ANPEC ELECTRONICS CORPORATION

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022 AND 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22003346

To the Board of Directors and Shareholders of Anpec Electronics Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Anpec Electronics Corporation (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of 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 parent company only financial position of the Company as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Timing of sales revenue recognition

Description

One of the sales transaction methods of the Company is to place inventories in distribution warehouses and sales revenue is recognised after customers picked up goods from the distribution warehouses. Given that the consistency between the timing of delivery and timing of revenue recognition is significant to the financial statements, we considered the timing of revenue recognition from distribution warehouse sales a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Understood the operation nature of the Company and evaluated the reasonableness of its revenue recognition policy.
2. Understood and tested the internal control procedures in relation to the sales transaction cycle to evaluate managements' internal control over timing of revenue recognition.
3. Sampled the sales transactions from distribution warehouses during a certain period before and after the balance sheet date, reviewed trade terms on customer purchase orders or contract documents, checked supporting documents of goods transferred provided by the warehouse custodians, assessed the timing of transferring control over goods whose sales revenue was recognised and ensured the sales transactions are recorded in proper periods.
4. Performed confirmation for the inventory quantities of significant distribution warehouses and agreed the results to the accounting records to ensure the accuracy of the distribution warehouses' inventory quantities at the end of the year.

Evaluation of inventories

Description

The Company primarily manufactures and sells products such as, component and its module, wireless and network communication IC and photoelectric driver IC. Inventories are stated at the lower of cost and net realisable value. Please refer to Notes 4(12) and 5(2) for the accounting policies on evaluation of inventories and the uncertainty of accounting estimates applied on evaluation of inventories.

Given that the calculation of the net realisable value for inventories over a certain age and individually identified as obsolete or slow-moving involves estimation uncertainty and there is a huge variety in inventory items which requires substantial amount of time for performing audit procedures, we considered the evaluation of inventories a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of accounting policies on evaluation of inventories.
2. Checked supporting documents of inventory movement transactions and verified the appropriateness of inventory aging reports used by management for evaluation.
3. Sampled individual inventory and checked against the latest purchase or sale price information for the net realisable value for inventory evaluation and referred to inventory clearance estimated from historical information for the net realisable value for inventories over a certain age and individually identified as obsolete or slow-moving to assess the reasonableness of net realisable value.
4. Tested the comparison results of inventory cost and net realisable value and then assessed the adequacy of allowance for inventory valuation loss.

Responsibilities 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 a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' 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 an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the 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.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Cheng, Ya-Huei

Li, Tien-Yi

For and on behalf of PricewaterhouseCoopers, Taiwan

February 22, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ANPEC ELECTRONICS CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,677,065	39	$ 1,105,328	28
1110	Financial assets at fair value through profit or loss - current	6(2)	175,095	4	174,186	4
1136	Current financial assets at amortised cost	6(3)	-	-	370,000	9
1170	Accounts receivable, net	6(4)	449,135	11	846,510	21
1200	Other receivables		15,753	-	15,489	-
130X	Inventories	6(5)	604,568	14	270,931	7
1410	Prepayments		2,545	-	22,170	1
11XX	**Total current Assets**		2,924,161	68	2,804,614	70
	Non-current assets					
1550	Investments accounted for under equity method	6(6)	668,090	16	579,777	15
1600	Property, plant and equipment	6(7)	438,854	10	328,211	8
1755	Right-of-use assets	6(8)	134,023	3	137,432	4
1760	Investment property - net	6(10)	23,628	1	91,058	2
1780	Intangible assets	6(11)	22,589	-	12,113	-
1840	Deferred income tax assets	6(27)	38,464	1	36,848	1
1900	Other non-current assets		26,267	1	8,572	-
15XX	**Total non-current assets**		1,351,915	32	1,194,011	30
1XXX	**Total assets**		$ 4,276,076	100	$ 3,998,625	100

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ANPEC ELECTRONICS CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2150	Notes payable		$ 2,367	-	$ 1,152	-
2170	Accounts payable		148,864	4	259,322	7
2180	Accounts payable - related parties	7	2,014	-	6,783	-
2200	Other payables	6(12)	462,339	11	427,845	11
2230	Current income tax liabilities		162,099	4	178,685	4
2280	Current lease liabilities		4,758	-	4,628	-
2310	Advance receipts		1,184	-	2,822	-
2399	Other current liabilities, others		7,561	-	5,713	-
21XX	**Total current Liabilities**		791,186	19	886,950	22
	Non-current liabilities					
2570	Deferred income tax liabilities	6(27)	2,525	-	2,950	-
2580	Non-current lease liabilities		132,989	3	135,660	4
2600	Other non-current liabilities		42,006	1	50,784	1
25XX	**Total non-current liabilities**		177,520	4	189,394	5
2XXX	**Total Liabilities**		968,706	23	1,076,344	27
	Equity					
	Share capital	6(15)				
3110	Common stock		740,695	17	741,125	18
	Capital surplus	6(16)				
3200	Capital surplus		711,186	16	703,829	18
	Retained earnings	6(17)				
3310	Legal reserve		513,819	12	420,700	10
3320	Special reserve		5,597	-	5,597	-
3350	Unappropriated retained earnings		1,410,440	33	1,199,948	30
	Other equity interest	6(18)				
3400	Other equity interest		(16,224)	-	(90,775)	(2)
3500	Treasury stocks	6(15)	(58,143)	(1)	(58,143)	(1)
3XXX	**Total equity**		3,307,370	77	2,922,281	73
3X2X	**Total liabilities and equity**		$ 4,276,076	100	$ 3,998,625	100

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

ANPEC ELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19)	$ 3,392,969	100	$ 3,675,246	100
5000	Operating costs	6(5)	(1,624,279)	(48)	(1,927,067)	(52)
5900	Gross profit		1,768,690	52	1,748,179	48
	Operating expenses					
6100	Selling expenses		(329,855)	(10)	(362,660)	(10)
6200	General and administrative expenses		(127,883)	(4)	(111,679)	(3)
6300	Research and development expenses		(452,636)	(13)	(421,100)	(11)
6000	Total operating expenses		(910,374)	(27)	(895,439)	(24)
6500	Other income and expenses - net	6(20)	14,786	-	21,102	-
6900	Operating profit		873,102	25	873,842	24
	Non-operating income and expenses					
7100	Interest income	6(21)	10,783	-	3,250	-
7010	Other income	6(22)	9,415	-	4,619	-
7020	Other gains and losses	6(23)	76,980	3	28,590	1
7050	Finance costs	6(24)	(2,115)	-	(2,161)	-
7070	Share of profit of associates and joint ventures accounted for using equity method	6(6)	188,158	6	203,409	5
7000	Total non-operating income and expenses		283,221	9	237,707	6
7900	**Profit before income tax**		1,156,323	34	1,111,549	30
7950	Income tax expense	6(27)	(192,719)	(6)	(182,378)	(5)
8200	**Profit for the year**		$ 963,604	28	$ 929,171	25
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains on remeasurements of defined benefit plan	6(13)	$ 4,741	-	$ 2,529	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	(948)	-	(506)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Cumulative translation differences of foreign operations		1,281	-	(370)	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(27)	(256)	-	74	-
8300	**Other comprehensive income for the year**		$ 4,818	-	$ 1,727	-
8500	**Total comprehensive income for the year**		$ 968,422	28	$ 930,898	25
	Earnings per share (in dollars)	6(28)				
9750	Basic earnings per share		$	13.30	$	12.90
	Diluted earnings per share (in dollars)	6(28)				
9850	Diluted earnings per share		$	12.78	$	12.62

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

ANPEC ELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other equity interest			
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Other equity	Treasury stocks	Total equity
2021										
Balance at January 1, 2021		$ 730,485	$ 566,520	$ 375,163	$ 5,597	$ 695,521	($ 2,661)	($ 2,883)	($ 76,095)	$ 2,291,647
Profit for the year		-	-	-	-	929,171	-	-	-	929,171
Other comprehensive income (loss) for the year		-	-	-	-	2,023	(296)	-	-	1,727
Total comprehensive income (loss)		-	-	-	-	931,194	(296)	-	-	930,898
Appropriation of 2020 earnings:	6(17)									
Legal reserve		-	-	45,537	-	(45,537)	-	-	-	-
Cash dividends		-	-	-	-	(381,230)	-	-	-	(381,230)
Employee restricted shares retired	6(15)(16)	(360)	360	-	-	-	-	-	-	-
Issuance of employee restricted shares	6(15)(16)(18)	11,000	124,946	-	-	-	-	(135,946)	-	-
Compensation cost of employee restricted shares	6(16)	-	(119)	-	-	-	-	51,011	-	50,892
Adjustment arising from dividends issued to subsidiaries due to change in shareholding percentage	6(16)	-	1,947	-	-	-	-	-	-	1,947
Changes in equity due to capitalisation of subsidiaries’ employee compensation	6(16)	-	5,172	-	-	-	-	-	-	5,172
Compensation cost of reissuing the treasury stocks to employees	6(16)	-	5,003	-	-	-	-	-	-	5,003
Treasury stocks transferred to employees		-	-	-	-	-	-	-	17,862	17,862
Adjustment of the shares of the company held by subsidiaries accounted for as treasury stock		-	-	-	-	-	-	-	90	90
Balance at December 31, 2021		$ 741,125	$ 703,829	$ 420,700	$ 5,597	$ 1,199,948	($ 2,957)	($ 87,818)	($ 58,143)	$ 2,922,281

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ANPEC ELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other equity interest			
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Other equity	Treasury stocks	Total equity
2022										
Balance at January 1, 2022		$ 741,125	$ 703,829	$ 420,700	$ 5,597	$ 1,199,948	($ 2,957)	($ 87,818)	($ 58,143)	$ 2,922,281
Profit for the year		-	-	-	-	963,604	-	-	-	963,604
Other comprehensive income for the year		-	-	-	-	3,793	1,025	-	-	4,818
Total comprehensive income		-	-	-	-	967,397	1,025	-	-	968,422
Appropriation of 2021 earnings:	6(17)									
Legal reserve		-	-	93,119	-	(93,119)	-	-	-	-
Cash dividends		-	-	-	-	(663,786)	-	-	-	(663,786)
Compensation cost of employee restricted shares		-	-	-	-	-	-	77,077	-	77,077
Employee restricted shares retired	6(15)(16)(18)	(430)	3,981	-	-	-	-	(3,551)	-	-
Adjustment arising from dividends issued to subsidiaries due to change in shareholding percentage	6(16)	-	3,376	-	-	-	-	-	-	3,376
Balance at December 31, 2022		$ 740,695	$ 711,186	$ 513,819	$ 5,597	$ 1,410,440	($ 1,932)	($ 14,292)	($ 58,143)	$ 3,307,370

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

ANPEC ELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,156,323	$ 1,111,549
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(25)	112,444	107,119
Amortization	6(25)	10,333	7,657
Share-based payments	6(14)(26)	77,077	55,895
Gain on financial assets and liabilities at fair value through profit or loss	6(2)(23)	(909)	(390)
Share of profit of subsidiary, associates accounted for using equity method	6(6)	(188,158)	(203,409)
Gain on disposal of property, plant and equipment	6(23)	(1,616)	-
Interest income	6(21)	(10,783)	(3,250)
Interest expense	6(24)	2,115	2,161
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		-	1,952
Accounts receivable		397,375	(193,176)
Other receivables		(264)	2,063
Inventories		(333,637)	100,645
Prepayments		19,625	(6,916)
Net defined benefit asset		(927)	-
Changes in operating liabilities			
Notes payable		1,215	(1,062)
Accounts payable		(110,458)	23,034
Accounts payable to related parties		(4,769)	(2,665)
Other payables		7,166	159,151
Other current liabilities		211	1,119
Net defined benefit liability		-	(3,019)
Cash inflow generated from operations		1,132,363	1,158,458
Interest received		10,783	3,250
Dividend received		104,502	72,571
Income tax paid		(212,550)	(74,084)
Interest paid		(2,115)	(2,161)
Net cash flows from operating activities		1,032,983	1,158,034

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ANPEC ELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(29)	($ 121,813)	($ 95,994)
Proceeds from disposal of property, plant and equipment		2,704	-
Acquisition of intangile assets	6(11)	(20,809)	(2,835)
(Increase) decrease in refundable deposits		(15,637)	5,661
Decrease (increase) in financial assets at amortised cost		370,000	(370,000)
Net cash flows from (used in) investing activities		214,445	(463,168)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in guarantee deposits received	6(30)	(5,167)	17,897
Repayment of principal portion of lease liabilities		(6,738)	(7,110)
Cash dividends paid		(663,786)	(381,230)
Proceeds from treasury stocks transferred to employees		-	17,862
Net cash flows used in financing activities		(675,691)	(352,581)
Net increase in cash and cash equivalents		571,737	342,285
Cash and cash equivalents at beginning of year		1,105,328	763,043
Cash and cash equivalents at end of year		$ 1,677,065	$ 1,105,328

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

ANPEC ELECTRONICS CORPORATION

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

Anpec Electronics Corporation (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company are primarily engaged in research, development, production, manufacturing and sales of component and its module, wireless and network communication IC and photoelectric driver IC.

2. The Date of Authorization for Issuance of Financial Statements

These parent company only financial statements were authorised for issuance by the Board of Directors on February 22, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments that came into effect as endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRSs that came into effect as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments that came into effect as endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) Effect of IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

The operating results and financial position of all the Company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

Regarding the financial assets measured at amortized cost, the Company considers all reasonable and supportable information (including forward-looking ones) and measure the loss allowance based on the 12-month expected credit losses for those that do not have their credit risk increased significantly since initial recognition. For those that have increased significantly since initial recognition, the loss allowance is measured based on the full lifetime expected credit losses. A loss allowance for full lifetime expected credit losses is also required for trade receivables that do not constitute a financing transaction.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Leasing arrangements (lessor)－lease receivables/ operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, other direct costs and related production overheads. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for under equity method

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

F. Pursuant to the "Rules Governing the Preparation of Financial Statements by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	10 ~ 50 years
Machinery and equipment	3 ~ 10 years
Computer and telecommunication equipment	3 ~ 10 years
Office equipment	5 ~ 10 years
Leasehold improvements	5 ~ 6 years
Other equipment	3 ~ 10 years

(15) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Variable lease payments that depend on an index or a rate.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 10 ~ 50 years.

(17) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(18) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

(b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

(c) For restricted stocks where employees do not need to pay to acquire those stocks, if the employees resign or pass away due to non-occupational accident before fulfilling the vesting condition, the Company will recover the shares without compensation and make retirement registration.

(24) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders or Board of Directors. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

Sales of goods

A. The Company manufactures and sells products such as component and its module, wireless and network communication IC and photoelectric driver IC. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. Revenue from these sales is recognised based on the price specified in the contract. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2022 the carrying amount of inventories was $604,568.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$ 275	$ 272
Checking accounts and demand deposits	193,290	232,210
Time deposits	1,452,800	740,000
Cash equivalents - Repurchase bonds (RP)	30,700	132,846
	$ 1,677,065	$ 1,105,328

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

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

Items	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 170,000	$ 170,000
Valuation adjustment	5,095	4,186
	$ 175,095	$ 174,186

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

Items	Year ended December 31 2022	Year ended December 31 2021
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 909	$ 390

B. The Company has no financial assets at fair value through profit or loss pledged to others as collateral.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31,2022	December 31,2021
Current items:		
Time deposits mature in excess of three months	$ -	$ 370,000

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31 2022	Year ended December 31 2021
Interest income	$ 253	$ 658

B. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company were $0 and $370,000, respectively.

C. The Company has no financial assets at amortised cost pledged to others as collateral.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company’s investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(4) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 449, 135	$ 846, 510
Less: Allowance for uncollectible accounts	–	–
	$ 449, 135	$ 846, 510

A. The ageing analysis of accounts receivable and notes receivable is as follows:

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 449,105	$ -	$ 845,954	$ -
Up to 30 days	30	-	550	-
31 to 90 days	-	-	6	-
91 to 180 days	-	-	-	-
	$ 449,135	$ -	$ 846,510	$ -

The ageing analysis of accounts receivable was based on past due date, and the ageing analysis of notes receivable was based on the maturity date.

B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021 the balance of receivables from contracts with customers amounted to $655,286.

C. As of December 31, 2022 and 2021, the Company holds bank deposits, promissory notes, real estate and checks as collaterals for accounts receivable, and the fair value amounted to $790,753 and $747,309, respectively.

D. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable and accounts receivable were $0 and $0; $449,135 and $846,510, respectively.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2022		
	Cost	Allowance for market value decline and loss for obsolete and slow-moving inventories	Book value
Raw materials	$ 146,991	($ 9,733)	$ 137,258
Work in progress	297,179	(10,161)	287,018
Finished goods	199,885	(19,593)	180,292
	$ 644,055	($ 39,487)	$ 604,568

	December 31, 2021		
	Cost	Allowance for market value decline and loss for obsolete and slow-moving inventories	Book value
Raw materials	$ 21,729	($ 9,080)	$ 12,649
Work in progress	159,577	(12,789)	146,788
Finished goods	152,518	(41,024)	111,494
	$ 333,824	($ 62,893)	$ 270,931

The cost of inventories recognised as expense for the year :

	Year ended December 31	
	2022	2021
Cost of goods sold	$ 1,622,279	$ 1,907,067
Loss on market value decline and obsolete and slow-moving inventories	2,000	20,000
Others	(7,763)	(30,441)
	$ 1,616,516	$ 1,896,626

(6) Investments accounted for under equity method

	December 31, 2022	December 31, 2021
Sinopower Semiconductor Inc.	$ 615,957	$ 522,457
Anpec International Holding Ltd.	52,133	57,320
	$ 668,090	$ 579,777

A. For the years ended December 31, 2022 and 2021, gain on investment accounted for using the equity method were $188,158 and $203,409, respectively, which were calculated based on the audited financial statements of the investees.

B. Details of the Company’s subsidiaries are provided in Note 4(3) of the Company’s consolidated financial statements as of and for the year ended December 31, 2022.

(7) Property, plant and equipment

	Buildings and structures	Machinery and equipment	Computers telecommunication equipment	Office equipment	Leasehold improvements	Others	Unfinished construction and equipment to be inspected	Total
At January 1, 2022								
Cost	$ 283,825	$ 193,257	$ 59,264	$ 4,340	$ 1,831	$ 538,878	$ 3,133	$ 1,084,528
Accumulated depreciation	(158,952)	(148,855)	(33,377)	(4,027)	(1,751)	(409,355)	-	(756,317)
	$ 124,873	$ 44,402	$ 25,887	$ 313	$ 80	$ 129,523	$ 3,133	$ 328,211
2022								
Opening net book amount as at January 1	$ 124,873	$ 44,402	$ 25,887	$ 313	$ 80	$ 129,523	$ 3,133	$ 328,211
Additions	158	17,952	7,831	758	292	121,617	532	149,140
Disposals	-	-	-	-	-	(1,088)	-	(1,088)
Transfers	65,704	3,133	-	-	-	-	(3,133)	65,704
Depreciation expense	(4,522)	(8,012)	(6,308)	(88)	(52)	(84,131)	-	(103,113)
Closing net book amount as at December 31	$ 186,213	$ 57,475	$ 27,410	$ 983	$ 320	$ 165,921	$ 532	$ 438,854
At December 31, 2022								
Cost	$ 435,668	$ 203,703	$ 63,808	$ 5,097	$ 2,123	$ 589,877	$ 532	$ 1,300,808
Accumulated depreciation	(249,455)	(146,228)	(36,398)	(4,114)	(1,803)	(423,956)	-	(861,954)
	$ 186,213	$ 57,475	$ 27,410	$ 983	$ 320	$ 165,921	$ 532	$ 438,854

	Buildings and structures	Machinery and equipment	Computers telecommunication equipment	Office equipment	Leasehold improvements	Others	Unfinished construction and equipment to be inspected	Total
At January 1, 2021								
Cost	$ 285,787	$ 180,625	$ 48,186	$ 4,340	$ 1,831	$ 460,884	$ 10,990	$ 992,643
Accumulated depreciation	(156,168)	(145,766)	(29,252)	(3,983)	(1,701)	(331,934)	-	(668,804)
	$ 129,619	$ 34,859	$ 18,934	$ 357	$ 130	$ 128,950	$ 10,990	$ 323,839
<u>2021</u>								
Opening net book amount as at January 1	$ 129,619	$ 34,859	$ 18,934	$ 357	$ 130	$ 128,950	$ 10,990	$ 323,839
Additions	-	7,691	12,500	-	-	78,248	3,133	101,572
Transfers	(890)	7,470	-	-	-	3,520	(10,990)	(890)
Depreciation expense	(3,856)	(5,618)	(5,547)	(44)	(50)	(81,195)	-	(96,310)
Closing net book amount as at December 31	$ 124,873	$ 44,402	$ 25,887	$ 313	$ 80	$ 129,523	$ 3,133	$ 328,211
At December 31, 2021								
Cost	$ 283,825	$ 193,257	$ 59,264	$ 4,340	$ 1,831	$ 538,878	$ 3,133	$ 1,084,528
Accumulated depreciation	(158,952)	(148,855)	(33,377)	(4,027)	(1,751)	(409,355)	-	(756,317)
	$ 124,873	$ 44,402	$ 25,887	$ 313	$ 80	$ 129,523	$ 3,133	$ 328,211

(8) Leasing arrangements－lessee

A. The Company leases various assets including land, buildings, and transportation equipment. Rental contracts are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation expense are as follows:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Land	$ 132,491	$ 135,964
Buildings	1,532	1,468
Transportation equipment	-	-
	$ 134,023	$ 137,432

	Year ended December 31	
	2022	2021
	Depreciation expense	Depreciation expense
Land	$ 4,035	$ 4,019
Buildings	3,570	3,511
Transportation equipment	-	467
	$ 7,605	$ 7,997

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $4,196 and $3,522, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 2,115	$ 2,158
Expense on short-term lease contracts	2,472	1,471

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were $11,325 and $10,739, respectively.

(9) Leasing arrangements – lessor

A. The Company leases various assets including, buildings and structures. Rental contracts are typically made for periods of 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To secure the use of leased assets, the lessee would usually be required to provide a security deposit, and as of December 31, 2022, the Company had received a security deposit of $150.

B. For the years ended December 31, 2022 and 2021, the Company recognised rent income in the amounts of $16,525 and $23,936, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2022	December 31, 2021
2022	$ -	$ 16,312
2023	2,449	2,449
	$ 2,449	$ 18,761

(10) Investment property

	Buildings and structures
At January 1, 2022	
Cost	$ 205,893
Accumulated depreciation	(114,835)
	$ 91,058
2022	
Opening net book amount as at January 1	$ 91,058
Transfers during the year	(65,704)
Depreciation expense	(1,726)
Closing net book amount as at December 31	$ 23,628
At December 31, 2022	
Cost	$ 55,281
Accumulated depreciation	(31,653)
	$ 23,628

	Buildings and structures
At January 1, 2021	
Cost	$ 205,003
Accumulated depreciation	(112,023)
	$ 92,980
2021	
Opening net book amount as at January 1	$ 92,980
Transfers during the year	890
Depreciation expense	(2,812)
Closing net book amount as at December 31	$ 91,058
At December 31, 2021	
Cost	$ 205,893
Accumulated depreciation	(114,835)
	$ 91,058

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31	
	2022	2021
Rental income from investment property	$ 16,525	$ 23,936
Direct operating expenses arising from the investment property that generated rental income during the year	($ 1,739)	($ 2,834)

B. The fair value of the investment property held by the Company as at December 31, 2022 and 2021 were $30,312 and $128,023, respectively, which was valued by independent valuers. Valuations were made using the cost approach and income approach. Key assumptions of income approach were as follows:

	December 31, 2022	December 31, 2021
Vacant loss rate	2.10%	24.00%
Net income capitalization rate	3.975%	11.74%

(11) Intangible assets

	Computer software
At January 1, 2022	
Cost	$ 74,822
Accumulated amortisation	(62,709)
	$ 12,113
2022	
Opening net book amount as at January 1	$ 12,113
Additions－acquired separately	20,809
Amortisation charge	(10,333)
Closing net book amount as at December 31	$ 22,589
At December 31, 2022	
Cost	$ 95,631
Accumulated amortisation	(73,042)
	$ 22,589

	Computer software
At January 1, 2021	
Cost	$ 71,987
Accumulated amortisation	(55,052)
	$ 16,935
2021	
Opening net book amount as at January 1	$ 16,935
Additions－acquired separately	2,835
Amortisation charge	(7,657)
Closing net book amount as at December 31	$ 12,113
At December 31, 2021	
Cost	$ 74,822
Accumulated amortisation	(62,709)
	$ 12,113

Details of amortisation on intangible assets are as follows:

	Year ended December 31	
	2022	2021
Manufacturing expense	$ -	$ 8
Selling expenses	14	242
General and administrative expenses	682	480
Research and development expenses	9,637	6,927
	$ 10,333	$ 7,657

(12) Other payables

	December 31, 2022	December 31, 2021
Accrued expenses - bonus	$ 113,510	$ 91,352
Employees' compensation payable	193,300	177,585
Payables for machinery and equipment	43,881	16,554
Directors' remuneration payable	27,369	26,309
Other accrued expenses	84,279	116,045
	$ 462,339	$ 427,845

(13) <u>Pensions</u>

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	($ 40,292)	($ 41,755)
Fair value of plan assets	42,350	38,144
Net defined benefit asset (liability)	$ 2,058	($ 3,611)

(c) Movements in net defined benefit assets (liabilities) are as follows:

2022	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset (liability)
At January 1	($ 41,755)	$ 38,144	($ 3,611)
Interest (expense) income	(312)	289	(23)
	(42,067)	38,433	(3,634)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,966	2,966
Change in demographic assumptions	(317)	-	(317)
Change in financial assumptions	3,381	-	3,381
Experience adjustments	(1,289)	-	(1,289)
	1,775	2,966	4,741
Pension fund contribution	-	951	951
Paid pension	-	-	-
At December 31	($ 40,292)	$ 42,350	$ 2,058

2021	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 47,006)	$ 37,847	($ 9,159)
Interest (expense) income	(188)	153	(35)
	(47,194)	38,000	(9,194)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	514	514
Change in demographic assumptions	(750)	-	(750)
Change in financial assumptions	1,975	-	1,975
Experience adjustments	790	-	790
	2,015	514	2,529
Pension fund contribution	-	927	927
Paid pension	3,424	(1,297)	2,127
At December 31	($ 41,755)	$ 38,144	($ 3,611)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that Fund and therefore, the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used are as follows:

	Year ended December 31,	
	2022	2021
Discount rate	1.40%	0.75%
Future salary increases	4.00%	4.00%

Assumptions regarding future mortality experience are set based on future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table and experience.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 1,220)	$ 1,270	$ 1,235	($ 1,192)
December 31, 2021				
Effect on present value of defined benefit obligation	($ 1,379)	$ 1,440	$ 1,391	($ 1,340)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2023 amount to $1,035.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were $16,150 and $15,344, respectively.

(14) Share-based payment

A. For the years ended December 31, 2022 and 2021 the Company’s share-based payment arrangements are as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Restricted stocks to employees	2019.05.13	470	2 years	1 years vested 50% 2 years vested 50%
Restricted stocks to employees	2021.03.23	750	2 years	1 years vested 50% 2 years vested 50%
Restricted stocks to employees	2021.11.09	350	2 years	1 years vested 50% 2 years vested 50%
Treasury stock transferred to employees	2021.02.04	283	-	Vested immediately

The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. If the employees resign or die before meeting the vesting conditions, which was not due to the occupational injury, the Company will redeem at no consideration and retire those stocks. Employees are not required to return the dividends received.

B. As of December 31, 2022 and 2021, there are no options outstanding.

C. The Board of Directors on May 13, 2019 has resolved to issue employee restricted stock of 470 thousand shares with par value of NT $10 (in dollars) and the issuing price of $0 (without consideration), and the measurement of fair value was based on the closing price of company stock on grant date amounting to NT$59.4 (in dollars).

The shareholders' meeting on June 22, 2020 adopted a resolution to issue employee restricted ordinary shares of 750 thousand shares without consideration, voting right and dividend participation are not restricted on these stocks. The application has been approved to be effective by the Financial Supervisory Commission.

The Board of Directors on March 23, 2021 has resolved to issue employee restricted stock of 750 thousand shares with par value of NT $10 (in dollars) and the issuing price of $0 (without consideration), and the measurement of fair value was based on the closing price of company stock on grant date amounting to NT$115.5 (in dollars).

The shareholders' meeting on August 30, 2021 adopted a resolution to issue employee restricted ordinary shares of 450 thousand shares without consideration, voting right and dividend participation are not restricted on these stocks. The application has been approved to be effective by the Financial Supervisory Commission.

The Board of Directors on November 9, 2021 has resolved to issue employee restricted stock of 350 thousand shares with par value of NT $10 (in dollars) and the issuing price of $0 (without consideration), and the measurement of fair value was based on the closing price of company stock on grant date amounting to NT$177 (in dollars).

Movements in the number of the above mentioned employee restricted stocks outstanding are as follows:

	Year ended December 31	
	2022	2021
	No. of shares (in thousands)	No. of shares (in thousands)
Balance at the beginning of the year	1,066	220
Issued in the year	-	1,100
Vested during the year	(514)	(218)
Retrieved for the year	(43)	(36)
Balance at the end of the year	509	1,066

D. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31	
	2022	2021
Equity-settled	$ 77,077	$ 55,895

E. The Company transferred the treasury stock to employees, and the measurement of fair value was based on the closing price of the Company's share on the grant date, relevant information was as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Fair value per unit (in dollars)
Treasury stock transferred to employees	2021.02.04	$80.80	$63.12	$ 17.68

(15) Share capital

A. As of December 31, 2022, the Company's authorised capital was $1,800,000, consisting of 180,000 thousand shares of ordinary stock (including employee stock options, preferred shares with warrants and convertible bonds issued by the Company, amounting to 6,000 thousand shares), and the paid-in capital was $740,695 with a par value of $10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding are as follows:

(Expressed in thousands of shares)

	Year ended December 31	
	2022	2021
Outstanding ordinary shares at January 1	73,254	71,905
Issuance of employee restricted stocks	-	1,100
Employee restricted shares retired	(43)	(36)
Treasury stocks adjustments due to the change in ownership interest in subsidiaries	-	2
Treasury stocks transferred to employees	-	283
Outstanding ordinary shares at December 31	73,211	73,254
Treasury stocks	859	859
Issued shares at December 31	74,070	74,113

B. Treasury stocks

(a) Reason for share repurchases and the number of the Company's treasury stocks are as follows:

		December 31, 2022	
Name of company holding the shares	Reason for repurchases	Number of shares (thousands of shares)	Book value
The Company	To be transferred to employees	485	$ 33,148
Subsidiaries-Sinopower Semiconductor Inc.	In consideration of business strategies	374	24,995
			$ 58,143

		December 31, 2021	
Name of company holding the shares	Reason for repurchases	Number of shares (thousands of shares)	Book value
The Company	To be transferred to employees	485	$ 33,148
Subsidiaries-Sinopower Semiconductor Inc.	In consideration of business strategies	374	24,995
			$ 58,143

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury stocks to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(e) The subsidiary, Sinopower Semiconductor Inc., whose less than 50% shares held by the Company but was substantially controlled by the Company, due to business strategies acquired the Company's shares, which were treated as treasury stocks. The costs of the treasury stocks were calculated based on the carrying amount of the Company's shares held by Sinopower Semiconductor Inc. in each period and the share ownership of Sinopower Semiconductor Inc. held by the Company. As of December 31, 2022 and 2021, the Company's shares held by Sinopower Semiconductor Inc. both amounted to 862 thousand shares, at the average carrying amount of NTD 66.79 (in dollars) per share and the fair value per share amounted to NTD 115 (in dollars) and NTD 278.5 (in dollars), respectively.

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2022						
	Share premium	Treasury stock	Employee restricted shares	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Others	Total
At January 1	$224,075	$ 19,830	$125,286	$ 279,915	$ 31,867	$22,856	$703,829
Adjustment arising from dividends issued to subsidiaries due to change in shareholding percentage	-	3,376	-	-	-	-	3,376
Employee restricted shares vested	64,950	-	(64,950)	-	-	-	-
Employee restricted shares retired	-	-	3,981	-	-	-	3,981
At December 31	$289,025	$ 23,206	$ 64,317	$ 279,915	$ 31,867	$22,856	$711,186

	2021						
	Share premium	Treasury stock	Employee restricted shares	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Others	Total
At January 1	$213,306	$ 12,880	$ 10,868	$ 279,915	$ 26,695	$22,856	$566,520
Adjustment arising from dividends issued to subsidiaries due to change in shareholding percentage	-	1,947	-	-	-	-	1,947
Employee restricted shares	-	-	124,946	-	-	-	124,946
Employee restricted shares vested	10,769	-	(10,769)	-	-	-	-
Employee restricted shares retired	-	-	360	-	-	-	360
Compensation cost of employee restricted shares	-	-	(119)	-	-	-	(119)
Compensation cost of reissuing the treasury stocks to employees	-	5,003	-	-	-	-	5,003
Transactions with non-controlling interest	-	-	-	-	5,172	-	5,172
At December 31	$224,075	$ 19,830	$125,286	$ 279,915	$ 31,867	$22,856	$703,829

(17) Retained earnings

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations made by the regulatory authority. The remainder shall be proposed as the dividend or bonus distribution by the Board of Directors and resolved by the shareholders. In accordance with the Company Act Article 240, the Company may authorise the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders’ meeting. The provisions of the resolution of the shareholders' meeting are not applicable.

B. The Company’s dividend policy is summarised below: To meet future capital requirements and long-term financial plan, and meeting shareholders’ needs for cash inflows, earnings can be distributed to shareholders as dividends. Cash dividends shall account for at least 10% of the total dividends distributed, provided that the type and rate of such dividends may be adjusted by resolution of the shareholders' meeting depending on the actual net income and funds status.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. When the Company adopted IFRSs for the first time in 2013, a special reserve of $5,597 was provided at the same amount according to the exemptions regulation of IFRS 1 elected by the Company to transfer the cumulative translation effect to the retained earnings portion at the transition date.

E. The appropriation of 2022 earnings as resolved by the Board of Directors on February 22, 2023 and the appropriation of 2021 earnings as resolved by the shareholders' meeting on June 23, 2022 are as follows:

	Year ended December 31			
	2022 (Note)		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	$ 96,740		$ 93,119	
Cash dividends	662,243	$ 9.00	663,786	$ 9.02
	$ 758,983		$ 756,905	

Note: The aforementioned appropriations of 2022 earnings had not yet been resolved at the shareholders' meeting.

(18) Other equity items

	2022		
	Foreign currency translation	Unearned employee compensation	Total
At January 1	($ 2,957)	($ 87,818)	($ 90,775)
Employee restricted shares	-	(3,551)	(3,551)
Compensation cost of employee restricted stocks	-	77,077	77,077
Currency translation differences	1,025	-	1,025
At December 31	($ 1,932)	($ 14,292)	($ 16,224)

	2021		
	Foreign currency translation	Unearned employee compensation	Total
At January 1	($ 2,661)	($ 2,883)	($ 5,544)
Employee restricted shares	-	(135,946)	(135,946)
Compensation cost of employee restricted stocks	-	51,011	51,011
Currency translation differences	(296)	-	(296)
At December 31	($ 2,957)	($ 87,818)	($ 90,775)

(19) Operating revenue

Revenue from contracts with customers - Disaggregation of revenue from products:

	Year ended December 31	
	2022	2021
Power transfer and management IC	$ 1,785,790	$ 1,859,250
Amplifier and Driver IC	1,604,977	1,809,788
Others	2,202	6,208
	$ 3,392,969	$ 3,675,246

(20) Other income and expenses– net

	Year ended December 31	
	2022	2021
Other income		
Rental revenue	$ 16,525	$ 23,936
Other expenses		
Depreciation expense	(1,726)	(2,812)
Others	(13)	(22)
	$ 14,786	$ 21,102

(21) Interest income

	Year ended December 31	
	2022	2021
Interest income from bank deposits	$ 10,530	$ 2,592
Interest income from financial assets at amortised cost	253	658
	$ 10,783	$ 3,250

(22) Other income

	Year ended December 31	
	2022	2021
Rental revenue	$ 483	$ 420
Other income, others	8,932	4,199
	$ 9,415	$ 4,619

(23) Other gains and losses

	Year ended December 31	
	2022	2021
Gain on financial assets (liabilities) at fair value through profit or loss	$ 909	$ 390
Gains on disposals of property, plant and equipment	1,616	-
Foreign exchange gains	75,842	28,212
Miscellaneous disbursements	(1,387)	(12)
	$ 76,980	$ 28,590

(24) Finance costs

	Year ended December 31	
	2022	2021
Imputed interest expense on deposits	$ -	$ 3
Interest expense of lease liabilities	2,115	2,158
	$ 2,115	$ 2,161

(25) Expenses by nature

	Year ended December 31	
	2022	2021
Employee benefit expense	$ 692,700	$ 675,142
Depreciation expense	112,444	107,119
Amortisation charges	10,333	7,657
	$ 815,477	$ 789,918

(26) Employee benefit expense

	Year ended December 31	
	2022	2021
Wages and salaries	$ 551,477	$ 558,396
Share-based payment	77,077	55,895
Labour and health insurance fees	31,616	28,536
Pension costs	16,173	15,379
Other personnel expenses	16,357	16,936
	$ 692,700	$ 675,142

A. In accordance with the Articles of Incorporation of the Company, the Company should distribute the employees' compensation and directors' remuneration in the following method, based on the current year's pre-tax profit excluding employees' compensation and directors' remuneration distributed.

(a) Distributed employees' compensation from 10% to 25%

(b) Distributed directors' remuneration not higher than 3%

B. For the years ended December 31, 2022 and 2021, employees' compensation and directors' remuneration accrued amounts are as follows:

	Year ended December 31	
	2022	2021
Employees' compensation	$ 184,738	$ 177,585
Directors' remuneration	27,369	26,309

The aforementioned amounts were recognised in salary expenses based on distributable profit of current year for the years ended December 31, 2022 and 2021.

Employees' compensation and directors' remuneration of 2022 and 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 and 2021 financial statements, and the employees' compensation and directors' remuneration will be distributed in the form of cash.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	$ 194,122	$ 185,969
Prior year income tax overestimation	1,842	(652)
Total current tax	195,964	185,317
Deferred tax:		
Origination and reversal of temporary differences	(3,245)	(2,939)
Total deferred tax	(3,245)	(2,939)
Income tax expense	$ 192,719	$ 182,378

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2022	2021
Currency translation differences	$ 256	($ 74)
Remeasurement of defined benefit obligations	948	506
	$ 1,204	$ 432

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2022	2021
Income tax calculated by applying statutory rate to the profit before tax	$ 231,264	$ 222,310
Effect of tax income owing to tax-exempt by tax regulation	(40,387)	(39,280)
Prior year income tax overestimation	1,842	(652)
Income tax expense	$ 192,719	$ 182,378

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

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Decemder 31
Temporary differences:				
—Deferred tax assets:				
Loss for market value decline and obsolete and slow-moving inventories	$ 12,579	($ 4,682)	$ -	$ 7,897
Inventory at hub recognised as gross profit	8,864	5,251	-	14,115
Defined benefit plans	1,758	369	(948)	1,179
Unused compensated absences	554	-	-	554
Investment losses	13,093	1,293	-	14,386
Unrealised exchange losses	-	333	-	333
	$ 36,848	$ 2,564	($ 948)	$ 38,464
—Deferred tax liabilities:				
Unrealised exchange gain	($ 1,453)	$ 863	$ -	($ 590)
Financial statements translation differences of foreign operations	(661)	-	(256)	(917)
Gain on valuation of financial assets	(836)	(182)	-	(1,018)
	($ 2,950)	$ 681	($ 256)	($ 2,525)
	$ 33,898	$ 3,245	($ 1,204)	$ 35,939

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
—Deferred tax assets:				
Loss for market value decline and obsolete and slow-moving inventories	$ 8,579	$ 4,000	$ -	$ 12,579
Inventory at hub recognised as gross profit	5,953	2,911	-	8,864
Defined benefit plans	2,628	(364)	(506)	1,758
Unused compensated absences	554	-	-	554
Investment loss	16,130	(3,037)	-	13,093
	$ 33,844	$ 3,510	($ 506)	$ 36,848
—Deferred tax liabilities:				
Unrealised exchange gain	($ 960)	($ 493)	$ -	($ 1,453)
Financial statements translation differences of foreign operations	(735)	-	74	(661)
Gain on valuation of financial assets	(758)	(78)	-	(836)
	($ 2,453)	($ 571)	$ 74	($ 2,950)
	$ 31,391	$ 2,939	($ 432)	$ 33,898

D. The Company’s income tax returns through 2020 have been assessed and approved by the Tax Authority.

(28) Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 963,604	72,472	$ 13.30
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 963,604	72,472	
Less:Assumed conversion of all dilutive potential ordinary shares issued by the investment company accounted for using equity method	(5,958)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,778	
Employee restricted stock	-	693	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 957,646	$ 74,943	$ 12.78

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 929,171	72,055	$ 12.90
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 929,171	72,055	
Less:Assumed conversion of all dilutive potential ordinary shares issued by the investment company accounted for using equity method	(3,847)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	601	
Employee restricted stock	-	642	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 925,324	73,298	$ 12.62

(29) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31	
	2022	2021
Purchase of property, plant and equipment	$ 149,140	$ 101,572
Add: Opening balance of payable on equipment	16,554	10,976
Less: Ending balance of payable on equipment	(43,881)	(16,554)

(30) Changes in liabilities from financing activities

	Guarantee deposits received	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2022	$ 47,173	$ 140,288	$ 187,461
Changes in cash flow from financing activities	(5,167)	(8,853)	(14,020)
Changes in other non-cash items	-	6,312	6,312
At December 31, 2022	$ 42,006	$ 137,747	$ 179,753

	Guarantee deposits received	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2021	$ 29,276	$ 143,876	$ 173,152
Changes in cash flow from financing activities	17,897	(9,268)	8,629
Changes in other non-cash items	-	5,680	5,680
At December 31, 2021	$ 47,173	$ 140,288	$ 187,461

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
SINOPOWER SEMICONDUCTOR INC.	The Company's 43.413%-owned subsidiary
POWERTEK ELECTRONICS INTERNATIONAL LIMITED	The Company's indirectly owned subsidiary
SUPEC (SUZHOU) CO., LTD.	The Company's indirectly owned subsidiary
SINCERE SEMICONDUCTOR INC.	The Company's indirectly owned subsidiary

(2) Significant related party transactions

A. Purchases

	Year ended December 31	
	2022	2021
Subsidiaries	$ 16,118	$ 28,659

B. Payables to related parties

	December 31, 2022	December 31, 2021
Subsidiaries	$ 2,014	$ 6,783

C. Advance receipts

	December 31, 2022	December 31, 2021
Subsidiaries	$ 1,184	$ 1,181

D. Guarantee deposits received

	December 31, 2022	December 31, 2021
Subsidiaries	$ 150	$ 150

E. Other revenue

	Year ended December 31	
	2022	2021
Subsidiaries	$ 5,367	$ 5,345

F. Other income

	Year ended December 31	
	2022	2021
Subsidiaries	$ 7,211	$ 3,165

G. Commissions expense

	Year ended December 31	
	2022	2021
Subsidiaries	$ 23,760	$ 48,229

(3) Key management compensation

	Year ended December 31	
	2022	2021
Salaries and other short-term employee benefits	$ 58,227	$ 58,215
Post-employment benefits	205	274
Share-based payments	6,305	2,729
	$ 64,737	$ 61,218

A. Salaries and other short-term employee benefits includes salaries, functions-related allowances, employee compensation, various allowances and bonuses, etc. Except for the employees' compensation and year-end bonuses were estimated, others were paid actual amounts.

B. Post-employment benefits are arising from pensions.

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain a healthy capital base, the Company considers future operating capital needs, capital expenditures and dividend expenditures through financial analysis, monitoring the Company's capital structure in order to fulfil capital management objectives.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022		December 31, 2021	
Financial assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$	175,095	$	174,186
Financial assets at amortised cost				
Cash and cash equivalents		1,677,065		1,105,328
Financial assets at amortised cost		-		370,000
Accounts receivable (including related parties)		449,135		846,510
Other receivables		15,753		15,489
Guarantee deposits paid		24,210		8,572
	$	2,341,258	$	2,520,085

	December 31, 2022		December 31, 2021	
Financial liabilities				
Financial liabilities at amortised cost				
Notes payable	$	2,367	$	1,152
Accounts payable (including related parties)		150,878		266,105
Other payables		462,339		427,845
Guarantee deposits received		42,006		47,173
	$	657,590	$	742,275
Lease liability	$	137,747	$	140,288

B. Financial risk management policies

(a) The Company’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk and liquidity risk. The Company’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company’s financial position and financial performance.

(b) Risk management is carried out by finance department under policies approved by the Board of Directors. The Company’s finance department identifies, evaluates and hedges financial risks. The Board provides written principles for written policies covering specific areas and matters, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require Company to manage their foreign exchange risk against their functional currency. The Company's finance depatment hedged by using capital requirements of various currencies and foreign currency assets and certain net liabilities, or by using forward foreign exchange contracts. Exchange rate risk is measured through a forecast of highly probable USD expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency：NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 20,570	30.70	$ 631,499
Financial liabilities			
Monetary items			
USD:NTD	6,194	30.70	190,156

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 31,027	27.67	$ 858,517
Financial liabilities			
Monetary items			
USD:NTD	10,306	27.67	285,167

iv. The unrealised exchange gain arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to $1,282 and $7,265, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 6,315	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	1,902	-

	December 31, 2021				
	Sensitivity analysis				
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	1%	$	8,585	$	-
Financial liabilities					
Monetary items					
USD:NTD	1%		2,852		-

Price risk

A. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

B. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $1,751 and $1,742, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Company manages their credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with optimise credit quality are accepted. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the finance department. The utilisation of credit limits is regularly monitored.

iii. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 180 days.

iv. The Company classifies customers' notes receivable and accounts receivable in accordance with customer types. The Company applies the modified approach using a provision matrix based on the loss rate methodology to estimate expected credit loss.

v. The Company adjust historical and timely information to assess the default possibility of notes receivable and accounts receivable. As of December 31, 2022 and 2021, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due
At December 31, 2022				
Expected loss rate	0%	0%	0%~2.9%	0%~5.5%
Total book value	$ 449,105	$ 30	$ -	$ -
Loss allowance	$ -	$ -	$ -	$ -

	181~270 days past due	271~360 days past due	Over 361 days past due	Total
Expected loss rate	10%	50%	100%	
Total book value	$ -	$ -	$ -	$ 449,135
Loss allowance	$ -	$ -	$ -	$ -

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due
At December 31, 2021				
Expected loss rate	0%	0%	0%	0%~2.9%
Total book value	$ 845,954	$ 550	$ 6	$ -
Loss allowance	$ -	$ -	$ -	$ -

	181~270 days past due	271~360 days past due	Over 361 days past due	Total
Expected loss rate	10%	50%	100%	
Total book value	$ -	$ -	$ -	$ 846,510
Loss allowance	$ -	$ -	$ -	$ -

(c) Liquidity risk

i. Cash flow forecasting is performed by the Company's finance department.

The Company's finance department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.

ii. The Company invests surplus cash in interest bearing current accounts, time deposits and marketable securities (funds), and the choosing instruments were with appropriate maturities or sufficient liquidity.

iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2022	Less than 1 year	Over 1 year	Book value
Non-derivative financial liabilities			
Notes payable	$ 2,367	$ -	$ 2,367
Accounts payable (including related parties)	150,878	-	150,878
Other payables	462,339	-	462,339
Guarantee deposits received	42,006	-	42,006
Lease liabilities	6,805	167,539	174,344

December 31, 2021	Less than 1 year	Over 1 year	Book value
Non-derivative financial liabilities			
Notes payable	$ 1,152	$ -	$ 1,152
Accounts payable (including related parties)	266,105	-	266,105
Other payables	427,845	-	427,845
Lease liabilities	6,715	172,105	178,820

iv. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(d)The impact of the COVID-19 pandemic to the Company's operation

Impact of the COVID-19 pandemic to the Company's operations Based on the Company's assessment, the pandemic has no significant impact on the Company's ability to continue as a going concern, assets impairment and financing risks.

(3) <u>Fair value information</u>

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in beneficiary certificates and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information on natures of the assets and liabilities are as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 175,095	$ -	$ -	$ 175,095

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 174,186	$ -	$ -	$ 174,186

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The instruments the Company used market quoted prices as their fair values (that is, Level 1), closed-end fund is based on the closing price and the open-end fund is based on the net assets value as the fair value.

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 2.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 3.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 4.

B. The significant transactions between the Company and the Mainland China investees:

(a) The Company entered into the sales agent contract with Supec (Suzhou) Co., Ltd. a subsidiary of Supec International Holding Ltd. According to the contract, the Company’s commission expense was calculated based on 5% of the monthly sales volume in Mainland China, for the years ended December 31, 2022 and 2021, the commission expense amounted to $23,760 and $47,250, respectively.

(b) As of December 31, 2022 and 2021, the balance of other payables to Supec (Suzhou) Co., Ltd. were $0 and $3,310, respectively.

(4) Major shareholders information

Major shareholders information: Please refer to table 5.

14. Segment Information

Not applicable.

Anpec Electronics Corporation

Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Anpec Electronics Corporation	Stocks, Bigbest Solutions, Inc.	None	Financial assets at fair value through profit or loss	646,800	$ -	0.924	$ -	
Anpec Electronics Corporation	Stocks, Grenergy, Inc.	None	Financial assets at fair value through profit or loss	892,630	-	4.46	-	
Anpec Electronics Corporation	Beneficiary certificates, Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss	4,752,467.34	71,624	-	71,624	
Anpec Electronics Corporation	Beneficiary certificates, Mega Diamond Money Market Fund	None	Financial assets at fair value through profit or loss	4,114,819.45	52,447	-	52,447	
Anpec Electronics Corporation	Beneficiary certificates, Eastspring Investments Well Pool Money Market Fund	None	Financial assets at fair value through profit or loss	1,122,502.40	15,495	-	15,495	
Anpec Electronics Corporation	Beneficiary certificates, Prudential Financial Money Market Fund	None	Financial assets at fair value through profit or loss	958,668.60	15,403	-	15,403	
Anpec Electronics Corporation	Beneficiary certificates, TCB Taiwan Money Market Fund	None	Financial assets at fair value through profit or loss	1,954,193.70	20,126	-	20,126	
Sinopower Semiconductor Inc.	Stocks, Anpec Electronics Corporation	Parent company	Financial assets at fair value through other comprehensive income	862,088	99,140	1.17	99,140	Note

Note : The stocks of the Company held by SINOPOWER SEMICONDUCTOR INC. are accounted for as treasury stocks.

Anpec Electronics Corporation
Significant inter-company transactions during the reporting periods
Year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Anpec Electronics Corporation	Supec (Suzhou) Co., Ltd.	1	Commissions expense	$ 23,760	Based on the agreed sales agency contracts	0.37%
0	Anpec Electronics Corporation	Sinopower Semiconductor Inc.	1	Purchases	16,118	The payment term was 60 days after monthly closing	0.25%
0	Anpec Electronics Corporation	Sinopower Semiconductor Inc.	1	Accounts payable	2,014	The payment term was 60 days after monthly closing	0.03%
0	Anpec Electronics Corporation	Sinopower Semiconductor Inc.	1	Guarantee deposits received	150	Based on the price lists in force and terms that would be available to third parties	0.00%
0	Anpec Electronics Corporation	Sinopower Semiconductor Inc.	1	Other income	5,367	Based on the price lists in force and terms that would be available to third parties	0.08%
0	Anpec Electronics Corporation	Sinopower Semiconductor Inc.	1	Other expenses	1	Based on the price lists in force and terms that would be available to third parties	0.00%
0	Anpec Electronics Corporation	Sinopower Semiconductor Inc.	1	Advance receipts	1,184	Based on the price lists in force and terms that would be available to third parties	0.02%
0	Anpec Electronics Corporation	Sinopower Semiconductor Inc.	1	Other income	7,211	Based on the price lists in force and terms that would be available to third parties	0.11%
1	Sinopower Semiconductor Inc.	Anpec Electronics Corporation	2	Right-of-use assets	2,039	Based on the price lists in force and terms that would be available to third parties	0.03%
1	Sinopower Semiconductor Inc.	Anpec Electronics Corporation	2	Lease liabilities	1,033	Based on the price lists in force and terms that would be available to third parties	0.02%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.
Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to
(If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice.
For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction;
for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.
Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts
and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.
Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Anpec Electronics Corporation

Information on investees

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2022					
Investor	Investee (Notes 1 and 2)	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2022 (Note 2(2))	Investment income(loss) recognised by the Company for the year ended December 31, 2022 (Note 2(3))	Footnote
Anpec Electronics Corporation	Anpec International Holding Ltd.	British Virgin Island	Investment	$ 102,627	$ 102,627	3,110,500	100	$ 52,133	($ 6,469)	($ 6,469)	Subsidiary
Anpec Electronics Corporation	Sinopower Semiconductor Inc.	Taiwan	Research, design, manufacturing and sales of power IC, high voltage power IC and its module	135,061	135,061	14,514,196	43.413	615,957	456,128	194,643	Subsidiary
Anpec International Holding Ltd.	Supec International Holding Ltd.	Mauritius	Investment	102,627	102,627	10,368,333	100	52,138	(6,469)	(6,469)	Indirect subsidiary
Supec International Holding Ltd.	Powertek Electrinics Inter	Hong Kong	General trade	3,618	3,618	110,000	100	3,461	(3)	(3)	Third-tier subsidiary
Sinopower Semiconductor Inc.	Sincere Semiconductor Inc.	Taiwan	Manufacturing of electronic components and wholesale and retail sale of electronic materials	10,000	10,000	1,000,000	100	8,544	(1,174)	(1,174)	Indirect subsidiary

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of ‘Investee’, ‘Location’, ‘Main business activities’, Initial investment amount’ and ‘Shares held as at December 31, 2022’ should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.

(2) The ‘Net profit (loss) of the investee for the year ended December 31, 2022’ column should fill in amount of net profit (loss) of the investee for this period.

(3)The ‘Investment income (loss) recognised by the Company for the year ended December 31, 2022’ column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Anpec Electronics Corporation

Information on investments in Mainland China

Year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Taiwan to Mainland: Remitted to Mainland China	Taiwan to Mainland: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
Supec (Suzhou) Co., Ltd.	International trade of keyboard, mouse, electronic calculator,color image monitor, color image projector and components of toy instruments and	$ 98,993	(2)	$ 98,993	$ -	$ -	$ 98,993	($ 6,482)	100%	($ 6,482)	$ 47,243	$ -	

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in Supec International Holding Ltd., an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2022' column:

The basis for investment income (loss) recognition is the financial statements of the investee that were audited by R.O.C parent company's CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Anpec Electronics Corporation	$ 98,993	$ 98,993	$ 2,466,119

Note 4: Ceiling on investments was calculated based on the limit (60% of net assets) specified in 'Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China' amended by the Ministry of Economic Affairs.

Anpec Electronics Corporation
Major shareholders information
December 31, 2022

Table 5

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Morgan Stanley & Co. International Plc	3,711,582	5.01%

Note 1: The major shareholders' information was derived from the data using the Company issued common shares (including treasury stocks) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis. from the actual number of shares in dematerialised form due to the difference of calculation basis.

Note 2: If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets.
For the information on reported share equity of insiders, please refer to the Market Observation Post System.

ANPEC ELECTRONICS CORPORATION
CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description	Amount	
Cash			
Cash on hand and petty cash		$	275
Bank deposits			
Checking accounts			1,235
Demand deposits - NTD			118,722
- Foreign currency	USD 2,376.42 thousand dollars conversion rate 30.7		72,956
- Foreign currency	HKD 95.70 thousand dollars conversion rate 3.941		377
Time deposits - NTD			1,268,600
- Foreign currency	USD 6,000 thousand dollars conversion rate 30.7		184,200
Cash equivalents			
Repurchase bonds (RP) - foreign currency	USD 1,000 thousand dollars conversion rate 30.7		30,700
		$	1,677,065

ANPEC ELECTRONICS CORPORATION
CURRENT FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 2

						Fair Value		
Name of Financial Instrument	Description	Shares or units	Face Value	Total Amount	Cost	Unit Price	Total Amount	Note
BIGBEST SOLUTIONS, INC.	Stocks	$ 646,800.00	$ 10.00	$ 6,468	$ 49,933	$ -	$ -	
GRENERGY, INC.	Stocks	892,630.00	$ 10.00	8,926	69,362	-	-	
Non-derivative financial instruments								
Jih Sun Money Market Fund	Beneficiary certificates	4,752,467.34	14.73	70,000	70,000	15.07	71,624	
Mega Diamond Money Market Fund	Beneficiary certificates	4,114,819.45	12.15	50,000	50,000	12.75	52,447	
Eastspring Investments Well Pool Money Market	Beneficiary certificates	1,122,502.40	13.36	15,000	15,000	13.80	15,495	
Prudential Financial Money Market Fund	Beneficiary certificates	958,668.60	15.65	15,000	15,000	16.07	15,403	
TCB Taiwan Money Market Fund	Beneficiary certificates	1,954,193.70	10.23	20,000	20,000	10.30	20,126	
				$ 185,394	$ 289,295		$ 175,095	

Description:

1.Name of Financial Instrument should be listed separately as stocks, corporate bonds, government bonds and other marketable securities.

2.The repayment date of interest and principal of corporate bonds and government bonds should be indicated in the description column.

3. In accordance with the paragraph 9 of IFRS 7, ‘Financial Instruments: Disclosures’, an entity should disclose amount of change in the fair value which is attributable to change in the credit risk if it had designated financial assets that should be measured at amortised cost as at fair value through profit or loss.

ANPEC ELECTRONICS CORPORATION
ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 3

Client Name	Amount	Note
Third-party clients (accounts expiring within one year)		
Company A	$ 87,107	
Company D	51,790	
Company C	30,824	
Company B	27,364	
Company G	23,106	
Others	228,944	Each individual client balance did not exceed 5% of the account balance
	$ 449,135	

ANPEC ELECTRONICS CORPORATION
INVENTORIES
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 4

Item	Amount: Cost	Amount: Net realisable value as market value	Note
Raw materials	$ 146,991	$ 140,408	
Work in progress	297,179	522,880	
Finished goods	199,885	352,100	
	644,055	$ 1,015,388	
Less: Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories	(39,487)		
	$ 604,568		

ANPEC ELECTRONICS CORPORATION
CHANGES IN LONG-TERM EQUITY INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 5

	Beginning Balance		Addition (Decrease)			Ending Balance			Market Value or Net Assets Value			
Name	Shares	Amount	Shares	Amount (Note 1)	Investment Income (Loss)	Shares	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral	Note
Anpec International Holding Ltd.	3,110,500	$ 57,320	-	$ 1,282	($ 6,469)	3,110,500	100	$ 52,133	$ -	$ 52,133	None	None
SINOPOWER SEMICONDUCTOR INC.	14,514,196	522,457	-	(101,127)	194,627	14,514,196	43.413	615,957	-	615,957	None	None
		$ 579,777		($ 99,845)	$ 188,158			$ 668,090		$ 668,090		

Note : Refers to cash dividends received from investee companies and accumulated translation adjustment.

ANPEC ELECTRONICS CORPORATION
CHANGES IN RIGHT-OF-USE ASSETS
YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 6

Item	Beginning Balance	Addition	Decrease	Ending Balance	Note
Land	$ 148,021	$ 562	$ -	$ 148,583	
Buildings	11,979	3,634	-	15,613	
	$ 160,000	$ 4,196	$ -	$ 164,196	

ANPEC ELECTRONICS CORPORATION
ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 7

	Beginning Balance	Addition (Decrease)	Decrease	Ending Balance	Note
Land	$ 12,057	$ 4,035	$ -	$ 16,092	
Buildings	10,511	3,570	-	14,081	
	$ 22,568	$ 7,605	$ -	$ 30,173	

ANPEC ELECTRONICS CORPORATION
ACCOUNTS PAYABLE
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 8

Client Name	Amount	Note
Third-party suppliers		
Company A	$ 65,717	
Company D	27,445	
Company C	16,292	
Company F	8,800	
Company B	8,620	
Company G	8,402	
Company E	7,592	
Others	5,996	Each individual supplier balance did not exceed 5% of the account balance
	148,864	
Associate		
SINOPOWER SEMICONDUCTOR INC.	2,014	
	$ 150,878	

ANPEC ELECTRONICS CORPORATION
LEASE LABILITIES
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 9

Item	Description	Lease Term	Discount Rate	Ending Balance	Note
Land	Hsinchu	2004/2/1-2023/12/31	1.50%	$ 136,210	
Buildings	Taipei	2022/6/1-2023/5/31	1.50%	1,537	
				$ 137,747	

ANPEC ELECTRONICS CORPORATION
OPERATING REVENUE
YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 10

Item	Volume	Amount	Note
Power transfer and management IC	524,271 thousand pieces	$ 1,785,790	
Amplifier and Driver IC	295,258 thousand pieces	1,604,977	
Others		2,202	
		$ 3,392,969	

ANPEC ELECTRONICS CORPORATION
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 11

	Description	Amount	Note
Beginning raw materials		$ 21,729	
Add: Raw materials purchased		1,193,945	
Expenses transferred to raw materials		7,316	
Less: Ending raw materials		(146,991)	
Raw materials scrapped		(2,098)	
Raw materials used		1,073,901	
Manufacturing expense		753,099	
Manufacturing cost		1,827,000	
Add: Beginning work in progress		159,577	
Work in progress purchased		3,979	
Expenses transferred to work in progress		23	
Less: Ending work in progress		(297,179)	
Work in progress scrapped		(3,232)	
Cost of finished goods		1,690,168	
Add: Beginning finished goods		152,518	
Expenses transferred to finished goods		(451)	
Returns to be exchanged		6	
Less: Ending finished goods		(199,885)	
Finished goods scrapped		(20,077)	
Cost of sales		1,622,279	
Add: Inventory valuation losses and loss for obsolete and slow-moving inventories		2,000	
Operating costs		$ 1,624,279	

ANPEC ELECTRONICS CORPORATION
OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 12

Item	Description	Amount	Note
Selling expenses			
Wages and salaries		$ 208,316	
Commission expense		26,440	
Depreciation expense		9,570	
Other expenses		85,529	Each individual expense balance did not exceed 5% of the account balance
		$ 329,855	
Administrative expenses			
Wages and salaries		$ 91,654	
Depreciation expense		3,314	
Other expenses		32,915	Each individual expense balance did not exceed 5% of the account balance
		$ 127,883	
Research and development expenses			
Wages and salaries		$ 248,294	
Depreciation expense		93,113	
Contracted research expense		18,004	
Other expenses		93,225	Each individual expense balance did not exceed 5% of the account balance
		$ 452,636	

ANPEC ELECTRONICS CORPORATION
SUMMARY OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION
YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 13

Function / Nature	2022			2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense	$ 104,853	$ 587,847	$ 692,700	$ 97,598	$ 577,544	$ 675,142
Wages and salaries	77,884	446,224	524,108	85,806	446,281	532,087
Share-based payment	16,184	60,893	77,077	1,507	54,388	55,895
Labour and health insurance fees	5,451	26,165	31,616	5,111	23,425	28,536
Pension costs	2,394	13,779	16,173	2,264	13,115	15,379
Directors' remuneration	-	28,099	28,099	-	27,009	27,009
Other personnel expenses	2,940	12,687	15,627	2,910	13,326	16,236
Depreciation Expense	4,720	107,724	112,444	4,558	102,561	107,119
Amortisation Expense	-	10,333	10,333	9	7,648	7,657

Note:

1. As at December 31, 2022 and 2021, the Company had 296 and 292 employees,respectively, and there were 9 non-employee directors for both years.

2.Other disclosure information:

(1)Average employee benefit expense in current year was $2,316 ((Total employee benefit expense in current year–Total directors' remuneration in current year)/(Number of employees in current year–Number of non-employee directors in current year)).
Average employee benefit expense in previous year was $2,290 ((Total employee benefit expense in previous year–Total directors' remuneration in previous year)/(Number of employees in previous year–Number of non-employee directors in previous year)).

ANPEC ELECTRONICS CORPORATION
SUMMARY OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)
YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 13

(2)Average employee salaries in current year was $1,826 (Total employee salaries in current year/(Number of employees in current year–Number of non-employee directors in current year)).

Average employee salaries in previous year was $1,880 (Total employee salaries in previous year/(Number of employees in previous year–Number of non-employee directors in previous year)).

(3)Adjustments of average employee salaries were (2.90%) ((Average employee salaries in current year–Average employee salaries in previous year)/Average employee salaries in previous year).

(4)The Company had no supervisors' remuneration in the current and previous years. (Since the Company set up an audit committee, it had no supervisors' remuneration).

(5)The Company's remuneration policy:

The Company has set up a remuneration committee in accordance with the "Remuneration Committee Charter" to assist the Board of Directors in formulating the remuneration policy for the Company's directors, managers and employees. In accordance with the Articles of Incorporation of the Company and the operation of the remuneration committee and Board of Directors, the remuneration of the directors and managers is determined based on the extent of their participation in the Company's operations and the value of their contribution to the Company and the salary structure and performance system of the directors and managers are periodically reviewed to make sure the remuneration corresponds to the Company's current operating conditions and performance. Compensation of the employees is assessed and paid in accordance with their position, education and work experience, professional knowledge and technique, professional seniority, personal performance and degree of contribution instead of race, class, language, thought, religion, political affiliation, place of origin, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, physical and mental disabilities, zodiac sign and blood type. Salaries are assessed by reference to standard level in the same industry and the market, operation of the Company and organisational structure and are adjusted depending on the market salary dynamics, changes in the overall economic and industrial climate and the government regulations. The annual salary adjustment range and bonus distribution are determined according to the Company's operating performance and employee personal performance throughout the year.