Stock Code: 2397

DFI Inc. and its subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

For the years ended December 31, 2022 and 2021

This is the translation of the financial statements. CPAs do not audit on this translation.

Company Address: 10F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City
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Statement of Declaration

The entities of the Company that are required to be included in the consolidated financial statements of affiliates as of and for the year ended December 31, 2022 (from January 1 to December 31, 2022), under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements of parent company and its subsidiary prepared in conformity with the International Financial Reporting Standard 10 endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of parent company and its subsidiary. Consequently, we do not prepare a separate set of consolidated financial statements of affiliates.

Hereby certify,

Company name: DFI Inc.

Chairman of the Board of Directors: Chi-Hung, Chen

Date: March 2, 2023

Independent Auditors' Report

The Board of Directions and Shareholders DFI Inc.

Audit Opinion

We have audited the accompanying consolidated balance sheet as of December 31, 2022 and the restated consolidated balance sheet as of December 31, 2021 of DFI Inc. and its subsidiaries (hereinafter collectively the "Group"), which comprise the consolidated income statement, consolidated statement of changes in equity, and consolidated statement of cash flow from January 1 to December 31, 2022 and the restated ones from January 1 to December 31, 2021, as well as the notes to the consolidated financial report (including the summary of significant accounting policies).

In our opinion which based on our audit results and the other certified public accountants' audit reports (please refer to the paragraph of other matter), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and their restated consolidated financial position as of December 31, 2021, as well as their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's consolidated financial reports for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters that we judge should be communicated in the audit reports are stated as follows:

I. Business Combination

For accounting policies related to business combinations, please refer to Note IV (XV) of the consolidated financial statements; for description of business combinations, please refer to Note VI (VIII) of the consolidated financial statements.

Key audit matters are stated as follows:

Ace Pillar Co., Ltd., a subsidiary of DFI Inc., acquired 60% of the equity of Standard Technology Corporation and 100% of the equity of Blue Walker GmbH in 2022, thus obtaining control over these companies. Due to the accounting treatment of business combination, the management needs to determine the fair value of identifiable acquired assets and liabilities assumed; the process involves many assumptions and estimates with complexity, so the business combination is one of the material evaluation matters for us to perform the audit of the consolidated financial reports of the Group.

The audit procedures to process for the above:

Our main audit procedures for the above-mentioned key audit matters include obtaining the fair value assessment and the purchase price allocation of intangible assets reports entrusted by the management to external experts, and assessing the assets and liabilities identified by management at the acquisition date and the reasonableness of their evaluations; appointing our experts of evaluation to assist in assessing the reasonableness of the evaluation methods and material assumptions used in the evaluation; we also assess the correctness of the accounting of the Group and whether the relevant information about the acquisition has been properly disclosed.

II. Impairment Assessment of Goodwill

For accounting policies related to impairment of non-financial assets, please refer to Note IV (XIII) of the consolidated financial statements; for description of the uncertainty of accounting estimates and assumptions of impairment assessment of goodwill, please refer to Note V (II) of the consolidated financial statements; for description of impairment test of goodwill, please refer to Note VI (XI) of the consolidated financial statements.

Key audit matters are stated as follows:

The goodwill of the Group arising from business combinations should be tested for impairment annually, or whenever there is an indication of impairment. Due to assessing the recoverable amount of the cash-generating unit to which goodwill belongs involves a number of management assumptions and estimates, the goodwill impairment assessment is one of the important assessment matters for us to perform the audit of the consolidated financial report of the Group.

The audit procedures to process for the above:

Our main audit procedures for the above key audit matters include obtaining a goodwill impairment assessment test form self-assessed by the management; evaluating the basis of estimates and key assumptions used by the management to measure the recoverable amount, including reasonableness of discount rates, expected revenue growth rates, and future cash flow forecast, etc.; processing sensitivity analysis for key assumptions, and checking whether the Group have properly disclosed relevant information on goodwill impairment assessment.

Emphasis of Matter

As stated in Notes IV (II) and (III), the subsidiary of the Company, Ace Pillar Co., Ltd., acquired 100% equity interests in the subsidiary of Qisda Corporation, ACE Energy Co., Ltd., on July 1, 2022. Pursuant to the Interpretations (2012) No.301 issued by Accounting Research and Development Foundation and the Discussion Paper of IFRS 3 “Q&A on Accounting Treatments for Business Combinations under Common Control” dated on October 26, 2018, which is an organizational reorganization under common control and should be regarded as a combination from the beginning. The Group has prepared the consolidated financial statements of 2022 and the restated consolidated financial report of 2021 accordingly. Our audit opinions are not modified in respect of this matter.

Other Matters

Among the subsidiaries listed in the Group's consolidated financial statements, partial subsidiary's financial statements were not audited by us but by other certified public accountants. Therefore, our opinions expressed in the consolidated financial statements regarding the amounts of that partial subsidiary are according to other certified public accountants' audit reports. That subsidiary's total assets for the years ended December 31, 2022 and 2021 amounted to NT $411,046 thousand and NT $277,176 thousand (same as below), respectively, accounting for 3.13% and 2.24% of the consolidated total assets, and its net operating revenue was NT $920,196 thousand and NT $739,706 thousand for the years from January 1 to December 31, 2022 and 2021, respectively, accounting for 5.68% and 5.60% of the consolidated net operating revenue.

DFI Inc. has prepared the financial statements for parent company only for 2022 and 2021 on which we have individually issued an audit report with unqualified opinion plus emphasis of matter and other matter paragraph and an audit report with unqualified opinion plus other matter paragraph.

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

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

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

Those charged with governance (including Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If the individual amounts or sums that the material misstatement involved may be reasonably expected to affect the financial decision making of users of the consolidated financial statements, such misstatement will be considered material.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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 the key audit matters of the Group's consolidated financial reports for 2022. 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.

KPMG Taiwan

CPA:

Assurance Document Number Approved by Securities Regulator	：	(88) Taiwan-Finance-Securities-VI-18311 Financial-Supervisory-Securities-Audit-1060005191

March 2, 2023

Notes to Readers

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

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

DFI Inc. and its subsidiaries

Consolidated Balance Sheets

As of December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	Assets	2022.12.31 Amount	%	2021.12.31 (Restated) Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note VI (I))	$ 1,690,474	13	1,549,815	13
1110	Financial assets at fair value through profit or loss - current (Notes VI (II))	27,458	-	28,528	-
1136	Financial assets at amortized cost - current (Notes VI (IV) & VIII)	9,557	-	19,708	-
1170	Net of notes receivable and accounts receivable (Notes VI (V), (XXI) & VIII)	2,611,791	20	2,604,256	21
1180	Accounts receivable from related parties (Notes VI (V), (XXI) & VII)	272,306	2	182,138	1
1200	Other receivables (Notes VI (V) & VII)	56,945	-	32,159	-
130X	Inventories (Notes VI (VI))	3,816,596	29	3,583,295	29
1410	Prepayments	125,313	1	133,749	1
1460	Non-current assets held for sale (Notes VI (VII) and (IX))	-	-	312,601	3
1470	Other current assets	17,970	-	16,227	-
	Total current assets	8,628,410	65	8,462,476	68
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes VI (III))	71,064	1	42,547	-
1535	Financial assets at amortized cost - non-current (Note VI (IV))	3,212	-	-	-
1600	Property, plant and equipment (Notes VI (IX), VII & VIII)	2,793,096	21	2,477,339	20
1755	Right-of-use assets (Notes VI (X) & VII)	355,617	3	267,778	2
1780	Intangible assets (Notes VI (VIII), (XI) & VII)	1,121,027	9	974,453	8
1840	Deferred income tax assets (Notes VI (XVII)	125,982	1	78,856	1
1990	Other Non-current assets (Notes VI (XVI))	45,912	-	90,492	1
	Total non-current assets	4,515,910	35	3,931,465	32
	Total assets	**$ 13,144,320**	**100**	**12,393,941**	**100**

(Continued on the next page)

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc. and its subsidiaries

Consolidated Balance Sheets (Continued from the previous page)

As of December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

		2022.12.31		2021.12.31 (Restated)	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Notes VI (XII) & VIII)	$ 1,886,020	14	1,311,304	11
2120	Financial liabilities at fair value through profit or loss - current (Notes VI (II))	5,020	-	821	-
2130	Contract liabilities - current (Note VI (XXI))	205,241	2	194,558	1
2170	Notes and accounts payables	1,996,670	15	2,218,331	18
2180	Accounts payables to related parties (Note VII)	117,185	1	63,053	-
2200	Other payables (Note VII)	576,411	5	562,316	5
2230	Current income tax liabilities	234,692	2	86,768	1
2250	Provisions - current (Note VI (XV))	51,236	-	46,247	-
2280	Lease liabilities - current (Note VI (XIV) & VII)	86,451	1	75,933	1
2322	Long-term borrowings - Current portion (Notes VI (XIII) & VIII)	653	-	20,000	-
2399	Other current liabilities	31,136	-	18,633	-
	Total current liabilities	5,190,715	40	4,597,964	37
	Non-current liabilities:				
2540	Long-term borrowings (Notes VI (XIII) & VIII)	1,550,000	12	1,730,000	14
2570	Deferred tax liabilities (Notes VI (XVII)	305,948	2	315,669	3
2580	Lease liabilities - non-current (Note VI (XIV) & VII)	241,693	2	181,441	1
2640	Net defined benefit liabilities - non-current (Note VI (XVI))	31,174	-	40,584	-
	Total non-current liabilities	2,128,815	16	2,267,694	18
	Total liabilities	7,319,530	56	6,865,658	55
	Equity attributable to the owners of the parent company (Note VI (VIII) and (XVIII)):				
3110	Share capital - Ordinary shares	1,144,889	9	1,144,889	9
3200	Capital surplus	608,586	5	655,744	6
3300	Retained earnings	1,531,997	11	1,371,470	11
3400	Other equity	(38,041)	(1)	(114,824)	(1)
	Total equity attributable to owners of parent company	3,247,431	24	3,057,279	25
35XX	**Former owner of business combination under common control**	-	-	20,310	-
36XX	**Non-controlling interests (Note VI (VIII) and (XVIII))**	2,577,359	20	2,450,694	20
	Total equity	5,824,790	44	5,528,283	45
	Total liabilities and equity	**$ 13,144,320**	**100**	**12,393,941**	**100**

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc. and its subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

		2022		2021 (Restated)	
		Amount	%	Amount	%
4000	**Net operating revenue (Notes VI (VIII), (XXI), VII & XIV)**	$ 16,189,529	100	13,312,180	100
5000	**Operating, costs (Note VI (VI), (IX), (X), (XI), (XIV), (XVI), (XXII), VII & XII)**	(12,907,654)	(80)	(10,770,010)	(81)
	Gross Profit	3,281,875	20	2,542,170	19
	Operating expenses (Note VI (V), (IX), (X), (XI), (XIV), (XVI), (XXII), VII & XII):				
6100	Selling and marketing expenses	(1,608,761)	(9)	(1,184,807)	(9)
6200	General and administrative expenses	(463,276)	(3)	(406,573)	(3)
6300	Research and development expenses	(462,335)	(3)	(430,347)	(3)
6450	Expected credit loss reversal benefit (impairment loss)	(16,310)	-	6,169	-
6000	**Total operating expenses**	(2,550,682)	(15)	(2,015,558)	(15)
	Net operating income	731,193	5	526,612	4
	Non-operating income and expenses (Notes VI (VII), (XIV), (XVI), (XXIII) & VII)				
7100	Interest income	5,786	-	2,672	-
7010	Other income	43,720	-	22,092	-
7020	Other gain and loss	40,116	-	459,508	3
7050	Finance costs	(61,348)	-	(24,776)	-
	Total non-operating income and expenses	28,274	-	459,496	3
7900	**Profit before tax**	759,467	5	986,108	7
7950	**Less: Income tax expense (Note VI (XVII))**	(162,467)	(1)	(202,247)	(1)
8200	**Net profit for the period**	597,000	4	783,861	6
	Other comprehensive income (Note VI (XVI) and (XVIII)):				
8310	**Items that will not be reclassified to profit or loss**				
8311	Remeasurement of defined benefit plans	(2,814)	-	270	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	10,984	-	11,740	-
8349	Income tax relating to items that will not be reclassified	563	-	(55)	-
		8,733	-	11,955	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translating the financial statements of foreign operations	127,086	1	(54,068)	-
8399	Income tax relating to items that may be reclassified	-	-	-	-
		127,086	1	(54,068)	-
	Other comprehensive income (loss) for the period	135,819	1	(42,113)	-
8500	**Total comprehensive income (loss) for the period**	**$ 732,819**	**5**	**741,748**	**6**
	Net profit in current period attributable to:				
8610	Owners of the parent company	$ 528,230	4	615,903	5
8615	Former owner of business combination under common control	3,394	-	1,623	
8620	Non-controlling interests	65,376	-	166,335	1
		$ 597,000	**4**	**783,861**	**6**
	Total comprehensive income (loss) attributable to:				
8710	Owners of the parent company	$ 603,957	4	575,471	5
8715	Former owner of business combination under common control	3,394	-	1,623	-
8720	Non-controlling interests	125,468	1	164,654	1
		$ 732,819	**5**	**741,748**	**6**
	Earnings per Share (Unit: In New Taiwan Dollars, Note VI (XX))				
9750	**Basic earnings per share**	**$**	**4.61**		**5.38**
9850	**Diluted earnings per share**	**$**	**4.58**		**5.33**

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc. and its subsidiaries

Consolidated Statements of Changes in Equity

January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	Equity attributable to owners of parent company													
			Retained earnings				Other equity items							
	Share capital - Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) of financial assets at fair value through other comprehensive income	Total	Treasury shares	Total equity attributable to owners of the parent company	Former owner of business combination under common control	Non-controlling interest	Total equity
Balance as of January 1, 2021 (Restated)	$ 1,146,889	679,735	788,518	54,268	393,207	1,235,993	(83,110)	8,503	(74,607)	(12,907)	2,975,103	18,687	2,062,364	5,056,154
Net profit for the period	-	-	-	-	615,903	615,903	-	-	-	-	615,903	1,623	166,335	783,861
Other comprehensive income (loss) for the period	-	-	-	-	(215)	(215)	(51,761)	11,544	(40,217)	-	(40,432)	-	(1,681)	(42,113)
Total comprehensive income (loss) for the period	-	-	-	-	615,688	615,688	(51,761)	11,544	(40,217)	-	575,471	1,623	164,654	741,748
Profit distribution:														
Legal reserve	-	-	37,246	-	(37,246)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	20,339	(20,339)	-	-	-	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	(320,569)	(320,569)	-	-	-	-	(320,569)	-	-	(320,569)
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(52,225)	(52,225)
Cash dividend distributed from capital surplus	-	(22,898)	-	-	-	-	-	-	-	-	(22,898)	-	-	(22,898)
Cancellation of treasury shares	(2,000)	(1,093)	-	-	(9,814)	(9,814)	-	-	-	12,907	-	-	-	-
Differences between the actual price for acquisition or disposal of the subsidiaries and their carrying amount	-	-	-	-	(149,828)	(149,828)	-	-	-	-	(149,828)	-	(365,532)	(515,360)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	641,433	641,433
Balance as of December 31, 2021 (Restated)	1,144,889	655,744	825,764	74,607	471,099	1,371,470	(134,871)	20,047	(114,824)	-	3,057,279	20,310	2,450,694	5,528,283
Net profit for the period	-	-	-	-	528,230	528,230	-	-	-	-	528,230	3,394	65,376	597,000
Other comprehensive income (loss) for the period	-	-	-	-	(1,056)	(1,056)	65,556	11,227	76,783	-	75,727	-	60,092	135,819
Total comprehensive income (loss) for the period	-	-	-	-	527,174	527,174	65,556	11,227	76,783	-	603,957	3,394	125,468	732,819
Profit distribution:														
Legal reserve	-	-	61,568	-	(61,568)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	40,215	(40,215)	-	-	-	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	(366,364)	(366,364)	-	-	-	-	(366,364)	-	-	(366,364)
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(69,711)	(69,711)
Cash distributed from capital surplus	-	(45,796)	-	-	-	-	-	-	-	-	(45,796)	-	-	(45,796)
Differences between the actual price for acquisition or disposal of the subsidiaries and their carrying amount	-	-	-	-	(283)	(283)	-	-	-	-	(283)	-	(5,157)	(5,440)
Reorganization	-	(1,371)	-	-	-	-	-	-	-	-	(1,371)	(23,704)	(1,485)	(26,560)
Changes in percentage of ownership interests in subsidiaries	-	5	-	-	-	-	-	-	-	-	5	-	235	240
Disposition of unearned funds of employee stock ownership trust	-	4	-	-	-	-	-	-	-	-	4	-	-	4
Non-controlling interests adjustments	-	-	-	-	-	-	-	-	-	-	-	-	(2,060)	(2,060)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	79,375	79,375
Balance as of December 31, 2022	**$ 1,144,889**	**608,586**	**887,332**	**114,822**	**529,843**	**1,531,997**	**(69,315)**	**31,274**	**(38,041)**	**-**	**3,247,431**	**-**	**2,577,359**	**5,824,790**

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc. and its subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2022 and 2021
Unit: In Thousands of New Taiwan Dollars

	2022	2021 (Restated)
Cash flows from operating activities:		
Net profit before tax for the period	$ 759,467	986,108
Adjustment item:		
Adjustments for		
Depreciation expenses	217,978	192,516
Amortization expenses	101,348	67,378
Expected credit (impairment loss) gain on reversal	16,310	(6,169)
Evaluation losses of financial assets measured at fair value through gains and losses	72	829
Interest expense	61,348	24,776
Interest income	(5,786)	(2,672)
Dividend income	(3,941)	(999)
Loss (gain) on disposal of property, plant and equipment	(156)	1,854
Relisting expenses of property, plant and equipment	235	-
Gain on disposal of non-current assets held for sale	(14,624)	(469,360)
Loss on liquidation of subsidiary	391	-
Gain on lease amendment	(1,280)	(5)
Total revenue, expense and loss items	371,895	(191,852)
Changes in assets/liabilities related to business activities:		
Net changes in assets related to operating activities:		
Decrease (increase) in financial assets mandatorily classified as at fair value through profit or loss	998	(2,117)
Decrease (increase) in notes receivable and accounts receivable	113,341	(548,014)
Increase in accounts receivable from related parties	(74,833)	(37,127)
Increase in other receivables	(23,774)	(16,786)
Increase in inventories	(48,085)	(1,251,608)
Decrease (increase) in prepayments	15,135	(78,592)
Decrease in other current assets	1,531	1,500
Total net changes in assets related to operating activities	(15,687)	(1,932,744)
Net change in liabilities related to operating activities:		
Increase (decrease) in financial liabilities held for trading	4,199	(8,947)
Increase (decrease) in contract liabilities	(2,010)	70,798
Increase (decrease) in notes and accounts payables	(320,175)	339,481
Increase (decrease) in accounts payables to related parties	54,132	(41,685)
Decrease in other payables	(49,072)	(19,408)
Increase (decrease) in provisions	4,989	(10,580)
Increase (decrease) in other current liabilities	12,327	(2,596)
Decrease in net defined benefit liabilities	(15,164)	(517)
Decrease in other non-current liabilities	(827)	-
Total net changes in liabilities related to business activities	(311,601)	326,546
Total net changes in assets and liabilities related to operating activities	(327,288)	(1,606,198)
Total adjustment items	44,607	(1,798,050)
Cash generated from (used in) operations	804,074	(811,942)
Interest received	5,430	2,673
Interest paid	(58,658)	(24,515)
Income tax paid	(128,825)	(199,263)
Net cash generated from (used in) operating activities	622,021	(1,033,047)

(Continued on the next page)

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc. and its subsidiaries

Consolidated Statements of Cash Flows (Continued from the previous page)

January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	2022	2021 (Restated)
Cash flows from investing activities:		
Purchase of financial assets at amortized cost	(10)	(6,000)
Proceeds from sale of financial assets at amortized cost	28,343	-
Purchase of financial assets at fair value through other comprehensive income	(16,098)	-
Proceeds from sale of financial assets at fair value through profit or loss	-	981
Acquisition of subsidiaries (less cash obtained)	(141,309)	(41,201)
Proceeds from disposal of non-current assets held for sale	46,401	542,245
Purchase of property, plant and equipment	(178,614)	(993,714)
Proceeds from disposal of property, plant and equipment	349	1,677
Decrease in refundable deposits	2,899	1,056
Purchase of intangible assets	(48,155)	(15,396)
Decrease (increase) in other non-current assets	11,225	(31,461)
Dividends received	3,941	999
Net cash used in investing activities	(291,028)	(540,814)
Cash flows from financing activities:		
Proceeds from short-term borrowings	7,312,311	5,982,178
Repayments of short-term borrowings	(6,877,426)	(5,494,381)
Proceeds from long-term borrowings	1,450,432	2,200,000
Repayments of long-term borrowings	(1,650,565)	(454,170)
Repayment of the principal portion of lease	(80,493)	(80,288)
Cash dividends distributed	(412,160)	(343,467)
Acquisition of ownership interests in subsidiaries	(5,440)	(515,360)
Changes in non-controlling interests	(69,471)	(52,225)
Disposition of unearned funds of employee stock ownership trust	4	-
Net cash (used in) generated from financing activities	(332,808)	1,242,287
Effect of changes in exchange rate	142,474	(58,342)
Increase (decrease) in cash and cash equivalents for the current period	140,659	(389,916)
Cash and cash equivalents at the beginning of the period	1,549,815	1,939,731
Cash and cash equivalents at the end of the period	**$ 1,690,474**	**1,549,815**

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc. and Its Subsidiaries
Notes to Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(The amount shall be dominated in thousands of NTD, unless otherwise specified)

I. Company History

On July 14, 1981, DFI Inc. (the "Company") was established and registered under the approval from the Ministry of Economic Affairs, having the registered address of 10F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City. The Company and its subsidiaries (hereafter collectively referred to as the "Group") are principally engaged in the manufacturing and sales of boards and computer components for industrial computers.

II. Date and Procedures of Authorization of Financial Statements

The accompanying consolidated financial statements were approved and issued by the board of directors on March 2, 2023.

III. Application of Newly Issued and Revised Standards and Interpretations

(I) Effect of adopting new and amended standards and interpretations endorsed by the Financial Supervisory Commission (FSC)

As of January 1, 2022, the Group began to apply the following newly revised International Financial Reporting Standards (IFRS), which has not had a significant impact on the consolidated financial statements.

- Amendments to IAS 16, "Property, Plant and Equipment - Price before reaching Intended Use".
- Amendments to IAS 37, "Loss-making Contracts - Costs to Perform".
- Annual Improvements to IFRSs for the 2018-2020 Cycle
- Amendments to IFRS 3, "References to Conceptual Framework".

(II) Impact of not yet adopting IFRSs endorsed by the FSC

Based on the Group's assessment, the adoption of the following newly revised IFRSs effective from January 1, 2023 will not have a significant impact on the consolidated financial statements.

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

(III) New and amended standards and interpretations not yet endorsed by the FSC

The standards and interpretations issued and amended by the IASB but not yet endorsed by the FSC that may be related to the Group are as follows:

New issued or amended standards	Main amendments	Effective date of issuance by IASB
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current”	Current IAS 1 states that liabilities in which a business does not have an unconditional right to extend their maturity to at least twelve months after the reporting period should be classified as current. The amendments remove the requirement that the right should be unconditional and instead requires that the right must exist at the end of the reporting period and must be material. The amendments clarify how an enterprise should classify liabilities that are settled by the issuance of its own equity instruments (e.g., convertible bonds).	January 1, 2024
Amendments to IAS 1 “Non-current liabilities with contractual provision”	After reconsidering certain aspects of the 2020 amendments to IAS 1, the new amendments clarify that only contractual terms followed on or before the reporting date will affect the classification of a liability as current or non-current. Contractual terms (i.e., future terms) that an enterprise is required to follow after the reporting date do not affect the classification of a liability at that date. However, when non-current liabilities are subject to future contractual terms, companies are required to disclose information to help users of their financial statements learn about the risk that these liabilities may be settled within 12 months of the reporting date	January 1, 2024

The Group is now continuously assessing the impact of the above standards and interpretations on the financial position and operating results of the Group, and will disclose the related impact after completing the assessment.

The Group expects that the following newly issued and amended standards that have not been endorsed by the FSC yet will not deliver a material impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 "Disposal of or Contribution to Assets between an Investor and its Affiliates or Joint Ventures
- Amendments to IFRS 17, "Insurance Contracts" and IFRS 17
- Amendments to IFRS 16, "Provisions for Sale and Leaseback Transactions

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted in the consolidated financial statements are summarized below. The following accounting policies have been applied consistently to all periods presented in the consolidated financial statements.

(I) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers ("Guidelines") and International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations and Interpretations issued by the FSC ("IFRSs"), which have been endorsed by the FSC and put into effect.

(II) Basis of Preparation

1. Basis of measurement

   The consolidated financial statements have been prepared on the historical cost basis, except for the following significant balance sheet items.

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

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

   (3) Net defined benefit liabilities (or assets), which are measured at the present value of the defined benefit obligation less the fair value of pension fund assets.

2. Functional and presentation currencies

   The functional currency of each entity is the currency of the primary economic environment in which the entity operates. The consolidated financial statements of the Company are presented in the New Taiwan dollars, the functional currency of the Company. All financial information dominated in New Taiwan dollars shall be dominated in thousands of NTD, unless otherwise specified.

3. Organizational reorganization under common control

   The transaction of the Group’s acquisition of 100% equity in ACE Energy Co., Ltd., a subsidiary of the parent company, Qisda Corporation, in accordance with the Accounting Research and Development Foundation’s Letter (101) J.M.Z. No. 301 and the IFRS 3 Q&A set "Doubts about the Accounting for Business Combinations under

Common Control" dated October 26, 2018 was an organizational reorganization under common control. The Group deems that the acquisition occurred during the earliest comparable period expressed in the financial statements or on the date of establishment of the common control, whichever the later, and restated the comparative information accordingly. The above assets and liabilities acquired under common control are recognized on the basis of the carrying amount in the consolidated financial statements of the controlling shareholder.

In preparing the consolidated balance sheet, the equity under common control prior to acquisition is classified as "Equity attributable to former owner of business combination under common control"; In preparing the consolidated statement of comprehensive income, the profit or loss belong to former controlling shareholders record as "net profit (loss) attributable to former owner of business combination under common control".

(III) Basis of Consolidation

1. Principles for Preparation of Consolidated Financial Statements

   The consolidated financial statements are prepared by the Company and entities controlled by the Company (i.e., subsidiaries). When the Company is exposed to, or has rights to, variable compensation resulting from participation in an investee, and has the ability to influence such compensation through its power over the investee, the Company controls the entity.

   From the date of acquisition of control of the subsidiary, its financial statements are included in the consolidated financial statements until the date of loss of control. Internal transactions, balances and any unrealized gain or loss of the Group are eliminated in their entirety at the time of preparing the consolidated financial statements.

   The total consolidated income or loss of the subsidiaries is attributable separately to the owner and non-controlling interest of the Company, even if the non-controlling interest becomes a loss balance as a result.

   The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the Company.

   Where the change in the Group's ownership interest in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction with the owner. The difference between the adjustment- of non-controlling interests and the fair value of consideration paid or collected shall be directly recognized in equity attributable to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal is the difference between. (1) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (2) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The remaining investment in a subsidiary is recognized as the fair value at the date of loss of control, either as a financial asset measured at fair value through other comprehensive income or as the cost of an investment in a related party.

2. Subsidiaries included in the consolidated financial statements

Name of investor	Name of subsidiary	Nature of business	Comprehensive shareholding % 2022.12.31	Comprehensive shareholding % 2021.12.31	Description
The Company	DFI AMERICA, LLC (DFI US)	Sales of industrial computer cards	100.00%	100.00%	-
The Company	DFI Co., Ltd.	Sales of industrial computer cards	100.00%	100.00%	-
The Company	Yan Tong Technology Ltd. (Yan Tong)	Investment business	100.00%	100.00%	-
The Company	Diamond Flower Information (NL) B.V.	Sales of industrial computer cards	100.00%	100.00%	-
The Company	Brainstorm Corporation (Brainstorm)	Wholesale and retail of computer and peripheral devices	35.09%	35.09%	Note 1
Yan Tong	Yan Tong Infotech (Dongguan) Co., Ltd.	Manufacturing and sales of computer cards, board cards, host computer, electronic parts and components	100.00%	100.00%	-
Yan Tong	Yan Ying Hao Trading (Shenzhen) Co., Ltd.	Wholesale, import and export of computer cards, board cards, host computer, electronic parts and components	100.00%	100.00%	-
The Company	AEWIN Technologies Co., Ltd. (AEWIN)	Design, manufacture and sale of industrial computer cards and related products	51.38%	51.38%	-
AEWIN	Wise Way	Investment business	51.38%	51.38%	-
AEWIN	Aewin Tech Inc.	Wholesale of computer and peripheral equipment and software	51.38%	51.38%	-
Wise Way	Bright Profit	Investment business	51.38%	51.38%	-
Bright Profit	Aewin Beijing Technologies Co., Ltd. (Beijing AEWIN)	Wholesale of computer and peripheral equipment and software	51.38%	51.38%	-
Beijing AEWIN	Aewin(Shenzhen)Technologies Co., Ltd.	Wholesale of computer and peripheral equipment and software	51.38%	51.38%	-

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

Name of investor	Name of subsidiary	Nature of business	Comprehensive shareholding % 2022.12.31	Comprehensive shareholding % 2021.12.31	Description
The Company	Ace Pillar Co., Ltd. (Ace Pillar)	Automated control and testing, processing, sales, repair, and mechanical and electrical integration of industrial transmission systems	48.07%	48.07%	-
Ace Pillar	Cyber South Management Ltd. (Cyber South)	Holding Company	48.07%	48.07%	-
Ace Pillar	Hong Kong Ace Pillar Enterprise Company Limited (Hong Kong ACE Pillar)	Trade of transmission mechanical components	48.07%	48.07%	-
Ace Pillar/Proton/Cyber South	Tianjin Ace Pillar Co., Ltd. (Tianjin Ace Pillar)	Trade of transmission mechanical components	48.07%	48.07%	-
Cyber South	Proton Inc.(Proton)	Holding Company	48.07%	48.07%	-
Cyber South	Ace Tek (HK) Holding Co., Ltd. (Ace Tek)	Holding Company	48.07%	48.07%	-
Ace Tek	ADVANCEDTEK ACE (TJ) INC. (Quansheng Information)	Electronic system integration	48.07%	48.07%	-
Cyber South	Suzhou Super Pillar Automation Equipment Co., Ltd. (Suzhou Super Pillar)	Processing and technical services of mechanical transmission and control products	48.07%	48.07%	
Cyber South	Grace Transmission (Tianjin) Co., Ltd. (Tianjin Jinhao)	Manufacturing and processing of machinery transmission products	48.07%	48.07%	
Cyber South	Xuchang Ace AI Equipment Co.,Ltd.	Wholesale and retail of industrial robotic related products	-	48.07%	Note 4
Ace Pillar	ACE Energy Co., Ltd. (ACE Energy)	Energy Service Company	48.00%	39.90%	Note 5
Ace Pillar	Standard Technology Corporation (Standard Co.)	Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services	28.84%	-	Note 2
Standard Co.	Standard Technology Corp. (STCBVI)	Holding Company	28.84%	-	Note 2
STCBVI	Standard International Trading (Shanghai) Co., Ltd. (Shanghai Standard)	Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services	28.84%	-	Note 2
ACE Energy	BlueWalker GmbH (BWA)	Trading and services of energy management products	48.00%	-	Note 3

Note 1: As stated in Note VI (VIII), on May 1, 2021, the Company acquired 35.09% equity in Brainstorm, and according to the equity purchase agreement and the Articles of Association of Brainstorm, the Company has acquired 55.29% of the voting rights and more than half of the seats at the Board of Directors of Brainstorm. Therefore, the Company has taken control of Brainstorm.

Note 2: As stated in Note VI (VIII), Ace Pillar acquired 60% equity in Standard Co. and its subsidiaries on March 1, 2022 and gained control since then.

Note 3: As described in Note VI (VIII), Ace Pillar acquired 100% equity in BlueWalker GmbH on April 1, 2022, and subsequently, on December 1, 2022, the organizational structure was adjusted and ACE Energy acquired 100% equity of BWA from Ace Pillar with cash.

Note 4: It has been fully liquidated on June 21, 2022 and deregistration has been completed.

Note 5: As mentioned in Note VI (VIII), Ace Pillar acquired 100% equity in ACE Energy, a subsidiary of Qisda Corporation, on July 1, 2022. The aforementioned transaction is an organizational reorganization under common control and should be regarded as a combination from the beginning. The Group has retroactively restated the consolidated financial statements for the year ended December 31, 2022 when preparing the consolidated financial statements for the year ended December 31, 2021.

3. Subsidiaries not included in the consolidated financial statements: None.

(IV) Foreign currency

1. Foreign currency transactions

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

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

2. Foreign Operations

   Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency of the consolidated financial statements at the exchange rates prevailing on the reporting date; income and expense items are translated into the presentation currency of the consolidated financial statements at the average exchange rates for the period, with the resulting exchange differences recognized in other comprehensive income.

   When the disposal of a foreign operating entity results in a loss of control, joint control or significant influence, the cumulative translation differences related to the foreign operating entity are reclassified to profit or loss. When the disposal includes a subsidiary of a foreign operating entity, the related cumulative translation differences are re-attributed to non-controlling interests on a pro rata basis. When the disposal component includes investments in affiliates or joint ventures of foreign operating entities, the related cumulative translation differences are reclassified proportionately to profit or loss.

   When there is no plan to settle a monetary receivable or payable from a foreign operation and it is not likely to be settled in the foreseeable future, the resulting foreign currency translation gain or loss is recognized in other comprehensive income as part of the net investment in the foreign operation.

(V) Criteria for classifying assets and liabilities as current or non-current

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

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

Liabilities are classified as current liabilities and all other liabilities that are not current liabilities are classified as non-current liabilities if one of the following conditions is met:

1. The liability is expected to be settled in the normal course of business;
2. The liability is held primarily for trading purposes;
3. The liability is due for settlement within twelve months after the reporting period; or
4. The liability does not have an unconditional right to defer settlement for at least twelve months after the reporting period. The terms of the liabilities do not affect the classification of the liabilities that may be settled by issuing equity instruments at the option of the counter-parties.

(VI) Cash and cash equivalents

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

(VII) Financial instruments

Accounts receivable and debt securities issued are recognized as they are incurred. All other financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instruments. Financial assets (excluding accounts receivable that do not include significant financial components) or financial liabilities measured at fair value through profit or loss were originally measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not include significant financial components are originally measured at transaction prices.

1. Financial assets

   Financial assets at the time of initial recognition is classified as follows: Financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. Purchase or sale of financial assets in accordance with transaction practices is subject to accounting treatment on the transaction date.

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

   (1) Financial assets measured at amortized cost

   Financial assets that simultaneously meet the following conditions and are not designated as measured at fair value through profit or loss are measured at amortized cost:

   - The financial asset is held under a business model for the purpose of receiving contractual cash flows.
   - The contractual terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of principal and outstanding principal amounts.

   After initial recognition, these financial assets are measured using the effective interest rate method at amortized cost less impairment losses. Interest income, foreign currency exchange gain or loss, and impairment losses are recognized in profit or loss. When de-recognized, profit or loss is included in profit or loss.

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

   When a debt instrument investment simultaneously meets the following conditions and is not designated as measured at fair value through profit or loss, it is measured at fair value through other comprehensive income:

   - The financial asset is held under a business model for the purpose of receiving contractual cash flows and selling.
   - The contractual terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of principal and outstanding principal amounts.

Upon initial recognition, the Group may make an irrevocable option to report subsequent changes in the fair value of equity instrument investments not held for trading in other comprehensive income. The above selections were made on a tool by tool basis.

Debt instrument investments are subsequently measured at fair value. Interest income, foreign currency exchange gain or loss, and impairment losses calculated using the effective interest method are recognized in profit or loss, while the remaining net profits or losses are recognized in other comprehensive income. Upon derecognition, the accumulated amount of other comprehensive income under equity is reclassified to profit or loss.

Equity instrument investments are subsequently measured at fair value. Dividend income (unless it clearly represents the recovery of some investment costs) is recognized in profit or loss. The remaining net profits or losses are recognized as other comprehensive income. When derecognized, the accumulated other comprehensive income under equity is reclassified to retained earnings, not to profit or loss. Dividend income from equity investments is recognized on the date on which the Group is entitled to receive dividends (usually the ex-dividend date).

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

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Group may irrevocably designate financial assets that meet the criteria for measurement at amortized cost or fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

These assets are subsequently measured at fair value, and the net gains or losses (including any dividends and interest income) arising from remeasurement are recognized as profit or loss.

(4) Impairment of financial assets

The Group recognizes an allowance for expected credit losses on financial assets measured at amortized cost, including cash and equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, and deposits.

The following financial assets are measured as allowance losses based on the expected amount of credit losses over a twelve-month period, while the remaining financial assets are measured based on the expected amount of credit losses during their lifetime:

- The credit risk of bank deposits (i.e., the risk of default during the expected lifetime of a financial instrument) has not significantly increased since the initial recognition.

The allowance for losses on accounts receivable is measured by the expected amount of credit losses during the period of existence.

The expected credit loss during the expected lifetime of a financial instrument refers to the expected credit loss caused by all possible default events during the expected lifetime of the financial instrument. "12 month expected credit loss" refers to the expected credit loss caused by a possible default event of a financial instrument within 12 months after the reporting date (or a shorter period, if the expected duration of the financial instrument is less than 12 months).

The maximum period for measuring expected credit losses is the longest contractual period during which the Group is exposed to credit risk.

In determining whether the credit risk has significantly increased since the initial recognition, the Group considers reasonable and verifiable information (available without excessive cost or investment), including qualitative and quantitative information, and analysis based on the historical experience, credit evaluation, and forward-looking information of the Group.

The expected credit loss is a weighted estimate of the probability of credit loss during the expected lifetime of a financial instrument. Credit losses are measured at the present value of all cash shortfalls, which is the difference between the cash flows that the Group can receive under the contract and the cash flows that the Group expects to receive. Expected credit losses are discounted at the effective interest rate of the financial assets.

Allowance for losses on financial assets measured at amortized cost is deducted from the carrying amount of the assets.

When the Group does not have a reasonable expectation of recovering all or part of a financial asset, the total carrying amount of the financial asset is directly reduced. The Group analyzes the timing and amount of write-offs individually on the basis of whether recovery is reasonably expected. The Group does not expect any material reversal of the amount written off. However, financial assets that have been written off are still enforceable in order to comply with the Group's procedures for recovering overdue amounts.

(5) Derecognition of financial assets

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

If the Group enters into a transaction to transfer a financial asset, the financial asset is continuously recognized in the balance sheet if all or substantially all the risks and rewards of ownership of the transferred asset are retained.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The debt and equity instruments issued by the Group are classified as financial liabilities or equity according to the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

(2) Equity transactions

An equity instrument is any contract that recognizes the Company's remaining interest in an asset less all of its liabilities. Equity instruments issued by the Group shall be recognized at the amount equal to the consideration acquired less the direct costs of issuance.

(3) Treasury stock

Upon repurchase of equity instruments recognized by the Company, the consideration paid, including directly attributable costs, is recognized as a reduction of equity. Shares repurchased are classified as treasury stock. On subsequent sales or reissues of treasury stock, the amount received is recognized as an increase in equity and the residual or deficit arising from the transaction is recognized as capital surplus or retained earnings (if capital surplus is not sufficient to offset it).

(4) Financial liabilities

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

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

(5) Derecognition of financial liabilities

The Group derecognizes financial liabilities when the contractual obligations are fulfilled, canceled or expired. When the terms of a financial liability are modified and the cash flows of the modified liability are materially different, the original financial liability is derecognized and the new financial liability is recognized at fair value based on the modified terms. When a financial liability is derecognized, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3. Offsetting of financial assets and liabilities

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

4. Derivative financial instruments

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

(VIII) Inventories

Inventories are measured at the lower of cost or net realizable value. Inventories include acquisition, production or processing costs and other costs incurred in bringing them to the place and condition in which they are available for use and are measured using the weighted-average method. Fixed manufacturing costs are allocated to finished goods and work in process based on the higher of normal production capacity or actual production of the production equipment, while variable manufacturing costs are allocated on the basis of actual production. Net realizable value is the estimated selling price under normal operations less estimated costs of completion and selling expenses required to complete the sale.

(IX) Non-current assets held for sale

Non-current assets or disposal groups consisting of assets and liabilities are classified as non-current assets held for sale when their carrying amount is expected to be recovered principally through sale rather than through continuing use. Non-current assets or disposal groups that meet this classification must be available for immediate sale in their current condition and it is highly probable that the sale will be completed within one year. The components of the asset or disposal group are remeasured in accordance with the accounting policies of the Group prior to their original classification as non-current assets held for sale. After classification as a non-current asset held for sale, it is measured at the lower of its carrying amount or fair value less costs to sell. The impairment loss of any disposal group is first allocated to goodwill and then to the remaining assets and liabilities on a pro rata basis, except that the loss is not allocated to assets that are not within the scope of IAS 36, Impairment of Assets, which continue to be measured in accordance with the accounting policies of the Group. Gain or loss arising from the recognition of impairment losses and subsequent remeasurement of assets and liabilities originally classified as held for sale is recognized in profit or loss, provided that the gain of recovery shall not exceed the accumulated impairment loss that has been recognized.

When intangible assets and property, plant and equipment are classified as non-current assets held for sale, they are no longer depreciated or amortized. In addition, the equity method is discontinued when the investments recognized using the equity method are classified as non-current assets held for sale.

(X) Property, plant and equipment

1. Recognition and measurement

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

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

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

2. Subsequent costs

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

3. Depreciation

   Depreciation is calculated on the basis of the cost of an asset less its residual value and is recognized in profit or loss over the estimated useful life of each component using the straight-line method. Except for land, which is not subject to depreciation, the estimated useful lives of the remaining components are. Machinery equipment: 2 to 10 years; office and other equipment. 3 to 10 years. In addition, buildings and structures are depreciated over the estimated useful lives of their significant components. The estimated useful lives of the main building and auxiliary buildings are 20 to 60 years; the estimated useful lives of other auxiliary electrical and mechanical equipment and engineering systems are 3 to 10 years.

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

(XI) Leases

The Group assesses whether a contract is or comprises a lease at the inception date of the contract. A contract is or comprises a lease if it transfers control over the use of an identified asset for a period of time in exchange for consideration.

1. Lessees

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

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

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

Lease payments included in the measurement of lease liabilities include:

(1) Fixed payments, including real fixed payments:

(2) Variable lease payments that depend on an index or rate, using the index or rate at the inception date of the lease as the original measure:

(3) The amount of the residual value guarantee expected to be paid; and

(4) The exercise price or penalty to be paid if it is reasonably certain that the option to purchase or the option to terminate the lease will be exercised.

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

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

(2) There is a change in the amount of the residual value guarantee expected to be paid;

(3) There is a change in the evaluation of the purchase option on the subject asset;

(4) There is a change in the estimate of whether to exercise the option to extend or terminate the lease, resulting in a change in the evaluation of the lease term;

(5) There is a change in the subject matter, scope or other terms of the lease.

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

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

The Group presents right-of-use assets and lease liabilities that do not meet the definition of investment property as separate line items in the balance sheet.

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

2. Lessors

Transactions in which the Group is the lessor are classified as finance leases on the inception date of the lease based on whether the lease contracts transfer substantially all the risks and rewards incidental to the ownership of the subject assets, and otherwise are classified as operating leases. In its evaluation, the Group considers specific indicators, including whether the lease period covers a significant portion of the economic life of the subject asset.

If the Group is the lessor of a sublease, it treats the main lease and the sublease transaction separately and assesses the classification of the sublease transaction using the right-of-use assets arising from the main lease. If a master lease is a short-term lease and the recognition exemption applies, the sublease transaction should be classified as an operating lease.

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

(XII) Intangible assets

1. Goodwill

Goodwill arising from the acquisition of a subsidiary is recognized as an intangible asset. Please refer to Note IV (XV) for the original measurement of goodwill recognition. Goodwill is not amortized and is measured at cost less accumulated impairment.

2. Other intangible assets

   Acquisitions of software, trademark rights and customer relationships are measured at cost less accumulated amortization and accumulated impairment. Amortization is provided on a straight-line basis over the following estimated useful lives and is recognized in profit or loss. For purchased software, 1 to 5 years; for trademark rights, 10 years; and for customer relationships, 4 to 11 years.

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

(XIII) Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that the carrying amount of non-financial assets (other than inventories, deferred income tax assets and assets for employee benefits) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Goodwill is tested for impairment annually or whenever there is an indication of impairment.

The purpose of the impairment test is to identify a group of assets as the smallest identifiable group of assets for which a significant portion of the cash inflows are separate from other individual assets or groups of assets. Goodwill acquired on a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect.

The recoverable amount is the higher of the fair value of the individual asset or cash-generating unit, less costs to dispose, and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognized if the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount. The impairment loss is recognized immediately in profit or loss and reduces the carrying amount of the goodwill amortized for the cash-generating unit first, and then reduces the carrying amount of each asset in proportion to the carrying amount of the other assets in the unit.

The impairment loss on goodwill is not subject to reversal. Non-financial assets other than goodwill are reversed only to the extent that the carrying amount of the asset, net of depreciation or amortization, would have been determined had no impairment loss been recognized in prior years.

(XIV) Provision for liabilities

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

The provision for product warranty liability is recognized when the product is sold. The provision for this liability is measured based on historical warranty information and all probable outcomes weighted by their respective probabilities.

(XV) Business combinations

The Group uses the acquisition method of accounting to account for business combinations. Goodwill is measured at the fair value of the consideration transferred at the acquisition date, including the amount attributable to any non-controlling interest in the acquiree, less the net amount of the identifiable assets acquired and liabilities assumed, which is generally the fair value. If the resulting balance is negative, the Group reassesses whether all assets acquired and liabilities assumed have been properly recognized before recognizing the benefit of the bargain purchase in profit or loss.

Transaction costs associated with a business combination are recognized as expenses of the combining company as soon as they are incurred, except when they relate to the issuance of debt or equity instruments.

The non-controlling interests in the acquiree that are presently owned and whose holders are entitled to a proportionate share of the net assets of the business at the time of liquidation are measured, at the option of the Group, on a transaction-by-transaction basis, at either the acquisition date fair value or at the present ownership instrument's proportionate share of the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at their fair values at the acquisition date or on other bases in accordance with IFRSs recognized by the FSC.

In a business combination entered into in stages, the Group remeasures its previously held interest in the acquiree at its acquisition-date fair value, and any resulting gain or loss is recognized in profit or loss. Changes in the value of the acquiree's interest that were recognized in other comprehensive income before the acquisition date should be treated in the same manner as if the Group had directly disposed of its previously held interest, and if it is appropriate to reclassify the interest to profit or loss upon disposal, the amount is reclassified to profit or loss.

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

(XVI) Revenue recognition

Revenue is measured at the consideration to which the Group is expected to be entitled as a result of the transfer of goods or services. The Group recognizes revenue when control of goods or services is transferred to customers to satisfy performance obligations. The Group explains the main revenue items as follows:

1. Sales of goods

   The Group recognizes revenue when control of goods is transferred to customers. Transfer of control of goods means that the goods has been delivered to the customer, the customer is able to determine the sales channel and price of the product, and there are no outstanding obligations that would affect the customer's acceptance of the goods. Delivery occurs when the product is delivered to a specific location, the risk of obsolescence and loss has been transferred to the customer, the customer has accepted the product in accordance with the terms of the transaction, and the Group has objective evidence that all acceptance conditions have been met.

   The Group has a refund obligation for defective products sold and has recognized a provision for warranty liability for this obligation.

   The Group recognizes accounts receivable upon delivery of goods because the Group has the unconditional right to receive the consideration at that point in time.

2. Financial components

   The Group does not adjust the time value of money of the transaction price because the time interval between the expected transfer of goods to customers and the payment of goods or services by customers does not exceed one year.

(XVII) Employee benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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

   The remeasurement of the net defined benefit obligation (asset) consists of (1) actuarial gain or loss; (2) compensation on plan assets, excluding the amount included in net interest on the net defined benefit obligation (asset); and (3) any change in the asset ceiling effect, excluding the amount included in net interest on the net defined benefit obligation (asset). The remeasurement of the net defined benefit liability (asset) is recognized in other comprehensive income and is transferred to other equity in the current period.

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

3. Short-term employee benefits

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

(XVIII) Share-based payment transactions

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

The non-vested conditions regarding share-based payment awards are reflected in the measurement of the fair value of share-based payment awards at the date of grant and no adjustment is required to be made to verify the difference between the expected and actual results.

The grant date of the Group's share-based payment is the date the Group notifies its employees of the subscription price and the number of shares to be subscribed.

(XIX) Income taxes

Income tax expense includes current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss, except when they relate to business combinations, items recognized directly in equity or other comprehensive income.

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

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

1. Assets or liabilities that are not part of the original recognition of a business combination transaction and do not affect the accounting profit or taxable income (loss) at the time of the transaction;
2. Temporary differences arising from investments in subsidiaries, affiliates and joint ventures where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
3. Taxable temporary differences arising from the original recognition of goodwill.

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

Deferred income taxes are measured at the tax rates that are expected to apply to the reversal of temporary differences, based on the statutory tax rate at the reporting date or the tax rate of substantive legislation, and reflecting uncertainties, if any, related to income taxes.

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

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

Income tax expenses recognized directly in equity or other comprehensive income are measured at the tax rates that are expected to apply when the related assets and liabilities are realized or settled, based on the temporary differences between their carrying amounts for financial reporting purposes and their tax bases.

(XX) Earnings per share

The Group presents basic and diluted earnings per share attributable to equity holders of the Company's common stock. Basic earnings per share of the Group is calculated by dividing the profit or loss attributable to the holders of the Company's common stock by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to equity holders of the Company's common stock and the weighted-average number of common shares outstanding, respectively, for the effect of all potentially dilutive common shares. The potential diluted common stock of the Group is the employee compensation that may be issued in stock.

(XXI) Segment information

Operating segments are units of the Group that engage in operating activities that may generate revenues and expenses, including revenues and expenses related to intercompany transactions with other components of the Group. The operating results of all operating divisions are reviewed regularly by the Group's chief operating decision maker to make decisions about the allocation of resources to the division and to evaluate its performance. Separate financial information is available for each operating segment.

V. Major Sources of Uncertainty in Significant Accounting Judgments, Estimates and Assumptions

When preparing the consolidated financial statements in conformity with the Guidelines and the IFRSs recognized by the FSC, the management shall make judgments, estimates and assumptions, which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from estimates.

The Management has continuously reviewed the estimates and basic assumptions, and changes in accounting estimate are recognized in the period of change and in the future periods affected.

The uncertainties in the following assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next fiscal year and reflect the impact of COVID-19, as follows:

(I) Valuation of Inventories

Inventories are measured at the lower of cost or net realizable value. The Group assesses the amount of inventories that are normally worn out, obsolete or have no marketable value at the reporting date and reduces the cost of inventories to net realizable value. This inventory valuation is primarily based on estimates of product demand in specific periods in the future and is subject to significant changes due to rapid changes in the industry. Please refer to Note VI (VI) for the valuation of inventories.

(II) Goodwill impairment assessment

The process of assessing goodwill impairment relies on the Group's subjective judgment, which includes identifying cash-generating units, allocating goodwill to the relevant cash-generating units, and determining the recoverable amount of the relevant cash-generating units. Any changes in economic conditions or corporate strategy may cause significant changes in the results of the assessment.

VI. Description of Significant Accounting Items

(I) Cash and cash equivalents

		2022.12.31	2021.12.31
Cash on hand and petty cash	$	589	360
Demand deposits and check deposits		1,689,885	1,471,951
Time deposits with original maturity date within three months		-	77,504
	$	1,690,474	1,549,815

(II) Financial instruments at fair value through profit or loss – current

		2022.12.31	2021.12.31
Financial assets mandatorily classified as at fair value through profit or loss:			
Non-hedging derivative instruments:			
Forward foreign exchange contracts	$	1,353	74
Foreign exchange SWAP contracts		34	2,311
		1,387	2,385
Non-derivative financial assets:			
Fund beneficiary certificates		26,071	26,143
	$	27,458	28,528
Financial liabilities held for trading:			
Derivative financial instruments:			
Forward foreign exchange contracts	$	1,106	821
Foreign exchange SWAP contracts		3,914	-
	$	5,020	821

Please refer to Note VI (XXIII) Non-operating income and expenses for the amount recognized in profit or loss measured at fair value.

The Group engages in derivative financial instruments to hedge the exposure to exchange rate risk arising from operating activities, which are reported as financial assets or liabilities at fair value through profit or loss because hedge accounting is not applied. The details of the outstanding derivative financial instruments as of the reporting date is as follows:

1. Forward foreign exchange contracts

2022.12.31

Currency	**Contractual amount (In thousands of NTD)**	**Maturity period**
Buy JPY/Sell USD	USD 916	2023.01
Buy USD/Sell RMB	RMB 146,756	2023.01
Buy RMB/Sell USD	USD 2,800	2023.01
Buy NTD/Sell USD	USD 6,660	2023.01
Buy USD/Sell Euro	USD 800	2023.01
Buy Euro/Sell in USD	USD 1,100	2023.01

2021.12.31

Currency	**Contractual amount (In thousands of NTD)**	**Maturity period**
Buy JPY/Sell USD	JPY 34,034	2022.01
Buy USD/Sell RMB	RMB 110,410	2022.01
Buy RMB/Sell USD	RMB 6,156	2022.01
Buy Euro/Sell in USD	USD 1,422	2022.01

2. Foreign exchange SWAP contracts

2022.12.31

Currency	**Contractual amount (In thousands of NTD)**	**Maturity period**
Swap in NTD/swap out USD	USD 30,630	2023.01
Swap in NTD/swap out RMB	RMB 47,000	2023.01

2021.12.31

Currency	**Contractual amount (In thousands of NTD)**	**Maturity period**
Swap in NTD/swap out USD	USD 22,130	2022.01

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

		2022.12.31	2021.12.31
Equity instruments measured at fair value through other comprehensive income:			
Stocks of domestic listed (OTC) companies	$	68,840	41,259
Foreign unlisted (OTC) stocks		2,224	1,288
	$	71,064	42,547

The Group holds such equity instrument investments for the strategic investment purpose, instead of trading purpose. Therefore, they have been designated as measured at fair value through other consolidated profit or loss.

The Group did not dispose of the above-mentioned strategic investments in 2022 and 2021, and the gain or loss accumulated during those periods were not transferred to equity.

(IV) Financial assets carried at amortized cost

		2022.12.31	2021.12.31
Financial assets measured at amortized cost - current:			
Pledged certificate of deposit	$	2,325	1,708
Time deposits with original maturity date over 3 months		7,232	18,000
	$	9,557	19,708
Financial assets measured at amortized cost - non-current:			
Corporate bonds	$	3,212	-

The Group assesses that the above assets are held for the purpose of collecting contractual cash flows and that the cash flows of these financial assets are solely payments of principal and interest on the principal amount outstanding, and, therefore, they are recorded as financial assets measured at amortized cost.

Please refer to Note VIII for details of the aforesaid financial assets used by the Group to provide guarantees.

(V) Notes and accounts receivable and other receivables

	2022.12.31	2021.12.31
Notes receivable	$ 336,104	305,492
Accounts receivable	2,343,503	2,330,999
Accounts receivable from related parties	272,306	182,138
Less: Allowance for loss	(67,816)	(32,235)
	$ 2,884,097	2,786,394
Other receivables	$ 56,389	31,661
Other receivables from related parties	556	498
	$ 56,945	32,159

The Group uses a simplified approach to estimate expected credit losses for all accounts receivable, which is measured using expected credit losses for the duration of the period, and has included forward-looking information. The expected credit losses of the Group's accounts receivable were analyzed as follows:

	2022.12.31		
	Book-entry amounts of accounts receivable	**Weighted average expected credit loss rate**	**Allowance for expected credit losses for the duration of the period**
Not overdue	$ 2,042,659	0.06%	1,321
1-30 days overdue	196,504	1.71%	3,368
31-60 days overdue	26,676	8.78%	2,342
61-90 days overdue	13,545	16.12%	2,184
Overdue more than 90 days	64,119	91.39%	58,601
	$ 2,343,503		67,816

	2021.12.31		
	Book-entry amounts of accounts receivable	**Weighted average expected credit loss rate**	**Allowance for expected credit losses for the duration of the period**
Not overdue	$ 2,122,094	0.06%	1,170
1-30 days overdue	159,426	3.25%	5,185
31-60 days overdue	16,337	9.85%	1,609
61-90 days overdue	5,188	17.85%	926
Overdue more than 90 days	27,954	83.51%	23,345
	$ 2,330,999		32,235

The Group has assessed the counterparties of notes receivable, accounts receivable from related parties and other receivables (including related parties) in respect of past default record, current financial position and future economic situation forecast, and concluded that the expected recoverable amounts of these items are equivalent to their originally presented amounts. Thus, it is unnecessary to recognize the allowance for the losses.

The statement of changes in the allowance for losses of the Group's accounts receivable is listed as follows:

	2022	2021
Beginning Balance	$ 32,235	46,661
Recovery of amounts written off in current period	-	100
Provision (reversal) of impairment loss for the period	16,310	(6,169)
Impact from initial consolidation of subsidiary	3,143	-
Unrecoverable amount written off for current year	(7,793)	(8,481)
Estimated insurance claims on accounts receivable	23,434	-
Effect of exchange rate changes	487	124
Ending balance	$ 67,816	32,235

Please refer to Note VIII for details of the notes receivable used by the Group to provide pledge guarantees.

(VI) Inventories

	2022.12.31	2021.12.31
Raw materials	$ 1,737,449	2,058,371
Work in progress	228,553	143,287
Manufactured goods and commodities	1,490,591	1,246,458
Goods in Transit	235,442	67,907
Outsourced processing products	124,561	67,272
	$ 3,816,596	3,583,295

The inventory-related expenses and losses recognized as the operating cost in the current period are detailed as follow:

	2022	2021
Cost of inventory sold	$ 12,820,141	10,813,277
Inventory falling price loss (recovery benefit)	40,815	(92,052)
Inventory scrap loss and inventory gain	46,698	48,785
	$ 12,907,654	10,770,010

The above inventory price loss was due to the write-down of inventories to net realizable value at the end of the period, thus recognized as loss on inventories. The gain on reversal of inventory valuation arises from obsolete inventory sold or scrapped, and the gain on reversal is recognized within the scope of inventory price loss.

(VII) Non-current assets held for sale

On May 21, 2021, the consolidated subsidiary Ace Pillar adopted a resolution by the board of directors to sell the land and property in Sanchong District. Therefore, the carrying value of such property was transferred to the non-current assets held for sale, amounting to NTD73,452 thousand. Some of the aforementioned assets have been sold in January and June 2022 with a net sale price of NTD46,401 thousand with a carrying amount of NTD31,777 thousand for the assets sold and a gain on disposal of NTD14,624 thousand.

On December 23, 2021, the consolidated subsidiary Tianjin Ace Pillar adopted a resolution by the board of directors to sell the plant and land use rights in Tianjin Ace Pillar Pilot Free Trade Zone. Therefore, the total amount of such plant of NTD239,149 thousand was transferred to non-current assets held for sale.

At the end of 2022, the management authority assessed that due to the impact of the COVID-19 and the overall external economic environment, the above assets no longer meet the conditions for being classified as assets held for sale, so the amount of these assets was NTD346,592 thousand, which was reclassified under the assets of property, plant and equipment, and use rights. This reclassification had no significant impact on the operation and finance of the Group in 2022 and 2021.

The Company passed the resolution of the board of directors on August 6, 2021 to sell the plant and buildings in Xizhi District, and has signed a contract for the relevant sale. The total sale price was NTD550,000 thousand (including tax), and the carrying amount of such property amounted to NTD72,885 thousand was listed in "non-current assets held for sale." The transfer of the real estate was completed on November 11, 2021, and a disposal gain of NTD469,360 thousand was recognized.

(VIII) Subsidiaries and non-controlling interests

1. Acquisition of a subsidiary - Brainstorm Corporation (Brainstorm)

   (1) Consideration transferred for acquisition of the subsidiary

   On May 1, 2021 (acquisition date), the Company acquired 35.09% equity, including ordinary shares and special shares, in Brainstorm, and according to the investment agreement between both parties and the Articles of Association of Brainstorm, the Company has acquired 55.29% of the voting rights and more than half of the seats at the Board of Directors of Brainstorm. Therefore, the Company has taken control of Brainstorm and included Brainstorm in the consolidated entities as of the acquisition date. The Group has acquired Brainstorm mainly in order to implement the channel first strategy and accelerate the development in the American market.

(2) Net identifiable assets acquired

The fair values of the identifiable assets and liabilities of Brainstorm acquired on May 1, 2021 (acquisition date) are detailed as follows:

Transfer consideration:		
Cash		$ 501,582
Plus: Non-controlling interests (measured by the proportion of non-controlling interests in net identifiable assets)		641,433
Less: Fair value of net identifiable assets acquired:		
Cash and cash equivalents	$ 460,381	
Net accounts receivable	191,888	
Inventories	803,582	
Prepayments and other current assets	4,613	
Property, plant and equipment	7,026	
Right-of-use assets	51,212	
Intangible assets - Trademark	562,692	
Intangible assets - Computer Software	129	
Refundable deposits	4,573	
Accounts payable	(784,344)	
Other payables	(143,260)	
Current income tax liabilities	(2,055)	
Other current liabilities	(311)	
Lease liabilities (including current and non-current)	(51,212)	
Deferred income tax liabilities	(112,538)	
Long-term borrowings	(4,187)	988,189
Goodwill		**$ 154,826**

The Group constantly reviewed the above matters during the measurement period and adjusted the amounts of above-mentioned intangible assets and goodwill in the first quarter of 2022 as follows:

Increase in intangible assets - trademark	$	6,577
Increase in deferred income tax liabilities		(1,315)
Increase in non-controlling interests		(3,415)
Decrease in goodwill	**$**	**1,847**

(3) Intangible assets

The intangible asset - trademark is evenly amortized with the straight-line method based on its economic benefit life of 10 years.

The goodwill mainly comes from Brainstorm's profitability, premium from the control over it, the synergy of the merger, future development in the American market and value of its human resource team. It is expected to have no income tax effect.

2. Acquisition of subsidiaries - Standard Technology Corporation and its subsidiaries

(1) Consideration transferred for acquisition of the subsidiary

On March 1, 2022 (the acquisition date), Ace Pillar, the combined subsidiary, acquired 4,680 thousand ordinary shares of Standard Technology Corporation (Standard Co.) for a cash consideration of NTD187,000 thousand and acquired a 60% equity interest, thereby obtaining control over this company and has included Standard Co. and its subsidiaries in the consolidated entities since the acquisition date. Standard Co. and its subsidiaries are principally engaged in the trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services. Standard Co. was acquired by the Group for the purpose of optimizing the layout of the semiconductor business, expanding its business and providing customers with comprehensive products and services.

(2) Net identifiable assets acquired

The fair values of the identifiable assets acquired and liabilities assumed of Standard Co. and its subsidiaries on March 1, 2022 (acquisition date) are detailed as follows:

Transfer consideration:		
Cash		$ 187,000
Plus: Non-controlling interests (measured by the proportion of non-controlling interests in the fair value of net identifiable assets)		79,375
Less: Fair value of net identifiable assets acquired:		
Cash and cash equivalents	$ 164,493	
Net notes and accounts receivable	124,853	
Other receivables	1,012	
Inventories	112,226	
Prepayments and other current assets	5,738	
Financial assets measured at amortized cost (including current and non-current)	21,127	
Financial assets at fair value through other comprehensive income - non-current	1,434	
Property, plant and equipment	2,841	
Right-of-use assets	5,521	
Intangible assets - Computer Software	1,039	
Intangible assets - Client relationship	92,585	
Deferred income tax assets	2,235	
Other non-current assets	699	
Short-term borrowings	(122,161)	
Accounts payable	(65,200)	
Other payables (including dividends payable)	(75,849)	
Current income tax liabilities	(5,969)	
Contract liabilities - current	(12,069)	
Other current liabilities	(176)	
Lease liabilities (including current and non-current)	(5,464)	
Deferred income tax liabilities	(44,806)	
Other non-current liabilities	(5,671)	198,438
Goodwill		**$ 67,937**

During the measurement period, the Group continuously reviewed the above matters and adjusted the above intangible assets - customer relationships and non-controlling interests by minus NTD18,509 thousand and minus NTD5,475 thousand, other net liabilities by minus NTD4,822 thousand, and goodwill by NTD8,212 thousand in 2022.

(3) Intangible assets

The above customer relationships are amortized on a straight-line basis over a period of 10.84 years based on the expected future economic benefits.

Goodwill mainly comes from the profitability of Standard Co., the comprehensive effect of merger, future market development, and the value of its human resources team, with no expected income tax effect.

(4) Proposed information on operating results

The operating results of Standard Co. and its subsidiaries from the acquisition date to December 31, 2022 have been consolidated into the consolidated comprehensive income statements of the Consolidated Company, and they contributed a net operating revenue and a net after-tax profit (including amortization of intangible assets obtained by acquisition) of NTD548,580 thousand and NTD36,298 thousand, respectively. If the acquisition had occurred on January 1, 2022, the pro-forma net operating revenue and net after-tax profit of the Group from January 1 to December 31, 2022 would have been NTD16,302,706 thousand and NTD600,577 thousand, respectively.

3. Acquisition of subsidiary - BlueWalker GmbH

(1) Consideration transferred for acquisition of the subsidiary

On April 1, 2022 (the acquisition date), the merged subsidiary Ace Pillar acquired 100% equity of BlueWalker GmbH (hereinafter referred to as BWA) with cash of NTD127,200 thousand (EUR 4000 thousand), thereby obtaining control over the company and incorporating it into the Group from the acquisition date. BWA is primarily engaged in the trading and services of energy management products. The Group acquired BWA mainly to enhance product diversification and expand product sales regions for the purpose of improving overall economic efficiency.

(2) Net identifiable assets acquired

The fair values of the identifiable assets and liabilities of BWA acquired on April 1, 2022 (acquisition date) are detailed as follows:

Transfer consideration:				
Cash			$	127,200
Less: Fair value of net identifiable assets acquired:				
Cash and cash equivalents	$	34,958		
Net notes and accounts receivable		27,389		
Inventories		72,990		
Prepayments and other current assets		2,746		
Property, plant and equipment		636		
Intangible assets - Computer Software		18		
Intangible assets - Client relationship		12,151		
Intangible assets - Trademark		12,822		
Other non-current assets		1,273		
Accounts payable		(33,314)		
Other payables		(14,545)		
Current income tax liabilities		(1,036)		
Contract liabilities - current		(624)		
Other current liabilities		(311)		
Long-term borrowings - current portion		(249)		
Long-term borrowings		(601)		
Deferred income tax liabilities		(4,994)		
Other non-current liabilities		(805)		108,504
Goodwill			**$**	**18,696**

During the measurement period, the Group continued to review the above matters and adjusted the decrease in intangible assets - customer relationships by NTD4,285 thousand and deferred income tax liabilities by NTD857 thousand in 2022, resulting in an increase in goodwill by NTD3,428 thousand.

(3) Intangible assets

The above customer relationships and trademark rights are amortized on a straight-line basis over a projected future economic benefit period of 9.75 years and 10 years, respectively.

Goodwill mainly comes from BWA's profitability, the synergy of the merger, future development in market and value of its human resource team. It is expected to have no income tax effect.

(4) Proposed information on operating results

From the acquisition date to December 31, 2022, BWA's operating results were incorporated into the consolidated comprehensive income statement of the Group, contributing net operating income and net profit after tax of NTD256,336 thousand and NTD13,896 thousand, respectively. If the acquisition had occurred on January 1, 2022, the pro-forma net operating revenue and net after-tax profit (including amortization of intangible assets obtained by acquisition) of the Consolidated Company for 2022 would have been NTD16,267,422 thousand and NTD597,206 thousand respectively.

4. Acquisition of subsidiary - ACE Energy Co., Ltd.

(1) Consideration transferred for acquisition of the subsidiary

The consolidated subsidiary, Ace Pillar, paid NTD26,560 thousand in cash to Darly Venture, Inc., Darly2 Venture, Corp. and Darly Consulting Corporation, subsidiaries of Qisda Corporation, the parent company of the Group, on July 1, 2022 (acquisition date). Also, it paid NTD5,440 thousands to acquire a total of 10,000 thousand ordinary shares of ACE Energy Co., Ltd. (hereinafter referred to as ACE Energy) from AU Optronics Corporation, a related party of the Group, accounting for 100% of the equity, thereby gaining control of the company. ACE Energy is principally engaged as an energy service company. The Group's acquisition of ACE Energy is mainly to respond to its long-term operational development and leverage the synergy.

(2) Net assets acquired

The carrying amount of the assets acquired and liabilities assumed of ACE Energy acquired by Ace Pillar on July 1, 2022 are detailed as follows:

Transfer consideration:		
Cash		$ 32,000
Less: Carrying amount of net assets acquired:		
Cash and cash equivalents	$ 24,856	
Financial assets measured at amortized cost - current	6,000	
Net notes and accounts receivable	17,355	
Prepayments and other current assets	2,389	
Property, plant and equipment	3,748	
Other non-current assets	793	
Accounts payable	(5,727)	
Other payables	(12,312)	
Contract liabilities - current	(6,029)	
Other current liabilities	(1,062)	
Lease liabilities - current	(1,452)	28,559
Debit capital surplus and retained earnings		$ 3,441

As the combination is an organizational reorganization under common control, the transfer consideration paid by Ace Pillar exceeds the amount of the carrying amount of the aforementioned Qisda subsidiary's investment in ACE Energy. The Company reduced capital surplus amounted to NTD1,371 thousand, and reduced non-controlling interest amounted to NTD1,485 thousand in proportion to its shareholding.

5. Changes in ownership interests of subsidiaries have not resulted in loss of control.

As mentioned in paragraph 4 above, the Group acquired the equity of its subsidiary ACE Energy from the related party AUO for NTD5,440 thousand in 2022; and acquired the additional equity interests of Ace Pillar and AEWIN at a cost of NTD515,360 thousand in 2021. Please refer to Note IV (II) for changes in the shareholding ratio.

The changes in the ownership interest of the Group in the subsidiaries have produced the following impact on the owners' equity attributable to the parent company:

	2022	**2021**
Retained earnings	**$ (283)**	**(149,828)**

6. Subsidiaries with material non-controlling interests

   The non-controlling interests of subsidiaries that are significant to the Group are as follows:

Name of subsidiary	Primary business premises/country of registration	Proportion of non-controlling interests in ownership interests 2022.12.31	Proportion of non-controlling interests in ownership interests 2021.12.31
Ace Pillar	Taiwan	51.93%	51.93%
AEWIN	Taiwan	48.62%	48.62%
Brainstorm	USA	64.91%	64.91%

   The summary financial information of the above subsidiaries is stated as follows, prepared in accordance with IFRS endorsed by the FSC and reflecting adjustments made by the Group to the fair value and differences in accounting policies on the acquisition date, with the amount before elimination of the transactions between the Group, is as follows:

   (1) Summary financial information of Ace Pillar:

	2022.12.31	2021.12.31
Current assets	$ 2,359,687	2,681,399
Non-current assets	1,172,156	687,369
Current liabilities	(955,535)	(974,694)
Non-current liabilities	(238,230)	(97,251)
Net assets	$ 2,338,078	2,296,823
Ending balance of non-controlling interests	$ 1,253,258	1,180,342
Former owner of business combination under common control	$ -	20,310

	2022	2021
Net operating revenue	$ 3,762,421	3,658,704
Net profit for the period	$ 78,883	139,435
Other comprehensive income	21,256	1,452
Total comprehensive income	$ 100,139	140,887
Net profit for the period attributable to non-controlling interests	$ 46,521	84,085
Total comprehensive income attributable to non-controlling interests	$ 57,885	85,016

	2022	2021
Cash flows from operating activities	$ (1,331)	13,983
Cash flows from investing activities	(90,978)	(285,345)
Cash flows from financing activities	(12,931)	(101,673)
Effect of changes in exchange rate	20,201	225
Decrease in cash and cash equivalents	$ (85,039)	(372,810)
Dividends paid to non-controlling interests	$ (52,463)	(34,976)

(2) Summary financial information on AEWIN

	2022.12.31	2021.12.31
Current assets	$ 1,884,646	1,614,052
Non-current assets	1,077,127	968,544
Current liabilities	(1,234,006)	(952,890)
Non-current liabilities	(446,924)	(458,709)
Net assets	$ 1,280,843	1,170,997
Carrying amount of non-controlling interests, ending	$ 620,453	567,059

	2022	2021
Operating revenue	$ 2,463,236	2,016,727
Net profit for the period	$ 143,686	34,560
Other comprehensive income	1,634	2,006
Total comprehensive income	$ 145,320	36,566
Net profit for the period attributable to non-controlling interests	$ 69,848	16,810
Total comprehensive income attributable to non-controlling interests	$ 70,642	17,781

	2022	2021
Cash flows from operating activities	$ 305,371	(232,114)
Cash flows from investing activities	(73,031)	(488,725)
Cash flows from financing activities	(46,291)	705,523
Effect of changes in exchange rate	5,027	1,186
Increase (decrease) in cash and cash equivalents	$ 191,076	(14,130)
Dividends paid to non-controlling interests	$ (17,248)	(17,249)

(3) Summary financial information on Brainstorm:

	2022.12.31	2021.12.31
Current assets	$ 1,412,116	1,528,818
Non-current assets	727,077	748,712
Current liabilities	(788,169)	(898,830)
Non-current liabilities	(114,009)	(140,385)
Net assets	$ 1,237,015	1,238,315
Ending balance of non-controlling interests	$ 703,648	703,293

	2022	May to December 2021
Net operating revenue	$ 5,197,642	4,336,531
Net profit (loss) for the period	$ (78,559)	100,816
Net profit (loss) for the period attributable to non-controlling interests	$ (50,993)	65,440

	2022	May to December 2021
Cash flows from operating activities	$ 90,349	(516,663)
Cash flows from investing activities	(29,410)	(5,871)
Cash flows from financing activities	(75,084)	123,537
Effect of changes in exchange rate	6,237	541
Decrease in cash and cash equivalents	$ (7,908)	(398,456)
Dividends paid to non-controlling interests	$ -	-

(IX) Property, plant and equipment

	Land	Buildings	Machinery equipment	Office equipment	Other equipment	Unfinished construction	Total
Costs:							
Balance as of January 1, 2022	$ 932,159	1,411,272	483,635	65,225	371,456	23,649	3,287,396
Acquired through business combination	-	-	22	9,554	5,826	-	15,402
Addition	-	52,116	22,418	11,215	61,020	32,358	179,127
Disposal	-	-	(5,633)	(6,429)	(9,173)	-	(21,235)
Reclassification for the period	30,821	247,967	6,188	1,494	33,854	(55,380)	264,944
Effect of changes in exchange rate	-	4,295	574	953	3,723	189	9,734
Balance as of December 31, 2022	**$ 962,980**	**1,715,650**	**507,204**	**82,012**	**466,706**	**816**	**3,735,368**
Balance as of January 1, 2021	$ 739,888	1,087,518	353,962	57,234	233,312	243,175	2,715,089
Acquired through business combination	-	-	4,299	502	10,503	-	15,304
Addition	268,766	454,092	124,505	11,964	25,572	135,846	1,020,745
Disposal	-	-	(8,192)	(4,429)	(8,323)	-	(20,944)
Reclassification for the period	(76,495)	(130,425)	9,126	215	110,995	(356,886)	(443,470)
Effect of changes in exchange rate	-	87	(65)	(261)	(603)	1,514	672
Balance as of December 31, 2021	**$ 932,159**	**1,411,272**	**483,635**	**65,225**	**371,456**	**23,649**	**3,287,396**
Accumulated depreciation and impairment loss:							
Balance as of January 1, 2022	$ -	248,703	300,302	50,864	210,188	-	810,057
Acquired through business combination	-	-	22	7,630	4,273	-	11,925
Depreciation	-	42,708	42,470	6,776	36,308	-	128,262
Disposal	-	-	(5,655)	(6,359)	(9,028)	-	(21,042)
Reclassification for the period	-	6,398	46	-	(46)	-	6,398
Effect of changes in exchange rate	-	2,987	258	818	2,609	-	6,672
Balance as of December 31, 2022	**$ -**	**300,796**	**337,443**	**59,729**	**244,304**	**-**	**942,272**
Balance as of January 1, 2021	$ -	276,711	261,093	49,939	189,241	-	776,984
Acquired through business combination	-	-	1,612	205	6,461	-	8,278
Depreciation	-	39,341	44,079	5,224	21,557	-	110,201
Disposal	-	-	(6,474)	(4,315)	(6,624)	-	(17,413)
Reclassification for the period	-	(67,423)	-	-	-	-	(67,423)
Effect of changes in exchange rate	-	74	(8)	(189)	(447)	-	(570)
Balance as of December 31, 2021	**$ -**	**248,703**	**300,302**	**50,864**	**210,188**	**-**	**810,057**
Book value:							
December 31, 2022	**$ 962,980**	**1,414,854**	**169,761**	**22,283**	**222,402**	**816**	**2,793,096**
December 31, 2021 (Restated)	**$ 932,159**	**1,162,569**	**183,333**	**14,361**	**161,268**	**23,649**	**2,477,339**

Please refer to Note VIII for property, plant and equipment pledged as collaterals for long-term borrowings.

(X) Right-of-use assets

		Land	Buildings	Transportation equipment	Total
Cost of right-of-use assets:					
Balance as of January 1, 2022	$	21,238	339,968	9,044	370,250
Acquired through business combination		-	6,237	443	6,680
Addition		-	171,631	-	171,631
Decrease		-	(87,521)	(663)	(88,184)
Reclassification from non-current assets held for sale		27,075	-	-	27,075
Effect of changes in exchange rate		1,376	10,229	671	12,276
Balance as of December 31, 2022	$	49,689	440,544	9,495	499,728
Balance as of January 1, 2021	$	31,714	176,860	4,124	212,698
Acquired through business combination		-	46,527	4,685	51,212
Addition		-	167,829	3,707	171,536
Decrease		-	(47,679)	(3,322)	(51,001)
Reclassification to non-current assets held for sale		(10,429)	-	-	(10,429)
Effect of changes in exchange rate		(47)	(3,569)	(150)	(3,766)
Balance as of December 31, 2021	$	21,238	339,968	9,044	370,250
Accumulated depreciation of right-of-use assets:					
Balance as of January 1, 2022	$	2,138	97,888	2,446	102,472
Acquired through business combination		-	1,132	27	1,159
Depreciation		560	85,527	3,629	89,716
Decrease		-	(56,661)	(276)	(56,937)
Reclassification from non-current assets held for sale		1,712	-	-	1,712
Effect of changes in exchange rate		872	4,887	230	5,989
Balance as of December 31, 2022	$	5,282	132,773	6,056	144,111
Balance as of January 1, 2021	$	2,098	63,136	2,887	68,121
Depreciation		776	79,012	2,527	82,315
Decrease		-	(43,022)	(2,913)	(45,935)
Reclassification to non-current assets held for sale		(716)	-	-	(716)
Effect of changes in exchange rate		(20)	(1,238)	(55)	(1,313)
Balance as of December 31, 2021	$	2,138	97,888	2,446	102,472
Book value:					
December 31, 2022	$	44,407	307,771	3,439	355,617
December 31, 2021	$	19,100	242,080	6,598	267,778

(XI) Intangible assets

	Goodwill	Trademark	Client relationship	Computer software	Total
Cost:					
Balance as of January 1, 2022	$ 349,846	562,692	129,493	90,061	1,132,092
Acquisition through business combination (Notes VI (VIII)	86,633	12,822	104,736	2,535	206,726
Business combinations adjusted during the measurement period	9,793	6,577	(22,794)	-	(6,424)
Separate Acquisition	-	-	-	48,155	48,155
Disposal	-	-	-	(725)	(725)
Effects of exchange rate changes	-	-	-	993	993
Balance as of December 31, 2022	$ 446,272	582,091	211,435	141,019	1,380,817
Balance as of January 1, 2021	$ 195,020	-	129,493	75,999	400,512
Acquisition through business combination (Notes VI (VIII)	154,826	562,692	-	678	718,196
Separate Acquisition	-	-	-	15,396	15,396
Write-off for the current period	-	-	-	(2,002)	(2,002)
Effects of exchange rate changes	-	-	-	(10)	(10)
Balance as of December 31, 2021	$ 349,846	562,692	129,493	90,061	1,132,092
Accumulated amortization:					
Balance as of January 1, 2022	$ -	37,513	51,820	68,306	157,639
Acquisition through business combination (Notes VI (VIII)	-	-	-	1,478	1,478
Amortization	-	58,327	26,072	16,949	101,348
Disposal	-	-	-	(725)	(725)
Effects of exchange rate changes	-	-	-	50	50
Balance as of December 31, 2022	$ -	95,840	77,892	86,058	259,790
Balance as of January 1, 2021	$ -	-	32,048	59,674	91,722
Acquisition through business combination (Notes VI (VIII)	-	-	-	549	549
Amortization	-	37,513	19,772	10,093	67,378
Write-off for the current period	-	-	-	(2,002)	(2,002)
Effects of exchange rate changes	-	-	-	(8)	(8)
Balance as of December 31, 2021	$ -	37,513	51,820	68,306	157,639
Book value:					
Balance as of December 31, 2022	$ 446,272	486,251	133,543	54,961	1,121,027
Balance as of December 31, 2021 (Restated)	$ 349,846	525,179	77,673	21,755	974,453

1. The amortization charges for intangible assets for the years ended December 31, 2022 and 2021 are reported sequentially in the comprehensive income statement as follows:

		2022	2021
Operating costs	$	2,348	1,781
Operating expenses		99,000	65,597
	$	**101,348**	**67,378**

2. Impairment test of goodwill

As of December 31, 2022 and 2021, the goodwill generated by the merger and acquisition of the Group was allocated to the following cash generating units (or groups of cash generating units) expected to benefit from the comprehensive effects of the merger:

		2022.12.31	2021.12.31
DFI America, LLC	$	177,874	177,874
Brainstorm Corporation		152,979	154,826
Standard Technology Corporation		76,149	-
Other cash generating units with non-significant goodwill amortized		39,270	17,146
	$	**446,272**	**349,846**

The above cash generating units are the smallest units under the management's supervision of investment returns on goodwill containing assets. According to the results of goodwill impairment testing conducted by the Group, the recoverable amounts as of December 31, 2022 and 2021 were higher than their carrying value, so there is no need to recognize impairment losses. The recoverable amounts of the cash generating units are determined based on value in use, with key assumptions as follows:

	2022.12.31	2021.12.31
DFI America, LLC:		
Operating revenue growth rate	(3)%~4.47%	10.62%~33.44%
Discount rate	11.61%	7.79%
Brainstorm Corporation:		
Operating revenue growth rate	(6.39)%~23.2%	0%~8%
Discount rate	13.35%	7.56%
Standard Co.:		
Operating revenue growth rate	5.78%~15%	
Discount rate	12.92%	

(1) The estimated future cash flow used is a five-year financial budget estimated by the management based on future operating plans. Cash flows over five years are extrapolated using an annual growth rate of 2%.

(2) The discount rate for determining the value in use is based on the weighted average cost of capital as the estimation basis.

(XII) Short-term borrowings

	2022.12.31	2021.12.31
Unsecured bank loans	$ 1,774,218	1,293,108
Secured bank loans	111,802	18,196
	$ 1,886,020	1,311,304
Unused lines of credit	$ 5,584,243	4,394,526
Range of interest rate	1.50%~7.00%	0.62%~4.25%

Please refer to Note VIII for details of the situation where the Group pledged assets as collaterals for bank loan line.

(XIII) Long term borrowings

	2022.12.31	2021.12.31
Unsecured bank loans	$ 1,300,653	1,420,000
Secured bank loans	250,000	330,000
Less: Part due within one year	(653)	(20,000)
	$ 1,550,000	1,730,000
Unused lines of credit	$ 100,000	-
Year of maturity	2023~2024	2022~2024
Range of interest rate	1.72%~5.83%	0.94%~1.12%

Please refer to Note VIII for details of the situation where the Group pledged assets as collaterals for bank loan line.

(XIV) Lease liabilities

The book amount of the lease liabilities of the Group is as follows:

	2022.12.31	2021.12.31
Current	$ 86,451	75,933
Non-current	$ 241,693	181,441

Please refer to Note VI (XXV) Financial Risk Management for the maturity analysis of lease liabilities.

The amounts recognized as profit and loss are as follows:

		2022	2021
Interest expense on lease liabilities	$	6,933	5,335
Short-term leases expenses and lease expenses of low-value assets	$	39,882	26,656
COVID-19-related rent concessions (recognized as a decrease in lease expense)	$	(4,574)	(1,463)

The amounts recognized in the cash flow statement are as follows:

		2022	2021
Total cash outflow for leases	$	122,734	110,816

Important lease clauses:

1. Lease of land, buildings and structures

   The Group has leased land, buildings and structures as the office premise, warehouse and plant. The lease period of the land use right is 50 years, and the lease periods of the office premise, warehouse and plant are usually 2 to 10 years. Some leases include the options to extend the original lease contract by the same period when the lease period expires.

2. Other leases

   The Group has leased the transport equipment with a period of 1 to 3 years. In addition, the Group has leased offices and office equipment and other assets with a period of no longer than one year. Such leases are short-term leases or leases of low-value assets, and the Group has selected to apply the provision of exemption from recognition and not recognized them as relevant right-of-use assets and lease liabilities.

(XV) Provisions - current

		Provision for product warranty
Balance as of January 1, 2022	$	46,247
Provisions increase for the period		15,296
Provisions reverse for the period		(10,307)
Balance as of December 31, 2022	$	51,236
Balance as of January 1, 2021	$	56,827
Provisions increase for the period		10,615
Provisions decrease for the period		(21,195)
Balance as of December 31, 2021	$	46,247

The warranty provisions for products of the Group is mainly related to the sales of industrial computer boards and systems, and the warranty reserve is estimated based on the historical warranty data of similar products.

(XVI) Employee benefits

1. Defined benefit plans

The adjustment between the present value of defined benefit obligations of the Company and its domestic subsidiaries and the fair value of plan assets is as follows:

	2022.12.31	2021.12.31
Present value of defined benefit obligation	$ 104,756	97,925
Fair value of plan assets	(75,452)	(61,943)
	$ 29,304	35,982
Net defined benefit assets (accounted under other non-current assets)	$ (1,870)	(4,602)
Net defined benefit liabilities	$ 31,174	40,584

The defined benefit plans of the Company and its domestic subsidiaries are allocated to the special account for labor pension reserves of the Bank of Taiwan. The pension payment for each employee subject to the *Labor Standards Act* is calculated based on the base obtained through service years and the average salary for the six months prior to retirement.

(1) Composition of plan assets

The pension funds allocated by the Company and its domestic subsidiaries in accordance with the *Labor Standards Act* are administrated by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as “BLF”). In accordance with the "Regulations on the Custody and Utilization of Income and Expenditure of Labor Pension Funds", the minimum income for the annual final distribution of the funds shall not be lower than the income calculated based on the two-year fixed deposit rate of the local bank.

As of December 31, 2022 and 2021, the balances in the special accounts for labor pension reserves of the Company and its domestic subsidiaries in the Bank of Taiwan were NTD75,452 thousand and NTD61,943 thousand, respectively. Information on the use of labor pension fund assets, including fund returns and fund asset allocation, can be found on the website of the BLF.

(2) Changes in the present value of defined benefit obligations

	2022	2021
Defined benefit obligations as of January 1	$ 97,925	103,956
Effects of business mergers and acquisitions	29,692	-
Current service cost and interest	939	755
Remeasurement of net defined benefit liabilities (assets)		
- Effects of changes in demographic assumptions	127	2,162
- Actuarial gain or loss arising from experience adjustments	6,994	(396)
- Actuarial gain or loss arising from changes in financial assumptions	904	(1,188)
Plans and benefits paid by the Company	(5,011)	(7,364)
Gain or loss on settlement	(26,814)	-
Defined benefit obligations as of December 31	**$ 104,756**	**97,925**

(3) Changes in fair value of plan assets

	2022	2021
Fair value of plan assets as of January 1	$ 61,943	67,186
Effects of business mergers and acquisitions	24,021	-
Interest income	500	338
Remeasurement of net defined benefit liabilities (assets)		
- Compensation of plan assets (excluding current interest)	5,211	848
Amount contributed to the plan	9,911	935
Benefits paid under the plan	(2,002)	(7,364)
Gain or loss on settlement	(24,132)	-
Fair value of plan assets as of December 31	**$ 75,452**	**61,943**

(4) Change in asset ceiling effects

The Group did not have defined benefit plan asset ceiling effects in the years 2022 and 2021.

(5) Expenses recognized as profit or loss

	2022	2021
Service costs for the current period	$ 327	235
Net interest on net defined benefit liabilities (assets)	112	182
Gain on settlement	(2,682)	-
	$ (2,243)	417
Operating costs	$ 439	434
Operating expenses	-	(17)
Other gains	(2,682)	-
	$ (2,243)	417

(6) Actuarial assumptions

The significant actuarial assumptions used by the Group at the reporting date to determine the present value of the defined benefit obligations are as follows:

	2022.12.31	2021.12.31
Discount rate	1.5%	0.625%
Future salary increases	2.00%~3.250%	2.00%~2.50%

The Group expects to make a contribution of NTD9,936 thousand to the defined benefit plan within one year after the reporting date of the fiscal year 2022. The weighted average duration of the defined benefit plan is 8.6 to 9.5 years.

(7) Sensitivity analysis

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

	Effect on defined benefit obligations	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2022		
Discount rate	$ (2,414)	2,500
Future salary increases	2,418	(2,347)
December 31, 2021		
Discount rate	(2,356)	2,444
Future salary increases	2,358	(2,287)

The sensitivity analysis described above is based on analyzing the impact of changes in a single assumption while other assumptions remain unchanged. In practice, many hypothetical changes may be sequential. The sensitivity analysis is consistent with the method used to calculate the net defined benefit liabilities on the balance sheet date. The methods and assumptions used in preparing the sensitivity analysis in this period are the same as those used in the previous period.

2. Defined contribution plans

The defined contribution plan of the Company and its domestic subsidiaries is made in accordance with the provisions of the Labor Pension Ordinance at a contribution rate of 6% of the monthly salary of the laborers to the individual pension account of the Bureau of Labor Insurance (BLI). There is no statutory or presumptive obligation to pay additional amount after the Company and its domestic subsidiaries have made a defined contribution under these plans. Foreign subsidiaries contribute their pensions in accordance with local laws and regulations.

The pension expenses under the defined pension contribution measures of the Group in 2022 and 2021 were NTD63,001 thousand and NTD45,504 thousand, respectively.

(XVII) Income tax

1. Income tax expenses

The income tax expenses of the Group are detailed as follows:

	2022	2021
Current income tax expense:		
Current income tax expense	$ 265,366	164,474
Prior period adjustment of current income tax	(5,458)	(324)
Surtax on unappropriated earnings	2,333	664
Current income tax expense	$ 262,241	164,814
Deferred income tax expenses (benefits)	(99,774)	37,433
	$ 162,467	**202,247**

The details of income tax expenses (benefits) recognized by the Group under other comprehensive income in 2022 and 2021 are as follows:

	2022	2021
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	**$ (563)**	**55**

The reconciliation of income tax expenses and income before tax was as follows:

	2022	2021
Profit before tax	$ 759,467	986,108
Income tax at the Company's domestic tax rate	$ 151,894	197,222
Effects of tax rate differences in foreign jurisdictions	6,840	46,013
Exemption from business income tax on land exchanges	(4,188)	(92,777)
Prior period adjustment of income tax	(5,458)	(324)
Non-deductible expenses	8,291	1,201
Value-added tax on land	169	45,975
Changes in unrecognized temporary differences and loss deductions	11,788	(12,971)
Surtax on unappropriated earnings	2,333	664
Tax exemption for domestic investment income	(28,512)	(14,587)
Others	19,310	31,831
	$ 162,467	202,247

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

	2022.12.31	2021.12.31
loss carryforward	$ 82,858	71,070

The Group has assessed that it is not likely to have sufficient taxable income for loss deduction in the future, so it has not recognized relevant deferred income tax assets.

As of December 31, 2022, the Group's losses not recognized as deferred income tax assets and their tax deduction periods are as follows:

Losses not yet deducted	The last year for which a deduction was allowed
$ 22,472	For the year ended December 31, 2023
126,076	For the year ended December 31, 2024
61,014	For the year ended December 31, 2025
56,845	For the year ended December 31, 2026
59,004	For the year ended December 31, 2027
2,893	For the year ended December 31, 2028
14,200	For the year ended December 31, 2029
1,604	For the year ended December 31, 2030
$ 344,108	

(2) Unrecognized deferred income tax liabilities

	2022.12.31	2021.12.31
Income from investment in subsidiaries	$ 10,191	10,191

Deferred income tax liabilities have not been recognized for taxable temporary differences associated with investments in subsidiaries because the Group can control the timing of the reversal of the temporary differences and is confident that the temporary differences will not reverse in the foreseeable future.

(3) Deferred income tax assets and liabilities recognized

The changes in deferred tax assets and liabilities are as follows:

Deferred income tax assets:

	Allowance for inventory loss	Provisions	Defined benefit plans	Investments in subsidiaries	Financial assets at fair value through profit or loss	Others	Total
January 1, 2022	$ 20,857	9,249	7,460	12,693	-	28,597	78,856
Recognized in profit or loss	6,333	998	(3,694)	21,668	-	18,179	43,484
Recognized in other comprehensive income	-	-	563	-	-	-	563
Acquired through business combination	637	-	1,133	-	-	465	2,235
Effect of changes in exchange rate	-	-	-	-	-	844	844
December 31, 2022	**$ 27,827**	**10,247**	**5,462**	**34,361**	**-**	**48,085**	**125,982**
January 1, 2021	$ 22,108	11,365	7,558	19,084	2,877	24,696	87,688
Recognized in profit or loss	(1,251)	(2,116)	(43)	(6,391)	(2,877)	3,802	(8,876)
Recognized in other comprehensive income	-	-	(55)	-	-	-	(55)
Effect of changes in exchange rate	-	-	-	-	-	99	99
December 31, 2021	**$ 20,857**	**9,249**	**7,460**	**12,693**	**-**	**28,597**	**78,856**

Deferred income tax liabilities:

	Investments in subsidiaries	Property, Plant and Equipment	Others	Total
January 1, 2022	$ 190,545	1,872	123,252	315,669
Recognized in profit or loss	(44,354)	-	(11,936)	(56,290)
Acquired through business combination	26,288	-	20,268	46,556
Effect of changes in exchange rate	-	-	13	13
December 31, 2022	**$ 172,479**	**1,872**	**131,597**	**305,948**
January 1, 2021	$ 149,161	3,224	22,199	174,584
Recognized in profit or loss	41,384	(1,352)	(11,475)	28,557
Acquired through business combination	-	-	112,538	112,538
Effect of changes in exchange rate	-	-	(10)	(10)
December 31, 2021	**$ 190,545**	**1,872**	**123,252**	**315,669**

3. Circumstances of income tax approval

The Company’s profit-seeking enterprise income tax has been approved by the tax authority to the year of 2020.

(XVIII) Capital and other equities

1. Ordinary shares and treasury shares

As on December 31, 2022 and 2021, the total authorized capital of the Company was NTD1,772,000 thousand, which was divided into 177,200 thousand shares at NTD10 per share. The number of issued shares were both 114,489 thousand shares. The share capital reserved for the issuance of the exercise of employee share options was 20,000 thousand shares.

From November 2018 to January 2019, the Company bought back 200 thousand ordinary shares of the Company at an average buyback price of NTD64.53 each from the centralized trading market. The Company may transfer the shares bought back this time to others, including employees of the controlled subsidiaries or affiliates of the Company who satisfy certain conditions, once or in multiple transactions within three years after the buyback date. Treasury shares held by the Company shall not be pledged as collateral in accordance with the Securities and Exchange Act, nor shall it be entitled to dividend distribution and voting rights.

On November 5, 2021, the Board of Directors of the Company adopted the resolution to implement capital reduction by canceling 200 thousand shares of treasury stock yet to be transferred to employees pursuant to the Securities and Exchange Act. With December 28, 2021 as the base date, the capital reduction involved the cancellation of 200 thousand shares amounting to NTD2,000 thousand, and the amount of paid-in capital after capital reduction was NTD1,144,889 thousand. The relevant change registration has been completed.

2. Capital surplus

The Company's capital surplus balance is analyzed as follows:

	2022.12.31	2021.12.31
Share premium	$ 578,204	625,371
Recognized changes in percentage of ownership interests in subsidiaries	5,967	5,962
Gain on asset disposal	808	808
Others	23,607	23,603
	$ 608,586	655,744

Pursuant to the provisions of the Company Act, the capital reserve shall be first used to recover the loss before it is distributed as the realized capital reserve to the shareholders based on their respective shareholding ratios in the form of new shares or cash. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders' Meeting if which as mentioned in the preceding paragraph shall be in the form of cash. The realized capital surplus as termed in the preceding sentence includes the proceeds from the shares issued at a premium over the face value and the income from the acceptance of donations. Pursuant to the provision of the processing standard for negotiable securities offering and issuance by issuers, the capital surplus shall be accrued out of the capital, and the total amount accrued every year shall be no higher than ten percent of the paid-in capital.

3. Retained earnings and dividend policy

Pursuant to the provision of Articles of Association of the Company, if there is any surplus in the final accounts, it shall first accrue the tax, recover the accumulated loss and then set aside 10% as the legal surplus reserve, except when the legal surplus reserve has reached the paid-in capital of the Company. If there is any surplus after the special surplus reserve is set aside or reversed in accordance with the law, the Board of Directors shall make the profit distribution plan for the surplus together with the accumulated undistributed profit and submit it to the Shareholders' Meeting for dividend distribution. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders' Meeting if the earnings distribution shall be in the form of cash dividends.

Pursuant to the provisions of the Articles of Association of the Company, the profit distribution plan made by the Board of Directors shall consider the general dividend level in the industry, adopt the balanced dividend policy and follow the principle of prudence in distribution, but the cash dividend to the shareholders shall be no lower than 15% of the total dividend to the shareholders, pursuant to the provisions of the Articles of Association of the Company. According to the amended Articles of Association of the Company on August 20, 2021, if a surplus totaling up to 2% of capital is recorded in the annual final accounts of the Company, the amount of dividends distributed shall be no lower than 10% of the distributable earnings for the year, and the amount of annual cash dividend distributed shall be no lower than 10% of the total amount of cash and stock dividends distributed for the year.

(1) Legal reserve

Pursuant to the provision of the Company Act, when the Company makes no loss, the Company shall distribute the legal surplus reserve in the form of new shares or in cash to the extent that such legal reserve exceeds 25% of the total paid-in capital. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders’ Meeting if which as mentioned in the preceding paragraph shall be in the form of cash.

(2) Special reserve

Pursuant to the regulations issued by the Financial Supervisory Commission, when distributing the profit available for distribution, for the difference between the net deductibles of other shareholders' equity incurred in the current year and the balance of special surplus reserve stated in the account, the Company shall accrue the special surplus reserve in the same amount out of the profit in the current period and the undistributed profit in the previous period, and for the deductibles of other shareholders’ equity accumulated in the previous period, the Company shall not distribute the special surplus reserve in the same amount accrued out of the undistributed profit in the previous period. If other deductibles of shareholders’ equity are reversed in future, the Company shall distribute the profit with the reversed part.

4. Distribution of earnings

On March 3, 2022 and May 6, 2021, the Board of Directors of the Company resolved the amount of cash dividends and cash distributions from capital reserves in the profit distribution proposal for the years ended December 31, 2021 and 2020, respectively. The amounts of dividends distributed to owners of ordinary shares are as follows:

	2021		2020	
	Dividend per share (NTD)	**Amount**	**Dividend per share (NTD)**	**Amount**
Dividends distributed to owners of common stock:				
Cash dividends	**$ 3.2**	**366,364**	**2.8**	**320,569**
Cash distribution from capital surplus	**0.4**	**45,796**	**0.2**	**22,898**

On March 2, 2023, the Board of Directors resolved to distribute the following cash dividends from the 2022 earnings.

	2022	
	Dividend per share (NTD)	**Amount**
Cash dividends	**$ 4.0**	**457,955**

The information regarding the profit distribution can be found on the MOPS (Market Observation Post System).

5. Other equities (net amount after tax)

	Exchange differences on translating the financial statements of foreign operations	**Unrealized gain (loss) on financial assets at fair value through other comprehensive income**	**Total**
Balance as of January 1, 2022	$ (134,871)	20,047	(114,824)
Exchange difference from conversion of net assets of foreign operating organizations	65,556	-	65,556
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	11,227	11,227
Balance as of December 31, 2022	$ (69,315)	31,274	(38,041)
Balance as of January 1, 2021	$ (83,110)	8,503	(74,607)
Exchange difference from conversion of net assets of foreign operating organizations	(51,761)	-	(51,761)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	11,544	11,544
Balance as of December 31, 2021	$ (134,871)	20,047	(114,824)

6. Non-controlling interests (net amount after tax)

	2022	2021
Beginning Balance	$ 2,450,694	2,062,364
Shares attributable to non-controlling interests:		
Net profit for the period	65,376	166,335
Exchange differences on translating the financial statements of foreign operations	61,530	(2,307)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(242)	196
Remeasurement of defined benefit plans	(1,495)	539
Income taxes related to other comprehensive income	299	(109)
Non-controlling interests adjustments	(2,060)	-
Cash dividends distributed by subsidiaries to non-controlling interests	(69,711)	(52,225)
Increase in non-controlling interests in subsidiaries acquired	79,375	641,433
Changes in percentage of ownership interests in subsidiaries	235	-
Acquisition of additional equity in subsidiaries	(5,157)	(365,532)
Organizational reorganization under common control	(1,485)	-
Ending balance	$ 2,577,359	2,450,694

(XIX) Share-based payment

1. The employee stock option plans of the consolidated subsidiaries are as follows.

	Employee share options plan of AEWIN in 2016
Grant date	June 2016
Number of units granted (units)	1,350,000
Subscription price per share at issuance	NTD53.10
Common shares available for subscription per unit	1 share
Contract period	5.00 years
Vesting conditions	Two years from the date of grant, exercisable in accordance with the ratio set forth in the issuance regulations
Target	Eligible employees of AEWIN and its subsidiaries

2. Related information on the employee stock warrants of the subsidiary AEWIN is as follows:

	2021	
	Quantity (In thousands of units)	**Weighted average exercise price (NT$)**
Outstanding at the beginning of the period	761	$ 37.70
Invalid in current period	(761)	37.70
Outstanding at the end of the period	-	-
Executable quantity at end of period	-	-

The employee stock options plan of AEWIN has been terminated after the term of contract expired in June 2021.

(XX) Earnings per share

1. Basic earnings per share

	2022	**2021**
Net profit attributable to ordinary shareholders of the Company	$ 528,230	615,903
Weighted average number of outstanding ordinary shares (in thousands of shares)	114,489	114,489
Basic earnings per share (NTD)	$ 4.61	5.38

2. Diluted earnings per share

	2022	**2021**
Net profit attributable to ordinary shareholders of the Company	$ 528,230	615,903
Weighted average number of outstanding ordinary shares (in thousands of shares)	114,489	114,489
Effects of potential ordinary shares with dilution effect (in thousands of shares):		
Effects of employee stock compensation	960	1,003
Weighted average number of outstanding ordinary shares (after adjusting the number of dilution potential common shares) (in thousands of shares)	115,449	115,492
Diluted earnings per share (NTD)	$ 4.58	5.33

(XXI) Revenue from customer contracts

1. Breakdown of revenue

		2022	2021
Main products and services:			
Industrial computer cards and systems	$	6,635,957	4,817,324
Industrial automation control		2,837,995	3,532,123
Computer components		5,197,642	4,336,531
Others		1,517,935	626,202
	$	**16,189,529**	**13,312,180**

2. Balance of contracts

		2022.12.31	2021.12.31	2021.1.1
Notes and accounts receivable (including related parties)	$	2,951,913	2,818,629	2,049,858
Less: Allowance for loss		(67,816)	(32,235)	(46,661)
	$	**2,884,097**	**2,786,394**	**2,003,197**
Contract liabilities	**$**	**205,241**	**194,558**	**123,760**

For the disclosure of notes receivable, accounts receivable (including related parties) and their impairments, please see Note VI (V) for details.

The contract liabilities mainly come from the difference between the time point of satisfying the performance obligation when the Group transfers goods to a customer and the time point of the customer's payment. The beginning balances of contract liabilities as of January 1, 2022 and 2021 were recognized as income of NTD160,715 thousand and NTD96,081 thousand, respectively, for the years ended December 31, 2022 and 2021.

(XXII) Compensation of employees and directors

In accordance with the Articles of Association: The Company shall set aside at least 5-20% of the earnings, if any, in the year as compensation to the employees and no greater than 1% as compensation to directors. Bur if the Company still has an accumulated loss, it shall reserve the recovery amount in advance. The beneficiaries of the aforesaid employees' compensation, if distributed in stock or in cash, shall include the employees of the controlled companies or affiliates of the Company who meet certain conditions.

For the years ended December 31, 2022 and 2021, the estimated employee compensations of the Company were NTD47,852 thousand and NTD53,437 thousand, respectively, and the estimated director compensations were NTD5,091 thousand and NTD5,685 thousand, respectively, which were estimated based on the Company's pre-tax net income before deducting the compensations for employees and directors multiplied by the Company's proposed distribution rate of compensations for employees and directors for each period, and were reported as operating costs or operating expenses for each such period. If the actually distributed amount of next year is different from the estimate, the difference will be treated as an accounting estimate change and listed in the profit and loss of next year.

The amounts of compensations for employees and directors of the Company as of March 2, 2023 and March 3, 2022, as determined by the Board of Directors, are not different from the amounts estimated in the Company's consolidated financial statements for the fiscal years 2022 and 2021, and are paid entirely in cash. The relevant information can be found at the MOPS.

(XXIII) Non-operating income and expenses

1. Interest income

	2022	2021
Interest on bank deposit	$ 4,881	2,157
Interest income from financial assets measured at amortized cost	90	26
Interest on finance leases	279	-
Interest on deposits	2	2
Interest income from financial assets at fair value through profit or loss	534	487
	$ 5,786	**2,672**

2. Other income

	2022	2021
Rental income	$ 6,481	6,160
Dividend income	3,941	999
Others	33,298	14,933
	$ 43,720	**22,092**

3. Other gains and losses

	2022	2021
Gain (loss) on disposal of property, plant and equipment	$ 156	(1,854)
Loss on liquidation of subsidiary	(391)	-
Gain on disposal of non-current assets held for sale(Note VI (VII))	14,624	469,360
Net gain on foreign exchange	85,446	3,052
Loss (gain) on financial instruments at fair value through profit or loss	(55,354)	(9,103)
Other expenditures	(4,365)	(1,947)
	$ 40,116	**459,508**

4. Finance costs

	2022	2021
Bank interest expenses	$ 54,415	19,441
Financial expenses on lease liabilities	6,933	5,335
	$ 61,348	**24,776**

(XXIV)Financial instruments

1. Types of financial instruments

(1) Financial assets

	2022.12.31	2021.12.31
Financial assets at fair value through profit or loss - current	$ 27,458	28,528
Financial assets at fair value through other comprehensive income - non-current	71,064	42,547
Financial assets measured at amortized cost:		
Cash and cash equivalents	1,690,474	1,549,815
Financial assets at amortized cost - current	9,557	19,708
Notes receivable, accounts receivable, and other receivables (including related parties)	2,941,042	2,818,553
Financial assets at amortized cost - non-current	3,212	-
Refundable deposits	32,641	34,610
Subtotal	4,676,926	4,422,686
Total	**$ 4,775,448**	**4,493,761**

(2) Financial liabilities

	2022.12.31	2021.12.31
Financial liabilities at fair value through profit or loss:		
Held-for-trading	$ 5,020	821
Financial liabilities measured by amortized cost:		
Short-term borrowings	1,886,020	1,311,304
Notes payable, accounts payable and other payables (including related parties)	2,690,266	2,843,700
Long-term borrowings (including the part due within one year)	1,550,653	1,750,000
Lease liabilities (including current and non-current)	328,144	257,374
Subtotal	6,455,083	6,162,378
Total	$ 6,460,103	6,163,199

2. Fair Value

(1) Financial instruments not measured at fair value

The management of the Group believes that the carrying amounts of the financial assets and liabilities of the Group classified as amortized cost in the consolidated financial statements are close to their fair value.

(2) Financial instruments measured at fair value

The Group's financial assets/liabilities measured by fair value through profit and loss and the financial assets measured by fair value through other comprehensive profit and loss are measured by fair value on the basis of repeatability. The following table provides relevant analysis of the financial instruments measured by fair value after initial recognition and classifies these assets into levels 1 to 3 based on the observable extent of fair value. Different fair value levels are defined as follows:

A. Level 1: Open quotation of the same asset or liability in the active market (without adjustment).

B. Level 2: The input parameter of the asset or liability is directly observable (namely price) or indirectly observable (namely, inferred from price), except for the open quotations included in level 1.

C. Level 3: The input parameters of assets or liabilities are not based on observable market data (non-observable parameters).

	2022.12.31			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	$ -	1,353	-	1,353
Derivative financial instruments - Foreign exchange swaps contract	-	34	-	34
Fund beneficiary certificates	26,071	-	-	26,071
	$ 26,071	1,387	-	27,458
Financial assets at fair value through other comprehensive income:				
Domestic listed stocks	$ 68,840	-	-	68,840
Foreign unlisted stocks	-	-	2,224	2,224
	$ 68,840	-	2,224	71,064
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contract	$ -	(1,106)	-	(1,106)
Derivative financial instruments - Foreign exchange swaps contract	-	(3,914)	-	(3,914)
Subtotal	$ -	(5,020)	-	(5,020)

	2021.12.31			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	$ -	74	-	74
Derivative financial instruments - Foreign exchange swaps contract	-	2,311	-	2,311
Fund beneficiary certificates	26,143	-	-	26,143
	$ 26,143	2,385	-	28,528
Financial assets at fair value through other comprehensive income:				
Domestic listed stocks	$ 41,259	-	-	41,259
Foreign unlisted stocks	-	-	1,288	1,288
	$ 41,259	-	1,288	42,547
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contract	$ -	(821)	-	(821)

(3) Fair value measurement techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

If there is an open quotation for the financial instrument in the active market, the open quotation in the active market shall be the fair value.

Except for financial instruments with active markets, fair values of the other financial instruments are obtained with valuation techniques or counterparty quotations. Evaluation technique-based fair value may be calculated by referring to the current fair value of other financial instruments with similar substantial conditions and characteristics, or discounted cash flow or other evaluation techniques, including market information application mode available on the reporting date.

The fair values of the financial instruments held by the Group are presented in terms of type and attribute as follows:

TWSE/TPEx listed stocks and fund beneficiary certificates have standard terms and conditions and are traded in active markets, and their fair values are determined in accordance with market quotations.

The Group employs the asset approach to estimate fair values of unlisted stocks without active market and infers their fair values with total market values of individual assets and individual liabilities covered by the valuation subject as well as other factors.

B. Derivative financial instruments

They are valuated with the valuation model generally accepted by market participants. Forward foreign exchange contracts and foreign exchange swaps contracts are usually valuated in line with the current forward exchange rate.

(4) Transfer between fair value levels

There were no transfers of fair value levels of any financial asset and financial liability for the years ended 2022 and 2021.

(5) Detailed statement on changes in level 3

Financial assets at fair value through other comprehensive income:

	2022	2021
Beginning Balance	$ 1,288	887
Impact from initial consolidation of subsidiary	1,434	-
Changes recognized in other comprehensive incomes in current period	(498)	401
Ending balance	$ 2,224	1,288

(XXV) Financial risk management

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

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

The financial management department of the Group monitors and manages the financial risks related to the operations of the Group through internal risk reports.

1. Credit risk

Credit risk refers to the risk of financial losses incurred by the Group due to the failure of counterparties to perform contractual obligations with respect to financial assets, mainly arising from cash and equivalents, derivative instrument transactions, accounts receivable from customers, and other receivables. The carrying value of financial assets of the Group represents the maximum credit exposure amount.

The transaction counterparties of cash and cash equivalents of the Group and the beneficiary certificates of the fund held by the Group are all financial institutions with good credit and therefore should not generate significant credit risk.

The policies adopted by the Group are to only conduct transactions with reputed counterparties, and to obtain sufficient collateral under necessary circumstances to reduce the risk of financial losses. The Group conducts transactions with enterprises whose ratings is equivalent to or higher than investment level. The information is provided by independent rating agencies. If such information is not available, the Group will use other publicly available financial information and transaction records of each other to rate major clients. The Group continuously monitors credit exposure and the credit ratings of its counterparties, and distributes the total transaction amount to qualified customers with credit ratings. It controls credit exposure through counterparty credit limit limits reviewed and approved by the risk management unit annually, and also reduces possible losses through insurance.

To mitigate the credit risk, the management of the Group appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the Group will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Group believes that the Group's credit risk is significantly reduced. The Group had no centralized accounts receivable balances as of December 31, 2022 and 2021.

2. Liquidity risk

Liquidity risk refers to the risk that the Group cannot deliver cash or other financial assets to settle financial liabilities and fails to fulfill relevant obligations. The Group manages and maintains sufficient cash positions to support operations and mitigate the impact of cash flow fluctuations. The management of the Group monitors the use of bank facility and ensures compliance with the terms of the loan contract.

The following table shows the contractual maturity date of financial liabilities, including the impact of estimated interest, and prepared at the undiscounted cash flow.

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5 years and above
December 31, 2022					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	$ 1,895,352	1,895,352	-	-	-
Long-term borrowings (floating rates)	1,576,485	31,155	1,545,330	-	-
Notes payable, accounts payable and other payables (including related parties; no interest)	2,690,266	2,690,266	-	-	-
Lease liabilities	345,324	92,984	77,718	128,867	45,755
Subtotal	6,507,427	4,709,757	1,623,048	128,867	45,755
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	1,024,820	1,024,820	-	-	-
Inflow	(1,025,067)	(1,025,067)	-	-	-
Foreign exchange SWAP contracts - gross delivery					
Outflow	1,147,274	1,147,274	-	-	-
Inflow	(1,143,394)	(1,143,394)	-	-	-
Subtotal	3,633	3,633	-	-	-
	$ 6,511,060	**4,713,390**	**1,623,048**	**128,867**	**45,755**

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5 years and above
December 31, 2021					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	$ 1,318,223	1,318,223	-	-	-
Long-term borrowings (floating rates)	1,776,288	37,375	1,325,596	413,317	-
Notes payable, accounts payable and other payables (including related parties; no interest)	2,843,700	2,843,700	-	-	-
Lease liabilities	267,351	79,652	57,687	69,418	60,594
Subtotal	6,205,562	4,278,950	1,383,283	482,735	60,594
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	553,511	553,511	-	-	-
Inflow	(552,764)	(552,764)	-	-	-
Foreign exchange SWAP contracts - gross delivery					
Outflow	612,731	612,731	-	-	-
Inflow	(615,042)	(615,042)	-	-	-
Subtotal	(1,564)	(1,564)	-	-	-
	$ 6,203,998	4,277,386	1,383,283	482,735	60,594

The Group doesn’t expect the time point of the cash flow under the maturity date analysis will come much earlier or the actual amount will be substantially different.

3. Market risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates and the price of equity instruments, and may affect the earnings of the Group or the value of the financial instruments it holds. The goal of market risk management is to control the degree of exposure to market risk within an acceptable range, and to optimize investment returns.

(1) Exchange rate risk

The Group is exposed to exchange rate fluctuation risks arising from sales and purchase transactions denominated in non-functional currencies, the main currency of which is USD. The management of exchange rate risk in the Group is to use forward foreign exchange contracts and foreign exchange swap contracts to manage exchange rate risk within the scope permitted by policy.

The exchange rate risk of the Group arises primarily from the receivables and payables of the Group dominated in currencies such as USD, RMB and JPY that are still in circulation on the balance sheet date. The carrying value of significant monetary assets and liabilities not denominated in functional currency (including monetary items denominated in non-functional currencies that have been written off in the consolidated financial statements) of the Group at the reporting date and their sensitivity to changes in foreign currencies are analyzed as follows (monetary unit: In thousands of NTD):

	2022.12.31				
	Foreign Currency	**Exchange rate**	**NTD**	**Changes in exchange rates**	**Profit and loss influence (before tax)**
Financial assets					
Monetary items					
USD (Note 1)	$ 83,777	30.7300	2,574,482	1%	25,745
USD (Note 2)	5,293	6.9750	162,660	1%	1,627
RMB	47,649	4.4057	209,928	1%	2,099
JPY	35,611	0.2330	8,297	1%	83
Financial liabilities					
Monetary items					
USD (Note 1)	37,432	30.7300	1,150,278	1%	11,503
USD (Note 2)	24,608	6.9750	756,188	1%	7,562
JPY	44,051	0.2330	10,264	1%	103

	2021.12.31				
	Foreign Currency	**Exchange rate**	**NTD**	**Changes in exchange rates**	**Profit and loss influence (before tax)**
Financial assets					
Monetary items					
USD (Note 1)	$ 67,168	27.6800	1,859,210	1%	18,592
USD (Note 2)	2,093	6.3700	57,934	1%	579
RMB	4,687	4.3454	20,367	1%	204
JPY	31,879	0.2404	7,664	1%	77
Financial liabilities					
Monetary items					
USD (Note 1)	30,710	27.6800	850,053	1%	8,501
USD (Note 2)	26,447	6.3700	732,064	1%	7,321
JPY	11,453	0.2404	2,753	1%	28

Note 1: Exchange rate between USD and NTD.

Note 2: Exchange rate between USD and RMB.

Due to the wide variety of functional currencies of the Group, the exchange gain or loss of monetary items are disclosed through consolidation. Please refer to Note VI (XXIII) for details of foreign currency exchange (loss) gain (including realized and unrealized) for the years 2022 and 2021.

(2) Interest rate risk

The bank borrowings of the Group are based on a floating rate basis. The measures taken by the Group to address the risk of interest rate changes mainly include regularly assessing the borrowing interest rate of banks, maintaining good relationship with financial institutions to achieve lower financing costs, and strengthening working capital management to reduce the dependence on bank borrowings and the risk of interest rate changes.

The interest rate exposure of financial liabilities of the Group is described in the liquidity risk management section of this Note. The following sensitivity analysis is based on the interest rate exposure of non-derivative instruments at the reporting date. For floating rate liabilities, the analysis assumes that the amount of liabilities outstanding at the reporting date is outstanding throughout the year. The rate of change used by the Group to report interest rates to the main management is an increase or decrease of 1% in annual interest rates, which also represents the management's assessment of the reasonable and possible range of changes in interest rates.

If the annual interest rate on bank borrowings of the Group increases/decreases by 1%, and all other variables remain unchanged, based on the estimated balance of bank borrowings of the Group as of December 31, 2022 and 2021, the net profit before tax of the Group for the years 2022 and 2021 will decrease/increase by NTD34,367 thousand and NTD30,613 thousand, respectively,

(3) Other market price risks

The Group is exposed to the risk of price changes of equity instruments arising from the equity securities investment measured at fair value. The Group manages and monitors the investment performance on a fair value basis.

The sensitivity analysis of the price risk of equity instruments is based on the changes in fair value as at the reporting date. If the price of equity instruments increases/decreases by 1%, based on the estimated balance of equity securities investments held by the Group as of December 31, 2022 and 2021, the amount of other comprehensive incomes for the years 2022 and 2021 will increase/decrease by NTD711 thousand and NTD425 thousand, respectively.

(XXVI) Capital management

The Group conducts management of risks in capital to ensure that each enterprise of the group would continue as a going concern with the premise of optimizing the balances of debt and equity, and to maximize shareholders' equity.

The Group's capital structure consists of its net debt, which is borrowings less cash and cash equivalent, and equity attributable to the owners of the Company, which is equity, capital reserve, retained earnings and other equity items.

The Group is not subject to other external capital requirements.

The Group's key management annually reviews the group's capital structure, and the content of the review includes costs of various capital and related risks. According to the key management's suggestions, the Group will balance the overall capital structure through the payment of dividends, issuance of new shares, and buy-back of shares.

The way of capital management of the Group did not change in 2022 and 2021.

(XXVII) Investment and financing activities not in cash

1. Please refer to Note VI (X) for the right-of-use assets acquired by the Group through lease.
2. The liabilities from financing activities are reconciled in the following table:

			Non-cash change			
	2022.1.1	**Cash Flows**	**Impact from initial consolidation of subsidiary**	**Increase or decrease in lease liabilities**	**Exchange rate changes**	**2022.12.31**
Short-term borrowings	$ 1,311,304	434,885	122,161	-	17,670	1,886,020
Long-term borrowings (including the part due within one year)	1,750,000	(200,133)	792	-	(6)	1,550,653
Lease liabilities	257,374	(80,493)	5,464	139,104	6,695	328,144
Total liabilities from financing activities	$ 3,318,678	154,259	128,417	139,104	24,359	3,764,817

			Non-cash change			
	2021.1.1	**Cash Flows**	**Impact from initial consolidation of subsidiary**	**Increase or decrease in lease liabilities**	**Exchange rate changes**	**2021.12.31**
Short-term borrowings	$ 823,701	487,797	-	-	(194)	1,311,304
Long-term borrowings (including the part due within one year)	-	1,745,830	4,187	-	(17)	1,750,000
Lease liabilities	122,518	(80,288)	51,212	166,465	(2,533)	257,374
Total liabilities from financing activities	$ 946,219	2,153,339	55,399	166,465	(2,744)	3,318,678

VII. Related Party Transactions

(I) Parent company and ultimate controller

Qisda Corporation (Qisda) is the ultimate controller of the parent company and affiliated group of the Company, directly or indirectly holding 55.09% of the Company's outstanding ordinary shares. Qisda has prepared consolidated financial reports for public use.

(II) Names and relationships of related parties

The related parties having transactions with the Group during the period under the consolidated balance sheet are as follows:

Name of related party	Relationship with the Group
Qisda Corporation (Qisda)	Parent company of the Company
Other related parties:	
Partner Technology Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
Alpha Networks Inc.	Directly/indirectly controlled subsidiary of Qisda
BenQ Materials Corporation	Directly/indirectly controlled subsidiary of Qisda
BenQ Asia Pacific Corporation	Directly/indirectly controlled subsidiary of Qisda
BenQ Healthcare Corporation	Directly/indirectly controlled subsidiary of Qisda
Metaguru Corporation	Directly/indirectly controlled subsidiary of Qisda
BenQ Guru Software Corporation	Directly/indirectly controlled subsidiary of Qisda
BenQ Corporation	Directly/indirectly controlled subsidiary of Qisda
BenQ Co., Ltd (BQC)	Directly/indirectly controlled subsidiary of Qisda (Note 3)
BenQ (Shanghai) Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
BenQ Intelligent Technology (Shanghai) Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
Suzhou BenQ Hospital Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
BenQ America Corp.	Directly/indirectly controlled subsidiary of Qisda

Name of related party	Relationship with the Group
Simula Technology Inc.	Directly/indirectly controlled subsidiary of Qisda
Golden Spirit Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
Data Image Corporation	Directly/indirectly controlled subsidiary of Qisda
DIVA Laboratories, Ltd.	Directly/indirectly controlled subsidiary of Qisda
Metaage Corporation (formerly SYSAGE Technology Co., Ltd.)	Directly/indirectly controlled subsidiary of Qisda
AdvancedTEK International Corp.	Directly/indirectly controlled subsidiary of Qisda
Global Intelligence Network Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
Asiaconnect International Company Ltd.	Directly/indirectly controlled subsidiary of Qisda
Concord Medical Co. Ltd.	Directly/indirectly controlled subsidiary of Qisda
Webest Solution Corporation	Directly/indirectly controlled subsidiary of Qisda
Qisda Optronics (Suzhou) Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
Qisda (Suzhou) Co., Ltd.	Directly/indirectly controlled subsidiary of Qisda
BenQ Medical Technology Corporation	Directly/indirectly controlled subsidiary of Qisda
Darly Venture, lnc.	Directly/indirectly controlled subsidiary of Qisda
Darly2 Venture, lnc.	Directly/indirectly controlled subsidiary of Qisda
Darly Consulting Corporation	Directly/indirectly controlled subsidiary of Qisda
AU Optronics Corporation (AUO)	Related enterprise of Qisda/Corporate director valuing Qisda under equity approach (Note 1)
AU Optronics (Kunshan) Co., Ltd.	Direct/indirect subsidiary of AUO
AU Optronics (Xiamen) Co., Ltd.	Direct/indirect subsidiary of AUO
AU Optronics (Suzhou) Co., Ltd.	Direct/indirect subsidiary of AUO
AUO Digitech Taiwan Inc.	Direct/indirect subsidiary of AUO
AUO Display Plus Corp.	Direct/indirect subsidiary of AUO
AUO Crystal Corporation	Direct/indirect subsidiary of AUO
Darwin Precisions (Xiamen) Corporation	Direct/indirect subsidiary of AUO

Name of related party	Relationship with the Group
Darwin Precisions Corporation	Direct/indirect subsidiary of AUO
Ta Chi Education Development Co., Ltd.	Direct/indirect subsidiary of AUO
Visco Vision Inc.	Related enterprise of Qisda
Darfon Electronics Corporation (Darfon)	Related enterprise of Qisda
Unictron Technologies Corporation	Direct/indirect subsidiary of Darfon
Darfon Electronics (Suzhou) Co., Ltd.	Direct/indirect subsidiary of Darfon
San Jose Technology, Inc.	Direct/indirect subsidiary of Darfon (Note 2)
BenQ Foundation	Substantive related party of Qisda
Suzhou BenQ Foundation	Substantive related party of Qisda
Aewin Korea Technologies Co., Ltd.	Substantive related party of AEWIN
Giantech Corp.	Substantial related party of Brainstorm
Dolica Corporation	Substantial related party of Brainstorm

Note 1: AUO was previously a related enterprise of Qisda. However, AUO is no longer a related enterprise of Qisda starting May 12, 2021, and AUO has valued Qisda under the equity approach as of January 2021.

Note 2: It was written off and dissolved on March 30, 2021.

Note 3: BenQ Corporation has disposed of 100% equity interest in BenQ Co., Ltd on September 30, 2022, so it is no longer a related party of the Group since that date.

(III) Material transactions with related party

1. Net operating income

The material sales amount of the Group to the related parties is as follows:

	2022	2021
Parent company	$ 125,408	89,356
Other related parties	445,329	198,013
	$ 570,737	287,369

Sales of the Group to related parties involve customary products made to order based on the customer demand, so the price is determined by both parties through negotiation. The credit term for related parties is 60-120 days after shipment, and 30-180 days for non-related parties.

2. Purchases

   The purchase amount of the Group from the related parties is as follows:

	2022	2021
Parent company	$ 656,098	351,317
Other related parties	16,281	24,801
	$ 672,379	376,118

   The purchases from related parties by the Group are customized products tailored to the requirements of the order, and, therefore, the selling price is mutually agreed. The credit term provided by related parties is 60-90 days after shipment, and 30-105 days after monthly settlement for non-related parties.

3. Lease

   The Group has leased plants and offices from the parent company and other related parties respectively and signed the lease contracts based on the rent prices in the adjacent areas. The increased right-of-use assets in 2022 and 2021 were NTD664 thousand and NTD135,488 thousand, respectively.

   The Group has recognized interest expenses of NTD1,427 thousand and NTD1,615 thousand for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, the balances of related lease liabilities were NTD114,094 thousand and NTD130,047 thousand, respectively.

4. Property transactions

Category of related party	Item	2022	2021
Other related parties	Property, plant and equipment	$ 334	6,562
Parent company	Intangible assets	-	1,789
Other related parties	Intangible assets	3,841	288
		$ 4,175	8,639

5. Acquisition of subsidiaries

   Ace Pillar, the consolidated subsidiary, acquired 100% equity in ACE Energy from Darly Venture, Inc., Darly2 Venture, Corp., Darly Consulting Corporation and AU Optronics Corporation at a total price of NTD32,000 thousand on July 1, 2022, and the full payment of the above relevant price has been made.

6. Operating costs, expenses, and other income

The operating costs and expenses incurred by the Group due to the provision of product processing and management services by related parties, as well as other income generated by other transactions, are detailed below:

Item	Category of related party	2022	2021
Operating costs	Parent company	$ 19,137	9,316
	Other related parties	16,143	3,890
Operating expenses	Parent company	5,829	6,231
	Other related parties	23,696	11,511
Other income	Parent company	238	-
	Other related parties	5,439	5,581

7. Receivables from related parties

Details of the receivables from related parties of the Group are as follows:

Item	Category of related party	2022.12.31	2021.12.31
Accounts receivable from related parties	Parent company	$ 147,835	125,249
	Other related parties	124,471	56,889
		272,306	182,138
Other receivables	Parent company	55	-
	Other related parties	501	498
		556	498
		$ 272,862	182,636

The Group provides some of the raw materials to the parent company for manufacturing, while the completed semi-finished products are sold back to the Group for processing and assembly. To prevent repeated calculation of the purchases and sales above, the Group did not recognize the amount of raw materials provided to the parent company as operating income. Furthermore, the accounts receivable and payable arising from the sale of raw materials and the purchase of semi-finished products above were not collected and paid on a net basis; therefore, they were not expressed as mutual offset.

8. Accounts payable to related parties

The payables of the Group to related parties are detailed as follows:

Item	Category of related party	2022.12.31	2021.12.31
Accounts payable to related parties	Parent company	$ 115,348	51,668
	Other related parties	1,837	11,385
		117,185	63,053
Other payables	Parent company	4,298	3,660
	Other related parties	3,711	4,018
		8,009	7,678
Lease liabilities - current	Parent company	13,763	13,482
	Other related parties	-	2,158
Lease liabilities - non-current	Parent company	100,331	113,483
	Other related parties	-	924
		114,094	130,047
		$ 239,288	**200,778**

(IV) Compensation of main managerial officers

	2022	2021
Short-term employee benefits	**$ 47,017**	**46,767**

VIII. Pledged Assets

The details of the book-entry values of the asset pledged as collateral provided by the Group are detailed as follows:

Asset name	Subject matter of pledge guarantee	2022.12.31	2021.12.31
Pledged certificate of deposit	Performance bond for release before tax to customs house	$ 2,325	1,708
Notes receivable	Bank loan guarantee	11,802	18,196
Property, plant and equipment	Bank loan guarantee	454,165	461,112
Property, plant and equipment	Performance guarantee for purchases	29,979	-
		$ 498,271	**481,016**

The aforesaid pledged time deposits are presented under the financial assets measured at amortized cost - current.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments: None.

X. Significant Disaster Losses: None.

XI. Significant Events after the Balance Sheet Date: None.

XII. Miscellaneous

(I) The employee benefits, depreciation and amortization expenses are summarized by function as follows:

By function / By Nature	2022			2021		
	Attributable to operating cost	Attributable to operating expenses	Total	Attributable to operating cost	Attributable to operating expenses	Total
Employee benefits expenses						
Salary expense	317,230	1,229,853	1,547,083	257,135	997,588	1,254,723
Labor and health insurance expenses	26,415	109,736	136,151	23,606	88,426	112,032
Pension expense	12,620	50,820	63,440	8,613	37,308	45,921
Other employee benefit expenses	19,231	41,108	60,339	16,660	40,141	56,801
Depreciation expense	91,449	126,529	217,978	81,987	110,529	192,516
Amortization expense	2,348	99,000	101,348	1,781	65,597	67,378

XIII. Supplementary Disclosures

(I) Information on Significant Transactions:

1. Loan of funds to others: Please refer to Table 1.
2. Endorsement and guarantee for others: Please refer to Table 2.
3. Marketable securities held at the end of the period (excluding the investments in subsidiaries, related enterprises and equity joint ventures): Please refer to Table 3.
4. The cumulative purchase or sale of the same securities amounted to NTD300 million or 20% and above of the paid-in capital: None.
5. The amount of property acquired reached NTD300 million or 20% and above of the paid-in capital: None.
6. The amount of property disposal reached NTD300 million or 20% and above of the paid-in capital: None.
7. The amount of purchases or sales with related parties reached NTD100 million or 20% and above of the paid-in capital: Please refer to Table 4.
8. Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital: Please refer to Table 5.
9. Engaged in derivative products transactions: Please refer to Note VI (II).
10. Business relationship and important transactions between the parent company and the subsidiaries: Please refer to Table 6.

(II) Reinvestment and related information: Please refer to Table 7.

(III) Information on investments in mainland China: Please refer to Table 8.

(IV) Information on major shareholders:

Unit: Share

Shares / Name of major shareholder	Number of shares	Shareholding ratio
Qisda Corporation	51,609,986	45.07%
Gordias Investments Limited of British Virgin Islands Merchant	15,734,441	13.74%
Darly2 Venture, lnc.	9,175,109	8.01%
Hyllus Investments Limited of British Virgin Islands Merchant	8,559,818	7.47%

Note: This table displays the information of the shareholders who have delivered a total of more than 5% of the ordinary shares (including treasury stocks) of the Company without physical share registration until the final working day every quarter, as calculated by the central clearing company. The share capital indicated in the financial report of the Company may be different from the actual number of shares delivered without physical registration as a result of different preparation and calculation bases.

XIV. Segment Information

(I) General information

After acquiring the control of Brainstorm in May 2021, a new reporting segment, Computer Components, was added to the existing two reporting segments of the Group. These segments are the strategic management units of the Group. Each strategic operating unit offers different products and services and is managed separately depending on the technology and marketing strategies required. The Group's chief operating decision maker reviews the internal management reports of each strategic business unit at least quarterly. The operations of each reportable segment of the Group are summarized as follows.

1. Board cards and system segment: Engaged in the research and development, manufacturing and sales of boards and motherboards for industrial computers.
2. Industrial automation control segment: Engaged in testing, processing, trading, repairing and electromechanical integration of automation control and industrial transmission systems.
3. Computer components: Engaged in the sale of computers and peripheral equipment.

(II) Reportable segment profit or loss, assets and liabilities, and their measurement basis and reconciliation information

Information and adjustments of the Group's operating segments are as follows:

	2022					
	Board cards and system segment	**Industrial automation control segment**	**Computer components**	**Others**	**Adjustment and elimination**	**Total**
Revenue from external clients	$ 7,229,470	2,864,206	5,197,642	898,211	-	16,189,529
Inter-departmental income	24,018	1,809	-	-	(25,827)	-
Total income	$ 7,253,488	2,866,015	5,197,642	898,211	(25,827)	16,189,529
Reportable department profit or loss	$ 752,300	12,801	(108,513)	71,800	2,805	731,193

	2021					
	Board cards and system segment	**Industrial automation control segment**	**Computer components**	**Others**	**Adjustment and elimination**	**Total**
Revenue from external clients	$ 5,319,883	3,550,704	4,336,531	105,062	-	13,312,180
Inter-departmental income	23,258	4,282	-	2,750	(30,290)	-
Total income	$ 5,343,141	3,554,986	4,336,531	107,812	(30,290)	13,312,180
Reportable department profit or loss	$ 203,395	177,883	141,546	282	3,506	526,612

(III) Geographical information

The geographical information of the Group is as follows, with revenues classified based on the geographical location of customers and non-current assets classified based on the geographical location of assets.

By geographical location	**2022**	**2021**
Revenue from external clients:		
Asia	$ 6,598,814	6,384,086
America	7,178,520	5,647,502
Europe	2,291,723	1,220,183
Others	120,472	60,409
	$ 16,189,529	13,312,180

By geographical location	2022.12.31	2021.12.31
Non-current assets:		
Asia	$ 3,339,842	2,829,635
America	891,500	937,514
Europe	49,801	8,303
	$ 4,281,143	**3,775,452**

The above non-current assets do not include financial instruments, deferred income tax assets and pension benefits assets.

(IV) Sales to major customers

For the years ended December 31, 2022 and 2021, the Group did not have any single customer that amounted to more than 10% of the consolidated net sales revenue.

DFI Inc. and its subsidiaries

Loan of funds to others

From January 1 to December 31, 2022

Table 1

Unit: In thousands of New Taiwan Dollars

No.	Financing Company	Loan recipient	Transaction item	Related Party	Maximum amount in current period	Ending balance	Amount actually drawn in current period	Range of interest rate	Nature for financing	Business Transaction Amounts	Reason for Short-term Financing	Allowance for bad debts recognized	Collateral		Financing Limits for Each Borrowing Company	Total Financing Limits
													Name	Value		
1	AEWIN	Beijing AEWIN	Other receivables from related parties	Yes	166,808	125,836	125,836	-	1	525,259	Business Interaction	-	-	-	255,839	511,679
2	Ace Pillar	Tianjin ACE Pillar	Other receivables from related parties	Yes	309,505	220,285	176,228	-	2	-	Operating capital fund	-	-	-	409,634	819,268
2	Ace Pillar	Suzhou Super Pillar	Other receivables from related parties	Yes	121,278	88,114	30,840	-	2	-	Operating capital fund	-	-	-	409,634	819,268
3	Standard Co.	Intelligent fluids GmbH	Other receivables	No	625	-	-	20.00%	1	659	Business Interaction	-	-	-	16,803	33,605
4	Cyber South	Tianjin ACE Pillar	Other receivables from related parties	Yes	22,551	21,511	21,511	-	2	-	Operating capital fund	-	-	-	580,218	580,218
5	Proton Inc.	Tianjin ACE Pillar	Other receivables from related parties	Yes	12,886	12,292	12,292	-	2	-	Operating capital fund	-	-	-	459,880	459,880

Note 1: The limits of funds lent by AEWIN to all others and to each individual object were 40% and 20%, respectively, of the net value of the company's most recent financial statements.

Note 2: The limits of funds lent by Ace Pillar to all others and to each individual object were 40% and 20%, respectively, of the net value of the company's most recent financial statements.

Note 3: The limits of funds lent by Standard Technology Corporation to all others and to each individual object were 20% and 10%, respectively, of the net value of the company's most recent financial statements.

Note 4: The limits of funds lent by Cyber South to all others and to each individual object were 10% and 5%, respectively, of the net value of the company's most recent financial statements.
When lending funds to foreign subsidiaries that the parent company directly or indirectly holds 100% of the voting shares based on need for financing, the limit of all loans and each loan was 100% of the net value.

Note 5: The limits of funds lent by Proton Inc. to all others and to each individual object were 10% and 5%, respectively, of the net value of the company's most recent financial statements. When lending funds to foreign subsidiaries that the parent company directly or indirectly holds 100% of the voting shares based on need for financing, the limit of all loans and each loan was 100% of the net value.

Note 6: "1" for those with the nature for financing arising from business transaction; "2" for those have a need for short-term financing.

Note 7: The transactions of the Company's loans to subsidiaries had been written off when the consolidated financial statements were prepared.

DFI Inc. and its subsidiaries

Endorsement and guarantee for others

Table 2

From January 1 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

No.	Company Name of Endorser	Company name of endorsee		Endorsement limit for a single enterprise	Maximum endorsement guarantee balance for current period	Ending balance of endorsement guarantee	Amount Actually Drawn	Amount of endorsements secured by the property	The ratio of accumulated endorsement amount to the net worth of the latest financial report	Maximum amount of endorsement	Endorsement of the parent company to a subsidiary	Endorsement of a subsidiary to the parent company	Endorsement for Mainland China
		Company Name	Relationship										
1	AEWIN	Beijing AEWIN	2	255,839	130,608	-	-	-	-	639,599	Y	N	Y
2	Ace Pillar	Tianjin ACE Pillar	2	819,268	190,125	-	-	-	-	1,024,085	Y	N	Y

Note 1: The maximum lines of credit provided by AEWIN for other persons and individual enterprise are 50% and 20% of the company’s net value in the financial statements for the most recent period.

Note 2: The maximum lines of credit provided by Ace Pillar for other persons and individual enterprise are 50% and 40% of the company’s net value in the financial statements for the most recent period.

Note 3: Relationship between the endorser and the endorsee: (2) A subsidiary holding more than 50% of ordinary shares.

DFI Inc. and its subsidiaries
Marketable securities held at the end of the period (excluding the investments in subsidiaries, related enterprises and equity joint ventures)
From January 1 to December 31, 2022

Table 3

Unit: In thousands of New Taiwan Dollar/ In thousands of foreign currency/ In thousands of shares/ In thousands of units

Holder	Type and name of marketable securities	Relationship with the issuer of securities	Item	End of period				Maximum shareholding during the period		Remarks
				Number of shares/units	Carrying amount	Shareholding ratio	Fair value	Number of shares/units	Shareholding ratio	
The Company	Beneficiary certificates: Cathay No.1 REIT	-	Financial assets at fair value through profit or loss - current	1,442	26,071	-	26,071	1,442	-	-
The Company	Stock: APLEX Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,487	68,840	4.10%	68,840	1,487	4.10%	-
AEWIN	Stock: AEWIN KOREA TECHNOLOGIES CO., LTD	Substantial related party	Financial assets at fair value through other comprehensive income - non-current	10	790	16.67%	790	10	16.67%	-
AEWIN	Stock: Authentrend Technology Inc.	-	Financial assets at fair value through profit or loss - non-current	300	-	1.42%	-	300	1.42%	-
Standard Co.	Stock: Intelligent fluids GmbH	-	Financial assets at fair value through other comprehensive income - non-current	27	-	2.64%	-	27	2.64%	-
Standard Co.	Stock: COMPITEK CORP PTE LTD (CPL)	-	Financial assets at fair value through other comprehensive income - non-current	36	1,434	6.28%	1,434	36	6.28%	-
STCBVI	Bonds: Biogen Inc.	-	Financial assets measured at amortized cost - non-current	USD 100	3,212	-	3,212	USD 100	-	-

DFI Inc. and its subsidiaries
The amount of purchases or sales with related parties reached NTD100 million
or 20% and above of the paid-in capital
From January 1 to December 31, 2022

Table 4

Unit: In thousands of New Taiwan Dollars

Purchaser/Seller	Name of Counterparty	Relationship	Transaction status				Situation and reason for difference between the trading terms and the general trading		Notes and accounts receivable (payable)		Remarks
			Purchase/ Sales	Amount	Proportion to total purchase/ sales	Credit period	Unit price	Credit period	Balance	Proportion to total notes and accounts receivable (payable)	
The Company	Qisda	Parent company and subsidiary	Purchases	560,220	13.04%	60-90 days to collect	-	30-90 days to collect	(77,471)	(8.81)%	-
Qisda	The Company	Parent company and subsidiary	(Sales)	(560,220)	(0.54%)	60-90 days to collect	-	30-90 days to collect	77,471	0.33%	-
DFI US	The Company	Parent company and subsidiary	Purchases	863,502	98.76%	60-90 days to collect	-	30-90 days to collect	(143,030)	(100)%	Note 2
The Company	DFI US	Parent company and subsidiary	(Sales)	(863,502)	(15.87%)	60-90 days to collect	-	30-90 days to collect	143,030	12.70%	Note 2
Diamond Flower Information (NL) B.V	The Company	Parent company and subsidiary	Purchases	613,421	100%	60-90 days to collect	-	30-90 days to collect	(61,796)	(100)%	Note 2
The Company	Diamond Flower Information (NL) B.V.	Parent company and subsidiary	(Sales)	(613,421)	(11.27%)	60-90 days to collect	-	30-90 days to collect	61,796	5.49%	Note 2
DFI Co.,Ltd.	The Company	Parent company and subsidiary	Purchases	251,518	100%	60-90 days to collect	-	30-90 days to collect	(17,232)	(96.82)%	Note 2
The Company	DFI Co.,Ltd.	Parent company and subsidiary	(Sales)	(251,518)	(4.62%)	60-90 days to collect	-	30-90 days to collect	17,232	1.53%	Note 2
Yan Ying Hao Trading (Shenzhen) Co. Ltd.	The Company	Parent company and subsidiary	Purchases	215,125	97.79%	60-90 days to collect	-	30-90 days to collect	(44,109)	(99.44)%	Note 2
The Company	Yan Ying Hao Trading (Shenzhen) Co. Ltd.	Parent company and subsidiary	(Sales)	(215,125)	(3.95%)	60-90 days to collect	-	30-90 days to collect	44,109	3.92%	Note 2
The Company	Qisda Optronics (Suzhou)	Affiliate	(Sales)	(199,357)	(3.66%)	60-90 days to collect	-	30-90 days to collect	66,393	5.89%	Note 2
Qisda Optronics (Suzhou)	The Company	Affiliate	Purchases	199,357	0.96%	60-90 days to collect	-	30-90 days to collect	(66,393)	(2.21)%	Note 2
AEWIN	The Company	Parent company and subsidiary	Purchases	808,108	44.13%	Payment term of 90 days	At agreed price	Payment term of 60-90 days to collect	(205,300)	(53.44)%	Note 2
The Company	AEWIN	Parent company and subsidiary	(Sales)	(808,108)	(14.85%)	Payment term of 90 days	At agreed price	Payment term of 60-90 days to collect	205,300	18.23%	Note 2
AEWIN	Beijing AEWIN	Parent company and subsidiary	(Sales)	(525,259)	(26.12%)	150 days after shipment	-	120 days after shipment (Note 1)	523,434	59.53%	Note 2
Beijing AEWIN	AEWIN	Parent company and subsidiary	Purchases	525,259	57.91%	150 days after shipment	-	120 days after shipment (Note 1)	(523,434)	(70.45)%	Note 2
AEWIN	Aewin Tech Inc.	Parent company and subsidiary	(Sales)	(321,308)	(15.98%)	120 days after shipment	-	120 days after shipment (Note 1)	109,473	12.45%	Note 2
Aewin Tech Inc.	AEWIN	Parent company and subsidiary	Purchases	321,308	100%	120 days after shipment	-	120 days after shipment (Note 1)	(109,473)	(100)%	Note 2
Quansheng Information	Tianjin ACE Pillar	Affiliate	(Sales)	(374,578)	(99.84%)	T/T 30 days	-	-	12,555	88.77%	Note 2
Tianjin ACE Pillar	Quansheng Information	Affiliate	Purchases	374,578	34.35%	T/T 30 days	-	-	(12,555)	(14.39)%	Note 2
The Company	AEWIN	Parent company and subsidiary	Purchases	368,641	8.58%	Payment term of 60 days	-	30-90 days to collect	(71,812)	(6.39)%	Note 2
AEWIN	The Company	Parent company and subsidiary	(Sales)	- (Note 3)	-	Payment term of 60 days	-	120 days after shipment (Note 1)	71,812	8.17%	Note 2

Note 1: 120 days after shipment and subject to extension according to market conditions.
Note 2: The above transactions have been written off when preparing the consolidated financial report.
Note 3: The amount of sales of raw materials after processing and repurchase has been deducted.

DFI Inc. and its subsidiaries
Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital
From January 1 to December 31, 2022

Table 5

Unit: In thousands of New Taiwan Dollars

Company of receivables	Name of Counterparty	Relationship	Balance of receivable from related parties	Turnover rate	Overdue receivables from related parties		Recovery amount of receivables from related parties after the balance sheet date	Allowance for bad debts recognized
					Amount	Treatment		
The Company	Qisda	Parent company and subsidiary	112,190	0.77	-	-	47,354	-
The Company	AEWIN	Parent company and subsidiary	205,300	5.09	-	-	78,101	-
The Company	DFI US	Parent company and subsidiary	143,030	8.13	-	-	122,920	-
AEWIN	Beijing AEWIN	Parent company and subsidiary	523,434	1.14	385,498	Strengthen collection	-	-
AEWIN	Beijing AEWIN	Parent company and subsidiary	125,836	-	-	-	107,456	-
Ace Pillar	Tianjin ACE Pillar	Parent company and subsidiary	176,228	-	-	-	-	-

Note: The aforesaid transactions had been written off when the consolidated financial statements were prepared.

DFI Inc. and its subsidiaries

Business relationship and important transactions between the parent company and the subsidiaries
From January 1 to December 31, 2022

Table 6

Unit: In thousands of New Taiwan Dollars

No. (Note 1)	Name of trader	Name of counterparty	Relationship with trader (Note 2)	Transaction situation			
				Item	Amount	Transaction terms	Proportion to consolidated revenue or asset (Note 5)
0	The Company	DFI US	1	(Sales)	(863,502)	60~90 days to collect	5.33%
0	The Company	DFI US	1	Accounts receivable	143,030	60~90 days to collect	1.09%
0	The Company	Diamond Flower Information (NL) B.V.	1	(Sales)	(613,421)	60~90 days to collect	3.79%
0	The Company	DFI Co., Ltd.	1	(Sales)	(251,518)	60~90 days to collect	1.55%
0	The Company	Yan Ying Hao Trading (Shenzhen) Co., Ltd.	1	(Sales)	(215,125)	60~90 days to collect	1.33%
0	The Company	AEWIN	1	(Sales)	(808,108)	Payment term of 90 days	4.99%
0	The Company	AEWIN	1	Accounts receivable	205,300	Payment term of 90 days	1.56%
1	Quansheng Information	Tianjin ACE Pillar	3	(Sales)	(374,578)	T/T 30 days	2.31%
2	AEWIN	Beijing AEWIN	3	(Sales)	(525,259)	(Note 5)	3.24%
2	AEWIN	Beijing AEWIN	3	Accounts receivable	523,434	(Note 5)	3.98%
2	AEWIN	Aewin Tech Inc.	3	(Sales)	(321,308)	(Note 6)	1.98%
3	Ace Pillar	Tianjin ACE Pillar	3	Other receivables-borrowings	176,228	One year	1.34%

Note 1: The number should be filled in as follows:
1. 0 stands for the parent company.
2. The subsidiaries are numbered with Arabic numbers starting with 1.

Note 2: The types of relationships with traders are indicated as follows:
1. Parent company - subsidiary.
2. Subsidiary - parent company.
3. Subsidiary - subsidiary.

Note 3: The business relationship and important transactions between the parent and subsidiaries only disclose sales of goods and accounts receivable, and corresponding purchase and accounts payable are omitted here.

Note 4: It is calculated by dividing the transaction amount by the consolidated operating income or total consolidated assets.

Note 5: 150 days after shipment and subject to extension according to market conditions.

Note 6: 120 days after shipment and subject to extension according to market conditions.

Note 7: With respect to the business relationships and important transactions between parent and subsidiary companies, only information regarding those accounting for 1% or more of the consolidated revenue or assets are disclosed.

DFI Inc. and its subsidiaries

Reinvestment and related information

From January 1 to December 31, 2022

Table 7

Unit: In thousands of New Taiwan Dollars/ In thousands of shares

Investor	Name of investee	Location	Primary business	Original investment amount		Ending shareholding			Maximum shareholding during the period		Profit (loss) of the investee for the period	Investment profit (loss) recognized for the period	Remarks (Note 2)
				End of current period	End of last year	Number of shares	Ratio	Carrying amount	Number of shares	Shareholding ratio			
The Company	DFI US	USA	Sales of industrial computer cards	254,683	254,683	1,209	100%	382,317	1,209	100%	20,781	20,781	Subsidiary of the Company
The Company	Yan Tong	Mauritius	General investment business	187,260	187,260	3,500	100%	113,895	6,000	100%	20,233	21,229	Subsidiary of the Company
The Company	DFI CO., Ltd	Japan	Sales of industrial computer cards	104,489	104,489	6	100%	124,308	6	100%	17,927	17,927	Subsidiary of the Company
The Company	Diamond Flower Information (NL) B.V	Netherlands	Sales of industrial computer cards	35,219	35,219	12	100%	91,541	12	100%	38,775	38,775	Subsidiary of the Company
The Company	AEWIN	Taiwan	Design, manufacturing and sale of industrial computer mainboards and related products	564,191	564,191	30,376	51.38%	646,126	30,376	51.38%	153,743	73,838	Subsidiary of the Company
The Company	Ace Pillar	Taiwan	Testing, processing, sales, repairing and electromechanical integration of automation control and industrial transmission systems	1,301,359	1,301,359	53,958	48.07%	1,084,057	53,958	48.07%	78,953	32,362	Subsidiary of the Company
The Company	Brainstorm	USA	Wholesale and retail of computer and peripheral devices	501,582	501,582	233	35.09%	533,367	233	35.09%	(32,667)	(27,567)	Subsidiary of the Company
AEWIN	Wise Way	Anguilla	Investment business	46,129	46,129	1,500	100%	133,823	1,500	100%	(6,400)	(Note 1)	Subsidiary indirectly controlled by the Company
AEWIN	Aewin Tech Inc.	USA	Wholesale of computer and peripheral equipment and software	77,791	77,791	2,560	100%	2,885	2,560	100%	23,338	(Note 1)	Subsidiary indirectly controlled by the Company
Wise Way	Bright Profit	Hong Kong	Investment business	46,129	46,129	1,500	100%	188,031	1,500	100%	(6,400)	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Cyber South	Samoa	Holding Company	107,041	107,041	4,669	100%	580,218	4,669	100%	(56,336)	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Hong Kong ACE Pillar	Hong Kong	Trade of transmission mechanical components	5,120	5,120	1,200	100%	47,336	1,200	100%	3,068	(Note 1)	Subsidiary indirectly controlled by the Company
Cyber South	Proton	Samoa	Holding Company	527,665	527,665	17,744	100%	459,880	17,744	100%	(61,249)	(Note 1)	Subsidiary indirectly controlled by the Company
Cyber South	Ace Tek	Hong Kong	Holding Company	4,938	4,938	150	100%	2,176	150	100%	2,787	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Standard Co.	Taiwan	Trading and equipment maintenance of semiconductor optoelectronic equipment and consumables	187,000	-	4,680	60%	209,788	4,680	60%	45,262	(Note 1)	Subsidiary indirectly controlled by the Company
Standard Co.	Standard Technology Corp.	BVI	Holding Company	21,727	-	600	100%	114,895	600	100%	19,354	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	ACE Energy	Taiwan	Energy Service Company	166,760	-	4,993	99.86%	175,085	10,000	100%	12,782	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	BlueWalker GmbH	Germany	Trading and services of energy management products	-	-	(Note 3)	100%	-	(Note 3)	100%	15,766	(Note 1)	Subsidiary indirectly controlled by the Company
ACE Energy	BlueWalker GmbH	Germany	Trading and services of energy management products	138,804	-	(Note 3)	100%	144,174	(Note 3)	100%	15,766	(Note 1)	Subsidiary indirectly controlled by the Company

Note 1: The profit or loss of the investee company has been included in its investor, so to avoid confusion, it will not be expressed separately here.

Note 2: The subsidiaries directly and indirectly controlled by the Company in the above table have been written off when preparing the consolidated financial report.

Note 3: It is a limited liability company, so there is no number of shares.

DFI Inc. and its subsidiaries
Investment information in mainland China
From January 1 to December 31, 2022

Table 8
1. Information on Reinvestment in Mainland China:

Unit: In thousands of New Taiwan Dollar/In thousands of foreign currency

Investee in mainland China	Primary businesses	Paid-in capital	Investment method	Accumulated amount of investment remitted out of Taiwan at the beginning of the period	Remitted or repatriated amount of investment for the period: Remitted	Remitted or repatriated amount of investment for the period: Repatriated	Accumulated investment amount remitted from Taiwan at the end of current period	Current profit (loss) of the investee in the period	Shareholding ratio of direct or indirect investment of the Company	Maximum shareholding during the period: Number of shares	Maximum shareholding during the period: Shareholding ratio	Investment profit (loss) recognized in the period	Ending carrying value of investment	Repatriated investment income as of the end of the period
Yan Tong Infotech (Dongguan) Co., Ltd.	Manufacturing and sales of computer cards, board cards, host computer, electronic parts and components	69,200 (USD 2,500)	(Note 1)	-	-	-	-	5,116	100%	(Note 2)	100%	5,116 (Note 3)	57,242	33,306
Yan Ying Hao Trading (Shenzhen) Co., Ltd.	Wholesale, import and export of computer cards, board cards, host computers, electronic parts and components	13,840 (USD 500)	(Note 1)	-	-	-	-	2,338	100%	(Note 2)	100%	2,338 (Note 3)	49,551	-
Beijing AEWIN	Wholesale of computer and peripheral equipment and software	46,129 (USD 1,500)	(Note 1)	46,129 (USD 1,500)	-	-	46,129 (USD 1,500)	(6,400)	100%	(Note 2)	100%	(6,400) (Note 3)	188,026	-
Aewin (Shenzhen)	Wholesale of computers and peripheral equipment and software	15,265 (RMB 3,500)	(Note 5)	-	-	-	-	(2,541) (RMB (569))	100%	(Note 2)	100%	(2,541) (RMB (569) (Note 3)	(2,160) (RMB (490))	-
Tianjin ACE Pillar	Trade of transmission mechanical components	1,084,677 (USD 35,297)	(Note 1)	59,924 (USD 1,950)	-	-	59,924 (USD 1,950)	(74,508)	100%	(Note 2)	100%	(74,508) (Note 3)	545,110	125,533
Tianjin Jinhao	Manufacturing and processing of machinery transmission products	7,358 (RMB 1,670)	(Note 1)	4,917 (USD 160)	-	-	4,917 (USD 160)	(2,951)	100%	(Note 2)	100%	(2,951) (USD (106) (Note 3)	4,163 (USD 135)	-
Quansheng Information	Electronic system integration	9,219 (USD 300)	(Note 1)	4,610 (USD 150)	-	-	4,610 (USD 150)	2,787	100%	(Note 2)	100%	2,787 (USD 98 (Note 3)	2,149 (USD 70)	-
Suzhou Super Pillar	Processing and technical services of mechanical transmission and control products	44,559 (USD 1,450)	(Note 1)	- (Note 4)	-	-	- (Note 4)	7,917	100%	(Note 2)	100%	7,917 (USD 268 (Note 3)	107,855 (USD 3,510)	-
Xuchang Ace AI Equipment Co.,Ltd.	Wholesale and retail of industrial robotic related products	9,219 (USD 300)	(Note1)	- (Note 4)	-	-	- (Note 4)	(75)	(Note 6)	(Note 2)	(Note 6)	(75) (USD (3) (Note 3)	-	-
Shanghai Standard	Trading of semiconductor photoelectric equipment and consumables	14,750 (USD 480)	(Note I)	14,750 (USD 480)	-	-	14,750 (USD 480)	21,485	100%	(Note 2)	100%	17,309 (Note 3)	111,566	118,686

Note 1: Reinvest in the companies in mainland China through companies established in third regions.
Note 2: It is a limited liability company, so there is no number of shares.
Note 3: It is recognized in line with the financial report prepared by the investee and reviewed by the accountant of the parent company in Taiwan.
Note 4: It was reinvested and established by Cyber South.
Note 5: It is a mainland China-based company reinvested by Beijing AEWIN.
Note 6: Xuchang Ace AI Equipment Co., Ltd. was liquidated and deregistered on June 21, 2022.

2. Limit of investment in mainland China:

Name of investor	The cumulative amount of investment remitted from Taiwan to the Mainland Chinese at the end of the current period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Upper Limit on Investment in mainland China regulated by the Investment Commission of the Ministry of Economic Affairs (Note 2)
DFI	0 (Note 1)	62,072 (Note 3 and Note 4) (USD 2,085)	3,494,873
AEWIN	46,129 (USD 1,500)	61,460 (USD 2,000)	767,518
Ace Pillar	157,307 (USD 5,119)	157,307 (USD 5,119)	1,282,505
Standard Co.	14,750 (USD 480)	14,750 (USD 480)	100,816

Note 1: It refers to the amount actually remitted by the Company and approved by the Investment Commission, excluding the amount remitted by subsidiaries and approved by the Investment Commission.

Note 2: According to the Review Principles for Investment or Technical Cooperation in Mainland China, the accumulated amount of investment in mainland China shall not exceed 60% of the net value or consolidated net value, whichever the higher.

Note 3: The Company's net investment amount after the cancellation of Dongguan Nippon Trading Co., Ltd. approved by the Investment Commission in August 2014.

Note 4: Repatriated amount of earnings after the cancellation of Yan Tong Infotech (Dongguan) Co., Ltd. approved by the Investment Commission in February 2017.

3. Material transactions with investees in mainland China:

Please refer to the statement under the "Information on Significant Transactions" for the direct or indirect material transactions between the Group and the investees in mainland China from January 1 to December 31, 2022 (these transactions had been written off when the consolidated financial statements were prepared).