accountant
Jing-ting Yang

Financial Supervision Commission Approved Document Number: 1090347472

Securities and Futures Commission Approved Document Number: 6-0930128050

Date: March 15, 2023

GEMTEK TECHNOLOGY CO., LTD.
Parent Company and Subsidiaries Balance Sheets
December 31,2022 and 2021
(Expressed in thousands of New Taiwan Dollars)

code	ASSETS	December 31,2022 AMOUNT	%	December 31,2021 AMOUNT	%
	CURRENT ASSETS				
1100	Cash and cash equivalents（note 4 and 6）	$ 1,009,501	4	$ 1,275,808	6
1110	Financial assets at fair value through profit or loss - current（note 4 and 7）	17,940		142,860	1
1136	Financial assets at amortized cost – current （note 4, 9 and 32）	3,307	1	137,291	1
1170	Accounts receivable, net（note 4、10 and 22）	9,305,116	38	6,157,358	30
1180	Accounts receivable from related parties（note 4、22 and 31）	63,000	-	201,980	1
1200	Other receivables（note 4、31）	33,949	-	113,617	1
1220	Current tax assets（note 4 and 24）	1,281	-	324	-
130X	Inventories（note 4 and 11）	4,601,290	19	3,748,983	18
1470	Other current assets（note 4 and 16）	243,671	1	231,273	1
11XX	**Total current assets**	15,279,055	62	12,009,494	59
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current（note 4 and 8）	3,258,819	13	2,823,493	14
1535	Financial assets at amortized cost - non-current（note 4、9 and 33）	20,000	-	20,000	-
1550	Investments accounted for using the equity method（note 4 ,12 and 13）	1,286,049	5	1,109,983	6
1600	Property, plant and equipment（note 4 and 14）	4,042,505	16	3,471,538	17
1755	Right-of-use assets（note 4 and 15）	384,883	2	137,653	1
1805	Goodwill（note 4 and27）	265,224	1	265,224	1
1821	Other intangible assets	65,745	-	83,817	1
1840	Deferred tax assets（note 4 and 24）	61,716	-	48,005	-
1990	Other non-current assets（note 4、16 and 20）	166,543	1	247,823	1
15XX	**Total non-current assets**	9,551,484	38	8,207,536	41
1XXX	**Total assets**	$ 24,830,539	100	$ 20,217,030	100
code	**LIABILITIES AND EQUITY**				
	CURRENT LIABILITIES				
2100	Short-term borrowings（note 17）	$ 2,526,205	10	$ 2,108,520	10
2130	Contract liabilities - current（note 4 and 22）	325,857	1	307,167	2
2170	Accounts payable	7,103,761	29	3,944,962	20
2180	Accounts payable to related parties（note 31）	-	-	5,667	-
2219	Other payables（note 19 and 31）	971,249	4	713,200	4
2230	Current tax liabilities（note 4 and 24）	137,470	1	25,910	-
2280	Current lease liabilities（note 4 and 15）	91,168	-	14,918	-
2321	Current portion of bonds payable（note 18）	-	-	857,842	4
2399	Other current liabilities（note 19）	56,977	-	78,522	-
21XX	**Total current liabilities**	11,212,687	45	8,056,708	40
	NON-CURRENT LIABILITIES				
2570	Deferred tax liabilities（note 4 and 24）	224,596	1	218,933	1
2580	Non-current lease liabilities（note 4 and 15）	12,689	-	24,102	-
2670	Other non-current liabilities（note 19）	1,705	-	1,466	-
25XX	**Total non-current liabilities**	238,990	1	244,501	1
2XXX	**Total liabilities**	11,451,677	46	8,301,209	41
	EQUITY（note 4、13、18、21 and 26）				
	Share capital				
3110	Ordinary shares	3,946,465	16	3,661,188	18
3140	Capital collected in advance	-	-	44,798	1
3200	Capital surplus	4,983,065	20	4,441,626	22
	Retained earnings				
3310	Legal reserve	943,768	4	878,269	4
3320	Special reserve	195,638	1	1,305,902	7
3350	Unappropriated earnings	1,728,176	7	696,971	3
3300	Total retained earnings	2,867,582	12	2,881,142	14
3490	Other equity	1,275,930	5	661,073	3
31XX	Total equity attributable to owners of parent	13,073,042	53	11,689,827	58
36XX	Non-controlling interests （note 21）	305,820	1	225,994	1
3XXX	**Total equity**	13,378,862	54	11,915,821	59
	Total liabilities and equity	$ 24,830,539	100	$ 20,217,030	100

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

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

GEMTEK TECHNOLOGY CO., LTD.

Parent Company and Subsidiaries Statements of Comprehensive Income

For the Years Ended December 31,2022and 2021

(Expressed in thousands of New Taiwan Dollars, Except Earnings Per Share)

		2022		2021	
code		Amount	%	Amount	%
4000	Operating revenue（note 4、22 and 31）	$ 27,899,990	100	$ 22,912,691	100
5000	Operating costs（note 12、20、23 and 31）	(25,034,716)	(90)	(20,852,099)	(91)
5900	Gross profit	2,865,274	10	2,060,592	9
	Operating expenses（note 10、20、23 and 31）				
6100	Selling expenses	(517,931)	(2)	(401,480)	(2)
6200	General and administrative expenses	(695,521)	(3)	(549,607)	(3)
6300	Research and development expenses	(916,227)	(3)	(753,460)	(3)
6450	Expected credit losses reversed on receivables	(7,238)	-	48	-
6000	Total operating expenses	(2,136,917)	(8)	(1,704,499)	(8)
6900	Profit from operations	728,357	2	356,093	1
	Non-operating income and expenses				
7100	Interest income（note 23）	35,904	-	21,290	-
7010	Other income（note 23 and 31）	80,929	-	65,953	-
7020	Other gains and losses（note 23 and 31）	21,850	-	129,803	1
7050	Finance costs（note 23）	(82,357)	-	(30,803)	-
7060	Share of profit of subsidiaries and associates（note 4 and 13）	134,650	1	181,117	1
7000	Total non-operating income and expenses	190,976	1	367,360	2
7900	Profit before income tax	919,333	3	723,453	3
7950	Income tax（note 4 and 24）	(173,283)	-	(41,869)	-

8200	Net profit for the period	746,050	3	681,584	3

(Continued)

(Brought forward)

code		2022 Amount	2022 %	2021 Amount	2021 %
	Other comprehensive income /(loss)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans (note 20)	$ 8,337	-	($ 3,527)	-
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	368,248	1	2,038,535	9
8330	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	275	-	64	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations	233,369	1	(63,871)	-
8370	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	595	-	(3,032)	-
8300	Other comprehensive income/(loss)	610,824	2	1,968,169	9
8500	Total comprehensive income	$ 1,356,874	5	$ 2,649,753	12
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	$ 664,683	3	$ 679,793	3
8620	Profit, attributable to non-controlling interests	81,367	-	1,791	-
8600		$ 746,050	3	$ 681,584	3
	Profit, attributable to:				
8710	Comprehensive income, attributable to owners of parent	$ 1,275,507	5	$ 2,647,962	12
8720	Comprehensive income, attributable to non-controlling interests	81,367	-	1,791	-
8700		$ 1,356,874	5	$ 2,649,753	12
	Earnings per share (note 25)				
9750	Basic earnings per share	$ 1.70		$ 1.89	

9850	Diluted earnings per share	$ 1.59	$ 1.69

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

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

GEMTEK TECHNOLOGY CO., LTD
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31,2022and 2021
(Expressed in thousands of New Taiwan Dollars)

code		Share Capital（note 21 and 26） Shares（in thousand）	Common Stock	Advance Receipts for Share Capital	Capital Surplus (note 4、18 and 21)	Retained Earnings（note21） Legal Reserve	Special Reserve	Unappropriated Earnings	Other Equity（note 4and 21） Exchange Differences on Translation of the Financial Statements of Foreign Operation	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Compensation	Total	Treasury Shares	Non-controlling equity (note 21 and 27)	Total Equity
A1	BALANCE AT JANUARY 1, 2021	357,591	$ 3,575,905	$ -	$ 4,606,007	$ 750,939	$ 559,574	$ 1,273,304	($ 514,953)	($ 790,948)	($ 75,825)	($ 1,381,726)	$ -	$ 132	$ 9,384,135
	Appropriation of 2020 earnings														
B1	Legal reserve	-	-	-	-	127,330	-	(127,330)	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	746,328	(746,328)	-	-	-	-	-	-	-
B5	Cash dividends of share holder	-	-	-	-	-	-	(357,666)	-	-	-	-	-	-	(357,666)
	subtotal	-	-	-	-	127,330	746,328	(1,231,324)	-	-	-	-	-	-	(357,666)
	Cash dividends distributed by capital reserves	-	-	-	(357,666)				-	-	-	-	-	-	(357,666)
D1	Net profit for the year ended December 31, 2021	-	-	-	-	-	-	679,793	-	-	-	-	-	1,791	681,584
D3	Other comprehensive loss for the year ended December 31, 2021	-	-	-	-	-	-	(3,463)	(66,903)	2,038,535	-	1,971,632	-	-	1,968,169
D5	Total comprehensive income/(loss) for the year ended December 31, 2021	-	-	-	-	-	-	676,330	(66,903)	2,038,535	-	1,971,632	-	1,791	2,649,753
I1	corporate bond converted to ordinary shares	8,712	87,123	44,798	204,666	-	-	-	-	-	-	-	-	-	336,587
M3	Disposals of subsidiaries				(8,691)	-	-	-	-	-	-	-	-	-	(8,691)
N1	Cancelation of restricted share plan for employees	(184)	(1,840)	-	(2,690)	-	-	-	-	-	4,530	4,530	-	-	-
O1	Changes of non-controlling interest	-	-	-	-	-	-		-		-		-	2240,71-	224,071
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	(21,339)	-	21,339	-	21,339	-	-	-
T1	Share-based payment expenses	-	-	-	-	-	-	-	-	-	45,298	45,298	-	-	45,298
Z1	BALANCE AT DECEMBER 31, 2021	366,119	3,661,188	44,798	4,441,626	878,269	1,305,902	696,971	(581,856)	1,268,926	(25,997)	661,073	-	225,994	11,915,821
	Appropriation of 2021 earnings														
B1	Legal reserve	-	-	-	-	65,499	-	(65,499)	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	(1,110,264)	1,110,264	-	-	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	(607,738)	-	-	-	-	-	-	(607,738)
	Total	-	-	-	-	65,499	(1,110,264)	437,027	-	-	-	-	-	-	(607,738)
C7	Changes in subsidiaries and associates recognized using the equity method	-	-	-	131,860	-	-	(216)	4	216	-	220	-	-	131,864
M7	Changes in ownership of the Equity of subsidiaries	-	-	-	14,269	-	-	-	-	-	-	-	-	-	14,269
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	-	664,683	-	-	-	-	-	81,367	746,050
D3	Other comprehensive loss for the year ended December 31, 2022	-	-	-	-	-	-	8,612	233,964	368,248	-	602,212	-	-	610,824
D5	Total comprehensive income/(loss) for the year ended December 31, 2022	-	-	-	-	-	-	673,295	233,964	368,248	-	602,212	-	81,367	1,356,874
L1	Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(307,112)	-	(307,112)

L3	Cancelation of treasury shares	(10,342)	(103,420)	-	(119,913)	-	-	(83,779)	-	-	-	-	307,112	-	-
M3	Disposals of subsidiaries	-	-	-	-	-	-	(34)	1	34	-	35	-	-	1
I1	Convertible bonds converted to ordinary shares	39,040	390,402	(44,798)	510,856	-	-	-	-	-	-	-	-	-	856,460
N1	Cancelation of restricted share plan for employees	(171)	(1,705)	-	4,367	-	-	-	-	-	(2,662)	(2,662)	-	-	-
O1	Changes of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(1,541)	(1,541)
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	4,912	-	(4,912)	-	(4,912)	-	-	-
T1	Share-based payment expenses	-	-	-	-	-	-	-	-	-	19,964	19,964	-	-	19,964
Z1	BALANCE AT DECEMBER 31, 2022	394,646	$ 3,946,465	$ -	$ 4,983,065	$ 943,768	$ 195,638	$ 1,728,176	($ 347,887)	$ 1,632,512	($ 8,695)	$ 1,275,930	$ -	$ 305,820	$ 13,378,862

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

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

GEMTEK TECHNOLOGY CO., LTD

Parent Company and Subsidiaries Statements of Cash Flows

For the Years Ended December 31,2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

code		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Income before income tax	$ 919,333	$ 723,453
A20010	Adjustments for:		
A20100	Depreciation expense	433,725	369,327
A20200	Amortization expense	131,441	105,618
A20300	Expected credit losses reversed on receivables expense	7,238	(48)
A20400	Net (gain)/loss on fair value changes of financial [assets/liabilities] at fair value through profit or loss	15,715	(31,797)
A20900	Finance costs	82,357	30,803
A21200	Interest income	(35,904)	(21,290)
A21300	Dividend income	(5,801)	(4,812)
A21900	Share-based payment expenses	20,135	45,298
A22300	Share of profit of subsidiaries and associates	(134,650)	(181,117)
A22500	Loss on disposal of property, plant and equipment	6,313	4,601
A23100	Gain on disposal of associates	(3,140)	(187,819)
A23700	Write-down of inventories	15,092	26,493
A24100	Net loss on foreign currency exchange	172,928	29,091
A30000	Changes in operating assets and liabilities		
A31115	financial assets at fair value through profit or loss	248,608	41,312
A31130	Notes receivable	-	43,732
A31140	Notes receivable from related parties	-	11,250
A31150	Accounts receivable	(3,377,355)	(534,077)
A31160	Accounts receivable from related parties	137,618	(89,683)
A31180	Other receivables	79,362	(58,510)
A31200	Inventories	(724,958)	311,581
A31240	Other current assets	(8,424)	69,951
A31990	Prepaid pension	(10,412)	1,384
A32125	Contract liabilities	13,169	33,581
A32150	Accounts payable	3,069,041	(1,696,546)

A32160	Accounts payable to related parties	(4,896)	197,502

(Continued)

(Brought Forward)

Code		2022	2021
A32180	Other payables	24,991	186,460
A32230	Other current liabilities	(21,638)	132,598
A33000	Cash used in operations	1,049,888	(485,396)
A33100	Interest received	35,832	29,156
A33200	Dividends received	5,801	4,812
A33300	Interest paid	(64,373)	(15,248)
A33500	Income tax paid	(70,728)	(106,230)
AAAA	Net cash used in operating activities	956,420	(572,906)
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Purchase of financial assets at fair value through other comprehensive income	$ -	($ 25,593)
B00020	Proceeds from sale of financial assets at fair value through income	17,994	-
B01800	Acquisition of investments accounted for using equity method	(9,000)	-
B01900	Proceeds from investments accounted for using equity method	9,571	-
B00020	Proceeds from sale of financial assets at fair value through other comprehensive income		219,349
B00050	Gain from Sale of Amortized Cost Financial Assets	6,623	20,000
B02200	Net cash inflow from acquisition of subsidiaries (note 27)	-	219,968
B02700	Acquisition of property, plant and equipment	(824,845)	(550,512)
B02800	Proceeds from disposal of property, plant and equipment	72,648	13,872
B03700	Increase in refundable deposit	(622)	(1,543)
B04500	Acquisition of intangible assets	-	(652)
B06700	Increase in other non-current assets	(44,202)	(143,267)
B09900	Acquisition of Dividend from affiliated company	109,142	80,402
BBBB	Net cash used in investing activities	(662,691)	(167,976)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase short-term borrowings	417,685	1,026,280
C01300	Redemption of Bonds	(3,300)	-
C04020	Repayment of the principal portion of lease liabilities	(196,641)	(4,803)

C04300	Increase in other non-current liabilities	(5,375)	2,478
C04500	Cash dividends paid	(607,738)	(715,332)
C04900	Payments for buy-back of ordinary shares	(307,112)	-
C05800	Changes in non-controlling interests	(1,625)	-
CCCC	Net cash generated from financing activities	(704,106)	308,623
DDDD	Effect of exchange rate changes on cash and cash equivalents	144,070	(217,183)
EEEE	NET DECREASE IN CASH AND CASH EQUIVALENTS	(266,307)	(649,442)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,275,808	1,925,250
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,009,501	$ 1,275,808

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

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

I. COMPANY HISTORY

Gemtek Technologies Co., Ltd. (the "Company") was incorporated on June 29, 1988. It researches, develops, manufactures, purchases, sells, exports, and imports electronic components, semi-finished products, finished products, computer software, hardware and peripheral equipment. The Company's shares was listed on the Taipei Exchange (OTC) in January of 2002, and have been listed on the Taiwan Stock Exchange (TWSE) since June 30, 2003.

The consolidated financial statements of the Company and its subsidiaries (collectively, referred to as the "Group") are presented in the Company's functional currency, the New Taiwan dollar.

II. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issuance on March 13, 2023.

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

(1) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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).

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies:

(2) New, Amended and Revised Standards and Interpretions of IFRSs endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretions	Effective Date per IASB
Amendments to IAS 1 – Disclosure of audit policy	The amendments are effective for annual reporting periods beginning on or after 1 January 2023. (Note 1)
Amendments to IAS 8 –Definition of Accounting Estimates	The amendments are effective for annual reporting periods beginning on or after 1 January 2023. (Note 2)
Amendments to IAS 12 –Deferred tax relating to assets and liabilities arising from a single transaction	The amendments are effective for annual reporting periods beginning on or after 1 January 2023. (Note 3)

Note 1: The Group shall apply IAS1 amendments prospectively for annual reporting periods beginning on or after January 01, 2023.

Note 2: The Group shall apply IAS8 amendments prospectively for annual reporting related to auditing estimation value and politcy change, in th periods of beginning on or after January 01, 2023.

Note 3: Except for the deferred income tax of temporary differences in lease and decommissioning obligations in January 01, 2022, the Group shall apply IAS12 amendments prospectively for annual reporting periods beginning on or after January 01, 2022.

(3) New, Amended and Revised Standards and Interpretions of IFRSs Announced by the IASB but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretions	Effective Date per IASB (Note1)
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
Amendments to IFRS 16- 「lease obligations in sale and leaseback」	January 01, 2024
IFRS 17 Insurance Contracts	January 01, 2023
Amendments to IFRS 17	January 01, 2023
Amendments to IFRS 17 – Initial application of IFRS 17 and IFRS 9 -- Comparison	January 01, 2023
Amendments to IAS 1 -- Classification of Liabilities as Current or Non-current	January 01, 2024
Amendments to IAS 1 -- Disclosure of Accounting Policies	January 01, 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: As of the date the accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

IV.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I)Statement of Compliance

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

(II)Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

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

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

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

Current assets include:
1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within twelve 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 twelve months after the reporting period.

Current liabilities include:
1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within twelve 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 twelve months after the reporting period.

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

(IV) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group (i.e., its subsidiaries, including special purpose entities). Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

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 Group’s interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

See Note 12, Attachment 5, and Attachment 6 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

(V) 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 and the fair value of the acquirer's previously held equity interests in the acquire over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

For each business combination, the Group measures the non-controlling interests at either fair value or the share in the recognized amounts of the acquiree's identifiable net assets. 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, may be initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of the measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

When a business combination is achieved in stages, the Group's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required if those interests were directly disposed of by the Group.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

(VI) Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e. 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 except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was 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, and in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Corporation and the group entities (including subsidiaries and associates in other countries that use currencies that are different from the currency of the Corporation) 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; 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 Corporation and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(VII) Inventories

Inventories consist of raw materials, supplies, finished goods and work in process 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 end of reporting period.

(VIII) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and joint venture 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 and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates and joint ventures.

Any excess of the cost of an acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture 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 the acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate and joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in that associate and joint venture. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus - changes in the Group's share of equity of associates and joint ventures. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by using the equity method is insufficient, the shortage is debited to retained earnings.

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

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 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.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on its initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When a group entity transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Group' consolidated financial statements only to the extent that interests in the associate and the joint venture are not related to the Group.

(IX)Property, plant and equipment

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

Depreciation is recognized using the straight-line method with their estimated useful lives. Each significant part is depreciated separately. If the lease term is shorter than its estimated useful life, an item of property, plant and equipment is depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at least once at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(X)Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of the acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit or groups of cash-generating units was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit or groups of cash-generating units is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation that is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(XI) 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. When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction services in a service concession arrangement), it is initially recognized as an intangible asset at its fair value. The intangible asset is subsequently measured at cost less accumulated amortization and any accumulated impairment loss.

2.Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3.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.

(XII) Impairment of tangible assets (property, plant, and equipment), right-of-use assets, and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets (property, plant and equipment), right-of-use assets, and other 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.

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 an asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization expenses or depreciation expenses) that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

(XIII) Financial instruments

Financial assets and financial liabilities are recognized when a group entity 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 purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(1)Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

A.Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is 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, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 30.

B.Financial assets at amortized cost

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

a.The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b.The contractual terms of the financial asset 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 measured at amortized cost, including cash and cash equivalents, note receivables, account receivables, account receivables-related party, other receivables, other receivables-related party, and refundable deposits, which equals the gross carrying amount determined using the effective interest method less any impairment loss measured at amortized cost. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

a.Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

b.Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that the debtor or issuer will probably enter bankruptcy or other financial reorganization, and the disappearance of an active market for that financial asset because of financial difficulties

Cash equivalents include time deposits and bank acceptances with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

C.Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(2)Impairment of financial assets

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

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivables. 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. The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

For internal credit risk management purposes, the Group determines that the following situation indicate that a financial asset is in default (without taking into account any collateral held by the Group):
A.Internal or external information shows that the debtor is unlikely to pay its creditors.
B.When a financial asset is more than 365 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investmens in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in the other comprehensive incomeand does not reduce the carrying amount of the financial assets.

(3)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. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through 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.

The repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation's own equity instruments.

3. Financial liabilities

(1)Subsequent measurement

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

Financial liabilities at FVTPL.

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The fair value is determined in the manner described in Note 30.

(2)Derecognition of financial liabilities

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

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

The Group enters into foreign exchange forward to manage its exposure to foreign exchange rate risks.

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. When the fair value of derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instrument is negative, the derivative is recognized as a financial liability.

(XIV)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 wireless gateways and wlan cards. Sales of wireless gateways and wlan cards are recognized as revenue when 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 transaction price received is recognized as a contract liability until the customer acquires control of the good.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

(XV)Leasing

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.

1.The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operatin leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2.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. 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, and variable lease payments which depend on an index or a rate. 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 Group uses the lessee’s incremental borrowing rate.

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 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.

(XVI)Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

(XVII)Government grants

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related cost for which the grants are intended 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 of loss in the period in which they become receivable.

(XVIII) 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 an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service costs, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service costs and net interest on the net defined benefit liability (asset) are recognized as an 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.

The net defined benefit liability (asset) represents the actual deficit (surplus) in the Group’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plan or reductions in future contributions to the plan.

(XIX)Share-based payment arrangements

Employee share options

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group’s best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in non-controlling interest; it is recognized as an expense in full at the grant date if vested immediately.

At the end of each reporting period, the Group revises its estimates of the number of employees share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus-employee share options.

(XX)Taxation

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

1.Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the 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 consolidated financial statement 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, unused loss carryforwards and unused tax credits for research and development expenditures 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, associates and 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. For deferred tax assets arising from deductible temporary differences associated with such investments and equity, the interests are only recognized 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 they 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 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 year 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 for the year

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, and in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity.

V. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions about 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 group will take the recent development of the covid-19 pandemic and its possible impact on the economic environment into consideration of major accounting estimates such as cash flow estimation, growth rate, discount rate, and profitability. The management of the group will evaluate the estimated Check with underlying assumptions on an ongoing basis. If the revision of the estimate only affects the current period, it is recognized in the revision period; if the revision of the accounting estimate affects both the current period and the future period, it is recognized in the revision period and the future period.

VI. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash on hand	$ 2,219	$ 2,570
Checking accounts and demand deposits	836,815	1,178,548
Cash equivalents		
Time deposits with original maturities of less than 3 months	170,467	94,690
	$ 1,009,501	$ 1,275,808
Market rate intervals of cash in banks at the end of the reporting period	0.001%~6.90%	0.001%~3.70%

VII. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2022	December 31, 2021
Financial assets - current		
Mandatorily classified as at FVTPL		
Non-derivative financial assets		
－Domestic listed shares	$ -	$ 123,612
－Financial Products	-	
Hybrid Financial Assets		
－Convertible Bonds	17,940	16,974
Derivative instruments（non hedge accounting）		
－Forward Contract	-	2,274
	$ 17,940	$ 142,860

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting for the balance sheet were as follows:

December 31, 2022

	Currency	Maturity Date	Notional Amount（In Thousands）
-	-	-	-

December 31, 2021

	Currency	Maturity Date	Notional Amount（In Thousands）
Sell	USD/NTD	2021.12.09-2022.02.11	USD 10,000/NTD 276,840

The Group entered into foreign exchange forward contracts to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities.

VIII. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - OTHERS

	December 31, 2022	December 31, 2021
Non-current		
Domestic Investments		
Listed shares	$ 3,095,245	$2,581,092
Unlisted shares	51,150	101,695
Total	3,146,395	2,682,787
Overseas Investment		
Listed shares	10,560	13,357
Unlisted shares	101,864	127,349
Total	112,424	140,706
	$ 3,258,819	$2,823,493

Foreign investments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

IX. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	December 31, 2022	December 31, 2021
Current		
Domestic Investment		
Time deposits with original maturities of more than 3 months (1)	$ 3,307	$ 9,879
Standard Chartered Subordinated Bond (2)	-	127,412
	$ 3,307	$ 137,291
Non-current		
Domestic Investment		
Time deposits with original maturities of more than 3 months (1)	$ 20,000	$ 20,000

(I) As of December 31, 2022 and 2021, the annual interest rate for time deposits with original maturities of more than 3 months are within the ranges of 1.08%~0.35%.

(II) In February 2016, the Group purchased Standard Chartered Bank Subordinated Bond at a nominal value of USD4,600 thousand. The maturity date is January 25, 2022. The coupon rate is 5.7%, and the effective interest rate is 4.49%.

(III)Please see Note 32 for more details on financial assets pledged as collateral measured at amortized cost.

X. ACCOUNTS RECEIVABLE

	December 31, 2022	December 31, 2021
Accounts Receivable		
At Amortized Cost	$ 9,313,057	$ 6,158,061
Less: Allowance for impairment loss	(7,941)	(703)
	$ 9,305,116	$ 6,157,358

The average credit period on sales of goods is 90 days with no accrued interest. The allowance for doubtful receivables was assessed by referring to the collectability of receivables based on an individual trade term analysis, aging analysis, the historical payment behavior and current financial condition of customers.

The Group measures the loss allowance for accounts receivables at an amount equal to lifetime expected credit losses.The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

In the event there is an evidence indicating that the customer is under severe financial difficulty and the Group cannot reasonably estimate the recoverable amounts, the Group writes off relevant accounts receivable. However, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, the recoverable amounts are recognized in profit or loss.

The following table details the loss allowance of note receivables and accounts receivables based on the Group's provision matrix.

December 31, 2022

	Less than	Less than	Over	Total

	180 Days	181～365 Days	366 Days	
Expected Credit Loss Rate	-	7.69%	100%	
Gross carrying amount	$ 9,218,712	$ 93,832	$ 513	$ 9,313,057
Loss allowance (Lifetime ECL）	(215)	(7,213)	(513)	(7,941)
Amortized cost	$ 9,218,497	$ 86,619	$ -	$ 9,305,116

December 31, 2021

	Less than 180 Days	Less than 181～365 Days	Over 366 Days	Total
Expected Credit Loss Rate	0.01%	1.75%	100%	
Gross carrying amount	$ 6,157,234	$ 457	$ 370	$ 6,158,061
Loss allowance (Lifetime ECL）	(325)	(8)	(370)	(703)
Amortized cost	$ 6,156,909	$ 449	$ -	$ 6,157,358

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

	December 31, 2022	December 31, 2021
Balance, beginning of year	$ 703	$ 509
Add: Acquire Subsidiary	-	242
Add: Current Provision of Impairment loss	7,238	-
Less: Current Reversal of Impairment loss	-	(48)
Balance, end of year	$ 7,941	$ 703

XI. INVENTORIES

	December 31, 2022	December 31, 2021
Finished goods	$ 697,243	$ 390,932
Work in process	509,549	446,730
Raw materials and supplies	3,271,188	2,911,249
Inventory in transit	123,310	72
	$ 4,601,290	$ 3,748,983

As of December 31, 2022 and 2021, the cost of inventories recognized as cost of goods sold were NT$25,034,716 thousand and NT$20,852,099 thousand, respectively. Cost of goods sold include allowance for inventory write-downs and inventory obsolescence were $15,092 thousand and $26,493 thousand, respectively.

XII. SUBSIDIARIES

(I) Subsidiaries included in consolidated financial statements:

Investor	Investee	Main Business	% of Ownership 2022 December 31	% of Ownership 2021 December 31
Gemtek Technologies Co., Ltd.	Brightech International Co., Ltd.	Investment	100.00%	100.00%
Gemtek Technologies Co., Ltd.	G-Technology Investment Co., Ltd.	Investment	100.00%	100.00%
Gemtek Technologies Co., Ltd.	Gemtek Investment Co.,Ltd	Investment	100.00%	100.00%
Gemtek Technologies Co., Ltd.	Gemtek Vietnam Co., Ltd.	Telecommunications	100.00%	100.00%
Gemtek Technologies Co., Ltd.	BROWAN Communications Incorporation	Telecommunications	33.68%	33.68%-
Gemtek Investment Co.,Ltd	5V Technologies, Ltd.	Telecommunications	97.92%	97.92%
Gemtek Investment Co.,Ltd	BROWAN Communications Incorporation	Telecommunications	16.81%	16.81%-
Brightech International Co., Ltd.	Gemtek Electronics Suzhou Co. Ltd.	Telecommunications	80.46%	80.46%
G-Technology Investment Co., Ltd.	Gemtek Electronics Kunshan Co., Ltd.	Telecommunications	100.00%	100.00%
G-Technology Investment Co., Ltd.	AMPAK International Holdings Ltd.	Investment	100.00%	100.00%
G-Technology Investment Co., Ltd.	Primax Communication (B.V.I.) Inc.	Investment	100.00%	100.00%
G-Technology Investment Co., Ltd.	Gemtek CZ., s.r.o.	Telecommunications	100.00%	100.00%
AMPAK International Holdings Ltd.	Gemtek Electronics (ChangShu) Co., Ltd.	Telecommunications	100.00%	100.00%
Primax Communication (B.V.I.) Inc.	Gemtek Electronics Suzhou Co. Ltd.	Telecommunications	19.54%	19.54%

On December 27, 2021, the Company obtained 9.35% of the shareholdings of Browan Communications Incorporation (hereinafter as Browan) by NTD153,000 thousand in cash, increasing its shareholding ratio from 24.33% to 33.68%. The Company and Gemtek Investment Co.,Ltd. collectively own a total of 50.49% of Browan's shareholdings. In addition, due to the fact that over half of Browan's Board of Directors are representatives appointed by the Company, establishing substantial control over Browan, therefore is regarded as a subsidiary of the Company. Browan's financial statements are included in this consolidated financial report as a result. Please see Note 27 for more details on acquisition of equity shares from Browan Communications Incorporation.

The condolidated financial statements of the Group as of December 31, 2022 and 2021, which includes the financial statements of its subsidiaries, have been duly audited for the same year.

(II) Subsidiaries not included in consolidated financial statements

			% of Ownership	
Investor	Investee	Main Business	2022 December 31	2021 December 31
Gemtek Technologies Co., Ltd.	Wi Tek Investment Co., Ltd.	Investment	100.00%	100.00%
G-Technology Investment Co., Ltd.	PT. South Ocean	Telecommunications	95.00%	95.00%
Wi Tek Investment Co., Ltd.	Browan Communications (Xi'An) Inc.	Telecommunications	100.00%	100.00%

As of 2022 and December 31, 2021, the Group held 100% of Wi Tek Investment Co., Ltd., and its total assets were NT$3,349 thousand and NT$8,082 thousand, accounting for 0.04% and 0.11% of consolidated assets, respectively. Operating incomes were NT$0 for both years, accounting for 0% of the consolidated total operating income. As a result, Wi Tek Investment Co., Ltd. was not included in the consolidated financial statements of the Group.

As of 2022 and December 31, 2021, the Group held 95% of PT. South Ocean, and its total assets were NT$2,540 thousand and NT$2,614 thousand, accounting for 0.01%

and 0.01% of consolidated assets, respectively. Operating incomes were NT$0 for both years, accounting for 0% of the consolidated total operating income. As a result, PT. South Ocean was not included in the consolidated financial statements of the Group.

As of 2022 and December 31, 2021, the Group held 100% of the shares of Browan Communications (Xi'An) Inc. through Wi Tek Investment Co., Ltd., and its total assets were NT$9,724 thousand and NT$9,703 thousand, accounting for 0.04% and 0.05% of consolidated assets, respectively. Operating incomes were NT$1,636 thousand and NT$2,227 thousand, accounting for 0.01% and 0.01% of the consolidated total operating income, respectively. As a result, Browan Communications (Xi'An) Inc. was not included in the consolidated financial statements of the Group.

XIII. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2022	December 31, 2021
Investment in subsidiaries	$ 6,167	$ 10,622
Investment in associates	1,279,882	1,099,361
	$ 1,286,049	$ 1,109,983

(I) Investment in subsidiaries

	December 31, 2022	December 31, 2021
Unlisted Company		
Wi Tek Investment Co., Ltd.	$ 3,349	$ 8,082
PT. South Ocean	2,818	2,540
	$ 6,167	$ 10,622

Proportion of ownership and voting rights:

	December 31, 2022	December 31, 2021
WiTek Investment Co., Ltd.	100.00%	100.00%
PT. South Ocean	95.00%	95.00%

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the year ended December 31, 2022 and 2021 was based on the subsidiaries' financial statements which have been audited for the same year.

Please refer to Note 12 for details on subsidiaries that are not included in the consolidated financial statement. For more information regarding the nature of activities, principal place of business and country of incorporation of the associates, please refer to Attachment 5. ◦

(II) Investments in associates

	December 31, 2022	December 31, 2021
Material associate		
AMPAK Technology Inc.	$ 1,242,015	$ 1,082,428
Associate that is not individually material		
Free PP Worldwide Co., Ltd.	26,409	13,065
BandRich Inc.	3,030	3,868
BANDRICH, INC.	8,428	-
	$ 1,279,882	$ 1,099,361

1. Material associate：

Company Name	Proportion of ownership and voting rights December 31, 2022	Proportion of ownership and voting rights December 31, 2021
AMPAK Technology Inc.	30.20%	33.37%

For more information regarding the nature of activities, principal place of business and country of incorporation of the associates, please refer to Table 5. ◦

In December 2021, the group increase shareholing of BROWAN Communications Incorporation and claim controlling power, therefore the group BROWAN Communications Incorporation as subsidiaries.

In May 2022, the company did not subscribe for the cash capital increase of AMPAK Technology Inc.according to the shareholding ratio, so that the shareholding ratio fell to 30.35%. The increase in the net equity value of the investment was 131,860 thousand, which was listed as capital reserve. In addition, in June 2022, part of the equity of xxx was sold, reducing the shareholding ratio to 30.20%.

The level 1 fair value information of associates with open market quotations is as follows:

Company Name	December 31, 2022
AMPAK Technology Inc.	$ 1,422,042

Summarized financial information in respect of each of the Group's material associates is set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

AMPAK Technology Inc.

	December 31, 2022	December 31, 2021
Current assets	$ 2,237,822	$ 2,051,030
Non-current assets	850,394	476,082
Current liabilities	(809,828)	(1,171,712)
Non-current liabilities	(255,608)	(20,255)
Equity	$ 2,022,780	$ 1,335,145
Proportion of the Group's ownership	30.20%	33.37%
Equity attributable to the Group	$ 610,880	$ 445,557
Goodwill	631,135	636,871
Carrying amount	$ 1,242,015	$ 1,082,428

	December 31, 2022	December 31, 2021
Operating revenue	$ 3,145,981	$ 3,104,597
Net profit for the year	$ 496,528	$ 408,182
Other comprehensive income	(7,031)	(29,016)
Total comprehensive income for the year	$ 489,497	$ 379,166

Equity obtained from AMPAK Technology Inc.	$ 109,142	$ 80,402

2. Aggregate information of associates that are not individually material

	2022
The Group's share of:	
Total comprehensive income	($ 5,861)

The investments in associates accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the year ended December 31, 2022 and 2021 were based on the associates' financial statements which have been audited for the same year.

XIV. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Construction in progress and equipments pending acceptance	Total
Cost						
Balance on January 01, 2021	$ 259,279	$ 3,138,554	$ 1,923,006	$ 1,367,144	$ 86,748	$ 6,774,731
Additions	109,440	49,891	90,191	114,115	186,875	550,512
Disposals	-	-	(20,343)	(69,285)	-	(89,628)
Acquired from business combination	-	-	141	3,045	-	3,186
Prepayments for business facilities	-	-	2,663	178	-	2,841
Reclassification	-	19,822	152,004	11,368	(183,194)	-
Effect of foreign currency exchange differences	-	(15,170)	(40,755)	14,804	(2,392)	(43,513)
Balance on December 31, 2021	$ 368,719	$ 3,193,097	$ 2,106,907	$ 1,441,369	$ 88,037	$ 7,198,129
Accumulated depreciation and impairment						
Balance on January 01, 2021	$ -	$ 1,390,831	$ 1,065,180	$ 993,562	$ -	$ 3,449,573

Disposals	-	-	(12,878)	(58,277)	-	(71,155)
Depreciation expenses	-	104,255	151,238	105,792	-	361,285
Acquired from business combination	-	-	6	2,470	-	2,476
Effect of foreign currency exchange differences	-	(4,509)	(6,767)	(4,312)	-	(15,588)
Balance on December 31, 2021	$ -	$ 1,490,577	$ 1,196,779	$ 1,039,235	$ -	$ 3,726,591
Net value on December 31, 2021	$ 368,719	$ 1,702,520	$ 910,128	$ 402,134	$ 88,037	$ 3,471,538
Cost						
Balance on January 01, 2022	$ 368,719	$ 3,193,097	$ 2,106,907	$ 1,441,369	$ 88,037	$ 7,198,129
Additions	-	10,044	117,468	149,900	547,433	824,845
Disposals	-	(611)	(166,618)	(127,189)	-	(294,418)
Prepayments for business facilities	-	-	14,730	11,777	-	26,507
Reclassification	-	34,181	447,363	21,517	(300,632)	202,429
Effect of foreign currency exchange differences	-	54,308	90,096	18,057	16,972	179,433
Balance on December 31, 2022	$ 368,719	$ 3,291,019	$ 2,609,946	$ 1,515,431	$ 351,810	$ 8,136,925
Accumulated depreciation and impairment						
Balance on January 01, 2022	$ -	$ 1,490,577	$ 1,196,779	$ 1,039,235	$ -	$ 3,726,591
Disposals	-	(611)	(106,431)	(108,415)	-	(215,457)
Depreciation expenses	-	108,299	180,908	127,097	-	416,304
Effect of foreign currency exchange differences	-	15,729	140,624	10,629	-	166,982
Balance on December 31, 2022	$ -	$ 1,613,994	$ 1,411,880	$ 1,068,546	$ -	$ 4,094,420
Net value on December 31, 2022	$ 368,719	$ 1,677,025	$ 1,198,066	$ 446,885	$ 351,810	$ 4,042,505

No impairment assessment was performed for the years ended December 31, 2022 and 2021 as there were no indication of impairment.

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

Building	
Main buildings	50 years
Others	3~50 years
Machinery and equipment	2~10 years
Miscellaneous equipment	2~10 years

XV. LEASE ARRANGEMENTS

(I) Right-of-use Assets

	December 31, 2022	December 31, 2021
Carrying amounts		
Land	$ 358,581	$ 98,330
Building	21,060	33,974
Transportation equipment	5,242	5,349
	$ 384,883	$ 137,653

	2022	2021
Additions to right-of-use assets	$ 256,626	$ 36,902
Depreciation charge for right-of-use assets		
Land	$ 2,921	$ 2,799
Buildings	11,508	4,549
Transportation equipment	2,992	694
	$ 17,421	$ 8,042

(II) Lease Liabilities

	December 31, 2022	December 31, 2021
Carrying amounts		
Current	$ 91,168	$ 14,918
Non-current	$ 12,689	$ 24,102

Range of discount rate for lease liabilities was as follows:

	December 31, 2022	December 31, 2021
Buildings	0.67%~4.34%	0.67%~4.34%
Transportation equipment	0.67%~4.41%	0.67%~4.41%

(III) Other lease information

	December 31, 2022	December 31, 2021
Total cash outflow for leases	($ 197,163)	($ 4,972)

XVI. OTHER ASSETS

	December 31, 2022	December 31, 2021

Current		
Prepaid expenses	$ 55,036	$ 51,985
Prepayments	55,584	20,523
Temporary Payments	57,726	6,247
Offset Against Business Tax Payable	75,325	152,518
	$ 243,671	$ 231,273
Non-current		
Deferred expenses	$ 101,597	$ 162,548
Refundable deposits	8,249	7,627
Overdue receivables	196,741	196,741
Allowance for overdue receivables	($ 196,741)	($ 196,741)
Defined Benefit Asset (Note20)	19,625	9,212
Advanced payment for faciliate	36,762	68,436
Others	310	-
	$ 166,543	$ 247,823

XVII.BORROWINGS

Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings		
Line of credit borrowings	$ 2,526,205	$ 2,108,520
Rate of interest per annum (%)	1.52%~5.95%	0.61%~0.85%

XVIII.BONDS PAYABLE

	December 31, 2022	December 31, 2021
5th Domestic unsecured convertible bonds	$ -	$ 857,842
Due within 1 year	-	(857,842)
	$ -	$ -

On March 15, 2019, the Company issued its 5th domestic unsecured convertible bond in the amount of $1,200,000 thousand at 100.2% of its par value for 12 thousand units, in which the denomination for the bond is NT$100 thousand. The maturity period is 3 years, with a zero coupon rate.

On December 31, 2021, the conversion price was NT$24.8 per common share, conversion period was from June 16, 2019 to March 15, 2022. After the convertible bonds are issued for 2 years, bondholders may request the Company to redeem the convertible bonds in cash at 100.5% of the bond's face value per sale base date. After 3 months following the offering date of the convertible bonds and up until 40 days prior to its maturity date, if the closing price of the Company’s common stock exceeds the current conversion price by 30% (inclusive) for 30 consecutive business days, the Company may, based on the face value of the bond, exercise its rights to redeem all convertible bonds in cash. After 3 months following the offering date of the convertible bonds and up until 40 days prior to its maturity date, if the outstanding balance of the convertible bonds is less than 10% of the total amount issued, the Company may, based on the face value of the bond, exercise its rights to redeem all convertible bonds in cash. Except for conversions into common stock and early redemptions made by the Company, a lump-sum payment will be given in cash upon maturity.

This convertible bond includes liability and equity components. The equity components are expressed as capital reserve-stock options under equity. The effective interest rate originally recognized for the liability component is 1.46%.

Proceeds from issuance (Less: NT$5,084 thousand transaction cost)	$ 1,197,316
Equity component (Less: NT$193 thousand trading cost allocated to the equity component)	(45,527)
Financial liabilities at fair value through profit or loss－current (Less: NT$13 thousand transaction cost)	(3,107)
Liability component at issue date (Less: NT$4,878 thousand transaction cost allocated to the liability component)	1,148,682
Interest charged at Effective interest rate 1.46%	13,400
Liability component on December 31, 2019	1,162,082
Interest charged at Effective interest rate 1.46%	17,075

Liability component on December 31, 2020	1,179,157
Interest charged at Effective interest rate 1.46%	15,340
Financial asset at fair value through profit or loss	(68)
Bonds payable converted to common shares	(336,587)
Liability component on December 31, 2021	$ 857,842
Interest calculated at an effective rate of 1.46%	1,918
Conversion of bonds payable into ordinary shares	(856,460)
Redemption of bond	(3,300)
Liability component on December 31, 2022	$ -

XIX. OTHER LIABILITIES

	December 31, 2022	December 31, 2021
Other payables-current		
Other payables	$ 422,520	$ 288,792
Payables for salaries or bonuses	548,230	421,121
Other payables to related parties (Note 32)	499	3,287
	$ 971,249	$ 713,200

	December 31, 2022	December 31, 2021
Other liabilities－current		
Temporary credits	$ 43,630	$ 67,638
Others	13,347	10,884
	$ 56,977	$ 78,522
Other liabilities－non-current		
Deposits received	$ 1,705	$ 1,466

XX. RETIREMENT BENEFIT PLANS

(I) Defined contribution plans

The Company and its subsidiaries 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.

(II) Defined benefit plans

The defined benefit plan adopted by the Company and its subsidiaries in accordance with the Labor Standards 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 Group contributes 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") and the Group has no right to influence the investment policy and strategy.

Among the Group's subsidiaries, Gemtek Electronics (Kunshan) Co., Ltd. and Gemtek Electronics (Changshu) Co., Ltd. follow the above plans to contribute an amount equal to the proportion allocated from their employees' salaries, and deposit the total amount into a special pension account. The pension fund is managed by the local statutory insurance agency. When an employee retires, he/she will be eligble to receive the employee's personal pension savings and the Group's relative contributions, plus its accrued interest from the past years.

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

	December 31, 2022	December 31, 2021
Present Value of the Defined Benefit Obligation	$ 64,813	$ 67,550
Fair Value of the Plan Assets	(84,438)	(76,762)
Net Defined Benefit Asset	($ 19,625)	($ 9,212)

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Balance on January 01, 2021	$ 64,604	($ 75,200)	($ 10,596)
Service cost			

Current service cost	575	-	575
Interest expense(Income)	226	(268)	(42)
Recognized in profit or loss	801	(268)	533
Remeasurement			
Return on plan assets	-	(1,062)	(1,062)
Actuarial gains and losses			
—Change in demographic assumptions	2,969	-	2,969
—changes in financial assumptions	(2,117)	-	(2,117)
—experience adjustments	3,737	-	3,737
Recognized in other comprehensive income	4,589	(1,062)	3,527
Contributions from the employer	-	(2,676)	(2,676)
Benefits paid	(2,444)	2,444	-
Balance on December 31,2021	67,550	(76,762)	(9,212)
Current service cost	551	-	551
Interest expense(income)	506	(586)	(80)
Recognized in profit or loss	1,057	(586)	471
Remeasurement			
Return on plan assets	-	(5,941)	(5,941)
Actuarial gains and losses			
—changes in financial assumptions	(3,014)	-	(3,014)
—experience adjustments	618	-	618
Recognized in other comprehensive income	(2,396)	(5,941)	(8,337)
Contributions from the employer	-	(2,547)	(2,547)
Benefits paid	(1,398)	1,398	-
Balance on December 31, 2022	$ 64,813	($ 84,438)	($ 19,625)

The amounts of defined benefit plans recognized in profit or loss by function were as follows:

	2022	2021
Operation cost	$ 131	$ 165
Selling and marketing expenses	34	39
General and administrative expenses	94	107
R&D expense	212	222

	$ 471	$ 533

Through the defined benefit plans under the Labor Standards Law, 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 of Labor Funds, Ministry of Labor 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 principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.40%	0.75%
Expected rates of future salary increase	3.25%	3.25%

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

	December 31, 2022	December 31, 2021
Discount rate		
Increase 0.25%	($ 1,183)	($ 1,349)
Decrease 0.25%	$ 1,220	$ 1,393

Expected rates of future salary increase		
Increase 0.25%	$ 1,166	$ 1,324
Decrease0.25%	($ 1,136)	($ 1,290)

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	December 31, 2021
The expected contributions to the plan for the next year	$ 2,548	$ 2,676
The average duration of the defined benefit obligation	11年	11年

XXI.EQUITY

(I) Share capital

Common stock

	December 31, 2022	December 31, 2021
Authorized shares（in thousands）	500,000	500,000
Authorized capital	$ 5,000,000	$ 5,000,000
Issued and paid shares (in thousands)	394,646	366,119
Issued capital	$ 3,946,465	$ 3,661,188
Advance Receipts for Share Capital	-	44,798
	$ 3,946,465	$ 3,705,986

A holder of issued ordinary shares with par value of NT$10 is entitled to the proportional rights to vote and to dividends.

In 2021 and 2022, some of the Restricted Stock Awards did not meet the vested conditions. On May 6, 2021, November 11, 2021, and August 4, 2021, the board of directors resolved to withdraw Restricted Stock Awards 110. 1,000 shares, 74,000 shares, and 171,000 shares and conduct capital reduction, the capital reduction base date is May 6, 2021, November 15, 2021, and August 10, 2021, respectively.

The number of ordinary shares converted by the fifth domestic unsecured convertible bond held by the company is 5,441 thousand shares, 3,271 thousand shares and 39,040 thousand shares respectively, and the number of ordinary shares converted by May 6, 2021 and 2021 years November 15 and March 18, 2022 are the benchmark dates for capital increase.

(II) Capital Surplus

	December 31, 2022	December 31, 2021
Shares premium from issuance	$ 970,862	$ 1,090,775
Conversion premium	3,606,944	3,063,571
Recognition of changes in ownership interests in subsidiaries	36,197	36,197
Recognition of changes in investment in subsidiaries and associates by using the equity method	157,747	11,618
Share option	-	32,642
Employee restricted stock	60,151	55,784
Expired share option	150,691	150,566
Others	473	473
	$ 4,983,065	$ 4,441,626

The capital surplus arising from shares issued in excess of par value (including share premium from issuance of ordinary shares), and donations 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).

The capital surplus arising from investments, employee share options, and convertible bonds options accounted for equity method may not be used for any purpose.

(III) Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, 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 information on the accrual basis of the employees’ compensation and remuneration of directors and the actual appropriations, refer to Note 23-8 employee benefits and remuneration of directors.

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

Under FSC Authorization Letters Jinguanzheng Fazi No. 1010012865 and No. 1010047490, and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”, the Company should appropriate or reverse to a special reserve. On January 01, 2003, a total of NT$195,638 thousand earnings was appropriated to special reserve.

The appropriation of earnings for 2021 and 2020 were approved by the shareholders’ general meetings on July 08, 2021 and June 09, 2022, respectively. The appropriations were as follows:

	Appropriation of Earnings	
	For the year ended 2021	For the year ended 2020
Legal reserve	$ 65,499	$ 127,330

Special reserve	(1,110,264)	746,328
Cash dividend	607,738	357,666

On July 08, 2021, the shareholders' meeting resolved to distribute NT$357,666 thousand capital reserve in cash by allocating NT$1 per share.

	Appropriation of Earnings	Dividends per share (NT$)
Legal reserve	$ 59,418	
Cash dividend	591,712	$ 1.5

The appropriations of earnings for 2022 are subject to the resolution of the shareholders' meeting that is to be held on May 29, 2023.

(IV) Special reserve

	For the year ended 2022	For the year ended 2021
Beginning balance	$ 1,305,902	$ 559,574
Appropriated special reserve		
Other deducted equity items	(1,110,264)	746,328
Ending balance		

Upon the initial adoption of the IFRSs, the reversal of special reserve appropriated due to exchange differences resulting from translation of financial statements of a foreign operation (including subsidiaries) shall be based on the Group's disposal of ownership. In the event that the Group loses significant influence, the special reserve will be fully reversed. When distributing the earnings, the difference between the net deduction of other shareholders' equity and the special reserve appropriated during the initial adoption of the IFRSs should be added to the special reserve at the end of the reporting period. Thereafter, earnings may be distributed based on the reversal of the deduction balance of other shareholders' equity.

(V) Other equity items

1. Exchange differences on translating the financial statements of foreign operations

	For the year ended 2022	For the year ended 2021
Beginning balance	($ 581,856)	($ 514,953)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	233,369	(63,871)
Share from subsidiaries and associates accounted for using the equity method	595	(3,032)
Change of subsidiaries and associates accounted for using the equity method	4	-
Disposal of subsidiaries	1	-
Ending balance	($ 347,887)	($ 581,856)

2. Unrealized gain (loss) on financial assets at FVTOCI (fair value through other comprehensive income)

	For the year ended 2022	For the year ended 2021
Beginning balance	$ 1,268,926	($ 790,948)
Recognized for the year		
Unrealized loss equity instruments		
Equity instruments	(38,094)	(29,987)
Share from subsidiaries and associates accounted for using the equity method	406,342	2,068,522
Changes in subsidiaries and associates ccounted for using the equity	216	-

method		
Disposal of subsidiaries	34	-
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	(4,912)	21,339
Ending balance	$ 1,632,512	$ 1,268,926

3. Unearned compensation

On June 9, 2020, the shareholders' meeting resolved to issue employee restricted stocks. Please see Note 26 for more details.

	For the year ended 2022	For the year ended 2021
Beginning balance	($ 25,997)	($ 75,825)
Cancelled for the year	(2,662)	4,530
Recognized share-based payment expenses	19,964	45,298
Ending balance	($ 8,695)	($ 25,997)

(VI) Non-controlling interests

	For the year ended 2022	For the year ended 2021
Beginning balance	$ 225,994	$ 132
Net income	81,367	1,791
Subsidiary cash reduction	(1,625)	-
non-controlling interests related to Restricted Stock Awards of subsidaries	84	-
Acquisition of non-controlling interests in subsidiaries（Note 27）	-	224,071
Ending balance	$ 305,820	$ 225,994

(VII) Treasury Stock

Purpose	Cancelled after repurchase（in thousands of shares）
To maintain the company's credit and shareholders' rights and interests	
Number of shares on January 01, 2022	-
Increased for the period	10,342
Decreased for the period	(10,342)
Number of shares on December 31, 2022	-

In order to maintain the company’s credit and shareholders’ rights and interests, on April 20, 2022, the Company’s board of directors decided to buy back and cancel 10,342 thousand treasury shares from the centralized securities exchange market. On August 4, 2022, the board of directors resolved to cancel 10,342 thousand treasury shares, in addition to the completion of relevant changes in registration with the authority.

According to the provisions of the Securities Exchange Law, treasury stocks cannot be pledged by the corporation, nor have the eligibility to claim dividends and voting rights.

XXII. REVENUE

	For the year ended 2022	For the year ended 2021
Revenue from contracts		
Revenue from product sales	$ 27,899,990	$ 22,912,691

(I) Contract balance

	December 31, 2022	December 31, 2021	January 1,2021
Notes receivable－related parties (Note 31）	$ -	$ -	$ 11,250
Accounts receivable (Note10)	9,305,116	6,157,358	5,888,372
Accounts receivable - related parties (Note 31）	63,000	201,980	112,537
	$ 9,368,116	$ 6,359,338	$ 6,012,159
Contract liabilities - current			
Product sales	$ 325,857	$ 307,167	$ 218,433

(II) Details on revenue from contracts

Please see note 36.

XXIII. PROFIT BEFORE INCOME TAX

Net profit (loss) from continuing operations include the following items:

(I) Interest income

	For the year ended 2022	For the year ended 2021
Bank deposit	$ 35,904	$ 21,290

(II) Other income

	For the year ended 2022	For the year ended 2021
Rental incomes		
Dividends		
Other income	68,587	53,517
	$ 80,929	$ 65,953

(III) Other gains and losses

	For the year ended 2022	For the year ended 2021
Gain (loss) on financial assets and liabilities measured at FVTPL	($ 15,715)	$ 31,797
Gain on disposal of associates	3,140	187,819
Foreign currency exchange loss	67,418	(80,063)
Loss on disposal of property, plant and equipment	(6,313)	(4,601)
Others	(26,680)	(5,149)
	$ 21,850	$ 129,803

(IV) Finance costs

	For the year ended 2022	For the year ended 2021
Interest on convertible bond	$ 1,918	$ 15,340
Interest on bank loans	79,917	15,294
Interest on lease liabilities	522	169
	$ 82,357	$ 30,803

(V) Impairment losses recognized (reversed)

	For the year ended 2022	For the year ended 2021
Accounts Receivable	$ 7,238	($ 48)
Inventory（includes operating cost）	$ 15,092	$ 26,493

(VI) Depreciation and amortization

	For the year ended 2022	For the year ended 2021
Property, plant and equipment	$ 416,304	$ 361,285

Right-of-use assets	17,421	8,042
Deferred expenses	131,441	105,618
	$ 565,166	$ 474,945
Depreciation Expenses by Function		
Operating costs	$ 307,354	$ 261,141
Operating expenses	126,371	108,186
	$ 433,725	$ 369,327
Amortization expenses by function		
Operating costs	$ 46,696	$ 45,151
Operating expenses	84,745	60,467
	$ 131,441	$ 105,618

(VII) Employee Benefits Expenses

	For the year ended 2022	For the year ended 2021
Post-employment benefits		
Defined contribution plans	$ 89,031	$ 78,502
Defined benefit plans (Note 20）	471	533
	89,502	79,035
Share-based payments		
Equity-settled	20,135	45,298
Other employee benefit	2,800,727	2,382,230
Total employee benefits expenses	$ 2,910,364	$ 2,506,563
Employee benefits expense by function		
Operating costs	$ 1,565,584	$ 1,422,254
Operating expenses	1,344,780	1,084,309
	$ 2,910,364	$ 2,506,563

(VIII) Employee compensation and Remuneration of Board of Directors

In compliance with the Articles of incorporation, the Company shall, after deducting the employee bonuses and renumeration benefits of directors from the current year's pre-tax benefits, allocate at least 13.5% for employee profit sharing bonuses and no more than 1.8% for the renumeration benefits of directors. The board of directors have resolved the accrual of employee compensation and remuneration of board for 2022 and 2021 on March 13, 2023 and March 17, 2021, respectively, as follows:

Accrual Rate

	For the year ended 2022	For the year ended 2021
Employee compensation	13.5%	13.5%
Remuneration of Directors	1.8%	1.8%

Amount

	For the year ended 2022	For the year ended 2021
	Cash	Cash
Employee compensation	$ 123,629	$ 112,689
Remuneration of Directors	16,484	15,025

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

There was no difference between the amounts of the bonus to employees and the remuneration of directors and supervisors approved in the shareholders' meetings and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2010.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2023 and 2022 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

XXIV. INCOME TAXES

(I) Major components of tax expense recognized in profit or loss:

	For the year ended 2022	For the year ended 2021

Current income tax		
In respect of the current year	$ 125,960	$ 41,865
Income tax on unappropriated earnings	54,601	2,099
Adjustments for prior years	908	10,040
	181,469	54,004
Deferred tax		
In respect of the current year	(8,186)	(12,135)
Income tax expense recognized in profit or loss	$ 173,283	$ 41,869

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

	For the year ended 2022	For the year ended 2021
Income before income tax from continuing operations	$ 919,333	$ 723,453
Income tax expense calculated at the statutory rate	$ 282,311	$ 208,435
Nondeductible expenses in determining taxable income	31,300	10,478
Tax-exempt income	(128,791)	(166,152)
Income tax on unappropriated earnings	54,601	2,099
Unrecognized temporary differences	(67,046)	(23,031)
Adjustments for prior years' tax	908	10,040
Income tax expense recognized in profit or loss	$ 173,283	$ 41,869

(II) Current tax asset and liability

	December 31, 2022	December 31, 2021
Current tax asset		
Tax refund receivable	$ 1,281	$ 324
Current tax liability		
Income tax payable	$ 137,470	$ 25,910

(III) 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	Exchange Differences	Closing Balance
Deferred tax assets				
Temporary differences				
Write-down of inventories	$ 3,774	$ _8,770	$ -	$ 12,544
Allowance for loss exceeded	6.167	1,318	-	7,485
Loss carryforwards	29,684	(29,684)	-	-
Unrealized exchange losses	6,286	33,245	-	39,531
Others	2,094	30	32	2,156
	$ 48,005	$ 13,679	$ 32	$ 61,716
Deferred tax liabilities				
Temporary differences				
Gain on foreign investment accounted for under the equity method	$ 205,313	$ -	$ -	$ 205,313
Unrealized exchange gains	635	6,248	-	6,883
Others	12,984	(755)	1,70	12,399
	$ 218,933	$ 5,493	$ 1,70	$ 224,596

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Deferred tax assets				
Temporary differences				
Write-down of inventories	$ 2,487	$ 1,284	$ -	$ 3,774
Allowance for loss exceeded	5,542	624	-	6,166
Loss carryforwards	29,684	-	-	29,684
Unrealized exchange losses	-	6,286	-	6,286
Others	3,128	10,54	21	2,095
	$ 40,841	$ 7,143	$ 21	$ 48,005
Deferred tax liabilities				
Temporary differences				
Gain on foreign investment accounted for under the equity method	$ 205,313	$ -	$ -	$ 205,313
Unrealized exchange gains	1,625	(990)	-	1,635
Others	15,683	4,002	1,304	12,985
	$ 222,621	($ 4,992)	$ 1,304	$ 218,933

(IV) Deductible temporary differences, unused loss carryforwards, and unused investment tax credits for which no deferred tax assets have been recognized in the balance sheets.

	For the year ended 2022	For the year ended 2021
Loss carryforwards		
2023	$ 35,889	$ 35,889
2027	14,084	14,084
2031	50,084	-
	$ 100,057	$ 49,973

(V) Details on unused loss carryforwards, unused investment tax credits, and tax exemptions.

	For the year ended 2022	For the year ended 2021
Loss carryforwards		
2027	$ -	$ 140,306
2029	-	8,109
	$ -	$ 148,415

(VI) The information of temporary differences associated with investments for which deferred tax liabilities have not been recognized.

As of December 31, 2022 and 2021, the taxable temporary differences associated with subsidiaries for which no deferred tax liabilities have been recognized were NT$568,536 thousand and NT$220,107 thousand, respectively.

(VII) Income tax assesments

The tax return filing of the Company, 5V TECHNOLOGIES, TAIWAN LTD., Browan Communications Inc. and Gemtek Investment Co. Ltd. as of 2020 and previous years have been assessed by the tax authorities.

Subsidiaries Brightech International Co., Ltd, G-Technology Investment Co., Ltd, AMPAK INTERNATIONAL HOLDINGS LTD, Primax Communication (B.V.I.) Inc.

have no income tax ; Gemtek CZ., s.r.o, Gemtek Vietnam Co., Ltd, Zhengpeng Electronics (Kunshan) Co., Ltd., Ambow Electronic Technology (Suzhou) Co., Ltd., and Zhengyang Electronics (Suzhou) Co., Ltd. as of the end of 2021, the corporate income tax industry has been approved by the tax collection agency.

XXV. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the year ended 2022	For the year ended 2021
Basic earnings per share from continuing operations	$ 1.70	$ 1.89
Diluted earnings per share from continuing operations	$ 1.59	$ 1.69

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

Current net income

	For the year ended 2022	For the year ended 2021
Net income attributable to owners of the company	$ 664,683	$ 679,793
Effect of potentially dilutive ordinary shares:		
Interest after tax for convertible bonds	1,534	12,273
Net income in computation of diluted earnings per share	$ 666,217	$ 692,066

Ordinary shares

Unit: Thousand Shares

	For the year ended 2022	For the year ended 2021
Weighted average number of ordinary shares in computation of basic earnings per share	391,633	359,145
Effect of potentially dilutive ordinary shares:		
Convertible bonds	20,642	42,862

Employee restricted stock	1,534	2,687
Employee compensation	5,275	5,097
Weighted average number of ordinary shares used in the computation of diluted earnings per share	419,084	409,791

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonuses would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was 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.

XXVI. SHARE-BASED PAYMENT ARRANGEMENTS

Restricted Stock Awards

On June 09, 2020, the annual shareholders' meeting of the Company approved the issuance of Restricted Stock Awards with a total amount of NT$40,000 thousand, that is 4,000 thousand shares to be issued at issue price of NT$10 per share. Followed by the approval letter Jinguanzheng Fazi No. 1090349323 issued by the Financial Supervisory Commission, Executive Yuan on July 14, 2020, the board of directors therefore determined August 7, 2020 as the capital increase base date.

If an employee still serves the Company after the subscription of Retricted Stock Awards, provided that the employee has not violated the Company's labor contract, work rules, or company regulations, and under the circumstance that the overall business operations and employee performances have reached the reasonable targets set out by the Company for the preceding year, the following ratio of shares for each vesting anniversary are:

(I) 1st anniversary： 30% of subscription；

(II) 2nd anniversary：30% of subscription；

(III) 3rd anniversary：40% of subscription。

Vesting restrictions if conditions have not been fulfilled:

(I) Measures to be taken when employees fail to meet the vesting conditions:

1. Before vesting conditions are met, Restricted Stock Awards received by the employee are not to be sold, mortgaged, transferred, gifted, pledged, or otherwise sanctioned except in the event of inheritance.

2. The attendance, proposal, speech, and voting rights of the shareholders meeting shall be implemented in accordance with the trust custody agreement. Any cash dividends, stock dividends, and capital reserve cash (stocks) allocated to the New Employee Restricted Stock Awards shall be placed under the custody of the trust. For those Restricted Stocks whom their owners have not yet fulfilled the vesting conditions, the cash dividends, stock dividends, and capital reserves (stocks) generated shall be forfeited and being reclaimed or cancelled by the Company in accordance with relevant laws and regulations.

(II) Based upon the above trust custody agreement, employees who have received Restricted Stock Awards are eligible to retain certain rights, including but not limited to: the right to receive dividends, bonuses, and capital reserves, the right to subscribe shares for cash increase, and voting rights, which are equivalent to the rights of common shares issued by the Company.

(III) Restricted Stock Awards that are issued in accordance with this arrangement shall be handled via trust and custody before vesting conditions are fulfilled.

XXVII. STATUS OF NEW SHARES ISSUANCE IN CONNECTION WITH MERGERS AND ACQUISITIONS

(I) Subsidiaries acquired

	Main Operating Activities	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
BROWAN Communications Incorporation	R&D, production , sales and provision of technical consulting and related services for wireless network products	December 27,2021	50.49	$ 153,000

The Group acquired Browan Communications Inc. on December 27, 2021 for the purpose of business expansion.

(II) Consideration Transferred

	BROWAN Communications Incorporation
Cash	$ 153,000

(III) Assets acquired and liabilities assumed at the date of acquisition

	BROWAN Communications Incorporation
Current Assets	
Cash and cash equivalents	$ 372,968
Account receivables	206,815
Other receivables	3,955
Inventory	57,602
Others	14,079
Non-current assets	
Properties, plant and equipment	710
Intangible assets	79,143
Others	5,119

Current liabilities	
Contract liabilities-current	(57,643)
Accounts payable	(197,917)
Other payables	(31,644)
Others	(659)
	$ 452,528

The fair value of the accounts receivable obtained from these companies in the merger and acquisition transaction is near the book value of the balance sheet. As a result, there are no presumed uncollectible amount from the date of business combination.

(IV) Goodwill recognized on acquisitions

	BROWAN Communications Incorporation
Consideration Transferred	$ 153,000
Add: Fair value of the acquirer's previously held equity interests on acquisition-date	267,836
Add: Non-controlling interest	224,071
Less：Fair value of identifiable net assets acquired	(452,528)
Goodwill recognized on acquisitions	$ 192,379

Goodwill is the control premium obtained during business combination. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

(V) Net cash outflow on acquisition of subsidiaries

	BROWAN Communications Incorporation
Cash and cash equivalent	$ 372,968

balances acquired	
Less: Consideration paid in cash	(153,000)
	$ 219,968

XXVIII. NON-CASH TRANSACTIONS

For the years ended December 31, 2022 and 2021, the Group entered into the following non-cash investment activities:

The cost of the 2022 and 2021 New Employee Restricted Stock was NT$20,135 thousand and NT$45,298 thousand, respectively.

In 2011, the group did not recognize an investment of 131,860,000 thousands using equity method based on the shareholding ratio.

XXX. FINANCIAL INSTRUMENTS

(I) Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Convertible bond	$ -	$ -	$ 17,940	$ 17,940
Financial assets at FVTOCI				
Equity instrument investment				
－Domestic and overseas listed stock	$ 3,105,805	$ -	$ -	$ 3,105,805
－Domestic and overseas unlisted stock	-	-	153,014	153,014
Total	$ 3,105,805	$ -	$ 153,014	$ 3,258,819

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at				

FVTPL

Domestic listed stock	$ 123,612	$ -	$ -	$ 123,612
Financial products	-	2,274	-	2,274
Convertible bond	-	-	16,974	16,974
Total	$ 123,612	$ 2,274	$ 16,974	$ 142,860

Financial assets at FVTOCI

Equity instrument investment				
－Domestic and overseas listed stock	$ 2,594,449	$ -	$ -	$ 2,594,449
－Domestic and overseas unlisted stock	-	-	229,044	229,044
Total	$ 2,594,449	$ -	$ 229,044	$ 2,823,493

There were no transfers between Levels 1 and 2 in 2022 and 2021.

2. Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivatives- convertible options	Binary Tree Model for Convertible Bonds Pricing: Evaluated based on the volatility of the conversion price, the risk-free interest rate, the risk of discount rate, and the years until maturity.

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

For stocks of unlisted companies without an active market, their fair value is assessed by using the market method and the income method.

The market approach refers to the market price and related information of listed companies that share a similar background as the unlisted stock in order to estimate its fair value; the income approach uses the discounting cash flow method to calculate the present value of the expected return from holding the investment target.

Hybrid financial assets - Convertible corporate bonds have no market price for reference. The Company's evaluation of fair value is based on the Binomial Tree Model for Convertible Bond Pricing, which factors in the volatility of the conversion price, the risk-free interest rate, the risk of discount rate, and the periods until maturity.

(II) Categories of financial instrument

	December 31,2022	December 31,2021
Financial assets		
Fair value through profit or loss	$ 17,940	$ 142,860
Fair value after amortized cost （Note 1）	10,443,122	7,913,681
Fair value through other comprehensive income	3,258,819	2,823,493
Financial liabilities		
Fair value after amortized cost （Note 2）	10,602,920	7,631,657

Note 1: Financial assets measured at fair value after amortized cost include cash and cash equivalents, notes receivables-related parties, accounts receivable, accounts receivables-related parties, other receivables, and refundable deposits etc.

Note 2: Financial liabilities measured at fair value after amortized cost include short-term loans, accounts payables, accounts payables -related parties, other payables, refundable deposits, and bonds payable etc.

(III) Financial risk management objective and policies

The Group's major financial instruments include equity instrument investment, accounts receivable, accounts payable, bonds payable, loans and lease liabilities. The Group's Financial Department 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 include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group's Finance Department seeks to mitigate the effect of these risks by using derivative financial instruments to hedge risk exposures under the policies approved by the board of directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group's management monitors and reviews the financial activities in accordance with procedures required by relevant regulations and internal controls.

If the Finance Department should engage in derivative transactions, the results are reported to the Board of Directors on a regular basis.

1. Market Risk

The Group's operating activities exposed it primarily to the financial risks arising from changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below):

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

(1) Foreign Currency Risk

The Group engages in foreign currency-denominated sales and purchase transactions, therefore exposing the Group to foreign currency fluctuation risks.

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency (including those eliminated on consolidation) at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollars (the functional currency) against the relevant foreign currencies. If the loss of the financial asset measured at fair value through profit and loss reaches the 3% cap as laid out in the contract, the situation must be reported to the management, and a reassessment of the exchange rate fluctuation should be made. The sensitivity analysis included only outstanding foreign currency denominated monetary items plus forward exchange contracts designated as a cash flow hedge, and their translations are adjusted at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollars strengthen 1% against the relevant currency; a negative number below indicates a decrease in pre-tax profit associated with New Taiwan dollars weakens 1% against the relevant currency.

	Impact of USD	
	For the year 2022	For the year 2021
Profit or Loss	$ 95,575	$ 57,115

The impact of foreign currencies on profit and loss listed in the above table mainly derived from the USD-denominated non-derivative financial assets and liabilities of the Group that are still in circulation on the balance sheet date and have not undergone cash flow hedging.

There was no significant changes in the sensitivity analysis of the current year's foreign exchange rates when compared to the previous year.

(2) Interest rate risk

The Group is exposed to interest rate risk arising from borrowing at both fixed and floating interest rates.

The carrying amounts 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	December 31,2021
Fair value interest rate risk		
－Financial assets	$ 193,774	$ 124,569
－Financial liabilities	2,238,880	2,966,362
Cash flow interest rate risk		
－Financial assets	836,815	1,178,548
－Financial liabilities	287,325	-

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for 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 100 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 100 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 increase by NT$5,495 thousand and NT$11,785 thousand, respectively. The main reason for the above derived from the net position of bank deposits and borrowings that are exposed to fluctuating interest rate risks and redeemable bonds attributable to the Group that are measured at fair value.

There was no significant changes in the sensitivity analysis of the current year's interest rates when compared to the previous year.

(3) Other market price risk

Equity price risk exposure arises from the Group's investments in domestic and foreign listed stocks, unlisted stocks, and convertible bonds. The Group assigns relevant personnel to monitor price flucutations and evaluate the timing to increase hedge positions.

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to equity price risks at the end of the reporting period.

If equity prices of financial assets at FVTPL had been 1% higher/lower, profit or loss for the years ended December 31, 2021 would increase/decrease by $1,236 thousand, respectively. If equity prices of financial assets at FVTOCI had been higher/lower, other comprehensive income (loss) for the years ended December 31, 2022 and 2021 would increase/decrease by $32,588 thousand and $28,235 thousand, respectively.

There was no significant changes in the sensitivity analysis of the current year's equity prices when compared to the previous year.

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 of 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 the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

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 substantial source of liquidity.
The detailed information of the Group's unused financing facilities as of December 31, 2022 and 2021 is further stated in (2) financing facilities below.

(1)Liquidity and interest risk 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 had 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 upon repayment dates.

For interest cash flows paid at floating interest rates, the undiscounted amount of interest can be inferred by the yield curve on the balance sheet date.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months -1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 5,894,826	$ 1,767,993	$ 412,191	$ -
Lease liabilities	1,143	2,287	88,523	13,182
Fixed interest rate liabilities	230,753	57,017	-	-
	2,043,381	199,637	-	-
	$ 8,170,103	$ 2,026,934	$ 500,714	$ 13,182

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months -1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 3,555,322	$ 721,722	$ 386,785	$ -
Lease liabilities	1,985	2,467	10,877	24,219
Fixed interest rate liabilities	1,830,978	278,502	857,842	-
	$ 5,388,285	$ 1,002,691	$ 1,255,504	$ 24,219

The aforementioned non-derivative financial liabilities were caluculatedby floating interest rates, therefore the results may differ from the interest rate accounted for the balance sheet date.

(2) Financing facilities Credit Lines

	December 31,2022	December 31,2021
Unsecured bank Loan facility		
－Amount used	$ 2,526,205	$ 2,108,520

－Amount unused	6,932,951	5,621,293
	$ 9,459,156	$ 7,729,813

XXXI. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(I) Related Party Name and Category

Name of related party	Relationship with the Group
BROWAN Communications Incorporation	Subsidaries (convert into subsidiaries on December 27,2021)
AMPAK Technology Inc.	Associates
SparkLAN Communications, Inc.	Associates
ANTEK NETWORKS INC	Associates
BandRich Inc.	Associates

(II) Sales Revenue

Type/Name of related party	For the year ended 2022	For the year ended 2021
Associate		
Others	$ 310,776	$ 756,228

Sales prices and payment terms for related parties were not significantly different from those for sales to non-related parties.

(III) Purchase and Processing Fee

Type/Name of related party	For the year ended 2022	For the year ended 2021
Associate		
Others	$ 14,147	$ 42,374

The sales prices and trade term with related parties are not comparable to those with thirdparty customers for certain transactions due to different product specifications; other than that, the determination of sales prices and payment terms for related parties were not significantly different from those for sales to non-related parties.

(IV) Receivables from related parties

Account	Type/Name of related party	December 31, 2022	December 31, 2021
Accounts receivables – related parties	Associates		
	AMPAK Technology Inc.	$ 51,344	$ 189,516
	SparkLAN Communications, Inc.	11,656	4,535
	Others	-	7,929
		$ 63,000	$ 201,980

No guarantee is received for the outstanding accounts receivable from related parties. No allowance for losses is provided for accounts receivable from related parties in 2022 and 2021.

(V) Other receivables from related parties

Type/Name of related party	December 31,2022	December 31,2021
Associate		
Others	$ 633	$ 524

Other receivables of the Group to be collected from related parties are the advance payments and purchases of raw materials on behalf of the related parties.

(VI) Payables to related parties

Account	Type/Name of related party	December 31,2022	December 31,2021
Accounts payable-related parties	Associates		
	AMPAK Technology Inc.	$ -	$ 5,667

No guarantees were available for outstanding accounts payables to related parties.

(VII) Other payables to related parties

Type/Name of related party	December 31,2022	December 31,2021
Associate		
others	$ 499	$ 3,287

Other payables of the Group to be paid to related parties are the accounts payable and procurement made on behalf of the related parties.

(VIII) Other trades with related parties

Type/Name of related party	For the year ended 2022	For the year ended 2021
Rent income		
Associates		
AMPAK Technology Inc.	$ 3,782	$ 4,592
Others	348	663
	$ 4,130	$ 5,255
Other income		
Associate		
Others	$ 1,055	$ 1,547

Rental income of the Group collected from associates were based on the market price.

(IX) Compensation of key management personnel

	For the year ended 2022	For the year ended 2021
Short-term employee benefits	$ 48,388	$ 43,927
Post-employment benefits	759	768
	$ 49,147	$ 44,695

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

XXXII. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged or mortgaged as collateral for tariffs on imported raw materials:

	December 31,2022	December 31,2021
Pledged bank deposits (included in financial assets measured at amortized cost)	$ 23,307	$ 23,256

XXXIII. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of the balance sheet date were as follows:

As of the year December 31, 2022 and 2021, the limit of guarantee for tariff covenants were NT$23,307 thousand and NT$23,256 thousand, respectively.

XXXIV. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	Foreign	Exchange Rate	Carrying

Foreign currency asset	Currencies		Amount
Monetary items			
USD	$ 426,403	30.71(USD: NTD)	$ 13,094,851
USD	247,006	6.9646(USD: RMB)	7,585,569
			$ 20,680,420
Non-monetary items			
Investments accounted for using equity method			
USD	1,061	30.71(USD: NTD)	$ 32,575
Financial asset measured at fair value through other comprehensive income			
USD	584	30.71(USD: NTD)	17,940
Financial asset measures at amortized cost			
USD	3,661	30.71(USD: NTD)	112,424
			$ 162,939

Foreign currency liabilities			
Monetary items			
USD	$ 231,839	30.71(USD: NTD)	$ 7,119,776
USD	130,355	6.9646(USD: RMB)	4,003,189
			$ 11,122,965

December 31, 2021

Foreign currency asset	Foreign Currencies	Exchange Rate	Carrying Amount
Monetary items			
USD	$ 294,698	27.68 (USD: NTD)	$ 8,157,247
USD	175,844	6.3757(USD: RMB)	4,867,365
			$ 13,024,612
Non-monetary items			
Investments accounted for using equity method			
USD	856	27.68(USD: NTD)	$ 23,687

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial asset measured at fair value through other comprehensive income			
USD	5,083	27.68(USD: NTD)	140,706
Financial asset measured at amortized cost			
USD	4,603	27.68(USD: NTD)	127,412
			$ 291,805
Foreign currency liabilities			
Monetary items			
USD	183,584	27.68(USD: NTD)	$ 5,081,592
USD	80,617	6.3757(USD: RMB)	2,231,486
			$ 7,313,078

For the total realized and unrealized foreign currency exchange gains and losses of the group in 2022 and 2021, please refer to the consolidated consolidated statement of comprehensive income. Due to the wide variety of foreign currency transactions and the functional currencies of the company's subsidiaries, it is impossible to disclose the gains and losses of each major foreign currency separately.

XXXV. SEPARATELY DISCLOSED ITEMS

(I) Information on Significant Transactions and (II) Information on Investees:

1. Financing provided to others. (Table 1)
2. Endorsements/guarantees provided. (None)
3. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (Table 2)
4. Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the share 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 3)
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)
9. Trading in derivative instruments. (Note 7 and 31)
10. Other: Intercompany relationships and significant intercompany transactions. (Table 7)

(III) Information on investments in mainland China:

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
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 3, 4, and 7)

(1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

(3) The amount of property transactions and the amount of the resultant gains or losses.

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

(5) The highest balance during the year, the end of year balance, the interest rate range, and total current year interest with respect to financing of funds.

(6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

(IV) 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（None）

XXXVI. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segment is the wireless telecommunication products department.

(I) 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	
	For the year ended 2022	For the year ended 2021	For the year ended 2022	For the year ended 2021
Wireless telecommunication products department	$27,899,990	$22,912,691	$ 1,423,878	$ 905,700
Central administration cost			(695,521)	(549,607)
Interest income			35,904	21,290
Other income			80,929	65,953
Other gains and losses			21,850	129,803
Finance cost			(82,357)	(30,803)
Share of profit of subsidiaries and associates			134,650	181,117
Profit before income tax			$ 919,333	$ 723,453

Segment revenues reported above represents revenue generated from external customers. There were no inter-segment sales during the years ended December 31, 2022 and 2021.

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

(II) Segment total assets and liabilities

The Group had not reported segment assets and liabilities information to the chief operating decision maker. Thus, no disclosure is made.

(III) Other information

	Depreciation and amortization	
	For the year ended 2022	For the year ended 2021
Wireless telecommunication product department	$ 565,166	$ 474,945

(IV) Revenue from major products and services

	For the year ended 2022	For the year ended 2021
CARD	$ 1,900,160	$ 2,725,425
GATEWAY	23,062,684	18,208,073
Wireless Telecommunication Module	208,521	214,755
Others	2,728,625	1,764,438
	$ 27,899,990	$ 22,912,691

(V) Geographical information

The Group operates in three principal geographical areas – Taiwan, China, and the Czech Republic.

The Group’s revenue from continuing operations from external customers by location of operations was detailed below:

	Revenues from External Customers	
	For the year ended 2022	For the year ended 2021
Taiwan	$ 26,235,835	$ 20,636,321
China	1,662,655	2,274,647
Vietnam	871	1,104
Czech Republic	629	619
	$ 27,899,990	$ 22,912,691

(VI) Information about major customers

Revenues from individual customers that exceeded 10% of the Group's revenue for the years ended December 31, 2022 and 2021:

	For the year ended 2022		For the year ended 2021	
Customer	Sales revenue	%	Sales revenue	%
A Company	$ 8,383,981	30	$ 5,247,644	23
B Company	3,560,406	13	3,020,934	13
C Company	3,123,811	11	2,934,853	13

TABLES

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 1

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

No.	Financing Company Name	Borrower	Financial Statement Account	Related Parties	Parties Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limit (Note 1)
													Item	Value		
1	Gemtek Electronics (Suzhou) Co. Ltd.	Gemtek Electronics (ChangShu) Co., Ltd	Short-term financing	Yes	$ 67,590	$ 66,120	$ 63,916	2.25	2	$ -	Operating capital	$ -	-	-	$ 84,453	$ 84,453
2	Gemtek Electronics (Suzhou) Co. Ltd.	Gemtek Electronics (ChangShu) Co., Ltd	Short-term financing	Yes	10,364	10,138	10,138	1.75	2	-	Operating capital	-	-	-	84,453	84,453
3	Gemtek Technology Co.	Gemtek Vietnam Co., Ltd.	Short-term financing	是	1,288,600	1,228,400	1,228,400	1.60	2	-	Operating capital	-	-	-	1,307,304	1,307,304

Note 1：Pursuant to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” of Gemtek Electronics (Suzhou) Co. Ltd., when the parent company directly and indirectly holds 100% of the voting shares of foreign companies engaged in fund loans, the aggregate amount of loans shall not exceed 100% of the lending company's net worth, and the maximum amount permitted to a single borrower shall not exceed 10% of the lending company's net worth.

Note 2：Nature of financing -

1.Enter 1 for Business relationship.

2.Enter 2 for Short-term financing purpose.

Note 3：Converted by the exchange rate recorded on the financial reporting date – USD:Taiwan Dollar=30.71; RMB: New Taiwan Dollar = 1：4.408.

Note 4：The company's financial provided to Gemtek Vietnam Co., Ltd. 1,228,400 thousand of interest receivable 12,355 thousand accounted for other receivables - related parties.

Note 4：: The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 2

Unit:In Thousands of New Taiwan Dollars/ US Dollars/ RMB.Unless Stated Otherwise

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Ending Balance on December 31, 2022				Note
				Shares/Units (in Note thousands)	Carrying Value	Percentage of Ownership%	Fair Value	
Gemtek Technologies Co.,Ltd.	Stock							
	TAI-SAW TECHNOLOGY CO., LTD.	The Corporation serves as corporate director	Financial assets measured at fair value through other comprehensive income – non-current	691	$ 17,999	0.67%	$ 17,999	
	Green Packet Bhd.	None	〃	26,273	10,560	2.81%	10,560	
	LIONIC CORP.	The Corporation serves as corporate director	〃	584	2,991	2.65%	2,991	
	SKSpruce Holding Limited	None	〃	2,241	25,121	2.32%	25,121	Common stock/Preferred stock
	Greenwave holding, Inc.	〃	〃	3,965	76,743	3.30%	76,743	Preferred stock
Gemtek Investment Co.,Ltd	Stock							
	Sky Phy Networks Limited	〃	Financial assets measured at fair value through other comprehensive income – non-current	4,943	-	13.82%	-	Preferred stock
	SanJet Corp	The Corporation serves as corporate director	〃	3,882	14,714	12.33%	14,714	
	LIONIC CORP.	None	〃	841	4,305	3.82%	4,305	
	Polaris Group	The Corporation serves as corporate director	〃	8,675	729,206	1.17%	729,206	
	AIPTEK, Inc.	None	〃	29	376	0.11%	376	
	PYRAS TECHNOLOGY INC.	The Corporation serves as corporate director	〃	3,100	29,140	19.52%	29,140	
	Ingenu Inc.	None	〃	1,754	-	3.99%	-	Preferred stock
G-Technology Investment Co., Ltd.	Convertible Bond							
	Greenwave Holding, Inc.	None	Financial assets measured at fair value through profit and loss - current	-	17,940 (USD 584)	-	17,940 (USD 584)	
	Stock							
	Polaris Group	None	Financial assets measured at fair value through other comprehensive income – non-current	26,467	2,347,664 (USD 76,446)	3.68%	2,347,664 (USD 76,446)	
	Ingenu Inc.	〃	〃	860	-	2.61%	-	Preferred stock
	UBITUS Inc.	〃	〃	200	-	2.32%	-	

Note 1: See Tables 5 and 6 for information on investments in subsidiaries, associates and joint ventures.

Note 2: Converted by the exchange rate recorded on the financial reporting date - USD: NTD = 1：30.71

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 3

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

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Gemtek Technologies Co., Ltd.	Gemtek Electronics(Kunshan)Co., Ltd.	Investment in subsidiary through third region	Purchase and processing expenses	$ 4,710,628	16%	Note 1	Note 1	Note 1	($ 2,132,579)	(35%)	Note 2
Gemtek Technologies Co., Ltd.	Gemtek Electronics(ChangShu) Co., Ltd.	Investment in subsidiary through third region	Purchase and processing expenses	3,972,419	14%	Note 1	Note 1	Note 1	(1,049,287)	(17%)	Note 2
	Gemtek CZ., s.r.o.	Investment in subsidiary through third region	Purchase and processing expenses	184,835	1%	Note 1	Note 1	Note 1	33,241	1	Note 2
	Gemtek Vietnam Co., Ltd.	Subsidiary	Purchase and processing expenses	12,876,466	44%	Note 1	Note 1	Note 1	(1,182,708)	(20%)	Note 2
	BROWAN Communications Incorporation	Subsidiary	Sale and processing income	(605,341)	(2%)	Note 1	Note 1	Note 1	102,597	1%	Note 2 and Note 3
	AMPAK Technology Inc.	Associates	Sale and processing income	(106,865)	-	Note 1	Note 1	Note 1	24,762	-	Note 2
AMPAK Technology Inc.	Gemtek Technology Co.	Associates	Purchase and processing expenses	106,865	2%	Note 1	Note 1	Note 1	(24,762)	(4%)	Note 2
	Gemtek Electronics(ChangShu) Co., Ltd.	Associates	Purchase and processing expenses	165,112	5%	Note 1	Note 1	Note 1	(2,706)	-	Note 2
Gemtek Electronics(Kunshan)Co., Ltd.	Gemtek Technologies Co., Ltd.	Parent company	Sale and processing income	(4,710,628)	(69%)	Note 1	Note 1	Note 1	2,132,579	76%	Note 2 and Note 3
						Note 1	Note 1	Note 1			Note 2 and Note 3
Gemtek Electronics(ChangShu) Co., Ltd.	Gemtek Technologies Co., Ltd.	Parent company	Sale and processing income	(3,972,419)	(79%)	Note 1	Note 1	Note 1	1,049,287	89%	Note 2 and Note 3
						Note 1	Note 1	Note 1			Note 2 and Note 3
Gemtek CZ., s.r.o.	Gemtek Technologies Co., Ltd.	Parent company	Sale and processing income	(184,835)	(97%)	Note 1	Note 1	Note 1	(33,241)	(42%)	Note 2 and Note 3
						Note 1	Note 1	Note 1			Note 2 and Note 3
Gemtek Vietnam Co., Ltd.	Gemtek Technologies Co.,	Parent company	Sale and	(12,876,466)	(98%)	Note 1	Note 1	Note 1	1,182,708	93%	Note 2 and

	Ltd.		processing income								Note 3
Gemtek Electronics(ChangShu) Co., Ltd.	AMPAK Technology Inc.	Associates	Sale and processing income	(165,112)	(3%)	Note 1	Note 1	Note 1	2,706	-	Note 2
BROWAN Communications Incorporation	Gemtek Technology Co.	Parent company	Purchase and processing expenses	605,341	60%	Note 1	Note 1	Note 1	(102,597)	(52%)	Note 2 and Note 3

Note 1: The company purchases goods from related parties or entrusts related parties to process and repurchase finished products, which is a corporate strategy used for the purpose of cooperation and division of labor. The transaction price has no significant parties to compare. Payment terms are determined by the actual status of the company’s assets.

Note 2：Accounts receivables collected from and accounts payables paid to Gemtek Electronics (Kunshan) Co., Ltd., Gemtek Electronics (ChangShu) Co., Ltd., Gemtek CZ., s.r.o., and Gemtek Vietnam Co., Ltd. are expressed in net amount.

Note 3：The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 4

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment
					Amount	Actions Taken		
Gemtek Electronics (Kunshan) Co., Ltd	Gemtek Technologies Co., Ltd.	Parent company	$ 2,132,579	2.53	$ -	-	$1,594,890	$ -
Gemtek Electronics (ChangShu) Co., Ltd.	Gemtek Technologies Co., Ltd.	Parent company	1,049,287	5.84	-	-	772,641	-
Gemtek Vietnam Co., Ltd.	Gemtek Technologies Co., Ltd.	Subsidiary	1,182,708	13.32	-	-	1,182,708	
Gemtek Technologies Co., Ltd.	BROWAN Communications Incorporation	Subsidiary	102,597	4.15	-	-	102,597	-
Gemtek Technologies Co., Ltd.	Gemtek Vietnam Co., Ltd.	Subsidiary	1,307,781 (Note1)	-	-	-	-	-

Note 1: The financial provided of Gemtek Technology Co., Ltd. to Gemtek Vietnam Co., Ltd. of 1,228,400 thousand, the interest receivable of 12,355 thousand, and the receivable of purchasing equipment on behalf of 67,026 thousand are accounted for other receivables - related parties.

Note 2: The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 5

Unit:In Thousands of New Taiwan Dollars/ US Dollars.Unless Stated Otherwise

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Shares/Units (In Thousands)	%	Carrying Amount			
Gemtek Technologies Co., Ltd.	Gemtek Investment Co.,Ltd	Hsinchu County, Taiwan	Investment	$ 469,457	$ 469,457	46,946	100.00	$ 1,041,306	$ 46,861	$ 46,861	Note 3
	G-Technology Investment Co., Ltd.	Cayman Islands	Investment	2,345,252 (USD 73,600)	2,484,452 (USD 78,600)	73,600	100.00	6,249,161	38,342	38,342	Note 3
	Brightech International Co., Ltd.	Republic of Mauritius	Investment	207,969 (USD 6,145)	207,969 (USD 6,145)	6,145	100.00	68,117	(1,155)	(1,155)	Note 3
	AMPAK Technology Inc.	Hsinchu County, Taiwan	Telecommunications	510,303	512,854	20,101	30.20	1,242,015	496,528	145,393 (Note 1)	
	Wi Tek Investment Co., Ltd.	Cayman Islands	Investment	132,155 (USD 4,000)	132,155 (USD 4,000)	4,000	100.00	3,349	(4,882)	(4,882)	
	BROWAN Communications Incorporation	Hsinchu County, Taiwan	Telecommunications	297,826	297,826	11,815	33.68	350,730	179,286	55,052	Note 3
	Gemtek Vietnam Co., Ltd.	Vietnam	Telecommunications	908,384 (USD 30,000)	616,034 (USD 20,000)	-	100.00	1,268,866	316,125	316,125	Note 3
	ANTEK NETWORKS INC	New Taipei City, Taiwan	Telecommunications	9,000	-	900	15.25	8,428	(3,751)	(572)	
G-Technology Investment Co., Ltd.	Ampak International Holdings Ltd.	Independent State of Samoa	Investment	1,099,843 (USD 35,561)	1,099,843 (USD 35,561)	36,000	100.00	1,131,380 (USD 36,841)	14,005 (USD 347)	14,005 (USD 347)	Note 3
	Gemtek CZ., s.r.o.	Czech Republic	Telecommunications	25,351 (USD 692)	25,351 (USD 692)	12,000	100.00	(3,207) (USD 104)	(85) USD -	(85) USD -	Note 3
	Primax Communication (B.V.I.) Inc.	British Virgin Islands	Investment	73,886 (USD 2,297)	73,886 (USD 2,297)	2,297	100.00	537 USD 16,502	(257) (USD 9)	(257) (USD 9)	Note 3
	PT. South Ocean	Indonesia	Telecommunications	7,838 (USD 238)	7,838 (USD 238)	24	95.00	2,818 USD 92	- USD -	- USD -	
	Free PP Worldwide Co.,Ltd.	Republic of Seychelles	Investment	30,260 (USD 1,000)	30,260 (USD 1,000)	1,002	30.00	26,408 USD 860	(14,813) (USD 461)	(4,451) (USD 149)	
Gemtek Investment Co.,Ltd	BROWAN Communications Incorporation	Hsinchu County, Taiwan	Telecommunications	141,825	141,825	5,895	16.81	197,517	179,286	27,470	Note 3
	BandRich Inc.	New Taipei City, Taiwan	Telecommunications	55,000	55,000	5,500	27.04	3,030	(3,100)	(838)	
	5V Technologies, Ltd.	Taipei City, Taiwan	Telecommunications	13,500	90,000	1,350	97.92	107,216	23,016	20,341 (Note 2)	Note 3

Note 1: Based on the equity holding ratio, the amount is recognized by the net profit of the investee company NT$157,329 thousand, less the identifiable intangible assets adjusted amortization of the current period NT$11,936 thousand.

Note 2: Based on the equity holding ratio, the amount is recognized by the net profit of the investee company NT$ 22,538 thousand, and less the identifiable intangible assets adjusted amortization of the current period NT$2,197 thousand.

Note 3: The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Unit:In Thousands of New Taiwan Dollars/ US Dollars.Unless Stated Otherwise

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 01, 2022	Investment Flow		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	Note
					Outflow	Inflow							
Gemtek Electronics (Suzhou) Co. Ltd.	Manufacturing of wireless telecommunication products such as wireless network cards and wireless gateways	$ 256,429 (USD 8,350)	Indirect investment in Mainland China through a holding company established in other countries－Brightech International Co Ltd 及 Primx Communication (BVI) Inc	$ 255,476 (USD 8,319)	$ -	$ -	$ 255,476 (USD 8,319)	($ 1,315) (USD -45)	100.00	($ 1,315) (USD -45)	$ 84,453 (USD 2,750)	$ -	Note 3 & Note 4
Gemtek Electronics (Kunshan) Co., Ltd	Manufacturing of wireless telecommunication products such as wireless network cards and wireless gateways	460,650 (USD 15,000)	Indirect investment in Mainland China through a holding company established in other countries－G-Technology Investment Co Ltd.	460,650 (USD 15,000)	-	-	460,650 (USD 15,000)	48,659 (USD 1,800)	100.00	48,659 (USD 1,800)	2,655,622 (USD 86,474)	-	Note 3 & Note 4
Browan Communications (Xi'An) Inc.	R&D, production , sales and provision of technical consulting and related services for wireless network products	112,840 (USD 4,000)	Indirect investment in Mainland China through a holding company established in other countries－Wi Tek Investment Co Ltd	122,840 (USD 4,000)	-	-	122,840 (USD 4,000)	(4,882) (USD -164)	100.00	(4,882) (USD -164)	3,343 (USD 109)	-	
Gemtek Electronics (ChangSh u) Co., Ltd.	R&D, production , sales and provision of technical consulting and related services for wireless network products	1,105,560 (USD 36,000)	Indirect investment in Mainland China through a holding company established in other countries－G-Technology Investment Co Ltd	1,105,560 (USD 36,000)	-	-	1,105,560 (USD 36,000)	14,005 (USD 347)	100.00	14,005 (USD 347)	1,131,380 (USD 36,841)	-	Note 3 & Note 4

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 1,989,394 USD 64,780 (Note 1)	$ 1,958,684 USD 63,780	$ 7,843,825

Note 1:(1) AIPTEK Technology (Wujiang) Co., Ltd. was disposed in this period, and the amount of remitted investment was reduced by USD 900 thousand, approved by the Investment Review Committee of the Ministry of Economic Affairs Under Authorization Letters No. 11100195430.At the end of the period, the remitted investment amount exceeded USD 1,000 thousand approved by the Investment Review Committee of the Ministry of Economic Affairs, which was remitted by AMPAK Technology Inc., the original parent company of Gemtek Electronics (ChangSh u) Co., Ltd., Ltd.in previous years.

(2) In July 1998, the company acquired Gemtek Electronics (ChangSh u) Co., Ltd.'s 100% share of the overseas holding company AMPAK International Holdings Ltd. of, through the overseas company G-Technology Investment Co., Ltd. for US$561 thousand (equivalent to NT$17,413 thousand), which has been approved by Investment Review Committee, Ministry of Economic Affairs) Under Authorization Letters No. 09800283840.

(3) The conversion rate is based on the average spot buying/selling exchange rate of the Bank of Taiwan on December 31, 2022.

Note 2: See Tables 3, 4 and 7 for the information about significant transactions with investees in the mainland China, either directly or indirectly through a third area.

Note 3: Amount was recognized based on the audited financial statements of the investee as of December 31, 2022.

Note 4: The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND BETWEE EACH SUBSIDIARY, AND THE CIRCUMSTANCES AND AMOUNTS OF ANY SIGNIFICANT TRANSACTIONS BETWEEN THEM

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 7

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

No.	Name of Company Engaged in Business Transaction	Counterparty	Relationship	Business Transaction Status			
				Account	Amount	Transaction Terms	% to Total Asset
	January 01, 2022 to December 31, 2022						
0	Gemtek Technologies Co., Ltd.	Gemtek Electronics (ChangShu) Co., Ltd.	Parent company to subsidairy	Sales revenue－processing expense	$ 3,972,419	(Note 1)	14%
				Accounts payable	1,049,287	(Note 1)	4%
		Gemtek Electronics (Kunshan) Co., Ltd	Parent company to subsidairy	Sales revenue－processing expense	4,710,628	(Note 1)	17%
				Accounts payable	2,132,579	(Note 1)	9%
		Gemtek CZ., s.r.o.	Parent company to subsidairy	Sales revenue－processing expense	184,835	(Note 1)	1%
				Other receivables	33,241	(Note 1)	-
		Gemtek Vietnam Co., Ltd.	Parent company to subsidairy	Sales revenue－processing expense	12,876,466	(Note 1)	46%
				Accounts receivable	1,182,708	(Note 1)	5%
				Other receivables	1,307,781		5%
		BROWAN Communications Incorporation	Parent company to subsidairy	Accounts receivable	102,597	(Note 2)	-
1	Gemtek Electronics Suzhou Co. Ltd.	Gemtek Electronics (ChangShu) Co., Ltd.	Subsidiary to subsidiary	Other receivables	74,054	(Note 1)	-

Note 1: The company purchases goods from related parties or entrusts related parties to process and repurchase finished products, which is a corporate strategy used for the purpose of cooperation and division of labor. The transaction price has no significant parties to compare. Payment terms are determined by the actual status of the company's assets.

Note 2: According to the agreement of both parties.

Note 3: The above transactions were eliminated during the compilation of this consolidated financial report.