Stock code: 6792

Unictron Technologies Corporation
Parent-Company-Only
Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

Company Address: No.41 Shuei-Keng, Guan-Si, Hsin-Chu 30648 Taiwan (R.O.C)
Tel:(03)4072728

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

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Independent Auditors' Report

To the Board of Directors of Unictron Technologies Corporation

Opinion

We have audited the parent-company-only financial statements of Unictron Technologies Corporation (the "Company"), which comprise the parent-company-only balance sheets as of December 31, 2022 and 2021, and the parent-company-only statements of comprehensive income, changes in equity can cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the 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 parent-company-only financial statements section of our report. We are independent of the Company 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. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Company's parent-company-only financial statements for the year ended December 31, 2022 are stated as follows :

I. Revenue recognition

Please refer to Note 4(15) to the parent-company-only financial reports for the accounting policies related to revenue recognition and Note 6(21) to the parent-company-only financial reports for disclosures related to revenue recognition.

Description on the Key Audit Matters:

Unictron Technologies Corporation's sales to customers involve different types of transaction terms. Unictron Technologies Corporation is required to identify the timing of transfer of control of goods to customers based on the sales terms of individual transactions. Therefore, the revenue recognition testing is one of the important evaluation matters performed in our audit of Unictron Technologies Corporation's parent-company-only financial reports.

Audit procedures:

Our main audit procedures for the above key audit matters included testing the sales and payment collection operations and the internal control related to its financial reporting, and reviewing the sales contracts or evidence of transactions to assess whether the timing of revenue recognition was based on the terms of the transactions with the customers; testing a sample of sales transactions for the period before and after the end of the year to identify the timing at which the control over the goods was transferred to the customer to satisfy the contractual obligations in order to assess whether the timing of revenue recognition was appropriate; reviewing whether significant sales returns and discounts were incurred in the subsequent period to understand and analyze the reasons in order to assess the appropriateness of revenue and related sales returns and discounts in the period in which they are recognized.

II. Inventory valuation

Please refer to Note 4(7) to the parent-company-only financial reports for the accounting policies related to inventory valuation; Please refer to Note 5 to the parent-company-only financial reports for the description on accounting estimates and assumption uncertainties related to inventory valuation; Please refer to Note 6(6) to the parent-company-only financial reports for the provision of inventory falling price loss.

Description on the Key Audit Matters:

Inventories are subsequently measured at the lower of costs or net realizable value. Due to the rapid technology advancement, the costs of inventories may exceed their net realizable value due to obsolescence or a decrease in sales price, resulting in inventory falling price loss. The evaluation of net realizable value involves management's subjective judgment. Therefore, inventory valuation is one of the important evaluation matters in our audit of Unictron Technologies Corporation's parent-company-only financial reports.

Audit procedures:

Our main audit procedures for the above key audit matters included reviewing the inventory aging statements provided by Unictron Technologies Corporation and analyzing the changes in inventory aging; sampling the accuracy of the inventory aging statements; reviewing the valuation of inventories and confirming that the accounting policies established by Unictron Technologies Corporation were followed; and evaluating the reasonableness of the allowance for inventory falling price loss and provision policy formulated by the management.

Responsibility of management and those charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor’s Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only 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 as 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 parent-company-only financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also :

I. Identify and assess the risks of material misstatement of the parent-company-only 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 or 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.

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

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

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

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

VI. Obtain sufficient appropriate audit evidence regarding the financial information of the investees accounted for using the equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remained 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 parent-company-only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstance, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Chieh Tang and Huei-Chen Chang

KPMG
Taipei, Taiwan
Republic of China
March 3, 2023

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Unictron Technologies Corporation

Parent-Company-Only Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	%	**Amount**	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 593,562	27	1,114,803	46
1110	Financial assets at fair value through profit or loss - current (Note 6(2))	25	-	565	-
1120	Financial assets at fair value through other comprehensive income - current (Note 6(3))	80,509	4	-	-
1137	Financial assets measured at amortized cost - current (Notes 6(1), (4) and 8)	216,100	10	1,100	-
1170	Notes and accounts receivable, net (Notes 6(5) and (21))	238,881	11	326,305	14
1180	Accounts receivable - related parties (Notes 6(5), (21) and 7)	34,981	1	29,368	1
1310	Inventories (Note 6(6))	367,549	16	297,943	12
1410	Prepayments and other current assets	11,155	-	11,994	1
	Total current assets	1,542,762	69	1,782,078	74
	Non-current assets:				
1550	Investments accounted for using the equity method (Note 6(7))	11,048	1	13,134	1
1600	Property, plant and equipment (Notes 6(8) and 7)	586,977	26	504,683	21
1755	Right-of-use assets (Note 6(9))	41,714	2	31,664	1
1760	Investment property, net (Note 6(10))	-	-	27,506	1
1780	Intangible assets (Note 6(11))	5,504	-	7,123	-
1840	Deferred income tax assets (Note 6(17))	18,680	1	13,054	1
1915	Prepayments for equipment	19,576	1	27,815	1
1920	Refundable deposits	3,986	-	3,460	-
	Total non-current assets	687,485	31	628,439	26
	Total assets	**$ 2,230,247**	**100**	**2,410,517**	**100**

(Continued)

See accompanying notes to the parent-company-only financial statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Unictron Technologies Corporation

Parent-Company-Only Balance Sheets (continued)

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022			December 31, 2021	
	Liabilities and equity		**Amount**	**%**	**Amount**	**%**
	Current liabilities:					
2100	Short-term borrowings (Note 6(12))	$	86,720	4	72,881	3
2120	Financial liabilities at fair value through profit or loss - current(Note 6(2))		633	-	23	-
2170	Notes and accounts payable		106,160	5	175,934	7
2180	Accounts payable - related parties (Note 7)		1,158	-	398	-
2219	Other payables (Note 6(22))		257,445	11	267,158	11
2220	Other payables - related parties (Note 7)		3,302	-	222	-
2230	Current income tax liabilities		21,159	1	61,672	2
2252	Provision for liabilities - current (Note 6(14))		1,277	-	1,735	-
2280	Lease liabilities-current (Note 6(13))		14,526	1	12,904	1
2282	Lease liabilities - related parties - current (Notes 6(13) and 7)		4,625	-	-	-
2399	Other current liabilities (Note 6(21))		16,426	1	14,406	1
	Total current liabilities		513,431	23	607,333	25
	Non-current liabilities:					
2570	Deferred income tax liabilities (Note 6(17))		1,164	-	1,661	-
2581	Lease liabilities non-current (Note 6(13))		5,137	-	17,588	1
2582	Lease liabilities - related parties - non-current (Notes 6(13) and 7)		16,633	1	-	-
2640	Net defined benefit liabilities - non-current (Note 6(16))		3,862	-	5,776	-
2645	Deposits received		-	-	1,130	-
	Total non-current liabilities		26,796	1	26,155	1
	Total liabilities		540,227	24	633,488	26
	Equity (Notes 6(18) and (19))					
3110	Common stock		478,753	21	478,753	20
3200	Capital surplus		690,174	31	690,174	29
	Retained earnings:					
3310	Legal reserve		117,973	5	88,824	4
3320	Special reserve		1,236	-	1,341	-
3350	Unappropriated earnings		497,809	23	519,173	21
			617,018	28	609,338	25
	Other equity:					
3410	Exchange differences on translation of foreign operations		(886)	-	(1,236)	-
3420	Unrealized losses on financial assets at fair value through other comprehensive income		(9,114)	-	-	-
	Total other equity		(10,000)	-	(1,236)	-
3500	Treasury stock		(85,925)	(4)	-	-
	Total equity		1,690,020	76	1,777,029	74
	Total liabilities and equity	**$**	**2,230,247**	**100**	**2,410,517**	**100**

See accompanying notes to the parent-company-only financial statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Unictron Technologies Corporation
Parent-Company-Only Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

		2022			2021	
			Amount	%	Amount	%
4000	**Net revenue (Notes 6(21) and 7)**	$	1,462,060	100	1,608,599	100
5000	**Operating costs (Notes 6(6), (8), (9), (11), (13), (14), (16), (19), (22), 7 and 12)**		(880,634)	(60)	(916,278)	(57)
	Gross profit		581,426	40	692,321	43
5910	Unrealized gain on sales		(560)	-	(74)	-
	Realized gross profit		580,866	40	692,247	43
	Operating expenses (Notes 6(5), (8), (9), (11), (13), (15), (16), (19), (22), 7 and 12):					
6100	Marketing expenses		(68,580)	(5)	(79,745)	(5)
6200	Administrative expenses		(103,341)	(7)	(123,779)	(8)
6300	Research and development expenses		(145,462)	(10)	(132,146)	(8)
6450	Expected credit gain (loss)		855	-	(2,195)	-
6000	**Total operating expenses**		(316,528)	(22)	(337,865)	(21)
	Operating income		264,338	18	354,382	22
	Non-operating income and expenses (Notes 6(10), (13), (15), (23), 7 and 12):					
7100	Interest income		2,751	-	479	-
7010	Other income		14,839	1	3,853	-
7020	Other gains and losses		37,632	2	(2,096)	-
7050	Finance costs		(863)	-	(1,453)	-
7070	Share of profits (losses) of subsidiaries recognized using the equity method		(6,341)	-	(5,694)	-
	Total non-operating income and expenses		48,018	3	(4,911)	-
	Income before income tax		312,356	21	349,471	22
7950	**Less: Income tax expenses (Note 6(17))**		(42,583)	(3)	(58,447)	(4)
	Net income		269,773	18	291,024	18
	Other comprehensive income (Note 6(18)):					
8310	**Items that will not be reclassified subsequently to profit or loss**					
8311	Remeasurement of defined benefit plans		1,221	-	465	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income		(9,114)	-	-	-
8349	Income taxes related to items that may not be reclassified		-	-	-	-
			(7,893)	-	465	-
8360	**Items that may be subsequently reclassified to profit or loss**					
8361	Exchange differences on translation of foreign operations		350	-	105	-
8399	Income taxes related to items that may be reclassified		-	-	-	-
			350	-	105	-
	Other comprehensive income of the period		(7,543)	-	570	-
	Total comprehensive income of the period	**$**	**262,230**	**18**	**291,594**	**18**
	Earnings per share (Unit: NT$, Note 6(20))					
9750	**Basic earnings per share**	**$**	**5.68**		**6.60**	
9850	**Diluted earnings per share**	**$**	**5.58**		**6.55**	

See accompanying notes to the parent-company-only financial statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Unictron Technologies Corporation
Parent-Company-Only of Statement of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity items				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of foreign operations	Unrealized losses on financial assets at fair value through other comprehensive income	Total	Treasury stock	Total equity
Balance of January 1, 2021	$ 437,753	131,148	71,789	-	399,274	471,063	(1,341)	-	(1,341)	-	1,038,623
Net income of the period	-	-	-	-	291,024	291,024	-	-	-	-	291,024
Other comprehensive income of the period	-	-	-	-	465	465	105	-	105	-	570
Total comprehensive income of the period	-	-	-	-	291,489	291,489	105	-	105	-	291,594
Appropriation and distribution of earnings:											
Legal reserve	-	-	17,035	-	(17,035)	-	-	-	-	-	-
Special reserve	-	-	-	1,341	(1,341)	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(153,214)	(153,214)	-	-	-	-	(153,214)
Capital increase by cash	41,000	546,399	-	-	-	-	-	-	-	-	587,399
Share-based payment transactions	-	12,627	-	-	-	-	-	-	-	-	12,627
Balance of December 31, 2021	478,753	690,174	88,824	1,341	519,173	609,338	(1,236)	-	(1,236)	-	1,777,029
Net income of the period	-	-	-	-	269,773	269,773	-	-	-	-	269,773
Other comprehensive income of the period	-	-	-	-	1,221	1,221	350	(9,114)	(8,764)	-	(7,543)
Total comprehensive income of the period	-	-	-	-	270,994	270,994	350	(9,114)	(8,764)	-	262,230
Appropriation and distribution of earnings:											
Legal reserve	-	-	29,149	-	(29,149)	-	-	-	-	-	-
Special reserve	-	-	-	(105)	105	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(263,314)	(263,314)	-	-	-	-	(263,314)
Repurchase of Treasury stock	-	-	-	-	-	-	-	-	-	(85,925)	(85,925)
Balance of December 31, 2022	**$ 478,753**	**690,174**	**117,973**	**1,236**	**497,809**	**617,018**	**(886)**	**(9,114)**	**(10,000)**	**(85,925)**	**1,690,020**

See accompanying notes to the parent-company-only financial statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Unictron Technologies Corporation
Parent-Company-Only of Statement of Cash Flows
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

		2022	2021
Cash flows from operating activities:			
Income before income tax of the period	$	312,356	349,471
Adjustments for:			
Income and expenses items			
Depreciation expenses		95,319	70,821
Amortization expenses		3,459	4,054
Expected credit impairment loss (reversal gain)		(855)	2,195
Interest expenses		863	1,453
Interest income		(2,751)	(479)
Dividend income		(7,150)	-
Share-based payment compensation costs		-	12,627
Share of losses of subsidiaries recognized using the equity method		6,341	5,694
Gain on disposal of property, plant and equipment		(61)	-
Gain on disposal of investment property		(36,821)	(1,909)
Unrealized gain on sales between affiliated companies		560	74
Total income and expenses items		58,904	94,530
Changes in assets/liabilities related to operating activities:			
Net changes in assets related to operating activities:			
Financial assets at fair value through profit or loss		540	707
Notes and accounts receivable		88,279	(74,569)
Accounts receivable - related parties		(5,613)	51,285
Inventories		(69,606)	(130,621)
Prepayments and other current assets		901	(1,910)
Total net changes in assets related to operating activities		14,501	(155,108)
Net changes in liabilities related to operating activities:			
Financial liabilities at fair value through profit or loss		610	(4)
Notes and accounts payable		(69,774)	31,976
Accounts payable - related parties		760	(585)
Other payables		(4,633)	81,124
Other payables - related parties		3,080	222
Provision for liabilities		(458)	(757)
Other current liabilities		2,020	5,074
Net defined benefit liabilities		(693)	(1,488)
Total net changes in liabilities related to operating activities		(69,088)	115,562
Total net changes in assets and liabilities related to operating activities		(54,587)	(39,546)
Total adjustments		4,317	54,984
Cash inflows from operations		316,673	404,455
Interest received		2,687	468
Interest paid		(666)	(1,453)
Income taxes paid		(89,218)	(21,872)
Net cash inflows from operating activities		229,476	381,598

(Continued)

See accompanying notes to the parent-company-only financial statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Unictron Technologies Corporation
Parent-Company-Only of Statement of Cash Flows (continued)
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from investing activities:		
Cash inflows from combination	-	87,346
Acquisition of financial assets at fair value through other comprehensive income	(89,623)	-
Acquisition of financial assets measured at amortized cost	(215,000)	-
Acquisition of investments accounted for using the equity method	(4,465)	-
Acquisition of property, plant and equipment (including prepayments for equipment)	(158,697)	(79,100)
Price for disposal of property, plant and equipment	1,067	-
Acquisition of investment property	(137)	(100)
Price for disposal of investment property	64,070	26,208
Acquisition of intangible assets	(1,840)	(4,148)
Increase in refundable deposits	(526)	(637)
Dividends received	7,150	-
Net cash inflows (outflows) from investing activities	(398,001)	29,569
Cash flows from financing activities:		
Increase in short-term borrowings	13,839	37,283
Increase (decrease) in deposits received	(1,130)	50
Principal repayment of leases	(16,186)	(12,727)
Cash dividends paid	(263,314)	(153,214)
Capital increase by cash	-	587,399
Cost of treasury stock repurchase	(85,925)	-
Net cash inflows (outflows) from financing activities	(352,716)	458,791
Increase (decrease) in cash and cash equivalents of the period	(521,241)	869,958
Balance of cash and cash equivalents at beginning of period	1,114,803	244,845
Balance of cash and cash equivalents at end of period	**$ 593,562**	**1,114,803**

See accompanying notes to the parent-company-only financial statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Unictron Technologies Corporation

Notes to Parent-Company-Only Financial Statements

For the Years Ended December 31, 2022 and 2021

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

I. Company history

Unictron Technologies Corporation (hereinafter referred to as "the Company") was established on April 8, 1988 with the approval of the Ministry of Economic Affairs. Its registered office is at No.41 Shuei-Keng, Guan-SiHsin-Chu 30648 Taiwan (R.O.C). The Company's principal business is the manufacture and sale of electronic ceramic components, modules and system products and other electronic parts and components.

On January 28, 2021, the Board of Directors resolved to merge the Company's subsidiary San Jose Technology, Inc. by way of a simple merger, the base date of which was March 1, 2021. The relevant legal procedures have been completed.

On December 8, 2021, the Company was officially listed and traded on the TWSE.

II. The date and procedure for the adoption of the financial statements

The parent-company-only financial reports were approved by the Board of Directors on March 3, 2022.

III. Application of newly issued and amended standards and interpretations

(I) Impact of adopting newly issued and amended standards and interpretations recognized by the Financial Supervisory Commission ("FSC")

From January 1, 2022, the Company adopted the following newly amended IFRS, which did not have a significant impact on the parent-company-only financial reports.

- Amendments to IAS 16, "Property, Plant and Equipment - Price before Reaching Intended Use"
- Amendments to IAS 37, "Onerous Contracts - Costs of Fulfillment of Contracts"
- Annual Improvements to IFRS for the 2018-2020 Cycle
- Amendments to IFRS 3, "References to Conceptual Framework"

(II) Impact of not yet adopting the IFRS recognized by the FSC

The Company assesses that the application of the following newly amended IFRS, which are effective from January 1, 2023, will not have a material impact on the parent-company-only financial reports.

- Amendments to IAS 1, "Disclosures of Accounting Policies"
- Amendments to IAS 8, "Definition of Accounting Estimates"
- Amendments to IAS 12, "Deferred Income Taxes Related to Assets and Liabilities Arising from a Single Transaction"

(III) Newly issued and amended standards and interpretations not recognized by the FSC

The Company expects that the following newly issued and amended standards, which have not been recognized by the FSC, will not have a significant impact on the parent-company-only financial reports.

- Amendments to IFRS 10 and IAS 28, "Disposal of or Investment in Assets between an Investor and its Affiliate or Joint Venture".
- Amendments to IFRS 17, "Insurance Contracts" and IFRS 17
- Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1, "Non-current Liabilities with Contractual Terms"
- Amendments to IFRS 16, "Sale and Leaseback Transactions"

IV. Summary of significant accounting policies

The significant accounting policies adopted in the parent-company-only financial reports are summarized as follows. The following accounting policies have been applied consistently to all periods presented in the parent-company-only financial reports.

(I) Statement of Compliance

The parent-company-only financial reports have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as the "Regulations").

(II) Basis of Preparation

1. Basis of Measurement

The parent-company-only financial reports have been prepared on the historical cost basis, except for the significant balance sheet items as follows.

(1) Financial instruments (including derivative financial instruments) measured at fair value through profit or loss;

(2) Financial assets at fair value through other comprehensive income;

(3) The net defined benefit liabilities are measured at the present value of the defined benefit liabilities less the fair value of pension fund assets and the cap effects as described in Note 4(17).

2. Functional and Expression Currencies

The Company's functional currency is the currency of the primary economic environment in which it operates. The parent-company-only financial reports are expressed in NT$, the Company's functional currency. All financial information expressed in NT$ is in NT$ thousand unless otherwise stated.

(III) Foreign Currency

1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing on the date. Non-monetary items denominated in foreign currencies measured at fair value are translated into the functional currency using the exchange rate at the date of fair value measurement, while non-monetary items denominated in foreign currencies measured at historical cost are translated using the exchange rate at the date of the transaction.

Translation differences arising from foreign currency translations are generally recognized in profit or loss, except for equity instruments designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

2. Foreign Operating Entities

Assets and liabilities of foreign operating entities, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency of the parent-company-only financial reports using the exchange rates prevailing at the reporting date; income and expenses items are translated into the presentation currency of the parent-company-only financial reports using the average exchange rates of the period. The resulting exchange differences are recognized in other comprehensive income.

When the disposal of a foreign operating entity results in a loss of control or significant influence, the cumulative translation differences related to the foreign operating entity are reclassified to profit or loss. Upon disposal of a subsidiary that partially contains a foreign operating entity, the related cumulative translation differences are reclassified to non-controlling interests on a pro rata basis. Upon disposal of investment in an affiliate that partially contains a foreign operating entity, the related cumulative translation differences are reclassified to profit or loss on a pro rata basis.

If there is no plan to settle a monetary receivable or payable to a foreign operating entity and it is not likely to be settled in the foreseeable future, the resulting foreign currency exchange profit or loss is recognized as part of the net investment in the foreign operating entity and is recognized as other comprehensive income.

(IV) Classification criteria of assets and liabilities as current and non-current

Assets that meet one of the following criteria are classified as current assets, while all other assets that are not current assets are classified as non-current assets:

1. the asset is expected to be realized in the normal course of business or is intended to be sold or used;
2. the asset is held primarily for transaction purposes;
3. the asset is expected to be realized within 12 months after the reporting period; or
4. the asset is cash or cash equivalents, unless the asset is otherwise restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Liabilities that meet one of the following criteria are classified as current liabilities, while all other liabilities that are not current liabilities are classified as non-current liabilities:

1. the liability is expected to be settled in the normal course of business;
2. the liability is held primarily for transaction purposes;
3. the liability is expected to be settled within 12 months after the reporting period; or
4. the liability for which there is no unconditional right to defer settlement for at least 12 months after the reporting period.

(V) Cash and cash equivalents

Cash includes cash on hand, checking deposits and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to a fixed amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments instead of investment or other purposes are reported as cash equivalents.

(VI) Financial instruments

Accounts receivable and debt securities issued are initially recognized as they are incurred. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual terms of the financial instruments. Financial assets (other than receivables that do not contain significant financial components) or financial liabilities that are not measured at fair value through profit or loss are initially measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components are initially measured at transaction prices.

1. Financial assets

   On initial recognition, financial assets are classified as: financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss. Accounting treatment using transaction date is adopted when financial assets are purchased or sold under usual transaction practices.

   The Company reclassifies all affected financial assets from the first day of the next reporting period only when it changes its operating model for managing financial assets.

   (1) Financial assets measured at amortized cost

   A financial asset is measured at amortized cost if it meets the following conditions and is not designated as at fair value through profit or loss:

   - The financial asset is held under an operating model whose objective is to collect the contractual cash flows.
   - The contractual terms of the financial asset give rise to cash flows at a specific date that are solely payments of principal and interest on the principal amount outstanding.

   These financial assets are measured at amortized cost less impairment losses using the effective interest method after initial recognition. Interest income, foreign currency exchange gain or loss and impairment loss are recognized in profit or loss. Upon derecognition, the gain or loss is recognized in profit or loss.

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

   Investment in debt instruments is measured at fair value through other comprehensive income if it meets the following conditions and is not designated as at fair value through profit or loss:

   - The financial asset is held under an operating model whose objective is to collect the contractual cash flows and sale.
   - The contractual terms of the financial asset give rise to cash flows at a specific date that are solely payments of principal and interest on the principal amount outstanding.

   On initial recognition, the Company may make an irrevocable election to report subsequent changes in the fair value of investment in equity instruments not held for trading in other comprehensive income. The above election is made on an instrument-by-instrument basis.

   Investment in debt instruments are subsequently measured at fair value. Interest income, foreign currency translation gain or loss, and impairment loss under the effective interest method are recognized in profit or loss, while the remaining net gain or loss is recognized in other comprehensive income. On derecognition, the amount of other comprehensive income accumulated under equity is reclassified to profit or loss.

   Investment in equity instruments are subsequently measured at fair value. Dividend income (unless it clearly represents a partial recovery of investment costs) is recognized in profit or loss. The remaining net gain or loss is recognized as other comprehensive income. Upon derecognition, other comprehensive income accumulated under equity is reclassified to retained earnings and not to profit or loss.

   Dividend income from equity investments is recognized on the date the Company has the right to receive the dividends (usually the ex-dividend date).

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

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. On initial recognition, the Company may irrevocably designate financial assets that meet the criteria to be measured at amortized cost or at fair value through other comprehensive income as financial assets measured at fair value through profit or loss in order to eliminate or significantly reduce accounting mismatches.

The net gain or loss (including any dividends and interest income) resulting from the subsequent remeasurement of these assets at fair value is recognized in profit or loss.

(4) Assessment of whether the contractual cash flows are solely the payment of principal and interest on the outstanding principal amount

For evaluation purposes, principal is the fair value of the financial asset at the time of initial recognition. Interest is comprised of the following consideration: time value of the currency, credit risk associated with the principal amount outstanding during a specific period, other fundamental lending risks, and cost and profit margins.

To assess whether the contractual cash flows are solely for the payment of principal and interest on the outstanding principal amount, the Company considers the contractual terms of the financial instrument, including assessing whether the financial asset contains a contractual term that would change the timing or amount of the contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- any contingencies that would change the timing or amount of contractual cash flows;
- any terms that may adjust the contractual coupon rate, including the variable interest rate features;
- early repayment and extension features; and
- terms under which the Company's claim is limited to cash flows from specific assets (e.g., non-recourse features).

(5) Impairment of financial assets

The Company recognizes an allowance for expected credit losses on financial assets at amortized cost (including cash and cash equivalents, financial assets carried at amortized cost, notes and accounts receivable and refundable deposits).

Allowance for losses on the following financial assets are measured at 12-month expected credit losses, while the rest are measured at expected credit losses over the duration:

- The credit risk on bank deposits (i.e., the risk of default over the expected duration of the financial instruments) has not increased significantly since the original recognition.

Allowance for losses on accounts receivable is measured by the expected credit loss over the duration.

The expected credit loss over the duration of the instrument is the expected credit loss arising from all possible defaults over the expected duration of the financial instruments. 12-month expected credit losses refer to the expected credit losses arising from possible defaults within 12 months after the reporting date of the financial instruments (or for a shorter period, if the expected duration of the financial instruments is shorter than 12 months).

The maximum period over which expected credit losses are measured is the maximum contractual period over which the Company is exposed to credit risk.

In determining whether credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information (which can be obtained without excessive cost or investment), including qualitative and quantitative information, and analysis based on the Company's historical experience, credit evaluations and forward-looking information.

Expected credit losses are weighted estimates of the probability of credit losses over the expected duration of the financial instruments. Credit losses are measured at the present value of all cash shortfalls, which is the difference between the cash flows receivable under the Company's contracts and the cash flows expected to be received by the Company. Expected credit losses are discounted at the effective interest rate of the financial assets.

Allowance for losses on financial assets at amortized cost is deducted from the carrying amount of the assets. The amount of allowance or reversal of losses is recognized in profit or loss.

When the Company cannot reasonably expect to recover all or part of a financial asset, the total carrying amount of the financial asset is directly reduced. The timing and amount of the reversal are analyzed individually on the basis of whether recovery is reasonably expected. The Company does not expect a material reversal of the amount written off. However, financial assets that have been written off may still be enforced in order to comply with the Company's procedures for recovering past due amounts.

(6) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset cease, or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to another entity, or when substantially all the risks and rewards of ownership of the asset have neither been transferred nor retained and control of the financial asset has not been retained.

If the Company enters into a transaction to transfer a financial asset and retains all or substantially all the risks and rewards of ownership of the transferred asset, the financial asset is recognized on the balance sheet on an ongoing basis.

2. Financial liabilities

(1) Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss. Financial liabilities are classified as at fair value through profit or loss if they are held for trading, derivative instruments or designated at initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value, and the related net gains and losses, including any interest expense, are recognized in profit or loss.

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest expense and exchange gain or loss are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(2) Derecognition of financial liabilities

Financial liabilities are derecognized by the Company when the contractual obligations are fulfilled, cancelled or expired. When the terms of a financial liability are modified and the cash flows of the modified liability are materially different, the original financial liability is derecognized and the new financial liability is recognized at fair value based on the modified terms.

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

(3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis only when the Company has a legally enforceable right to do so and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3. Derivative financial instruments

The Company holds derivative financial instruments to hedge the risk of foreign currency exchange rate fluctuations. Derivatives are initially recognized at fair value, with transaction costs recognized in profit or loss; subsequently, they are measured at fair value, with gains or losses arising from remeasurement recognized directly in profit or loss. When the fair value of a derivative is positive, it is recognized as a financial asset; when the fair value is negative, it is recognized as a financial liability.

(VII) Inventories

The original cost of inventories is the necessary expenditure incurred to bring the inventories to a condition and location ready for sale or production. Subsequently, inventories are measured at the lower of cost or net realizable value on an item-by-item basis, with the cost of inventories calculated using the weighted average method and the net realizable value based on the estimated selling price under normal operations at the balance sheet date less costs and marketing expenses remaining to be incurred to completion.

(VIII) Investment in subsidiaries

In preparing the parent-company-only financial reports, the Company uses the equity method of accounting for the investees over which it has control. Under the equity method, the apportionment of current profit or loss and other comprehensive income in the parent-company-only financial reports is the same as the apportionment of current profit or loss and other comprehensive income attributable to the owners of the parent company in the consolidated financial reports, and the owners' equity in the parent-company-only financial reports is the same as the equity attributable to the owners of the parent company in the consolidated financial statements.

Changes in the Company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions with the owners.

Gains or losses resulting from transactions between the Company and its subsidiaries that have not yet been realized are deferred. Gains or losses from transactions are recognized annually over the useful lives of depreciable or amortizable assets, while those from other types of assets are recognized in the year of realization.

(IX) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

If the significant components of property, plant and equipment have different useful lives, they are treated as separate items (major components) of property, plant and equipment.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenditures are capitalized only when it is probable that future economic benefits will flow to the Company.

3. Depreciation

Depreciation is calculated based on the cost of the assets less residual values and is recognized as profit or loss over the estimated useful lives of each component using the straight-line method. Except for land, which is not subject to depreciation, the estimated useful lives of the remaining equipment are as follows: machinery and equipment: 2 to 9 years; transportation equipment: 5 years; office equipment: 3 to 5 years; and other equipment: 2 to 15 years. In addition, building and construction are depreciated over their estimated useful lives based on their significant components: main buildings, 50 to 55 years; other auxiliary equipment, 7 to 44 years.

The depreciation method, useful lives and residual values are reviewed at each reporting date, and the effects of any changes in estimates are deferred.

4. Reclassification to investment property

When properties for own use are reclassified to investment properties, the properties are reclassified to investment properties at the carrying amount upon change of use.

(X) Investment property

Investment property is the property held to earn rentals or for asset appreciation or both. Investment property is initially recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment. The depreciation method, useful life and residual value of investment property are based on the rules of the property, plant and equipment. Cost includes costs directly attributable to the acquisition of investment property and any directly attributable costs of bringing the investment property to a ready-for-use condition and capitalized costs of borrowings.

Gain or loss on disposal of investment property (calculated as the difference between the net disposal price and the carrying amount of the item) is recognized in profit or loss.

Rental income from investment properties is recognized on a straight-line basis over the lease term. Lease incentives granted are recognized as adjustments to lease income over the lease term.

When the use of investment property changes and is reclassified as property, plant and equipment, the reclassification is made at the carrying amount upon change of use.

(XI) Leases

The Company assesses whether a contract is a lease or contains a lease at the inception date. If a contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is a lease or contains a lease.

1. Lessees

The Company recognizes a right-of-use asset and a lease liability at the lease inception date. The right-of-use asset is measured initially at cost, which includes the initial measurement amount of the lease liability, adjusted for any lease payments made on or before the lease inception date, plus the original direct costs incurred and the estimated costs to disassemble, remove the subject asset and restore its location or the subject asset, less any lease incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis from the lease inception date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company periodically assesses whether a right-of-use asset is impaired and addresses any impairment loss incurred, and adjusts the right-of-use asset when the lease liability is remeasured.

Lease liabilities are measured initially at the present value of the lease payments outstanding at the inception date of the lease. If the implied interest rate of a lease is readily determinable, the discount rate is that rate. If it is not readily determinable, the Company's incremental borrowing rate is used. In general, the Company uses the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

(1) fixed payments, including substantive fixed payments;

(2) variable lease payments that depend on an index or rate, using the index or rate at the lease inception date as the initial measurement.

Lease liabilities are subsequently accrued for using the effective interest method and are remeasured when the following occurs:

(1) there is a change in future lease payments as a result of a change in the index or rate used to determine lease payments;

(2) a change in the estimate of whether to exercise the option to extend or terminate the lease, resulting in a change in the assessment of the lease term;

(3) Changes in the subject matter, scope or other terms of the lease.

When a lease liability is remeasured as a result of changes in the index or rate used to determine lease payments and changes in the valuation of purchase, extension or termination options as described above, the carrying amount of the right-of-use asset is adjusted accordingly and the remaining remeasurement amount is recognized in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the carrying amount and the remeasurement amount of the lease liability is recognized in profit or loss.

The Company presents right-of-use assets and lease liabilities that do not meet the definition of investment property as a separate line item on the balance sheet.

For short-term leases and leases of low-value underlying assets, the Company elects not to recognize right-of-use assets and lease liabilities, and instead recognizes the related lease payments as expenses on a straight-line basis over the lease term.

2. Lessors

Transactions in which the Company is the lessor are classified as finance leases at the inception date of the lease based on whether the lease contract transfers substantially all the risks and rewards incidental to the ownership of the subject asset, and otherwise are classified as operating leases. In evaluating the leases, the Company considers specific indicators, including whether the lease term covers a significant portion of the economic life of the subject asset.

For operating leases, the Company recognizes lease payments received as rental income over the lease term on a straight-line basis.

(XII) Intangible assets

Software purchased is initially recognized at cost and subsequently measured at cost less accumulated amortization and accumulated impairment. The amortization is based on the cost of the asset less its residual value and is amortized using the straight-line method over the estimated useful lives of 1 to 3 years. Amortization recognized in profit or loss.

The Company reviews the residual value, useful life and amortization method of intangible assets at each reporting date and makes appropriate adjustments when necessary.

(XIII) Impairment of non-financial assets

For non-financial assets other than inventories, deferred income tax assets and assets arising from employee benefits, the Company assesses at each reporting date whether an impairment loss has occurred and estimates the recoverable amount for the assets for which there is an indication of impairment. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs for the purpose of assessing impairment.

The recoverable amount is the higher of the fair value of the individual asset or cash generating unit less costs to sell and its value in use. If the recoverable amount of an individual asset or cash generating unit is less than its carrying amount, the carrying amount of the individual asset or cash generating unit is adjusted downward to its recoverable amount and an impairment loss is recognized. An impairment loss is recognized immediately in profit or loss.

The Company reassesses at each reporting date whether there is any indication of impairment. If an impairment loss recognized in prior years for a non-financial asset other than goodwill no longer exists or has decreased, the impairment loss is reversed to increase the carrying amount of the individual asset or cash generating unit to its recoverable amount. However, it should not exceed the carrying amount after deducting the depreciation or amortization if no impairment loss had been recognized for the individual asset or cash generating unit in prior years.

(XIV) Provision for liabilities

Provisions for liabilities are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources with economic benefits will be required to settle the obligation in the future, and the amount of the obligation can be reliably estimated.

The provision for warranty liabilities is recognized upon the sale of goods. The provision for such liabilities is estimated based on the historical warranty information of similar products.

(XV) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled as a result of the transfer of goods. Revenue is recognized when the Company has fulfilled its performance obligations by transferring control of the goods to the customer.

1. Sales of goods

The Company recognizes revenue when control of the goods is transferred to the customer. The transfer of control of the goods means that the goods has been delivered to the customer and there is no outstanding obligation that would affect the customer's acceptance of the goods. Delivery is the point at which the customer has accepted the goods in accordance with the terms of the transaction, the risk of obsolescence and loss has been transferred to the customer, and the Company has objective evidence that all conditions for acceptance have been met.

The Company recognizes accounts receivable upon delivery of goods because the Company has the unconditional right to receive consideration at that timing.

2. Financial components

The Company does not adjust the time value of currency of the transaction price because the interval between the time of transfer of goods to customers and the time of payment for the goods is expected to be less than one year.

(XVI) Government grants

The Company recognizes unconditional government grants as other income when the grants are available. For other asset-related grants, the Company recognizes deferred income at fair value when it can be reasonably assured that the conditions attached to the government grant will be complied with and that the grant will be received, and recognizes the deferred income as other income over the useful life of the asset on a systematic basis. Government grants to compensate for expenses or losses incurred by the Company are recognized in profit or loss on a systematic basis over the same period as the related expenses.

(XVII) Employee benefits

1. Defined contribution plans

The contribution obligation of the defined contribution pension plan is recognized as employee benefit expense in profit or loss during the period in which the employees render service.

2. Defined benefit plans

The net obligation under the defined benefit pension plan is calculated as the discounted value of the future benefit amounts to be earned by each benefit plan for each employee's current or prior service, less the fair value of any plan assets. The discount rate is based on the market yield rate at the reporting date for government bonds with maturity dates approximating the maturity of the Company's net obligations and denominated in the same currency as the expected benefit payments. The net obligation of a defined benefit plan is actuarially determined annually by a qualified actuary using the projected unit benefit method.

When benefits under a plan are improved, the related expense is recognized immediately in profit or loss for the portion of the benefit increase attributable to employees' past service.

The remeasurement of the net defined benefit obligation (asset), which includes actuarial gains and losses, compensation on plan assets (excluding interest) and any change in the asset cap effects (excluding interest) is recognized immediately in other comprehensive income and accumulated in retained earnings.

The Company recognizes a gain or loss on the reduction or settlement of a defined benefit plan when the reduction or settlement occurs. The reduction or settlement gain or loss includes the change in the fair value of any plan assets and the change in the present value of the defined benefit obligation.

3. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as expenses when the related services are rendered. The amount expected to be paid under short-term cash bonus or dividend plans is recognized as a liability if the Company has a present legal or constructive obligation to pay for the services rendered by employees in the past and the obligation can be reliably estimated.

(XVIII) Share-based payment transactions

Equity-settled share-based payment agreements are measured at fair value at the date of grant, and the expense is recognized over the vesting period of the award and increases relative equity. The expense recognized is adjusted for the number of awards that are expected to meet the service condition and the non-market vesting condition; and the final amount recognized is measured based on the number of awards that meet the service condition and the non-market vesting condition on the vesting date.

The non-vested condition regarding share-based compensation is reflected in the measurement of fair value at the share-based compensation grant date, and the difference between the expected and actual results is not subject to verification adjustment.

When the Company reserves shares for subscription by employees for capital increase by cash, the grant date is the date when the Company notifies employees of the subscription price and the number of shares available for subscription.

(XIX) Income taxes

Income taxes include current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss, except for those related to business combinations, items recognized directly in equity or other comprehensive income.

Current income taxes include estimated income taxes payable or refunds receivable based on current year taxable income (loss) and any adjustments to income taxes payable or refunds receivable in the previous year. The amount reflects the best estimate of the amount expected to be paid or received, measured at the statutory or substantively enacted tax rate at the reporting date, after reflecting uncertainties, if any, related to income taxes.

Deferred income taxes are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred income tax is not recognized for temporary differences arising from:

1. Assets or liabilities that are not originally recognized in a business combination and do not affect the accounting profit or taxable income (loss) at the time of the transaction.
2. Temporary differences arising from investments in subsidiaries and affiliates where the Company can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future; and
3. taxable temporary differences arising from the original recognition of goodwill.

Deferred income tax is measured at the tax rates that are expected to apply when the temporary differences reverse, based on the statutory or substantive legislative tax rates at the reporting date, and reflecting uncertainties, if any, related to income taxes.

Deferred income tax assets and deferred income tax liabilities are offset only if the following conditions are met at the same time:

1. there is a legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. the deferred income tax assets and deferred income tax liabilities relate to one of the following taxable entities that are subject to income tax by the same taxing authority:
   (1) the same taxable entity; or
   (2) different taxable entities, provided that each entity intends to settle current income tax liabilities and assets on a net basis, or to realize assets and settle liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

Deferred income tax assets are recognized for unused tax losses and unused income tax credits in subsequent periods to the extent that it is probable that future taxable income will be available against which the temporary differences can be deducted. Deferred income tax assets are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefit will be realized, or to the extent that it becomes probable that sufficient taxable income will be available to allow the reversal of the original reduction.

(XX) Business combinations

The acquisition method is used by the Company for business combinations to measure goodwill based on the fair value of the consideration transferred at the date of acquisition, including the amount attributable to any non-controlling interest in the acquiree, less the net amount of the identifiable assets acquired and liabilities assumed (usually the fair value). If the resulting balance is negative, the Company recognizes the gain on a bargain purchase in profit or loss after reassessing whether all assets acquired and liabilities assumed have been correctly identified.

Transaction costs associated with a business combination, other than those related to the issuance of debt or equity instruments, are recognized as expenses of the Company immediately upon incurrence.

If the non-controlling interest in the acquiree is a present ownership interest and the holder is entitled to a proportionate share of the net assets of the business at the time of liquidation, the Company elects, on a transaction-by-transaction basis, to measure the acquisition date fair value or the proportionate share of the present ownership instrument to the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at the fair value on the acquisition date or on other bases in accordance with IFRS recognized by the FSC.

If the original accounting for a business combination is not completed before the reporting date of the combination transaction, the Company recognizes provisional amounts for incomplete accounting items and makes retroactive adjustments or recognizes additional assets or liabilities during the measurement period to reflect new information obtained during the measurement period about facts and circumstances existing at the acquisition date. The measurement period does not exceed one year from the date of acquisition.

(XXI) Earnings per share

The Company presents basic and diluted earnings per share attributable to equity holders of the Company's ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company's ordinary shares by the weighted-average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company's ordinary shares by the weighted-average number of ordinary shares outstanding, adjusted for the effect of all potentially dilutive ordinary shares. Potentially dilutive ordinary shares of the Company represents capital increase by cash reserved for employee subscription and optional employee compensation in the form of share issuance.

(XXII) Department information

The Company has disclosed department information in the consolidated financial statements and therefore does not disclose department information in the parent-company-only financial reports.

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

The preparation of the parent-company-only financial reports in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" requires management to make judgments, estimates and assumptions that affect the adoption of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from estimates.

Management reviews estimates and underlying assumptions on an ongoing basis, and changes in accounting estimates are recognized in the period of change and in the future period affected.

There is a significant risk that uncertainties in assumptions and estimates will cause a material adjustment to the carrying amounts of assets and liabilities at the reporting date in the next financial year as follows:

Since inventories are measured at the lower of cost or net realizable value, the Company evaluates inventories at the reporting date for obsolescence or decline in selling price and reduces the cost of inventories to net realizable value. This inventory valuation is mainly based on estimates of product demand in specific periods in the future and may change significantly due to rapid changes in the industry. Please refer to Note 6(6) for the provision of inventory falling price loss.

VI. Description of significant accounting items

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and working capital	$ 407	483
Demand deposits and checking deposits	415,965	941,920
Time deposits with original maturities of less than three months	177,190	172,400
	$ 593,562	**1,114,803**

As of December 31, 2022 and 2021, bank time deposits (excluding pledged time deposits) with original maturities of more than three months were NT$215,000 thousand and NT$0 thousand, respectively, which were reported under financial assets at amortized cost - current.

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

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss - current:		
Forward foreign exchange contracts	**$ 25**	**565**

	December 31, 2022	December 31, 2021
Financial liabilities at fair value through profit or loss - current:		
Forward foreign exchange contracts	**$ 633**	**23**

Please refer to 6(23) for the details of amounts recognized at fair value through profit or loss.

The Company entered into derivative financial instruments to hedge the exposure to exchange rate risk arising from operating activities and reported them as financial assets or liabilities at fair value through profit or loss because hedge accounting was not applicable. Details of the Company's outstanding derivative financial instruments at the reporting date is as follows:

December 31, 2022		
Contract amount (in thousands)	**Currency**	**Maturity period**
US$$ 3,886	Buy NT$ / Sell US$	January 5, 2023~March 10, 2023

December 31, 2021		
Contract amount (in thousands)	**Currency**	**Maturity period**
US$$ 4,845	Buy NT$ / Sell US$	January 3, 2022~June 6, 2022

(III) Financial assets at fair value through other comprehensive income - current

	December 31, 2022	**December 31, 2021**
Equity instruments at fair value through other comprehensive income:		
Domestic listed company shares	$ 80,509	-

The above investments in equity instruments are strategic investments and are not held for trading purposes. Therefore, they are designated as at fair value through other comprehensive income.

The Company did not dispose of the above-mentioned strategic investments in 2022 and 2021, and the gains and losses accumulated during the periods were not transferred within the equity.

(IV) Financial assets measured at amortized cost - current

	December 31, 2022	**December 31, 2021**
Time deposits with original maturities of over three months	$ 215,000	-
Pledged time deposits (Note 8)	1,100	1,100
	$ 216,100	1,100

The Company assesses that the above assets are held to maturity to collect the contractual cash flows and that the cash flows from these financial assets are solely attributable to the payment of principal and interest on the principal amount outstanding. Therefore, they are therefore reported as financial assets at amortized cost.

(V) Notes and accounts receivable

	December 31, 2022	**December 31, 2021**
Notes and accounts receivable	$ 240,489	328,779
Accounts receivable - related parties	34,981	29,368
	275,470	358,147
Less: Allowance for losses	(1,608)	(2,474)
	$ 273,862	355,673

The Company uses a simplified approach to estimate expected credit losses for all notes and accounts receivable (including related parties), which represents that the expected credit losses are measured using the expected credit losses over the life of the instruments and are included in forward-looking information. The expected credit losses on notes and accounts receivable (including related parties) as of December 31, 2022 and 2021 are analyzed as follows:

	December 31, 2022			
	Carrying amounts of notes and accounts receivable (including related parties)		Weighted average expected credit loss ratio	Expected credit losses during the allowance period
Not past due	$	267,249	0.07%	179
Less than 30 days past due		4,930	4.06%	200
31 to 60 days past due		1,938	8.26%	160
61-90 days past due		38	27.37%	10
91-120 days past due		898	71.51%	642
Over 121 days past due		417	100.00%	417
	$	275,470		1,608

	December 31, 2021			
	Carrying amounts of notes and accounts receivable (including related parties)		Weighted average expected credit loss ratio	Expected credit losses during the allowance period
Not past due	$	340,425	0.05%	180
Less than 30 days past due		10,641	2.54%	270
31 to 60 days past due		4,507	6.37%	287
61-90 days past due		474	24.41%	116
91-120 days past due		1,665	71.24%	1,186
Over 121 days past due		435	100.00%	435
	$	358,147		2,474

The changes in allowance for losses on notes and accounts receivable (including related parties) are as follows:

	2022		2021
Opening balance	$	2,474	189
Provision (reversal) on impairment loss		(855)	2,195
Acquired through business combinations		-	90
Amounts written off as uncollectible during the year		(11)	-
Closing balance	$	1,608	2,474

(VI) Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 120,362	102,881
Work in process	134,555	111,623
Finished products	81,960	55,656
Goods	30,672	27,783
	$ 367,549	297,943

Details of operating costs recognized in the current period is as follows:

	2022	2021
Cost of inventories sold	$ 850,614	893,170
Inventory falling price loss	16,780	17,085
Loss on obsolescence of inventories	13,193	4,967
Inventory loss, net	47	1,056
	$ 880,634	916,278

The above inventory falling price loss is recognized as an inventory falling price loss due to the offset of inventories to net realizable value, which are included in operating costs.

(VII) Investments accounted for using the equity method

The Company's investments accounted for using the equity method at the reporting date are presented as follows:

	December 31, 2022	December 31, 2021
Subsidiaries	$ 11,048	13,134

1. Subsidiaries

   Please refer to the consolidated financial statements for 2022 for information on subsidiaries.

2. Consolidation with subsidiaries - San Johe Technology

   As described in Note 1, on March 1, 2021, the Company entered into a simple merger with its subsidiary San Johe Technology. After the merger, the Company became the surviving company and San Johe Technology became a dissolved company.

Details of the carrying amounts of the identifiable assets and liabilities of San Johe Technology acquired by the Company as of March 1, 2021 are as follows:

Cash and cash equivalents	$	87,346
Notes and accounts receivable, net (including related parties)		20,667
Inventories		36,409
Prepayments and other current assets		3,925
Property, plant and equipment (including prepayments for equipment)		199,052
Investment property		24,437
Intangible assets-software purchased		3,671
Deferred income tax assets		2,978
Other non-current assets		39
Notes and accounts payable (including related parties)		(21,015)
Other payables		(24,857)
Other current liabilities		(6,067)
Provision for liabilities-current		(1,290)
Deposits received		(779)
Carrying amounts of identifiable net assets acquired	**$**	**324,516**

(VIII) Property, plant and equipment

Details of the changes in the cost of property, plant and equipment and accumulated depreciation are as follows:

		Land	Building and construction	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Total
Costs:								
Balance of January 1, 2022	$	259,080	108,915	213,524	9,657	10,272	83,313	684,761
Additions during the period		-	1,293	61,430	-	2,135	72,330	137,188
Disposal during the period		-	-	-	(1,725)	(186)	-	(1,911)
Reclassified from prepaid equipment		-	251	24,221	-	-	-	24,472
Balance of December 31, 2022	**$**	**259,080**	**110,459**	**299,175**	**7,932**	**12,221**	**155,643**	**844,510**
Balance of January 1, 2021	$	122,635	37,396	137,229	5,242	3,045	67,867	373,414
Additions during the period		-	1,122	53,744	1,598	4,789	10,643	71,896
Acquired through business combinations		136,445	70,397	14,512	2,817	2,438	4,752	231,361
Reclassified from prepaid equipment		-	-	8,039	-	-	51	8,090
Balance of December 31, 2021	**$**	**259,080**	**108,915**	**213,524**	**9,657**	**10,272**	**83,313**	**684,761**

		Land	Building and construction	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Total
Accumulated depreciation:								
Balance of January 1, 2022	$	-	29,515	103,770	6,058	4,369	36,366	180,078
Depreciation during the period		-	4,158	49,002	965	2,519	21,716	78,360
Disposal during the period		-	-	-	(719)	(186)	-	(905)
Balance of December 31, 2022	**$**	**-**	**33,673**	**152,772**	**6,304**	**6,702**	**58,082**	**257,533**
Balance of January 1, 2021	$	-	11,274	58,529	2,005	1,134	17,360	90,302
Depreciation during the period		-	4,189	36,215	1,236	1,194	14,320	57,154
Acquired through business combinations		-	14,052	9,026	2,817	2,041	4,686	32,622
Balance of December 31, 2021	**$**	**-**	**29,515**	**103,770**	**6,058**	**4,369**	**36,366**	**180,078**
Carrying amounts:								
December 31, 2022	**$**	**259,080**	**76,786**	**146,403**	**1,628**	**5,519**	**97,561**	**586,977**
December 31, 2021	**$**	**259,080**	**79,400**	**109,754**	**3,599**	**5,903**	**46,947**	**504,683**

(IX) Right-of-use asset

		Building and construction
Costs of right-to-use assets:		
Balance of January 1, 2022	$	66,683
Additions		26,615
Balance of December 31, 2022	**$**	**93,298**
Balance of January 1, 2021	$	66,678
Additions		5
Balance of December 31, 2021	**$**	**66,683**
Accumulated depreciation of right-of-use assets:		
Balance of January 1, 2022	$	35,019
Depreciation		16,565
Balance of December 31, 2022	**$**	**51,584**
Balance of January 1, 2021	$	21,807
Depreciation		13,212
Balance of December 31, 2021	**$**	**35,019**
Carrying amounts:		
December 31, 2022	**$**	**41,714**
December 31, 2021	**$**	**31,664**

(X) Investment property

		Land	Building and construction	Total
Costs:				
Balance of January 1, 2022	$	17,740	17,426	35,166
Additions during the period		-	137	137
Disposal during the period		(17,740)	(17,563)	(35,303)
Balance of December 31, 2022	$	-	-	-
Balance of January 1, 2021	$	17,740	17,326	35,066
Acquired through business combinations		16,874	12,141	29,015
Additions during the period		-	100	100
Disposal during the period		(16,874)	(12,141)	(29,015)
Balance of December 31, 2021	$	17,740	17,426	35,166
Accumulated depreciation and impairment loss:				
Balance of January 1, 2022	$	-	7,660	7,660
Depreciation during the period		-	394	394
Disposal during the period		-	(8,054)	(8,054)
Balance of December 31, 2022	$	-	-	-
Balance of January 1, 2021	$	-	7,343	7,343
Depreciation during the period		-	455	455
Acquired through business combinations		-	4,578	4,578
Disposal during the period		-	(4,716)	(4,716)
Balance of December 31, 2021	$	-	7,660	7,660
Carrying amounts:				
December 31, 2022	$	-	-	-
December 31, 2021	$	17,740	9,766	27,506
Fair value:				
December 31, 2022				$ -
December 31, 2021				$ 75,619

In October 2022, the Company sold investment properties to non-related parties for a total consideration of NT$64,070 thousand (before tax), and the gain on disposal was NT$36,821 thousand. As of December 31, 2022, the transfer procedures have been completed and the related payments have been received.

In August 2021, the Company sold investment properties to non-related parties for a total consideration of NT$26,208 thousand (before tax), and the gain on disposal was NT$1,909 thousand. As of December 31, 2021, the transfer procedures have been completed and the related payments have been received.

Investment properties refer to offices leased to others. Please refer to Note 6(15) for relevant information.

The fair value of investment properties is determined by the Company's management with reference to market evidence of similar property transaction prices in the same region. The input value used in the fair value valuation technique is classified as Level 3.

The above investment properties are not pledged as collateral.

(XI) Intangible assets

Details of the changes in the cost and accumulated amortization of intangible assets are as follows:

		Software purchased
Costs:		
Balance of January 1, 2022	$	21,878
Acquired separately		1,840
Balance of December 31, 2022	**$**	**23,718**
Balance of January 1, 2021	$	11,484
Acquired separately		4,148
Acquired through business combinations		6,246
Balance of December 31, 2021	**$**	**21,878**
Accumulated amortization:		
Balance of January 1, 2022	$	14,755
Amortization during the period		3,459
Balance of December 31, 2022	**$**	**18,214**
Balance of January 1, 2021	$	8,126
Amortization during the period		4,054
Acquired through business combinations		2,575
Balance of December 31, 2021	**$**	**14,755**
Carrying amounts:		
Balance of December 31, 2022	**$**	**5,504**
Balance of December 31, 2021	**$**	**7,123**

Amortization expenses of intangible assets for 2022 and 2021 are reported in the statement of comprehensive income as follows:

		2022	**2021**
Operating costs	$	764	428
Operating expenses		2,695	3,626
	$	**3,459**	**4,054**

(XII) Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings	$ 86,720	72,881
Unused balance	$ 833,280	743,999
Interest rate range	5.55%~6.18%	0.89%~0.99%

(XIII) Lease liabilities

The carrying amounts of the Company's lease liabilities are as follows:

	December 31, 2022	December 31, 2021
Current:		
Related parties	$ 4,625	-
Non-related parties	$ 14,526	12,904
Non-current:		
Related parties	$ 16,633	-
Non-related parties	$ 5,137	17,588

For maturity analysis, please refer to Note 6(25) financial risk management.

The amounts recognized in profit or loss are as follows:

	2022	2021
Interest expenses on lease liabilities	$ 502	520
Short-term lease payments	$ 2,017	1,813

The amounts recognized in the statement of cash flows are as follows:

	2022	2021
Total cash outflows from leases	$ 18,705	15,060

1. Leases of building and construction

   The Company leases building and construction for office, factory and warehouses, usually for periods of one to ten years. Among these leases, some of the warehouses leased by the Company have a lease term of one year. The leases are short-term leases and the Company has elected to apply the exemption from recognition and not recognize the related right-of-use assets and lease liabilities.

2. Other leases

   The Company leases office equipment for a period of one year. The leases are short-term leases and the Company has elected to apply the exemption from recognition and not recognize the related right-of-use assets and lease liabilities.

(XIV) Provision for liabilities - current

	2022	2021
Provision for warranty liabilities:		
Balance of January 1	$ 1,735	1,202
Additions during the period	219	64
Acquired through business combinations	-	1,290
Use during the period	(677)	(821)
Balance of December 31	$ 1,277	1,735

The provision for warranty liabilities is estimated based on the historical warranty information of similar products.

(XV) Operating leases - lessor

The Company leases out investment properties under operating leases. Please refer to Note 6(10) investment properties for details.

An analysis of the maturities of lease payments as of December 31, 2022 and 2021, and the total undiscounted lease payments received after the reporting date are shown in the following table:

	December 31, 2022	December 31, 2021
Within one year	$ -	1,436

Rental income from investment properties amounted to NT$1,542 thousand and NT$1,952 thousand for 2022 and 2021, respectively, and was recorded as other income. Please refer to Note 6(23) for details.

Direct operating expenses incurred from investment properties are as follows:

	2022	2021
Rental income generated	$ 722	537
No rental income generated	-	291
	$ 722	828

(XVI) Employee benefits

1. Defined benefit plans

A reconciliation of the present value of the Company's defined benefit obligation to the net defined benefit obligation is as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 16,276	16,509
Fair value of plan assets	(12,414)	(10,733)
Net defined benefit liabilities	$ 3,862	5,776

The Company's defined benefit plan is contributed to the Bank of Taiwan's special account for labor retirement reserve fund. Retirement payments for each employee under the Labor Standards Act are based on the base figure obtained from years of service and the average salary for the six months prior to retirement.

(1) Composition of plan assets

The Company's pension fund under the Labor Standards Act is managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", for the use of funds, the minimum income to be distributed annually shall not be less than the income calculated based on the interest rate of two-year time deposits in local banks.

As of December 31, 2022 and 2021, the balances of the Bank of Taiwan's special account for labor retirement reserve fund were NT$12,414 thousand and NT$10,733 thousand, respectively. For information on the use of the labor pension funds assets (including fund yield and fund asset allocation), please refer to the information on the website of the Bureau of Labor Funds for details.

(2) Changes in present value of defined benefit obligation

	2022	2021
Defined benefit obligation on January 1	$ 16,509	16,583
Current interest	91	133
Net defined benefit liability (asset) remeasurement		
- Actuarial loss (gain) due to experience adjustments	343	(491)
- Actuarial loss (gain) due to changes in financial assumptions	(667)	284
Defined benefit obligation on December 31	**$ 16,276**	**16,509**

(3) Changes in fair value of plan assets

	2022	2021
Fair value of plan assets on January 1	$ 10,733	8,854
Interest income	62	74
Net defined benefit liability (asset) remeasurement		
- Return on plan assets (excluding current interest)	897	258
Amounts contributed to the plan	722	1,547
Fair value of plan assets on December 31	**$ 12,414**	**10,733**

(4) Changes in asset cap effects

For 2022 and 2021, the Company had no asset cap effects on the defined benefit plan.

(5) Expenses recognized in profit or loss

	2022	2021
Net interest on the net defined benefit liabilities	**$ 29**	**59**
Operating costs	$ 21	41
Marketing expenses	2	9
Administrative expenses	1	-
Research and development expenses	5	9
	$ 29	**59**

(6) Actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation as of the reporting date are as follows:

	December 31, 2022	**December 31, 2021**
Discount rate	1.25%	0.55%
Future salary increase rate	4.00%	4.00%

The Company expects to make a contribution of NT$760 thousand to the defined benefit plan in the year following the reporting date in 2022. The weighted-average duration of the defined benefit plans is 10.6 years.

(7) Sensitivity analysis

The effect of changes in the major actuarial assumptions used on the present value of the defined benefit obligation is as follows:

	Effect on the defined benefit obligation	
	December 31, 2022	**December 31, 2021**
Discount rate		
Increase of 0.25%	$ (232)	(284)
Decrease of 0.25%	238	293
Expected rate of salary increase		
Increase of 1.00%	969	1,183
Decrease of 1.00%	(887)	(1,076)

The sensitivity analysis above analyzes the effect of changes in a single assumption with other assumptions held constant. In practice, changes in many assumptions may be corelated. The sensitivity analysis is consistent with the methodology used to calculate the net pension liability on the balance sheet.

The methodology and assumptions used in preparing the sensitivity analysis are the same as those used in the previous period.

2. Defined contribution plans

The Company's defined contribution plan is based on the Labor Pension Act, under which the Company contributes 6% of a worker's monthly wages to a personal pension account of the Bureau of Labor Insurance. Under the plan, the Company has no legal or constructive obligation to pay additional amounts after making a fixed contribution to the Bureau of Labor Insurance.

For 2022 and 2021, the Company made contributions of NT$16,197 thousand and NT$13,944 thousand, respectively, to the Bureau of Labor Insurance under the defined pension contribution plan.

(XVII) Income taxes

1. Details of the Company's income tax expenses for 2022 and 2021 are as follows:

		2022	2021
Income tax expenses during the period			
Generated during the period	$	53,856	69,969
Adjustments to income tax during the period for prior periods		(5,150)	(5,245)
		48,706	64,724
Deferred income tax benefits			
Occurrence and reversal of temporary differences		(6,123)	(6,277)
Income tax expense	$	42,583	58,447

There was no income tax expense recognized directly in equity or other comprehensive income for 2022 and 2021.

A reconciliation of income tax expenses to net income before tax is as follows:

		2022	2021
Income before income tax	$	312,356	349,471
Income tax calculated at the domestic tax rate of the Company's location	$	62,471	69,894
Investment tax credit		(7,976)	(6,274)
Adjustments to income tax for prior periods		(5,150)	(5,245)
Tax exemption income		(5,302)	(705)
Domestic investment income recognized using the equity method		-	(1,079)
Others		(1,460)	1,856
Income tax expense	$	42,583	58,447

2. Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

Deferred income tax assets:

		Allowance for inventory falling price loss	Compensation for unused leave	Warranty provision and refund liabilities	Remeasurement of defined benefit plans	Others	Total
January 1, 2022	$	8,052	2,116	1,249	-	1,637	13,054
(Debit) credit income statement		3,356	168	43	-	2,059	5,626
December 31, 2022	$	11,408	2,284	1,292	-	3,696	18,680
January 1, 2021	$	2,906	1,399	-	-	647	4,952
(Debit) credit income statement		3,418	717	1,079	(1,080)	990	5,124
Business combinations acquired		1,728	-	170	1,080	-	2,978
December 31, 2021	$	8,052	2,116	1,249	-	1,637	13,054

Deferred income tax liabilities:

	Bargain purchase interest	Others	Total
January 1, 2022	$ 1,552	109	1,661
Credit income statement	(388)	(109)	(497)
December 31, 2022	**$ 1,164**	**-**	**1,164**
January 1, 2021	$ 1,940	874	2,814
Credit income statement	(388)	(765)	(1,153)
December 31, 2021	**$ 1,552**	**109**	**1,661**

3. Income tax approval

The Company's profit-seeking enterprise annual income tax return has been submitted to the tax collecting authorities for approval until 2020.

(XVIII) Capital and other equity

1. Common stock

As of December 31, 2022 and 2021, the Company's total authorized capital was NT$800,000 thousand with a par value of NT$10 per share and 80,000 thousand shares, of which 47,875 thousand shares were issued.

A reconciliation of the number of outstanding shares of the Company is as follows:

(Unit: thousand shares)

	Ordinary shares	
	2022	**2021**
Number of shares at the beginning of January 1	47,875	43,775
Capital increase by cash	-	4,100
Repurchase of treasury stock	(1,000)	-
Number of shares at the end of December 31	**46,875**	**47,875**

On November 5, 2021, the Board of Directors resolved to issue additional 4,100 thousand shares through capital increase by cash prior to the listing, of which 410 thousand shares were reserved for employee subscription. The capital increase was reported to the Taiwan Stock Exchange Corporation and was effective on December 6, 2021, the base date of the capital increase. All the share capital of shares issued have been received in a total amount of NT$587,399 thousand. The relevant registration procedures have been completed and are included in the capital and capital surplus.

2. Capital surplus

The balance of the Company's capital surplus is as follows:

	December 31, 2022	December 31, 2021
Premium on issuance of shares	$ 666,183	666,183
Difference between actual acquisition of price and carrying amount of equity of subsidiaries	23,991	23,991
	$ 690,174	**690,174**

Under the Company Act, capital surplus must be used to cover losses before new shares or cash can be issued based on the realized capital surplus in proportion to the shareholders' original shares. The realized capital surplus referred to in the preceding paragraph includes the proceeds from the issuance of shares in excess of par value and the proceeds from the receipt of gifts. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus that may be capitalized each year may not exceed 10% of the paid-in capital.

3. Retained earnings

(1) Legal reserve

If the Company has no deficit, it may issue new shares or cash from the legal reserve by resolution of the shareholders' meeting, provided that the amount of such reserve exceeds 25% of the paid-in capital. If the above is issued in cash, in accordance with the Company Act and the Company's Articles of Incorporation, the Board of Directors is authorized to resolve and report to the shareholders' meeting.

(2) Special reserve

In accordance with the Jin-Guan-Zheng-Fa-Zhi No. 1010012865 dated April 6, 2012 issued by the FSC, when the Company distributes distributable earnings, a special reserve in the same amount should be provided from current profit or loss and unappropriated earnings in prior periods for the net decrease in other shareholders' equity that occurred during the year; the special reserve in the same amount is not distributable from prior unappropriated earnings for the decrease in other shareholders' equity accumulated in prior periods. If there is a subsequent reversal in the amount of the reduction in other shareholders' equity, the reversed portion of the earnings may be distributed.

(3) Earnings distribution and dividend policy

In accordance with the Company's Articles of Incorporation, if there is any surplus in the annual final accounts, the Company shall first pay taxes to make up for prior years' deficits, and then set aside 10% of the legal reserve. After setting aside or reversing the special reserve as required by laws and regulations, the Board of Directors shall prepare an earnings distribution proposal and submit it to the shareholders' meeting for resolution if there are any earnings together with unappropriated earnings accumulated in previous years. If all or part of the dividends and bonuses payable are intended to be paid in cash, the Board of Directors is authorized to resolve and report to the shareholders' meeting.

The Company's dividend policy will depend on factors such as current and future development plans, investment environment, capital needs, domestic and foreign competition conditions, and capital budgets, while taking the interests of shareholders and the Company's long-term financial planning into account. The Board drafts a profit distribution proposal for the distributable earnings above; of which, the distribution of shareholders' dividend bonuses of each year should not be less than 10% of distributable earnings for the year; however, where the accumulated distributable earnings are less than 10% of the paid-in share capital, the distribution may be exempted; when distributing the shareholders' dividend bonuses, such may be distributed in the form of cash or shares, and the cash dividends shall not be less than 10% of the total dividends; provided that the actual distribution percentage shall be handled pursuant to the resolution of the shareholders' meeting.

On March 7, 2022 and March 11, 2021, the Board of Directors resolved the cash dividends of earnings distribution proposals for 2021 and 2020 as follows:

	2021		**2020**	
	Dividends per share (NT$)	**Amount**	**Dividends per share (NT$)**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash dividends distributed to shareholders from unappropriated earnings	$ 5.50	**263,314**	3.50	**153,214**

On March 3, 2023, the Board of Directors resolved the cash dividends of earnings distribution proposals for 2022 as follows:

	2022	
	Dividends per share (NT$)	**Amount**
Dividends distributed to ordinary shareholders:		
Cash dividends distributed to shareholders from unappropriated earnings	$ 5.00	234,377

The above information is available on the website MOPS.

4. Treasury stock

During the period from July to August 2022, the Company repurchased a total of 1,000 thousand shares of treasury stock in a total amount of NT$85,925 thousand for the purpose of transferring shares to employees in accordance with Article 28-2 of the Securities and Exchange Act. As of December 31, 2022, none of the shares had been transferred to employees or cancelled.

In accordance with the Securities and Exchange Act, treasury stock cannot be pledged and are not entitled to shareholders' rights until they are transferred. In addition, the percentage of number of shares repurchased by the Company shall not exceed 10% of the total number of shares issued by the Company. The total amount of shares repurchased shall not exceed the amount of retained earnings plus share premiums and realized capital surplus.

5. Other equity (net amount after tax)

	Exchange differences on translation of foreign operations	**Unrealized valuation losses on financial assets at fair value through other comprehensive income**	**Total**
January 1, 2022	$ (1,236)	-	(1,236)
Exchange differences arising from the translation of net assets of foreign operating institutions	350	-	350
Unrealized valuation losses on financial assets at fair value through other comprehensive income	-	(9,114)	(9,114)
December 31, 2022	**$ (886)**	**(9,114)**	**(10,000)**
January 1, 2021	$ (1,341)	-	(1,341)
Exchange differences arising from the translation of net assets of foreign operating institutions	105	-	105
December 31, 2021	**$ (1,236)**	**-**	**(1,236)**

(XIX) Share-based payment

The Company accounted for the following share-based payment transactions:

	Capital increase by cash reserved for employee subscription in 2021
Grant date	November 5, 2021
Number of shares granted (in thousands)	410
Exercise price	98.00NT$
Ordinary shares that can be subscribed per unit	1 Share
Contract period	0.02Year
Vesting conditions	Immediate vesting
Targets	Employees of the Company

1. Fair value measurement parameters on the grant date

The fair value per unit of the above employee stock options at the grant date is estimated using the Black-Scholes option valuation model for the above capital increase by cash reserved for employee subscription in 2021. The related input values are as follows:

	Capital increase by cash reserved for employee subscription in 2021
Fair value of stock options on the grant date (NT$)	(Note 1)
Fair value per ordinary share on the grant date (NT$)	(Note 1)
Exercise price (NT$)	98.00
Duration of stock options	0.02 year
Risk-free interest rate (%)	0.20%
Expected volatility (%) (Note 2)	44.91%
Dividend rate (%) (Note 2)	-

(Note 1) The fair value of the Company's stock options ranged from NT$16.55 to NT$33.82 on the grant date for ordinary shares held in voluntary centralized custody for 3 months or in mandatory centralized custody for 6 to 24 months in accordance with Article 10 of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, and from NT$114.57 to NT$131.82 per ordinary shares on the grant date for ordinary shares held in voluntary centralized custody for 3 months or in mandatory centralized custody for 6 to 24 months.

(Note 2) The expected volatility is based on the stock volatility of comparable companies. In addition, no dividends are expected to be paid during the duration of the stock options because the duration of the stock options is 7 days.

2. Relevant information on capital increase by cash reserved for employee subscription is as follows:

	2021 Capital increase by cash reserved for employee subscription in 2021	
	Quantity (in thousands)	**Weighted average exercise price (NT$/unit)**
Outstanding at the beginning of the period	-	$ -
Granted during the period	410	98.00
Exercised during the period	(410)	98.00
Lapsed during the period	-	-
Outstanding at the end of the period	-	-
Exercisable at the end of the period	-	-

3. Employee compensation expenses

The expenses arising from share-based payments were as follows:

	2022	2021
Expenses incurred for capital increase by cash reserved for employee subscription	-	12,627

The compensation cost recognized for the above share-based payment transactions is reported under operating expenses and operating costs.

(XX) Earnings per share

1. Basic earnings per share

	2022	2021
Net income attributable to equity holders of the Company's ordinary shares	$ 269,773	291,024
Weighted-average number of ordinary shares outstanding (in thousands)	47,454	44,067
Basic earnings per share (NT$)	$ 5.68	6.60

2. Diluted earnings per share

	2022	2021
Net income attributable to equity holders of the Company's ordinary shares	$ 269,773	291,024
Weighted-average number of ordinary shares outstanding (basic) (in thousands)	47,454	44,067
Effect of dilutive potential ordinary shares (in thousands):		
Effect of employee compensation	924	361
Impact capital increase by cash reserved for employee subscription	-	8
Weighted-average number of ordinary shares outstanding (diluted) (in thousands)	48,378	44,436
Diluted earnings per share (NT$)	$ 5.58	6.55

(XXI) Revenue from customer contracts

1. Breakdown of revenue

		2022	2021
Major regional markets:			
Taiwan	$	602,679	753,892
The U.S.		393,719	341,653
Mainland China		275,325	341,862
Others		190,337	171,192
	$	1,462,060	1,608,599
Major products and services:			
Electronic ceramic components	$	919,922	1,031,423
Module and system products		400,655	413,824
Other electronic parts and components		141,483	163,352
	$	1,462,060	1,608,599

2. Contract balances

		December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable (including related parties)	$	275,470	358,147	314,477
Less: Allowance for losses		(1,608)	(2,474)	(189)
	$	273,862	355,673	314,288
Contractual liabilities (included in other current liabilities)	$	(7,473)	(6,741)	(1,937)

Notes and accounts receivable (including related parties) and impairment loss are disclosed in Note 6(5).

The change in contract liabilities is mainly due to the difference between the point at which the Company transfers goods to customers to satisfy its contractual obligations and the point at which customers pay. The opening balances of contract liabilities as of January 1, 2022 and 2021 were recognized as income of NT$3,565 thousand and NT$416 thousand for 2022 and 2021.

(XXII) Employees' and directors' and supervisors' remuneration

Pursuant to the Articles of Incorporation, where the Company makes profits in a year, 10% to 15% should be provided as employees' remuneration and no more than 3% should be provided as directors' remuneration. However, where the Company has accumulated losses, the amount for compensation shall be set aside first. The recipients of stock or cash distribution for employees' remuneration in the preceding paragraph, may include the employees of the controlling or subordinate companies meeting certain conditions.

For the years ended December 31, 2022 and 2021, the estimated amounts of employee compensation were NT$55,612 thousand and NT$62,220 thousand, respectively; the estimated amounts of director compensation were NT$2,781 thousand and NT$3,111 thousand, respectively, which are estimated by multiplying the Company's income before income tax for each period prior to the deduction of employee and director compensation by the percentage of employee and director compensation to be distributed by the Company. Such amounts are reported as operating costs or operating expenses for each period. If the actual distribution amount differs from the estimated amount, the difference is accounted for as a change in accounting estimate and recognized as profit or loss in the following year.

The amount of employee and director compensation resolved by the Board of Directors was not different from the amount estimated in the above 2022 and 2021 parent-company-only financial reports, and was paid in cash. For relevant information, please refer to the website MOPS.

(XXIII) Non-operating income and expenses

1. Interest income

	2022	2021
Interest income from bank deposits	$ 2,751	479

2. Other income

	2022	2021
Rental income (Note 6(15))	$ 1,542	1,952
Dividend income	7,150	-
Subsidy income	10	296
Other income-others	6,137	1,605
	$ 14,839	3,853

3. Other gains and losses

	2022	2021
Net foreign currency exchange (losses) gains	$ 11,765	(3,535)
Net loss on financial instruments at fair value through profit or loss	(1,149)	(703)
Gain on disposal of property, plant and equipment (Note 7)	61	-
Gain on disposal of investment property (Note 6(10))	36,821	1,909
Others	(9,866)	233
	$ 37,632	(2,096)

4. Finance costs

	2022	2021
Interest expenses on bank loans	$ (361)	(933)
Interest expenses on lease liabilities	(502)	(520)
	$ (863)	(1,453)

(XXIV) Financial instruments

1. Types of financial instruments

(1) Financial assets

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Mandatory financial assets at fair value through profit or loss - current:	$ 25	565
Financial assets at fair value through other comprehensive income - current	80,509	-
Financial assets measured at amortized cost:		
Cash and cash equivalents	593,562	1,114,803
Notes and accounts receivable (including related parties)	273,862	355,673
Financial assets measured at amortized cost - current	216,100	1,100
Refundable deposits	3,986	3,460
Subtotal	1,087,510	1,475,036
Total	**$ 1,168,044**	**1,475,601**

(2) Financial liabilities

	December 31, 2022	December 31, 2021
Financial liabilities at fair value through profit or loss	$ 633	23
Financial liabilities measured at amortized cost:		
Short-term borrowings	$ 86,720	72,881
Notes and accounts payable and other payables (including related parties)	368,065	443,712
Lease liabilities (including current and non-current)	40,921	30,492
Deposits received	-	1,130
Subtotal	495,706	548,215
Total	**$ 496,339**	**548,238**

2. Information on fair value

(1) Financial instruments not measured at fair value

The Company's management believes that the carrying amounts of the Company's financial assets and financial liabilities classified as measured at amortized cost in the parent-company-only financial reports approximate their fair values.

(2) Financial instruments measured at fair value

Financial instruments held by the Company at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The following table provides an analysis of financial instruments measured at fair value after initial recognition and is categorized into Levels 1 to 3 based on the degree of observability of the fair value. Each fair value hierarchy is defined as follows:

A. Level 1: Publicly quoted prices (unadjusted) for identical assets or liabilities in active markets.

B. Level 2: Inputs to the asset or liability that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices), other than those included in Level 1 publicly available quotations.

C. Level 3: Inputs to the asset or liability that are not based on observable market data (unobservable parameters).

	December 31, 2022				
		Fair value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss - current: derivative financial instruments -					
Forward foreign exchange contracts	$ 25	-	25	-	25
Financial assets at fair value through other comprehensive income - current:					
Domestic listed company shares	$ 80,509	80,509	-	-	80,509
Financial liabilities at fair value through profit or loss - current: derivative financial instruments -					
Forward foreign exchange contracts	$ 633	-	633	-	633

	December 31, 2021				
		Fair value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss - current: derivative financial instruments -					
Forward foreign exchange contracts	$ 565	-	565	-	565
Financial liabilities at fair value through profit or loss - current: derivative financial instruments -					
Forward foreign exchange contracts	$ 23	-	23	-	23

3. Fair value measurement techniques used in measuring financial instruments at fair value

The estimates and assumptions used in estimating the fair value of derivative financial instruments approximate those used by market participants in pricing financial instruments, and such information is available to the Company. The fair value of forward foreign exchange contracts is generally based on current forward exchange rates.

The fair value of listed stocks with standard terms and conditions and traded in an active market is determined by reference to quoted market prices.

4. Transfer between fair value hierarchy

For the years ended December 31, 2022 and 2021, there was no transfer of financial assets and liabilities to the fair value hierarchy.

(XXV) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risk) as a result of its business activities. This note presents information on the Company's exposure to each of these risks, the Company's policies and procedures for measuring and managing these risks, and quantitative disclosures.

The Company's Board of Directors is responsible for developing and controlling the Company's risk management policy. The risk management policy is established to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and monitor compliance with the risks and risk caps. The risk management policy and system are reviewed regularly to reflect changes in market conditions and the Company's operations.

The Company monitors and reviews financial activities in accordance with relevant regulations and internal control system. Internal auditors play a supervisory role and report the review results to the Board of Directors on a regular basis.

1. Credit risk

Credit risk represents the risk of financial loss arising from non-performance of contractual obligations by counterparties to financial assets, mainly from cash and cash equivalents, derivative transactions, receivables from customers and financial assets carried at amortized cost. The carrying amount of the Company's financial assets represents the maximum exposure to credit risk.

The Company's bank deposits and derivative financial instruments classified as cash and cash equivalents, financial assets at amortized cost are all traded with financial institutions with good credit ratings, and therefore should not be exposed to significant credit risk.

The Company has established a credit policy under which each customer is analyzed individually to determine its credit limit. 52% and 57% of the Company's notes and accounts receivable (including related parties) balance as of December 31, 2022 and 2021, respectively, consisted of five customers, resulting in a concentration of credit risk in the Company's accounts receivable. The Company continuously evaluates the financial position of its customers to reduce the risk.

2. Liquidity risk

Liquidity risk is the risk that the Company is unable to deliver cash or other financial assets to settle its financial liabilities and unable to meet its obligations. The Company manages liquidity risk by regularly monitoring its current and expected medium- and long-term capital requirements and by maintaining appropriate capital and banking facilities. As of December 31, 2022 and 2021, the Company had unused borrowing facilities of NT$833,280 thousand and NT$743,999 thousand, respectively.

The following table illustrates the maturity analysis of the Company's financial liabilities with contractual repayment terms, which are based on the earliest possible date on which the Company could be required to make repayment and undiscounted cash flows.

		Contractual cash flow	Within one year	1 to 2 years	More than 2 years
December 31, 2022					
Non-derivative financial liabilities:					
Short-term borrowings	$	87,943	87,943	-	-
Notes and accounts payable and other payables (including related parties)		368,065	368,065	-	-
Lease liabilities (including current and non-current) (including related parties)		41,710	19,563	9,946	12,201
Derivative financial instruments					
Forward foreign exchange contracts:					
Outflow		99,703	99,703	-	-
Inflow		(99,070)	(99,070)	-	-
		633	633	-	-
	$	498,351	476,204	9,946	12,201
December 31, 2021					
Non-derivative financial liabilities:					
Short-term borrowings	$	73,069	73,069	-	-
Notes and accounts payable and other payables (including related parties)		443,712	443,712	-	-
Lease liabilities (including current and non-current)		31,009	13,246	13,246	4,517
Deposits received		1,130	351	779	-
Derivative financial instruments					
Forward foreign exchange contracts:					
Outflow		21,424	21,424	-	-
Inflow		(21,401)	(21,401)	-	-
		23	23	-	-
	$	548,943	530,401	14,025	4,517

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

3. Market risk

Market risk refers to the risk of changes in market prices, such as changes in exchange rates, interest rates and equity instruments, which may affect the Company's revenue or the value of financial instruments held by the Company. The objective of market risk management is to manage the level of market risk within a tolerable range and to optimize investment returns.

(1) Exchange rate risk

A. Exposure to exchange rate risk

The Company’s hedging strategy is to enter into forward foreign exchange contracts to manage the exchange rate risk of net foreign currency positions arising from occurred sales and purchase transactions. The use of such derivative instruments helps the Company reduce, but not completely eliminate, the impact of foreign currency exchange rate fluctuation to a certain extent.

The Company has entered into derivative financial instruments with maturities less than six months and does not meet the conditions for hedge accounting.

The Company's exchange rate risk arises mainly from cash and cash equivalents, accounts receivable (payable) (including related parties), other payables (including related parties) and bank loans that are not denominated in functional currencies, which result in foreign currency exchange gains or losses upon translation.

The carrying amounts of monetary assets and liabilities that are not denominated in functional currencies at the reporting date and the related sensitivity analysis are as follows:

	December 31, 2022				
	Foreign currency	Exchange rate	NT$	Change in exchange rate	Impact of profit or loss (before tax)
Financial assets					
Monetary items					
US$	$ 9,792	30.730	300,908	1%	3,009
RMB	5,391	4.4057	23,751	1%	238
Financial liabilities					
Monetary items					
US$	2,894	30.730	88,933	1%	889
RMB	524	4.4057	2,309	1%	23

	December 31, 2021				
	Foreign currency	Exchange rate	NT$	Change in exchange rate	Impact of profit or loss (before tax)
Financial assets					
Monetary items					
US$	$ 12,050	27.680	333,544	1%	3,335
RMB	10,232	4.3454	44,462	1%	445
Financial liabilities					
Monetary items					
US$	2,856	27.680	79,054	1%	791
RMB	265	4.3454	1,152	1%	12

B. Exchange gains and losses on monetary items

Information on unrealized exchange gains and losses on monetary items is as follows:

	December 31, 2022		December 31, 2021	
	Unrealized exchange profits (losses)	**Exchange rate**	**Unrealized exchange profits (losses)**	**Exchange rate**
Financial assets				
US$:NT$	$ (2,670)	30.730	(835)	27.680
RMB:NT$	(50)	4.4057	306	4.3454
Financial liabilities				
US$:NT$	(219)	30.730	435	27.680
RMB:NT$	19	4.4057	9	4.3454

(2) Interest rate risk

The Company's measures to address the risk of changes in interest rates on borrowings are to regularly evaluate the interest rates on bank loans and borrowings in various currencies, and to maintain good relationships with financial institutions in order to obtain lower financing costs; and to reduce its dependence on bank loans and diversify the risk of changes in interest rates by strengthening working capital management.

On December 31, 2022 and 2021, the Company's bank loans were on a floating rate basis. If the annual interest rate on bank loans increases (or decreases) by 1%, the Company's income before income tax would decrease (or increase) by NT$867 thousand and NT$729 thousand for 2022 and 2021, respectively, with all other variables held constant.

The above sensitivity analysis is based on the interest rate risk of the Company's bank loans on the reporting date. For floating rate liabilities, the analysis is based on the assumption that the amount of liabilities outstanding on the reporting date is outstanding throughout the year.

(3) Other price risk

The Company is exposed to the risk of changes in the market price of equity securities when it holds shares of domestic listed companies. The Company manages and monitors the performance of its investments on a fair value basis.

The sensitivity analysis of the price risk of holding domestic listed stocks (included in financial assets at fair value through other comprehensive income - current) is based on the change in fair value on the reporting date. If the price of the above equity instruments had increased/decreased by 5%, the amount of other comprehensive income would have increased/decreased by NT$4,025 thousand and NT$0 thousand for 2022 and 2021, respectively.

(XXVI) Capital Management

Based on the characteristics of the current operating industry and the future development of the Company, and taking into consideration factors such as changes in the external environment, the Company plans its capital management to ensure that it can meet the needs for working capital, research and development expenses, and dividend payments in future periods.

For the years ended December 31, 2022 and 2021, there was no change in the Company's approach to capital management.

(XXVII) Investment and fund-raising activities for non-cash transactions

1. For the Company's acquisition of right-of-use asset through leases, please refer to Note 6(9) for details.
2. The reconciliation of liabilities from financing activities is as follows:

	January 1, 2022	Cash flow	Changes in non-cash: Increase in lease liabilities	December 31, 2022
Short-term borrowings	$ 72,881	13,839	-	86,720
Lease liabilities (including related parties)	30,492	(16,186)	26,615	40,921
Deposits received	1,130	(1,130)	-	-
Total liabilities from financing activities	$ 104,503	(3,477)	26,615	127,641

	January 1, 2021	Cash flow	Changes in non-cash: Increase in lease liabilities	Changes in non-cash: Business combinations acquired	December 31, 2021
Short-term borrowings	$ 35,598	37,283	-	-	72,881
Lease liabilities	43,214	(12,727)	5	-	30,492
Deposits received	301	50	-	779	1,130
Total liabilities from financing activities	$ 79,113	24,606	5	779	104,503

3. Investing activities with only partial cash payments:

	2022	2021
Acquisition of property, plant and equipment	$ 137,188	71,896
Add: Payable for equipment at the beginning of the period	21,128	3,410
Less: Payable for equipment at the end of the period	(15,852)	(21,128)
Add: Prepayments for equipment at the beginning of the period	19,576	27,815
Less: Prepayments for equipment acquired through business acquisitions	-	(313)
Less: Prepayments for equipment at the beginning of the period	(27,815)	(10,670)
Add: Reclassified from prepaid equipment	24,472	8,090
Cash paid during the period	$ 158,697	79,100

VII. Related party transactions

(I) Parent company and ultimate controlling party

Darfon Electronics Corp. is the parent company of the Company and the ultimate controlling party of the group to which it belongs. It directly and indirectly owns 45.77% of the outstanding ordinary shares of the Company and has prepared consolidated financial statements for public use.

(II) Names and relationships of related parties

The Company's subsidiaries and related parties with whom the Company had transactions during the period covered by the parent-company-only financial reports are as follows:

Name of related parties	Relationship with the Company
Darfon Electronics Corp (Darfon)	The Company's parent company
San Johe Technology (San Johe)	(Note 1)
Unicom Technologies, Inc.	Subsidiary of the Company
WirelessCom Technologies (Shenzhen) Co., Ltd. (WirelessCom)	Subsidiary indirectly held by the Company
Chongqing Darfon Electronics Corp (DFQ)	A subsidiary of Darfon
Suzhou Darfon Electronics Corp (DFS)	A subsidiary of Darfon
Darad Innovation Co., Ltd. (Darad)	A subsidiary of Darfon
Qisda Corporation (Qisda)	An individual who has significant influence on Darfon
Hitron Technologies (Hitron)	A subsidiary of Qisda
Hitron Technologies (Suzhou Industrial Park) (Hitron Suzhou)	A subsidiary of Qisda
Hitron Technologies (Vietnam) (Hitron Vietnam)	A subsidiary of Qisda
DFI Inc. (DFI)	A subsidiary of Qisda
BenQ Lation America Corp. (BenQ Lation)	A subsidiary of Qisda
Alpha Technical Services Inc. (Alpha Technical)	A subsidiary of Qisda
Alpha Networks Inc. (Alpha Networks)	A subsidiary of Qisda
Global Investment Holdings (Global Investment)	(Note 2)

(Note 1) It was originally a subsidiary of the Company. The Company merged San Jose on March 1, 2021 in a simple form; after the merge, the Company is the surviving company and San Jose is the dissolved company.

(Note 2) The Chairman of the Board of Directors of the company is related to the Company's key management as spouses; since March 2022, the company is no longer a related party of the Company due to the resignation of the above key management personnel of the Company.

(III) Significant transactions with related parties

1. Operating revenue

The amounts of sales to related parties are as follows:

	2022	2021
Subsidiaries	$ 14,723	24,412
Parent company	490	311
Other related parties	63,119	51,140
	$ 78,332	**75,863**

The transaction prices of the Company's sales to the above related parties are not significantly different from the normal sales prices, except for some products with different specifications, which are not comparable to the normal transaction prices; the credit period is 90 to 150 days on a monthly basis, which is not significantly different from the normal transactions.

2. Purchase

The amounts of the Company's purchases from related parties are as follows:

		2022	2021
Subsidiaries	$	3,097	3,769
Parent company		72	76
	$	3,169	3,845

The prices of the Company's purchases from the above related parties are not significantly different from the normal purchase prices; the payment terms are 90 days on a monthly basis, which are not significantly different from normal transactions.

3. Leases

The Company leases its plant from its parent company -Darfon at a rent that is based on the rental rate in the neighboring areas and is paid monthly. In July 2022, the Company entered into a lease agreement with Darfon and recognized a right-to-use asset and a lease liability of NT$23,551 thousand.

The Company recognized interest expense of NT$136 thousand for 2022 and had a lease liability of NT$21,258 thousand as of December 31, 2022.

4. Amounts due from related parties

The Company's receivables from related parties are summarized as follows:

Item	Type of related parties		December 31, 2022	December 31, 2021
Accounts receivable - related parties	Subsidiary - WirelessCom	$	10,715	9,048
Accounts receivable - related parties	Parent company		8	252
Accounts receivable - related parties	Other related parties		24,258	20,068
		$	34,981	29,368

5. Amounts due to related parties

The Company's payables to related parties are summarized as follows:

Item	Type of related parties		December 31, 2022	December 31, 2021
Accounts payable - related parties	Subsidiaries	$	1,148	398
Accounts payable - related parties	Parent company		10	-
Other payables - related parties	Subsidiaries		-	20
Other payables - related parties	Parent company		3,302	202
		$	4,460	620

6. Property transactions

In January 2022, the Company sold transportation equipment to other related parties for NT$1,067 thousand (before tax), resulting in a gain on disposal of NT$61 thousand (before tax), which was recorded as non-operating income and expenses - other gains and losses. The related amount had been received as of December 31, 2022.

In December 2022, the Company purchased machinery equipment from its parent company Darfon for NT$900 thousand (before tax). As of December 31, 2022, the related unpaid portion of the purchase price was recorded under other payables - related parties.

For the year ended December 31, 2022, the Company entrusted its subsidiary WirelessCom to purchase equipment on its behalf. As of December 31, 2022, the related prepayments of NT$5,822 thousand were included in prepayments for equipment.

7. Others

The Company incurred operating costs and operating expenses for miscellaneous purchases from related parties, inspection and testing, and apportionment of utilities, etc. as follows:

Item	**Type of related parties**	**2022**	**2021**
Operating costs	Parent company	$ 3,164	447
Operating expenses	Parent company	300	2
Operating expenses	Other related parties	136	15
		$ 3,600	464

(IV) Key management compensation

	2022	**2021**
Short-term employee benefits	$ 72,597	76,999
Post-employment benefits	465	796
Share-based payment	-	4,849
	$ 73,062	82,644

Please refer to Note 6(19) for the description of share-based payment.

VIII. Pledged assets

The carrying amounts of the assets pledged by the Company are as follows:

Name of assets	**Subject of pledge**	**December 31, 2022**	**December 31, 2021**
Time deposits (included in financial assets measured at amortized cost - current)	Customs import guarantee	$ 500	500
Time deposits (included in financial assets measured at amortized cost - current)	Corporate credit card deposits	600	600
		$ 1,100	1,100

IX. Significant contingent liabilities and unrecognized contractual commitments: None.
X. Significant catastrophic losses: None.
XI. Significant subsequent events: None.
XII. Others

Employee benefits, depreciation and amortization expenses by function are summarized as follows:

By function / By nature	2022			2021		
	Operating costs	**Operating expenses**	**Total**	**Operating costs**	**Operating expenses**	**Total**
Employee benefit expenses						
Salary expenses	278,005	200,930	478,935	262,622	228,422	491,044
Labor and health insurance expenses	25,272	13,726	38,998	21,215	12,624	33,839
Pension expenses	10,182	6,044	16,226	8,254	5,749	14,003
Directors' Remuneration	-	8,533	8,533	-	8,603	8,603
Other employee benefit expenses	13,627	5,493	19,120	12,274	5,160	17,434
Depreciation expenses	75,227	19,698	94,925	53,149	17,217	70,366
Amortization expenses	764	2,695	3,459	428	3,626	4,054

(Note) The above depreciation expenses for 2022 and 2021 did not include depreciation expenses of NT$394 thousand and NT$455 thousand for investment properties, respectively, which were included in non-operating income and expenses.

Additional information on the number of employees and employee benefit expenses for 2022 and 2021 is as follows:

	2022	2021
Number of employees	543	517
Number of directors who are not employees	7	6
Average employee benefit expenses	$ 1,032	1,089
Average employee salary expenses	$ 894	961
Adjustment of average employee salary expenses	(6.97)%	12.93%
Supervisors' remuneration	$ -	-

Information on the Company's compensation policy (including directors, supervisors, managers and employees) is as follows:

A. Description of remunerations to directors and independent directors

The remuneration of the directors is distributed by the board of directors under the authorization pursuant to the Articles of Incorporation, based on the degree of participation and contribution of the directors to the Company's operations while referencing the "Regulations Governing Remuneration for Directors and Functional Committee Members" determined at the domestic and foreign industry standards, and references the results of director performance evaluation. Where the Company makes a profit in a year, the board of directors shall, pursuant to Article 21 of the Company's Articles of Incorporation, determine on the amount of directors' remuneration within 3% of the profit for the year, and submit the report to the shareholders' meeting upon the resolution of the Board.

B. Description of remunerations to presidents and vice presidents

The remuneration of the president(s) and vice president(s) is granted by the Remuneration Committee, based on their positions and duties, pursuant to the "Remuneration Committee Charter" and the "Principles of Managerial Officers' Remuneration Policy", while referring to the general level of peers, the Company's operating revenue, profit situation and performance of individual managerial officer.

C. Description of employee compensation

The Company's main principle for remuneration is to link duties and performance results, and provide market-competitive remuneration to attract, retain and cultivate talents for a long time. In addition to referring to the Company's overall operating performance, future operating risks and development trends of the industry, reasonable compensation is given based on the individual performance achievement rate and contribution to the Company's performance. The Remuneration Committee and the Board review the performance appraisal and reasonableness of compensation, and the remuneration system is reviewed in a timely manner depending on the actual operating conditions and relevant laws and regulations at any time, seeking to achieve a balance between the Company's sustainable operations and risk control. The short-term profits are not adopted as the only indicator for remuneration and performance evaluation but linking to the long-term shareholder value.

XIII. Notes disclosures

(I) Relevant information on significant transactions

The information on significant transactions required to be disclosed in accordance with the Company's preparation standards in 2022 is as follows:

1. Lending of funds to others: None.
2. Endorsement and guarantee for others: None.
3. Securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures): None:

Companies held	Type and name of securities	Relationship with the issuer of securities	Accounting subjects	End of period				Remarks
				No. of shares	Carrying amounts	Shareholding ratio	Fair value	
The Company	Qisda shares	Significant influence on the Company's parent company	Financial assets at fair value through other comprehensive income - current	2,860	80,509	0.15%	80,509	-

4. Cumulative purchases or sales of securities amounting to at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of properties amounting to at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of properties amounting to at least NT$300 million or 20% of the paid-in capital: None.
7. Purchase from or sale to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Derivative transactions: Please refer to Note 6(2).

(II) Relevant information on re-investees:

Information on the Company's re-investees for 2022 is as follows (excluding the investees in Mainland China):

Unit: thousand shares

Name of investor companies	Name of investees	Location	Main businesses	Original investment amount		Holding at the end of the period			Current Profit or loss of the investees	Investment profit or loss recognized during the period	Remarks
				End of the period	End of last year	No. of shares	percentage	Carrying amounts			
The Company	Unicom Technologies, Inc.	Mauritius	Investment holdings	29,756 (USD968)	25,291 (USD818)	968	100.00%	11,048	(6,341)	(6,341)	Subsidiary of the Company

(III) Information on investment in Mainland China:

1. Name of the investee company in Mainland China, main businesses and other related information:

Name of investees in Mainland China	Main businesses	Paid-up capital	Investment method	Cumulative investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period: Remitted	Amount of investment remitted or recovered during the period: Recovered	Cumulative investment amount remitted from Taiwan at the end of the period	Investees Profit or loss for the period	Percentage of the Company's direct or indirect investment	Investment (loss) profit recognized during the period	Carrying value of investments at the end of the period	Investment income remitted or recovered as of the end of the period
WirelessCom Technologies (Shenzhen) Co., Ltd.	Design and marketing of antenna and modules for wireless communication	27,811 (USD905)	(Note I)	23,201 (USD755)	4,610 (USD150)	-	27,811 (USD905)	(6,250)	100.00 %	(6,250) (Note 2)	10,236	-

Note 1: Company established through third-party investments and reinvested in Mainland China.
Note 2: Recognized based on the financial statements of the investee company audited by the parent company's accountants in Taiwan.
Note 3: The above amounts in NT$ were translated into NT$ at the closing exchange rate of 30.73 on December 31, 2022.

2. Investment limit in Mainland China:

Company name	Cumulative amount of investment remitted from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	Investment limit in Mainland China in accordance with the regulations of the Investment Commission, Ministry of Economic Affairs
The Company	27,811 (USD905)	27,811 (USD905)	1,014,012

3. Significant transactions with Mainland China investees:

Name of related parties	Relationship between the Company and its related parties	Transaction terms: Type	Amount	Price	Payment terms	Comparison with general transactions	Notes and accounts receivable (payable): Balance	Percentage	Unrealized loss (profit)
WirelessCom Technologies (Shenzhen) Co., Ltd.	Subsidiary indirectly controlled by the Company	Sales	14,723	Price negotiated between both parties	150-day monthly settlement	(Note 1)	10,715	3.91%	(1,856)
		Purchase	3,097	Price negotiated between both parties	90-day monthly settlement	No significant difference from general transactions	1,148	1.07%	-

(Note I): The transaction prices of the Company's sales to the related parties are not significantly different from the normal sales prices, except for some products with different specifications, which are not comparable to the normal transaction prices.

4. Direct and indirect endorsement, guarantee or collateral provided by third parties to the investees in Mainland China: None.
5. Direct and indirect loans and financing provided by third parties to the investees in Mainland China: None.
6. Other transactions with significant impact on current profit or loss or financial position: None.

(IV) Information on major shareholders

Unit: shares

Names of major shareholders \ Shares	No. of shares held	Shareholding percentage
Darfon Electronics Corp.	17,551,081	36.65%
Chengli Investment Co., Ltd.	4,361,375	9.10%

XIV. Department information

Please refer to the consolidated financial reports for 2022 for details.

Unictron Technologies Corporation
Details of cash and cash equivalents
December 31, 2022

Unit: NT$ Thousand

Item	Summary		Amount
Cash on hand and working capital		$	407
Checking deposits			4,211
Demand deposits			310,923
Foreign currency deposits (Note 1)			100,831
Time deposits with original maturities of less than three months	Annual interest rate of 0.60%~2.60%		177,190
		$	593,562

Note 1: Foreign currency deposits are translated at the spot exchange rate on December 31, 2022.
US$ 3,075 thousand (US$: NT$=1：30.73)
JPY 3,852 thousand (JPY: NT$=1：0.2330)
RMB 943 thousand (RMB:NT$=1：4.4057)
EUR 39 thousand (EUR:NT$=1：32.82)

Details of financial assets measured at amortized cost - current

Name	Summary	Interest rate		Carrying amounts
Time deposits with original maturities of over three months	First Bank, Land Bank and E.SUN Bank	0.41%~1.085%		215,000
Pledged time deposits	Taiwan Business Bank	1.06%	$	500
Pledged time deposits	First Bank	1.065%		600
			$	216,100

Unictron Technologies Corporation
Details of notes and accounts receivable
December 31, 2022

Unit: NT$ Thousand

Name of customer		Amount
Customer A	$	45,363
Customer B		32,112
Customer C		25,999
Customer D		17,475
Customer E		12,523
Others (Note)		107,017
		240,489
Less: Allowance for losses		(1,608)
	$	**238,881**

Note: None of them reached 5% of this account.

Details of accounts receivable - related parties

Name of customer		Amount
Hitron	$	20,757
WirelessCom	$	10,715
Qisda		1,790
Others (Note)		1,719
	$	**34,981**

Note: None of them reached 5% of this account.

Unictron Technologies Corporation
Details of inventories
December 31, 2022

Unit: NT$ Thousand

Item	Amount: Carrying amounts	Amount: Net realizable value	Remarks
Raw materials	$ 120,362	134,901	Net realizable value at market price
Work in process	134,555	168,015	Net realizable value at market price
Finished products	81,960	172,346	Net realizable value at market price
Goods	30,672	52,688	Net realizable value at market price
	$ 367,549	527,950	

Details of prepayments and other current assets

Item	Amount
Prepayments of maintenance fees	$ 5,601
Input tax	1,411
Prepayments of insurance expenses	861
Prepayments of goods	772
Others (Note)	2,510
	$ 11,155

Note: None of them reached 5% of this account.

Unictron Technologies Corporation
Details of changes in acquisition of investments accounted for using the equity method
January 1 to December 31, 2022

Unit: NT$ Thousand

Name of investees	Opening balance		Increase during the period		Decrease during the period (Note 1)		Share of (losses) profit of subsidiaries recognized using the equity method	Exchange differences on translation of foreign operations	Realized (unrealized) gross profit on sales	Equity method adjustment	Closing balance			Net equity		Provision of guarantees or pledges
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount					No. of shares	Shareholding percentage	Amount	Unit price (NT$)	Total	
UTI	818	$ 13,134	150	4,465	-	-	(6,341)	350	(560)	-	968	100%	11,048	13.33	12,904	None

Unictron Technologies Corporation
Details of short-term borrowings
December 31, 2022

Unit: NT$ Thousand

Type of borrowings	Description	Closing balance	Term	Financing limit	Collateral or guarantee
Unsecured borrowings	First Bank	$ 86,720	May 20, 2022~May 20, 2023	200,000	None

Note: The above short-term loans bear interest at 5.55% to 6.18% per annum.

Details of notes and accounts payable

Name of firm	Amount
Firm A	$ 17,414
Firm B	12,570
Firm C	9,340
Firm D	7,652
Others (Note)	59,184
	$ 106,160

Note: The accounts payable to individual firms did not reach 5% of this account.

Unictron Technologies Corporation
Details of accounts payable - related parties
December 31, 2022

Unit: NT$ Thousand

Name of firm	Amount
WirelessCom	$ 1,148
Darfon	10
	$ 1,158

Details of other payables

Item	Amount
Salaries and bonuses payable	$ 119,450
Compensation payable to employees and directors	58,393
Payables for equipment	15,852
Others (Note)	63,750
	$ 257,445

Note: None of them reached 5% of this account.

Detail of other payables - related parties

Name of firm	Amount
Darfon	$ 3,302

Unictron Technologies Corporation
Details of other current liabilities
December 31, 2022

Unit: NT$ Thousand

Item	Amount	
Contract liabilities	$	7,473
Refund liabilities		5,185
Temporary payments		3,768
	$	16,426

Detail of lease liabilities

Item	Lease term	Discount rate	Closing balance	
Building and construction	2019/5/1~2024/4/30	1.39%	$	17,519
Building and construction	2016/2/1~2026/1/31	1.39%		1,522
Building and construction	2022/10/1~2024/9/30	1.45%		622
Building and construction	2022/7/1~2027/6/30	1.20%		21,258
			$	40,921
Current:				
Lease liabilities - current			$	14,526
Lease liabilities-current - related parties			$	4,625
Non-current:				
Lease liabilities-non-current			$	5,137
Lease liabilities - non-current - related parties			$	16,633

Unictron Technologies Corporation
Details of operating costs
January 1 to December 31, 2022

Unit: NT$ Thousand

Item	Amount
Raw materials:	
Raw materials at the beginning of the period	$ 112,142
Add: Net incoming materials during the period	280,729
Transfer from work in process	97,829
Less: Raw materials at the end of the period	134,449
Transferred to various expenses	23,657
Scrapping of raw materials	3,778
Inventory loss of raw materials	29
Raw materials consumed during the period	328,787
Direct labor	212,958
Manufacturing expenses	353,059
Manufacturing costs	894,804
Work in process at the beginning of the period	129,617
Add: Finished products input	100,601
Net purchases during the period	3,639
Goods inventory input	100
Less: Work in process at the end of the period	152,259
Transfer to raw materials	97,829
Transferred to various expenses	428
Scrapping of work in process	4,669
Inventory loss of work in process	18
Costs of finished goods	873,558
Finished products at the beginning of the period	68,693
Add: Net purchases during the period	10,869
Transfer from various expenses	1,263
Less: Finished goods at the end of the period	106,581
Transfer to work in process	100,601
Scrapping of finished products	1,417
Cost of production and sales	745,784
Goods inventory at the beginning of the period	35,621
Add: Purchases during the period	111,825
Less: Inventories at the end of the period	39,170
Transfer to work in process	100
Scrapping of goods	3,329
Transferred to various expenses	17
Production and sales costs	104,830
Sales costs	850,614
Inventory falling price loss	16,780
Loss on obsolescence of inventories	13,193
Inventory loss	47
Operating costs	**$ 880,634**

Unictron Technologies Corporation
Details of marketing expenses
January 1 to December 31, 2022

Unit: NT$ Thousand

Item	Amount
Salary expenses	$ 40,505
Export expenses	9,518
Other expenses (Note)	18,557
	$ 68,580

Note: None of them reached 5% of this account.

Details of administrative expenses

Item	Amount
Salary expenses	$ 63,860
Directors' Remuneration	8,533
Insurance expenses	6,117
Other expenses (Note)	24,831
	$ 103,341

Note: None of them reached 5% of this account.

Unictron Technologies Corporation
Details of research and development expenses
January 1 to December 31, 2022 **Unit: NT$ Thousand**

Item	Amount
Salary expenses	$ 96,565
Depreciation	13,991
Other expenses (Note)	34,906
	$ 145,462

Note: None of them reached 5% of this account.
Please refer to Note 6(2) in the parent-company-only financial reports for the details of financial assets at fair value through profit or loss - current
Please refer to Note 6(3) in the parent-company-only financial reports for the details of financial assets at fair value through other comprehensive income - current
Please refer to Note 6(8) in the parent-company-only financial reports for the details of changes in property, plant and equipment.
Please refer to Note 6(8) in the parent-company-only financial reports for the details of changes in accumulated depreciation of property, plant and equipment.
Please refer to Note 6(9) in the parent-company-only financial reports for the details of changes in right-of-use asset.
Please refer to Note 6(10) in the parent-company-only financial reports for the details of changes in investment property.
Please refer to Note 6(11) in the parent-company-only financial reports for the details of changes in intangible asset.
Please refer to Note 6(17) in the parent-company-only financial reports for the details of deferred income tax assets.
Please refer to Note 6(2) in the parent-company-only financial reports for the details of changes in financial liabilities at fair value through profit or loss - current.
Please refer to Note 6(14) in the parent-company-only financial reports for the details of provision for liabilities - current.
Please refer to Note 6(17) in the parent-company-only financial reports for the details of deferred income tax liabilities.
Please refer to Note 6(16) in the parent-company-only financial reports for the details of net defined benefit liabilities - non current.
Please refer to Note 6(21) in the parent-company-only financial reports for the details of operating revenue.
Please refer to Note 6(23) in the parent-company-only financial reports for the details of other income, other gains and losses and finance costs for
non-operating income and expenses.