Stock Code:2497

E-LEAD ELECTRONIC CO. LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT AUDITORS

FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

Address: No. 37, Gongdong 1st Rd., Shengang Shiang, Changhua

Telephone: (04)7977277

The reader is advised that the consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail

Consolidated Financial Statements

Table of Contents

E-LEAD ELECTRONIC CO. LTD.

Declaration Statement

The entities that are required to be included in the consolidated statements of affiliates of E-LEAD ELECTRONIC CO., LTD. as at and for the year ended 31 December 2022 under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No.10 "Consolidated Financial Statements". Relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, E-LEAD ELECTRONIC CO., LTD. and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Truly yours

E-LEAD ELECTRONIC CO., LTD.

Chairman: Hsi-Hsun Chen

15 March 2023

Independent Auditors’ Report

To E-LEAD Electronic Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of E-LEAD Electronic Co., Ltd. and its subsidiaries (the “Group”) as of 31 December 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2022 and 2021, and their consolidated financial performance and cash flows for the years ended 31 December 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditor(s), 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 2022 consolidated financial statements of the Group. 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.

Allowance for losses on accounts receivable

As of 31 December 2022, the carrying amounts of accounts receivable and allowance for losses were NT$782,874 thousand and NT$36,835 thousand, respectively, and the net accounts receivable accounted for 19% of total assets, which was significant to the Group. As the allowance for losses is measured by the expected amount of credit losses over the life of the asset, the assumptions used in the measurement involve significant management judgement. We therefore determined this a key audit matter.

Our audit procedures include, but are not limited to, obtaining an understanding of, and testing the effectiveness of, the internal control system established by management over the collection of accounts receivable; Analyzing changes in accounts receivable and changes in turnover rates over the period and testing the collection of accounts receivable after the period to assess recoverability; Review the breakdown of accounts receivable at the end of the period and recalculate the reasonableness of the allowance for losses on accounts receivable based on the classification of individual credit groups and the expected loss rate as assessed by management. We have also considered the appropriateness of the disclosure of accounts receivable in Notes 5 and 6 to the consolidated financial statements

Evaluation of allowance for losses on decline in value of inventories and obsolescence of inventories

As of 31 December 2022, the net inventory of the Group was NT$1,170,536 thousand, representing 30% of total assets. Due to the uncertainty of the rapid changes in product technology and market demand, the allowance for losses on decline in value and obsolescence of inventories involve significant management judgment, we therefore determined this a key audit matter.

Our audit procedures include, but are not limited to, obtaining an understanding of, and testing the effectiveness of, management's internal control over inventory, including obtaining an understanding of the reasonableness of management's policy for the allowance for losses on decline in value and obsolescence of inventories; assessing management's inventory planning, selecting significant inventory locations and conducting physical observations of inventory counts to confirm the quantity and condition of inventories; testing the adequacy of the allowance for losses on decline in value of inventories. This includes testing the reasonableness of the net realizable value of inventories by reviewing a sample of evidence relating to the purchase and sale of inventories, obtaining a sample of inventory ageing schedules to test the correctness of the ageing calculations and recalculating the reasonableness of the allowance for losses on obsolescence of inventories. We also considered the appropriateness of the disclosures in Notes 5 and 6 to the consolidated financial statements.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Group, 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 financial reporting process of the Group.

Auditor’s 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 auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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 ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's 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 accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare 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.

Other

E-LEAD Electronic Co., Ltd. has prepared its parent only financial statements for the years ended 31 December 2022 and 2021, and we have issued an audit report with an unqualified opinion for reference purposes.

/s/Huang, Tzu Ping

/s/Yen, Wen Pi

Ernst & Young, Taiwan

15 March 2023

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

E-LEAD ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

For the years ended 31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets			31 December 2022		31 December 2021	
Code	Accounting Items	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4,6.1	$468,730	12	$365,012	11
1110	Financial assets at fair value through profit or loss - current	4,6.2	8,878	-	6,846	-
1150	Notes receivable, net	4	60,905	2	23,470	1
1170	Accounts receivable, net	4,6.3,7	746,039	19	624,105	20
1200	Other receivables	4,7	66,766	2	28,225	1
130x	Inventories	4,6.4	1,170,536	30	787,499	25
1410	Prepayments		57,078	1	34,814	1
1470	Other current assets	4,8	9,029	-	28,013	1
11xx	Total current assets		2,587,961	66	1,897,984	60
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	4,6.5	1,988	-	3,809	-
1550	Investments accounted for using the equity method	4,6.6	6,381	-	6,721	-
1600	Property, plant and equipment	4,6.7,8	1,062,867	27	925,391	29
1755	Right-of-use assets	4,6.17,7,8	11,930	-	13,604	-
1780	Intangible assets	4	36,997	1	45,976	1
1840	Deferred tax assets	4,6.21	167,586	4	211,143	7
1900	Other non-current assets	4,6.8	73,350	2	78,616	3
15xx	Total non-current assets		1,361,099	34	1,285,260	40
1xxx	Total assets		$3,949,060	100	$3,183,244	100

(The accompanying notes are an integral part of the parent company only financial statements)

Chairman: Hsi-Hsun Chen Manager: Hsi-Hsun Chen Accounting Supervisor: Pi-Huan Chen

English Translation of Consolidated Financial Statements Originally Issued in Chinese

E-LEAD ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

For the years ended 31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			31 December 2022		31 December 2021	
Code	Accounting Items	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	4,6.9	$565,250	14	$503,936	16
2130	Contract liabilities - current	6.15	10,156	-	9,450	-
2150	Notes payable		-	-	13,571	1
2170	Accounts payable	7	412,737	11	573,466	18
2200	Other payables	6.10,7	228,097	6	201,686	6
2230	Current income tax liabilities	4,6.21	6,851	-	9,147	-
2320	Current portion of long-term loans	6.12	-	-	144,000	5
2399	Other current liabilities	4,6.17,7	6,156	-	4,941	-
21xx	Total current liabilities		1,229,247	31	1,460,197	46
	Non-current liabilities					
2530	Bonds Payable	6.11	288,098	7	-	-
2540	Long-term loans	6.12	210,400	6	157,083	5
2570	Deferred tax liabilities	4,6.21	88,661	2	38,875	1
2640	Net defined benefit obligation - non-current	4,6.13	80,433	2	76,490	2
2670	Other non-current liabilities	4,6.17,7	3,252	-	55,945	2
25xx	Total non-current liabilities		670,844	17	328,393	10
2xxx	Total liabilities		1,900,091	48	1,788,590	56
31xx	Equity attributable to owners of the parent company	4,6.14				
3100	Capital					
3110	Common stock		1,227,985	31	1,187,985	37
3200	Additional Paid-in Capital		449,022	11	216,787	7
3300	Retained earnings					
3310	Legal reserve		208,936	5	208,936	6
3320	Special reserve		19,536	1	19,536	1
3350	Unappropriated retained earnings (accumulated deficit)		183,446	5	(160,737)	(5)
	Subtotal		411,918	11	67,735	2
3400	Other equity					
3410	Exchange differences on translation of foreign operations		(36,344)	(1)	(76,062)	(2)
3420	Unrealized gains or losses measured at fair value through other comprehensive income		(3,612)	-	(1,791)	-
	Subtotal		(39,956)	(1)	(77,853)	(2)
3xxx	Total equity		2,048,969	52	1,394,654	44
	Total liabilities and equity		$3,949,060	100	$3,183,244	100

(The accompanying notes are an integral part of the parent company only financial statements)

Chairman: Hsi-Hsun Chen　　Manager: Hsi-Hsun Chen　　Accounting Supervisor: Pi-Huan Chen

English Translation of Consolidated Financial Statements Originally Issued in Chinese

E-LEAD ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2022 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Accounting Items	Notes	2022		2021	
			Amount	%	Amount	%
4000	Revenues	4,6.15,7	$3,565,754	100	$2,475,727	100
5000	Operating costs	6.18,7	(2,615,293)	(73)	(1,815,985)	(73)
5900	Gross profit		950,461	27	659,742	27
	Operating expenses	6.18,7				
6100	Sales and marketing expenses		(142,465)	(4)	(144,769)	(6)
6200	General and administrative expenses		(199,107)	(6)	(149,759)	(6)
6300	Research and development expenses		(290,428)	(8)	(239,530)	(10)
6450	Expected credit (loss) gain	4,6.16	(9,917)	-	45,700	2
6000	Subtotal		(641,917)	(18)	(488,358)	(20)
6900	Operating profit		308,544	9	171,384	7
	Non-operating income and expenses	6.19,7				
7100	Interest income		1,383	-	1,036	-
7010	Other income		116,834	3	22,176	1
7020	Other gains or losses		88,839	3	(18,125)	(1)
7050	Finance costs		(29,230)	(1)	(14,480)	-
7060	Share of profits or losses of associates and joint ventures recognized under the equity method	6.6	1,267	-	1,932	-
7000	Subtotal		179,093	5	(7,461)	-
7900	Income before tax		487,637	14	163,923	7
7950	Income tax expense	4,6.21	(141,066)	(4)	(67,403)	(3)
8200	Net income		346,571	10	96,520	4
8300	Other comprehensive income	6.20				
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurements on defined benefit plans		(2,985)	-	$2,130	-
8316	Unrealized gain or loss on equity instruments measured at fair value through other comprehensive income		(1,821)	-	6,727	-
8349	Income tax related to items that will not be reclassified subsequently	6.21	597	-	(426)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		49,647	1	(62,088)	(2)
8399	Income tax related to items that may be reclassified subsequently	6.21	(9,929)	-	12,418	-
8300	Total other comprehensive income, net of tax		35,509	1	(41,239)	(2)
8500	Total comprehensive income		$382,080	11	$55,281	2
8600	Net income attributable to:					
8610	Owner of parent		$346,571		$96,520	
8620	Non-controlling interests		-		-	
			$346,571		$96,520	
8700	Comprehensive income attributable to:					
8710	Owner of parent		$382,080		$55,281	
8720	Non-controlling interests		-		-	
			$382,080		$55,281	
	Earnings per share (NTD)	6.22				
9750	Basic earnings per share		$2.88		$0.81	
9850	Diluted earnings per share		$2.85		$0.81	

(The accompanying notes are an integral part of the parent company only financial statements)

Chairman: Hsi-Hsun Chen Manager: Hsi-Hsun Chen Accounting Supervisor: Pi-Huan Chen

English Translation of Consolidated Financial Statements Originally Issued in Chinese
E-LEAD ELECTRONIC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Items	Equity attributable to owners of the parent company							Total Equity
				Retained earnings			Other equity		
		Common stock	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign operations	Unrealized gains (losses) on equity instruments measured at fair value through other comprehensive income	
Code		3110	3200	3310	3320	3350	3410	3420	3XXX
A1	Balance as at 1 January 2021	$1,187,985	$216,787	$208,936	$19,536	$(257,029)	$(26,392)	$(10,450)	$1,339,373
D1	Net income for 2021					96,520			96,520
D3	Other comprehensive income for 2021					1,704	(49,670)	6,727	(41,239)
D5	Total comprehensive income for 2021	-	-	-	-	98,224	(49,670)	6,727	55,281
Q1	Disposal of equity instruments at fair value through other comprehensive income					(1,932)		1,932	-
Z1	Balance as at 31 December 2021	$1,187,985	$216,787	$208,936	$19,536	$(160,737)	$(76,062)	$(1,791)	$1,394,654
A1	Balance as at 1 January 2022	$1,187,985	$216,787	$208,936	$19,536	$(160,737)	$(76,062)	$(1,791)	$1,394,654
C5	Equity components arising from the issuance of convertible bonds - arising from share options		26,931						26,931
D1	Net income for 2022					346,571			346,571
D3	Other comprehensive income for 2022					(2,388)	39,718	(1,821)	35,509
D5	Total comprehensive income for 2022	-	-	-	-	344,183	39,718	(1,821)	382,080
E1	Capital increase by cash	40,000	205,304						245,304
Z1	Balance as at 31 December 2022	$1,227,985	$449,022	$208,936	$19,536	$183,446	$(36,344)	$(3,612)	$2,048,969

(The accompanying notes are an integral part of the parent company only financial statements)

Chairman: Hsi-Hsun Chen Manager: Hsi-Hsun Chen Accounting Supervisor: Pi-Huan Chen

English Translation of Consolidated Financial Statements Originally Issued in Chinese

E-LEAD ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Code	Item	2022	2021
AAAA	Cash flows from operating activities:		
A00010	Net profit before tax from continuing operation	$487,637	$163,923
A10000	Net income before tax for the period	487,637	163,923
A20000	Adjustment for:		
A20010	Income and expense items：		
A20100	Depreciation	121,105	110,683
A20200	Amortization	21,715	16,345
A20300	Expected credit loss (income)	9,917	(45,700)
A20400	Losses (gains) on financial assets and liabilities at fair value through profit or loss	1,783	(4,207)
A20900	Interest expense	29,230	14,480
A21200	Interest income	(1,383)	(1,036)
A22300	Share of profit of subsidiaries, associates and joint ventures under the equity method	(1,267)	(1,932)
A22500	(Gain) loss on disposal of property, plant and equipment	(4,609)	359
A22800	Loss on disposal of intangible assets	124	-
A23000	Gain on disposal of non-current assets held for sale	(70,339)	-
A31130	(Increase) decrease in notes receivable	(37,435)	90,869
A31150	Increase in accounts receivable	(131,851)	(305,965)
A31180	Increase in other receivable	(38,541)	(16,081)
A31200	Increase in inventories	(383,037)	(352,689)
A31230	Increase in prepayments	(25,074)	(17,831)
A31240	(Increase) decrease in other current assets	(8,720)	2,785
A32125	Increase in contract liabilities	706	7,603
A32130	(Decrease) increase in notes payable	(13,571)	13,422
A32150	(Decrease) increase in accounts payable	(160,729)	227,259
A32180	Increase in other payable	20,808	58,694
A32230	Increase (decrease) in other current liabilities	1,668	(46)
A32240	Increase in net defined benefit obligation	795	571
A33000	Cash used in operations	(181,068)	(38,494)
A33100	Interest received	1,383	1,036
A33200	Dividends received	1,607	-
A33300	Interest paid	(25,714)	(14,562)
A33500	Income tax paid	(59,627)	(20,936)
AAAA	Net cash used in operating activities	(263,419)	(72,956)
	(Continued)		

(The accompanying notes are an integral part of the parent company only financial statements)

Chairman: Hsi-Hsun Chen Manager: Hsi-Hsun Chen Accounting Supervisor: Pi-Huan Chen

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

E-LEAD ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

For the years ended 31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Code	Item	2022	2021
	(Continued)		
BBBB	Cash flows from investing activities:		
B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(3,944)
B00020	Disposal of financial assets at fair value through other comprehensive income	-	23,948
B00100	Acquisition of financial assets at fair value through profit or loss	(3,113)	-
B02600	Disposal of non-current assets held for sale	97,770	-
B02700	Acquisition of property, plant and equipment	(246,602)	(148,055)
B02800	Disposal of property, plant and equipment	14,208	336
B04500	Acquisition of intangible assets	(12,369)	(33,381)
B06700	Increase in other non-current assets	(14,967)	(52,777)
B06800	Decrease in other non-current assets	21,440	177,938
BBBB	Net cash used in investing activities	(143,633)	(35,935)
CCCC	Cash flows from financing activities:		
C00100	Increase in short-term loans	1,587,212	724,958
C00200	Decrease in short-term loans	(1,529,047)	(701,483)
C01200	Issuance of corporate bonds	314,901	-
C01600	Acquisition of long-term loans	210,400	5,000
C01700	Repayment of long-term loans	(301,083)	(87,167)
C03100	Increase (decrease) in refundable deposits	6	(3)
C04020	Repayment of leasehold principal	(2,342)	(2,679)
C04400	Decrease in other non-current liabilities	(51,619)	(273)
C04600	Capital increase by cash	240,000	-
C04800	Stock options exercised by employees	5,304	-
CCCC	Net cash provided by (used in) financing activities	473,732	(61,647)
DDDD	Effect of exchange rate changes on cash and cash equivalents	37,038	(45,697)
EEEE	Increase (decrease) in cash and cash equivalents	103,718	(216,235)
E00100	Cash and cash equivalents at beginning of period	365,012	581,247
E00200	Cash and cash equivalents at end of period	$468,730	$365,012

(The accompanying notes are an integral part of the parent company only financial statements)

Chairman: Hsi-Hsun Chen Manager: Hsi-Hsun Chen Accounting Supervisor: Pi-Huan Chen

E-LEAD ELECTRONIC CO. LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

E-LEAD Electronic Co., Ltd. (the “Company”) was incorporated in Republic of China (R.O.C) on 22 June 1983. The Company mainly engaged in automotive electronics and its main products include head-up displays (WHUD、2D/3D ARHUD, 2D/3D digital electronic rear view mirror HUD), DMS, In-car audio/video navigation console, rear seat entertainment system, reversing camera, 2D/3D surround view system, blind spot detection system, advanced driver-assistance systems (ADAS), wired/wireless chargers for vehicles, automotive air purifier, car recorder, distance vision eye care products, video camera changeover tapes, etc.

The shares of the Company commenced trading on Taipei Exchange in October 2001 and were listed on the Taiwan Stock Exchange on 4 February 2002.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Group were authorized for issue in accordance with a resolution of the Board of Directors’ meeting on 15 March 2023.

3. Newly issued or revised standards and interpretations

1. Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2022. Apart from the nature and impact of the new standard and amendment is described below, the remaining new standards and amendments had no material impact on the Group.

2. Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below:

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
2	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
3	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(1) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(2) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(3) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2023. The remaining stands and interpretations have no have no material impact on the Group.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

3. Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below:

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
2	IFRS 17 "Insurance Contracts"	1 January 2023
3	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
4	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
5	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

(1) IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(2) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(3) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(4) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(5) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

1. Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

2. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT$”) unless otherwise stated.

3. Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(1) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(2) exposure, or rights, to variable returns from its involvement with the investee, and
(3) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(1) the contractual arrangement with the other vote holders of the investee
(2) rights arising from other contractual arrangements
(3) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

(1) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(2) derecognizes the carrying amount of any non-controlling interest;
(3) recognizes the fair value of the consideration received;
(4) recognizes the fair value of any investment retained;
(5) recognizes any surplus or deficit in profit or loss; and
(6) reclassifies the parent’s share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

			Percentage of ownership (%)	
Investor	Subsidiary	Main businesses	31 December 2022	31 December 2021
The Company	E-LEAD TECHNOLOGY CO., LTD.(BVI) (short for E-LEAD (BVI) Co.)	Financial investment business	100%	100%
The Company	HUGE PROFIT CO., LTD.	Trading business	100%	100%
The Company	E-LEAD ELECTRONIC (THAILAND) CO., LTD.	In-car video and audio navigation systems, rear seat entertainment systems and other automotive electronic accessories	100%	100%
The Company	E-LEAD TECHNOLOGY (CAYMAN) CO., LTD.	Financial investment business	(Note)	(Note)
E-LEAD (BVI) Co.	E-LEAD TECHNOLOGY (JIANGSU) CO., LTD.	Head-up displays and other automotive electronic accessories	100%	100%

(Note)： E-LEAD TECHNOLOGY (CAYMAN) CO., LTD. ceased operations in October 2021. The Company has discontinued the recognition of revenues and expenses of the subsidiary in the consolidated financial statements from the date of the loss of control.

4. Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(1) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(2) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
(3) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

5. Translation of financial statements in foreign currency

In preparing the consolidated financial statements, the assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. When the partial disposal involves the loss of control of a subsidiary that includes a foreign operation and when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation, are accounted for as disposals.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

6. Current and non-current distinction

An asset is classified as current when:

(1) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(2) The Group holds the asset primarily for the purpose of trading
(3) The Group expects to realize the asset within twelve months after the reporting period
(4) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(1) The Group expects to settle the liability in its normal operating cycle.
(2) The Group holds the liability primarily for the purpose of trading.
(3) The liability is due to be settled within twelve months after the reporting period.
(4) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(1) Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

A. the Group’s business model for managing the financial assets and
B. the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

A. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

<u>Financial asset measured at fair value through other comprehensive income</u>

A financial asset is measured at fair value through other comprehensive income and reported in the balance sheet if both of the following conditions are met:

A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
   (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
   (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
B. the time value of money; and
C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(3) Derecognition of financial assets

A financial asset is derecognized when:

A. The rights to receive cash flows from the asset have expired.
B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(4) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under *IFRS 9 Financial Instruments*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

A. it eliminates or significantly reduces a measurement or recognition inconsistency; or

B. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

9. Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

10. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(1) In the principal market for the asset or liability, or
(2) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

11. Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials	－	The weighted average method is used to calculate the actual cost of goods imported.
Working in progress, semi-finished products and finished products	－	Includes direct raw materials, direct labor, fixed manufacturing costs and variable manufacturing costs apportioned to normal production capacity, excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

12. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

13. Investments accounted for using the equity method

The Group’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group’s share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group’s related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

(1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or

(2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

14. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Assets	Estimated lives
Buildings	5 to 55 years
Machinery and equipment	2 to 15 years
Transportation equipment	2 to 10 years
Office equipment	5 to 8 years
Other equipment	3 to 35 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

15. Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(1) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(2) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

<u>Group as a lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(1) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(3) amounts expected to be payable by the lessee under residual value guarantees;
(4) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(5) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(1) the amount of the initial measurement of the lease liability;
(2) any lease payments made at or before the commencement date, less any lease incentives received;
(3) any initial direct costs incurred by the lessee; and
(4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the 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.

The Group applies IAS 36 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment and the practical expedient has been applied to such rent concessions.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

16. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group’s intangible assets is as follows:

	Trademarks	Patents	Computer software
Useful lives	Finite 1 to 5 years	Finite 1 to 5 years	Finite 1 to 10 years
Amortization method used	Straight-line basis	Straight-line basis	Straight-line basis
Internally generated or acquired	Acquired	Acquired	Acquired

17. Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of the net fair value or value in use.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

18. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

19. Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follow:

<u>Sale of goods</u>

The Group manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is Automotive electronics and revenue is recognized based on the consideration stated in the contract.

The credit period of the Group's sale of goods is from receipt of payment prior to shipment to 90 days at the end of the month. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

However, for some contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

20. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

21. Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

22. Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(1) the date of the plan amendment or curtailment, and
(2) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

23. Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(1) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

(2) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(1) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

(2) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

1. Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Operating lease commitment－Group as the lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(1) Post-employment benefit plan

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc.

(2) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(3) Account receivables - estimation of impairment loss

The Group estimates the impairment loss of account receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. Contents of significant accounts

1. Cash and cash equivalents

	As at	
	31 December 2022	31 December 2021
Cash on hand	$1,007	$870
demand deposits and cheque deposits	467,372	363,800
Cash equivalent	351	342
Total	$468,730	$365,012

2. Financial assets at fair value through profit or loss - current

	As at	
	31 December 2022	31 December 2021
Mandatorily measured at fair value through profit or loss:		
Funds	$6,493	$3,930
Stocks	1,845	2,916
Redeemable bonds	540	-
Total	$8,878	$6,846

Financial assets at fair value through profit or loss – current were not pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

3. Account receivables, net

	As at	
	31 December 2022	31 December 2021
Account receivables (total carrying amount)	$782,874	$645,857
Less: loss allowance	(36,835)	(21,752)
Total	$746,039	$624,105

Account receivables were not pledged.

The Group's credit period to customers is normally from receipt of payment prior to shipment to 90 days at the end of the month. Please refer to Note 6.16 for more details on loss allowance of account receivables for the years ended 31 December 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

For overdue account receivables that are uncollectible despite continuous efforts of collection, the Group has reclassified them as overdue receivables and recognized a 100% loss allowance. The total carrying amount as at 31 December 2022 and 2021 were NT$10,104 thousand and NT$14,717 thousand, respectively.

4. Inventories

	As at	
	31 December 2022	31 December 2021
Raw materials	$465,545	$381,969
Work in progress	135,233	147,315
Semi-finished products	272,169	92,298
Finished products	297,589	165,917
Total	$1,170,536	$787,499

The cost of inventories recognized in operating costs amounts to NT$2,615,293 thousand and NT$1,815,985 thousand for the years ended 31 December 2022, including the gain on reversal of write-down of inventories of NT$69,700 thousand and NT$27,699 thousand.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group recognized a gain on write-down of inventories from 1 January to 31 December 2022 and 2021 as a result of the sale and scrap of part of the inventories for which a write-down was previously recognized.

The abovementioned inventories were not pledged.

5. Financial assets at fair value through other comprehensive income - non-current

	As at	
	31 December 2022	31 December 2021
Investments in equity instruments measured at fair value through other comprehensive income - non-current:		
Shares of companies not publicly listed	$1,988	$3,809

Financial assets measured at fair value through other comprehensive income - non-current were not pledged.

In consideration of the Group's investment strategy, the Group disposed and derecognized partial investments in equity instrument measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended 31 December 2022 and 2021 are as follow:

As at 31 December 2022: None.

As at 31 December 2021:

	2021
The fair value of the investments at the date of derecognition	$23,948
The cumulative loss on disposal reclassified from other equity to retained earnings	(1,932)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6. Investments accounted for using the equity method

The following table lists the investments in associates of the Group:

	As at			
	31 December 2022		31 December 2021	
Investees	Amount	%	Amount	%
Investments in associates:				
RUTER ELASTOMER CO., LTD.	$6,381	19%	$6,721	19%

The Company's investment in RUTER ELASTOMER CO., LTD. is not material to the Group. The long-term investment evaluation and recognition of investment gains and losses are based on the unaudited accounts of the investee company. The aggregated financial information is shown below based on the total shareholdings:

	For the years ended 31 December	
	2022	2021
Net profit from continuing operations for the period	$1,267	$1,932
Other comprehensive income (net of tax)	-	-
Total comprehensive income	$1,267	$1,932

As at 31 December 2022 and 31 December 2021, the aforementioned investment in associates had no contingent liabilities or capital commitments, and was not pledged

The Company and the Company's senior executives have a consolidated shareholding of more than 20% in RUTER ELASTOMER CO., LTD. and therefore have material impact.

7. Property, plant and equipment

	As at	
	31 December 2022	31 December 2021
Owner occupied property, plant and equipment	$1,062,867	$925,391
Property, plant and equipment leased out under operating leases	-	-
Total	$1,062,867	$925,391

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

There were no additions and disposals of property, plant and equipment leased out under operating leases for the years ended 31 December 2022 and 2021. The consolidated owner occupied property, plant and equipment and those leased out under operating leases are presented below.

	1 January 2022 to 31 December 2022					
	1 January 2022	Additions	Disposals	Other changes	Exchange differences	31 December 2022
Cost:						
Land and land improvements	$408,620	$40,604	$ -	$ -	$2,040	$451,264
Buildings	537,876	9,868	-	-	8,795	556,539
Machinery and equipment	756,541	164,553	(32,828)	-	4,367	892,633
Transportation equipment	11,847	1,114	-	-	321	13,282
Office equipment	39,366	6,084	(2,279)	-	784	43,955
Other equipment	182,504	20,498	(2,843)	-	1,537	201,696
Construction in progress	1,633	14,408	(827)	(1,457)	200	13,957
Total	$1,938,387	$257,129	$(38,777)	$(1,457)	$18,044	$2,173,326
Depreciation and impairment:						
Land and land improvements	$ -	$ -	$ -	$ -	$ -	$ -
Buildings	294,715	18,236	-	-	3,454	316,405
Machinery and equipment	536,649	86,456	(24,386)	-	2,299	601,018
Transportation equipment	9,195	750	-	-	291	10,236
Office equipment	35,378	1,924	(2,142)	-	632	35,792
Other equipment	137,059	11,234	(2,650)	-	1,365	147,008
Total	$1,012,996	$118,600	$(29,178)	$ -	$8,041	$1,110,459
Net carrying amount	$925,391					$1,062,867

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	1 January 2021 to 31 December 2021					
	1 January 2021	Additions	Disposals	Other changes	Exchange differences	31 December 2021
Cost:						
Land and land improvements	$411,605	$ -	$ -	$ -	$(2,985)	$408,620
Buildings	569,198	6,633	-	(25,008)	(12,947)	537,876
Machinery and equipment	640,474	135,907	(4,039)	-	(15,801)	756,541
Transportation equipment	12,159	933	(775)	-	(470)	11,847
Office equipment	39,183	1,795	(588)	-	(1,024)	39,366
Other equipment	195,836	11,881	(861)	(22,363)	(1,989)	182,504
Construction in progress	930	4,367	-	(3,555)	(109)	1,633
Total	$1,869,385	$161,516	$(6,263)	$(50,926)	$(35,325)	$1,938,387
Depreciation and impairment:						
Land and land improvements	$ -	$ -	$ -	$ -	$ -	$ -
Buildings	287,071	19,738	-	(8,315)	(3,779)	294,715
Machinery and equipment	473,575	72,672	(3,456)	-	(6,142)	536,649
Transportation equipment	9,489	866	(737)	-	(423)	9,195
Office equipment	35,612	1,209	(560)	-	(883)	35,378
Other equipment	147,678	12,998	(815)	(21,245)	(1,557)	137,059
Total	$953,425	$107,483	$(5,568)	$(29,560)	$(12,784)	$1,012,996
Net carrying amount	$915,960					$925,391

No interest was capitalized on additional fixed assets for the years ended 31 December 2022 and 2021.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Components of building that have different useful lives are the main building, hydroelectric construction and structural reinforcement construction, which are depreciated over the useful lives of 50 years, 10 years and 15 years respectively.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

8. Other non-current assets

Items	As at 31 December 2022	As at 31 December 2021
Refundable deposits	$1,256	$1,538
Advance payments in equipment	61,907	65,114
Other non-current assets - other	10,187	11,964
Overdue receivables	10,104	14,717
Loss allowance - overdue receivables	(10,104)	(14,717)
Total	$73,350	$78,616

9. Short-term borrowings

Items	As at 31 December 2022	As at 31 December 2021
Unsecured bank loans	$150,000	$100,000
Secured bank loans	415,250	403,936
Total	$565,250	$503,936

Items	As at 31 December 2022	As at 31 December 2021
Unused short-term lines of credits	$973,926	$740,224

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	2022	2021
Interest rate band	1.81%~6.43%	0.89%~4.00%

Please refer to Note 8 for more details on assets pledged as security for short-term borrowings.

10. Other payables

	As at	
Items	31 December 2022	31 December 2021
Salaries and bonuses payable	$119,522	$80,012
Other	108,575	121,674
Total	$228,097	$201,686

11. Bonds payable

	As at	
	31 December 2022	31 December 2021
Liability component:		
Value of domestic convertible bonds payable	$300,000	$ -
Discount on domestic convertible bonds payable	(11,902)	-
Subtotal	288,098	-
Less: current portion	-	-
Total	$288,098	$ -
Embedded derivative financial instrument	$(540)	$ -
Equity component	$26,931	$ -

The Company issued second domestic secured convertible bonds with a coupon rate of 0% on 7 July 2022. The convertible bonds, evaluated in accordance with the contractual terms, consist of a bond principal, an embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's ordinary shares). The terms of the bonds are as follows:

Issue amount: NT$300,000 thousand, issued at 104.97% of par value and the total amount raised was NT$314,901 thousand.

Period of issue: 7 July 2022 to 7 July 2025

Important redemption clauses:

A. The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (8 October 2022) and 40 days prior to the maturity date (28 May 2025), at the principal amount of the bonds (the "early redemption conversion price") if the closing price of the Company's ordinary shares on the Taiwan Stock Exchange (TWSE) for a period of 30 consecutive trading days, is at least 30% (inclusive) of the conversion price.

B. The Company may redeem the bonds after 3 months of the issuance (8 October 2022) and 40 days prior to the maturity date (28 May 2025), in whole or in part, at the early redemption conversion price if the outstanding balance of the convertible bonds is less than 10% of the original issue amount.

C. If the creditor does not reply in writing to the Company's securities agent (effective upon delivery and postmarked by the postmark date) by the date set out in the "Notice of Call for Bonds", the Company may redeem the bonds in cash at their face value within 5 business days after the call date.

Terms of Exchange:

A. Underlying Securities: Common shares of the Company.

B. Exchange Period: The bonds holders may request conversion into common shares of the Company from 8 October 2022 until 7 July 2025 in lieu of cash repayment from the Company.

C. Exchange Price and Adjustment: The exchange price was originally NT$85 per share. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture. The exchange price as of 31 December 2022 was NT$84.6 per share.

D. Redemption on the Maturity Date: On the maturity date, the Company will redeem the bonds that remain outstanding at the principal amount.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company assessed the aforementioned financial instruments in accordance with IFRS 9 compound financial instrument, and therefore allocated the purchase price to the liability component and the equity component. The allocation is made to the equity component at the fair value of the compound financial instrument less the amount of the separately measured liability component. The difference between the amount apportioned to the liability component and its carrying amount is recognized in profit or loss, and the difference between the amount apportioned to the equity component and its carrying amount is recognized as "additional paid in capital - stock options". As at 31 December 2022, the amount of financial assets at fair value through profit or loss for convertible bonds issued was NT$540 thousand.

12. Long-term borrowings

(1) As at 31 December 2022:

Lenders	Loan type	Maturity date and terms of repayment	Amount
Hua Nan Commercial Bank	Secured loans	Repayment in installments from 9 March 2022 to 15 February 2029. The first 3 years are grace period and interest is payable monthly on the remaining balance of the principal. The first instalment is due on the expiry date of the grace period and a monthly instalment is due thereafter, for a total of 48 instalments of principal repayment.	$80,000
Mega International Commercial Bank	Secured loans	Repayment in installments from 15 March 2022 to 15 February 2029. The first 3 years are grace period and interest is payable monthly on the remaining balance of the principal. The first instalment is due on the expiry date of the grace period and a monthly instalment is due thereafter, for a total of 48 instalments of principal repayment.	80,000
Taipei Fubon Commercial Bank	Secured loans	Repayment in installments from 10 May 2022 to 15 May 2029. The first 3 years are grace period and interest is payable monthly on the remaining balance of the principal. The first instalment is due on the expiry date of the grace period and a monthly instalment is due thereafter, for a total of 48 instalments of principal repayment.	50,400
Less: current portion			-
Total			$210,400
Interest rate band			1.13%~1.23%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) As at 31 December 2021:

Lenders	Loan type	Maturity date and terms of repayment	Amount
Mega International Commercial Bank	Secured loans	From 24 December 2018 to 24 December 2023, the first 2 years are grace periods and interest is payable monthly on the remaining balance of the principal. The first instalment is due on the expiry date of the grace period and quarterly instalments thereafter for a total of 13 instalments of principal.	$91,250
Mega International Commercial Bank	Secured loans	From 9 September 2018 to 9 September 2024, the first 2 years are grace periods and interest is payable monthly on the remaining balance of the principal. The first instalment is due on the expiry date of the grace period and quarterly instalments thereafter for a total of 13 instalments of principal.	126,500
Cathay United Bank	Credit loans	From 10 August 2020 to 10 August 2023, the first year is grace periods and interest is payable monthly on the remaining balance of the principal. The first instalment is due on the expiry date of the grace period and monthly instalments thereafter for a total of 24 instalments of principal.	83,333
Less: current portion			(144,000)
Total			$157,083
Interest rate band			1.05%-1.35%

Certain land and buildings are pledged as first priority security for secured bank loans and credit loans are guaranteed by related parties, please refer to Note 7 and 8 for more details.

13. Post-employment benefits

Defined contribution plan

The Company adopts a defined benefit plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees’ monthly wages to the employees’ individual pension accounts. The Company have made monthly contributions of 6% of each individual employee’s salaries or wages to employees’ pension accounts.

Subsidiaries in China are required by the local government to contribute a certain percentage of employees' total salaries to the pension insurance fund, which is paid to the relevant government departments and kept in the employees’ individual pension accounts.

Pension expenses under the defined contribution plan for the years ended 31 December 2022 and 2021 were NT$16,667 thousand and NT$14,490 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15 year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount based on actuarial reports on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT$520 thousand to its defined benefit plan during the 12 months beginning after 31 December 2022.

As at 31 December 2022, the Company's defined benefit plans are expected to expire after 9 years.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Pension costs under defined benefit plans recognized in profit or loss are as follows:

	For the years ended 31 December	
	2022	2021
Current period service costs	$718	$547
Net interest on net defined benefit liability (asset)	580	348
Total	$1,298	$895

Reconciliation of the present value of the defined benefit obligation to the fair value of plan assets is as follows:

	As at		
	31 December 2022	31 December 2021	1 January 2021
Present value of defined benefit obligation	$125,744	$117,902	$118,560
Plan assets at fair value	(45,311)	(41,412)	(40,310)
Net defined benefit liabilities - non-current	$80,433	$76,490	$78,250

Reconciliation of liability (asset) of the defined benefit plan:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
As at 1 January 2021	$118,560	$(40,310)	$78,250
Current period service costs	547	-	547
Interest expense (income)	509	(161)	348
Subtotal	119,616	(40,471)	79,145

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Remeasurements of the net defined benefit liability/ asset:			
Actuarial gains and losses arising from changes in demographic assumptions	120	-	120
Actuarial gains and losses arising from changes in financial assumptions	(3,675)	(618)	(4,293)
Experience adjustments	2,043	-	2,043
Subtotal	118,104	(41,089)	77,015
Payments from the plan	-	-	-
Contributions by employer	-	(323)	(323)
Effect of changes in foreign exchange rates	(202)	-	(202)
As at 31 December 2021	117,902	(41,412)	76,490
Current period service costs	718	-	718
Interest expense (income)	870	(290)	580
Subtotal	119,490	(41,702)	77,788
Remeasurements of the net defined benefit liability/ asset:			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(6,389)	(3,107)	(9,496)
Experience adjustments	12,481	-	12,481
Subtotal	125,582	(44,809)	80,773
Payments from the plan	-	-	-
Contributions by employer	-	(502)	(502)
Effect of changes in foreign exchange rates	162	-	162
As at 31 December 2022	$125,744	$(45,311)	$80,433

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The following key assumptions are used to determine the defined benefit plan of the Group:

A. Domestic entities of the Group:

	As at	
	31 December 2022	31 December 2021
Discount rate	1.30%	0.70%
Expected rate of salary increases	2.50%	2.50%

B. Foreign entities of the Group:

	As at	
	31 December 2022	31 December 2021
Discount rate	1.99%	1.99%
Expected rate of salary increases	3.75%	3.75%

A sensitivity analysis for each significant assumption:

	Effect on the defined benefit obligation			
	2022		2021	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increases by 0.25%	$ -	$(2,621)	$ -	$(2,923)
Discount rate decreases by 0.25%	2,742	-	3,057	-
Future salary increases by 0.25%	2,479	-	2,762	-
Future salary decreases by 0.25%	-	(2,380)	-	(2,658)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

14. Equities

(1) Common stock

	As at	
	31 December 2022	31 December 2021
Number of shares (in thousands)	200,000	200,000
Authorized share capital	$2,000,000	$2,000,000
Number of shares issued and received in full (in thousands)	122,798	118,798
Share capital issued	$1,227,985	$1,187,985

On 4 May 2022, the Board of Directors resolved to issue 4,000,000 new shares of NT$10 each in cash at NT$80 per share. In accordance with Section 267 of the Company Act, 15% of the total number of new shares issued, amounting to 600,000 shares, are reserved for subscription by the Company's employees on a preferential basis. Due to market changes and fluctuations in stock prices, the actual price of the cash capital increase and the employee stock option price of NT$60 per share were measured based on the fair value of the stock options on the date of issuance, and remuneration costs and additional paid-in capital of NT$5,304 thousand were recognized, resulting in a paid-in capital of NT$1,227,985 thousand after the capital increase. The above cash capital increase was approved by the Securities and Futures Bureau of the Financial Supervisory Commission on 8 June 2022, and the Board of Directors has authorized the Chairman to determine 19 August 2022 as the base date for the capital increase and to complete the registration of the change on 6 September 2022. The ordinary shares in issue have a par value of NT$10 each and carry a right to vote and receive dividends.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Additional paid-in capital

	As at	
	31 December 2022	31 December 2021
Issue premium	$209,175	$9,175
Conversion premium on conversion of corporate bonds	207,397	207,397
Convertible bonds - stock options	26,931	-
Cash capital increase - Employee stock options	5,304	-
Gain on disposal of assets	215	215
Total	$449,022	$216,787

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(3) Retained earnings and dividend policies

According to the Company’s Articles of Incorporation, current year’s earnings, if the Company has a surplus after the annual final accounts, the Company shall, in addition to paying income tax, first make up for the deficit of previous years and then set aside 10% of the remaining amount as a legal reserve and set aside or reverse a special reserve in accordance with the law, and the Board of Directors shall prepare a proposal for the distribution of the remaining amount together with the accumulated undistributed earnings at the beginning of the period and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders. The Company's dividend distribution is in line with the current year's earnings and is based on the principle of dividend stability and the Company's long-term development plan. Which is not less than 50% of the distributable earnings after tax for the year.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

The FSC on 31 March 2021 issued Order No. Financial – Supervisory – Securities – Corporate – 1090150022, which sets out the following provisions for compliance. On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. The Company has not made any first-time adoption that would require a provision for special reserve and therefore this letter order has no impact on the Company.

At the Board of Directors' Meeting and the Shareholders' Meeting held on 15 March 2023 and 15 June 2022, the Company proposed and resolved the distribution of earnings for 2022 and the appropriation of deficit for 2021 respectively.

Please refer to Note 6.18 for details on employees’ remuneration and remuneration to directors and supervisors.

15. Operating revenue

	For the years ended 31 December	
	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	$3,488,408	$2,417,754
Other revenue	77,346	57,973
Total	$3,565,754	$2,475,727

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Information regarding the Company's revenue from contracts with customers for 2022 and 2021 is as follows:

(1) Disaggregation of revenue

For the year ended 31 December 2022:

	E-LEAD Taiwan	E-LEAD Jiangsu	E-LEAD Thailand	Total
Sale of goods	$974,115	$1,121,775	$1,392,518	$3,488,408
Other revenue	18,730	50,429	8,187	77,346
Total	$992,845	$1,172,204	$1,400,705	$3,565,754

For the year ended 31 December 2021:

	E-LEAD Taiwan	E-LEAD Jiangsu	E-LEAD Thailand	Total
Sale of goods	$583,986	$973,001	$860,767	$2,417,754
Other revenue	23,156	31,289	3,528	57,973
Total	$607,142	$1,004,290	$864,295	$2,475,727

Revenue from contracts with customers is recognized at a point in time.

(2) Contract balances

A. Contract assets – current

The Company has no contract assets as at 31 December 2022 and 31 December 2021.

B. Contract liabilities - current

	As at		
	31 December 2022	31 December 2021	1 January 2021
Sale of goods	$10,156	$9,450	$1,847

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The significant changes in the Group's balances of contract liabilities for the years ended 31 December 2022 and 2021 are as follows:

	For the years ended 31 December	
	2022	2021
The opening balance transferred to revenue	$(4,568)	$(1,781)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	5,274	9,386

(3) Transaction price allocated to unsatisfied performance obligations

As the Group's contracts with customers for the sale of goods are less than 1 year as at 31 December 2022 and 2021, information on unsatisfied performance obligations is not required.

(4) Assets recognized from costs to fulfil a contract

None.

16. Expected credit losses/ (gains)

	For the years ended 31 December	
	2022	2021
Operating expenses – Expected credit losses/(gains)		
Account receivables	$9,917	$(45,700)

Please refer to Note 12 for more details on credit risk.

The Group's note receivables and account receivables are measured as an allowance for loss using the lifetime expected credit losses, considering the credit rating of the counterparties and other factors, and using an allowance matrix to measure the allowance for loss. The assessment of the loss allowance as at 31 December 2022 and 2021 is as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As at 31 December 2022		Past due					
	Undue	<30 days	31-60 days	61-90 days	91-180 days	> 181 days	Total
Gross carrying amount	$814,747	$17,214	$6,213	$169	$1,327	$4,110	$843,780
Loss rate	2.09%	53.13%	81.57%	91.72%	100%	100%	
Lifetime expected credit losses	(17,030)	(9,145)	(5,068)	(155)	(1,327)	(4,110)	(36,835)
Total	$797,717	$8,069	$1,145	$14	$ -	$ -	$806,945

As at 31 December 2021		Past due					
	Undue	<30 days	31-60 days	61-90 days	91-180 days	> 181 days	Total
Gross carrying amount	$656,854	$64	$6,322	$1,740	$736	$3,611	$669,327
Loss rate	1.77%	43.74%	68.67%	80.50%	99.59%	100%	
Lifetime expected credit losses	(11,638)	(28)	(4,341)	(1,401)	(733)	(3,611)	(21,752)
Total	$645,216	$36	$1,981	$339	$3	$ -	$647,575

The movement in the provision for impairment of account receivables during the years ended 31 December 2022 and 2021 is as follows:

	Account receivables	Overdue receivables
As at 1 January 2022	$21,752	$14,717
Addition (reversal) for the current period	21,131	(11,214)
Account receivables transferred to overdue receivables	(6,385)	6,385
Exchange rate difference	337	216
As at 31 December 2022	$36,835	$10,104
As at 1 January 2021	$86,661	$ -
Addition (reversal) for the current period	(45,700)	-
Write off	(3,851)	-
Account receivables transferred to overdue receivables	(14,717)	14,717
Exchange rate difference	(641)	-
As at 31 December 2021	$21,752	$14,717

17. Leases

(1) Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment and transportation equipment. The lease terms range from 2 to 50 years.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As at	
	31 December 2022	31 December 2021
Land	$10,802	$12,062
Machinery and equipment	1,128	1,098
Transportation equipment	-	444
Total	$11,930	$13,604

During the years ended 31 December 2022 and 2021, the Group's additions to right-of-use assets amounting to NT$668 thousand and NT$386 thousand, respectively.

(b) Lease liabilities

	As at	
	31 December 2022	31 December 2021
Lease liabilities		
Current	$1,763	$2,217
Non-current	2,812	3,892
Total	$4,575	$6,109

Please refer to Note 6.19(4) for the interest on lease liabilities recognized during the years ended 31 December 2022 and 2021 and refer to Note 12.5 Liquidity Risk Management for the maturity analysis for lease liabilities.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2022	2021
Land	$1,372	$1,687
Machinery and equipment	444	533
Transportation equipment	689	980
Total	$2,505	$3,200

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2022	2021
The expenses relating to short-term leases	$2,542	$2,532

D. Cash outflow relating to leasing activities

During the years ended 31 December 2022 and 2021, the Group's total cash outflows for leases amounting to NT$2,342 thousand and NT$2,679 thousand, respectively.

(2) Company as a lessor

Leases of owned investment properties are classified as operating leases by the Group as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended 31 December	
	2022	2021
Lease income for operating leases		
Income relating to fixed lease payments	$1,141	$1,148

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years are as follow:

	As at	
	31 December 2022	31 December 2022
Not later than one year	$974	$1,386
Later than one year but not later than two years	372	981
Later than two years but not later than three years	372	376
Later than three years but not later than four years	372	372
Later than four years but not later than five years	372	372
Later than five years	466	838
Total	$2,928	$4,325

18. Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:

Function / Expense type	For the years ended 31 December					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$298,670	$307,539	$606,209	$215,481	$234,559	$450,040
Labor and health insurance	22,978	24,201	47,179	17,692	20,813	38,505
Pension	7,622	10,343	17,965	5,648	9,737	15,385
Remuneration to Directors	13,403	9,336	22,739	9,519	7,515	17,034
Other employee benefits expense	109,699	11,406	121,105	94,500	16,183	110,683
Depreciation	440	21,275	21,715	396	15,949	16,345

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The remuneration policy for the directors, managers and employees of the Company is as follows:

The Company's policy on directors' and employees' remuneration as set out in the Articles of Association is that no less than 1% of employees' remuneration and no more than 5% of directors' remuneration shall be paid in the event of the Company making a profit in a year. However, where the Company has accumulated losses, the amount of the indemnity should be retained in advance. The profit for the year referred to in the preceding paragraph means the profit before taxation for the year before the distribution of remuneration to employees and directors. The distribution of remuneration to employees and directors shall be made by a resolution of the Board of Directors passed with the presence of at least two-thirds of the Directors and the concurrence of a majority of the directors present and reported to the shareholders' meeting.

Based on the profit of the year ended 31 December 2022, the Company estimated the amounts of the employees’ compensation and remuneration to directors for the year ended 31 December 2022 to be 3% and 1.5% which were recognized as salary expense. As such, employees’ compensation and remuneration to directors for the year ended 31 December 2022 amount to NT$9,247 thousand and NT$4,624 thousand, respectively. On 15 March 2023, the Board of Directors proposed to distribute the employees' compensation and remuneration to directors; No employees' compensation and remuneration to directors were distributed in 2021 as deficits were yet to be covered.

19. Non-operating income and expenses

(1) Interest income

	For the years ended 31 December	
	2022	2021
Financial assets measured at amortized cost	$1,383	$1,036

(2) Other income

	For the years ended 31 December	
	2022	2021
Government grant income	$13,013	$11,007
Rental income	1,141	1,148
Other income	102,680	10,021
Total	$116,834	$22,176

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Other gains and losses

	For the years ended 31 December	
	2022	2021
Gains (losses) on disposal of property, plant and equipment	$4,609	$(359)
Gain on disposal of non-current assets held for sale	70,339	-
Foreign exchange gains (losses), net	16,856	(3,903)
Losses on disposal of intangible asset	(124)	-
Miscellaneous expenses	(1,058)	(18,070)
Gains on financial liabilities at fair value through profit or loss (Note 1)	-	3,728
(Losses) gains on financial assets at fair value through profit or loss (Note 2)	(1,783)	479
Total	$88,839	$(18,125)

Note:

1. Balances were the valuation adjustment arising from held for trading financial liabilities.
2. Balances were the valuation adjustment arising from financial assets mandatorily measured at fair value through profit or loss.

(4) Finance costs

	For the years ended 31 December	
	2022	2021
Interest on borrowings from bank	$(26,852)	$(14,380)
Interest on bonds payable	(2,308)	-
Interest on lease liabilities	(70)	(100)
Total	$(29,230)	$(14,480)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

20. Components of other comprehensive income

(1) For the year ended 31 December 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss :					
Remeasurements of defined benefit plans	$(2,985)	$ -	$(2,985)	$597	$(2,388)
Unrealized gain or loss from equity instruments investments measured at fair value through other comprehensive income	(1,821)	-	(1,821)	-	(1,821)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	49,647	-	49,647	(9,929)	39,718
Total	$44,841	$ -	$44,841	$(9,332)	$35,509

(2) For the year ended 31 December 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss :					
Remeasurements of defined benefit plans	$2,130	$ -	$2,130	$(426)	$1,704
Unrealized gain or loss from equity instruments investments measured at fair value through other comprehensive income	6,727	-	6,727	-	6,727
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(62,088)	-	(62,088)	12,418	(49,670)
Total	$(53,231)	$ -	$(53,231)	$11,992	$(41,239)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

21. Income tax

The major components of income tax expense (income) for the year ended 31 December 2022 and 2021 are as follows:

(A) Income tax recognized in profit or loss

	For the years ended 31 December	
	2022	2021
Current income tax expense:		
Current income tax charge	$51,261	$26,753
Adjustments in respect of current income tax of prior periods	4,893	-
Deferred tax expense (income):		
Deferred tax expense relating to origination and reversal of temporary differences	22,556	49,501
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	62,356	(8,851)
Total income tax expense	$141,066	$67,403

(B) Income tax recognized in other comprehensive income

	For the years ended 31 December	
	2022	2021
Deferred tax expense (income):		
Exchange differences resulting from translating the financial statements of a foreign operation	$9,929	$(12,418)
Remeasurements of defined benefit plans	(597)	426
Income tax relating to components of other comprehensive income	$9,332	$(11,992)

(C) Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended 31 December	
	2022	2021
Accounting profit before tax from continuing operations, net	$487,637	$163,923
Tax calculated at the parent 's statutory rate	$97,528	$32,785
Tax effect of revenues exempt from taxation	(25,068)	(19,524)
Tax effect of expenses not deductible for tax purposes	3,151	1,115
Tax effect of deferred tax assets/liabilities	10,031	(343)
Tax effect of different tax rates for entities operating in other tax jurisdictions	50,435	42,135
Adjustments in respect of current income tax of prior periods	4,893	-
Others	96	11,235
Total income tax expense recognized in profit or loss	$141,066	$67,403

(D) Deferred tax assets (liabilities) relate to the following:

(1) For the year ended 31 December 2022

Items	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Unrealized gains or losses on foreign exchange	$(26)	$826	$ -	$ -	$800
Loss allowance	9,080	2,362	-	167	11,609
Loss on allowance for write-down of inventories	47,705	(15,576)	-	633	32,762
Share of profit or loss of subsidiaries under the equity method	(47,277)	(39,883)	-	-	(87,160)
Unrealised intra-group transactions	11,219	29,554	-	-	40,773
Valuation of financial assets	-	16	-	-	16
Net defined benefit liabilities - non-current	6,115	159	-	32	6,306
Remeasurement of defined benefit plans	9,029	-	597	-	9,626
Translation of the financial statements of a foreign operation	8,428	-	(9,929)	-	(1,501)
Unused tax losses	127,995	(62,370)	-	69	65,694
Deferred tax (expense)/ income		$(84,912)	$(9,332)	$901	
Net deferred tax assets/(liabilities)	$172,268				$78,925
Reflected in balance sheet as follows:					
Deferred tax assets	$211,143				$167,586
Deferred tax liabilities	$(38,875)				$(88,661)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) For the year ended 31 December 2021

Items	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Unrealized gains or losses on foreign exchange	$(419)	$393	$ -	$ -	$(26)
Loss allowance	21,647	(12,404)	-	(163)	9,080
Loss on allowance for write-down of inventories	54,205	(5,840)	-	(660)	47,705
Share of profit or loss of subsidiaries under the equity method	(11,584)	(35,693)	-	-	(47,277)
Unrealised intra-group transactions	6,554	4,665	-	-	11,219
Valuation of financial assets	745	(745)	-	-	-
Net defined benefit liabilities - non-current	6,041	123	-	(49)	6,115
Remeasurement of defined benefit plans	9,455	-	(426)	-	9,029
Translation of the financial statements of a foreign operation	(3,990)	-	12,418	-	8,428
Unused tax losses	119,311	8,851	-	(167)	127,995
Deferred tax (expense)/ income		$(40,650)	$11,992	$(1,039)	
Net deferred tax assets/(liabilities)	$201,965				$172,268
Reflected in balance sheet as follows:					
Deferred tax assets	$217,958				$211,143
Deferred tax liabilities	$(15,993)				$(38,875)

(3) The following table contains information of the unused tax losses of the Group:

	Year	Unused tax losses as at 31 December 2022	Unused tax losses as at 31 December 2021	Expiration year
E-LEAD ELECTRONIC CO., LTD.	2017-2021	$328,468	$548,708	2031
E-LEAD ELECTRONIC TECHNOLOGY (JIANGSU) CO. LTD.	2017-2019	-	73,040	2024
		$328,468	$621,714	

(4)Unrecognized deferred tax assets

None.

(E) The assessment of income tax returns

As at 31 December 2022, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
E-LEAD ELECTRONIC CO., LTD.	Approved up to 2020
E-LEAD ELECTRONIC TECHNOLOGY (JIANGSU) CO. LTD.	Assessed up to 2021
E-LEAD ELECTRONIC (THAILAND) CO., LTD.	Assessed up to 2021

22. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2022	2021
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company	$346,571	$96,520
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	120,278	118,798
Basic earnings per share (NT$)	$2.88	$0.81

	For the years ended 31 December	
	2022	2021
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company	$346,571	$96,520
Less: Interest expense from convertible bonds	1,846	-
Profit attributable to ordinary equity holders of the Company after dilution	$348,417	$96,520
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	120,278	118,798
Effect of dilution:		
Employee compensation－stock (in thousands)	132	-
Convertible bonds (in thousands)	1,729	-
Weighted average number of ordinary shares outstanding after dilution (in thousands)	122,139	118,798
Diluted earnings per share (NT$)	$2.85	$0.81

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name relationship of the related parties

Name of the related parties	Relationship with the Group
OKAY ENTERPRISE CO., LTD.	The person in charge is the Chairman of the Company
SUZHOU FAR HORIZON TRADING CO., LTD.	The Chairman of the Company is first degree relatives to the person in charge of the Company
Hsi-Hsun Chen	Chairman of the Company
Hsi-Yao Chen	Deputy Chairman of the Company
Hsi-Tsang Chen	Group CEO of the Company
Li-Li Chen	First degree relatives to the Chairman of the Company

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Significant transactions with the related parties:

1. Sales

	For the years ended 31 December	
	2022	2021
OKAY ENTERPRISE CO., LTD.	$8,030	$2,644
SUZHOU FAR HORIZON TRADING CO., LTD.	71,639	-
Total	$79,669	$2,644

The sales price to the related parties was determined through mutual agreement based on the market rates. The collection period for domestic sales to related parties was based on normal sales terms.

2. Purchases

	For the years ended 31 December	
	2022	2021
OKAY ENTERPRISE CO., LTD.	$119,495	$103,729

The purchase price to the above related party was determined through mutual agreement based on the market rates. The payment terms from the related party supplier are comparable with third party suppliers and are 60 days per month.

3. Account receivables

	As at	
	31 December 2022	31 December 2021
OKAY ENTERPRISE CO., LTD.	$45	$323
SUZHOU FAR HORIZON TRADING CO., LTD.	9,584	-
Total	$9,629	$323

4. Other receivables

	As at	
	31 December 2022	31 December 2021
OKAY ENTERPRISE CO., LTD.	$1,163	$1,507

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

5. Account payables

	As at	
	31 December 2022	31 December 2021
OKAY ENTERPRISE CO., LTD.	$12,020	$45,701

6. Other payables

	As at	
	31 December 2022	31 December 2021
OKAY ENTERPRISE CO., LTD.	$7,335	$2,272

7. The details of the lease transactions between the Group and its related parties are as follows:

		For the years ended 31 December	
Related parties	Type	2022	2021
OKAY ENTERPRISE CO., LTD.	Rental income	$972	$972

		For the years ended 31 December	
Related parties	Type	2022	2021
Li-Li Chen, Hsi-Hsun Chen, Hsi-Yao Chen and Hsi-Tsang Chen (Note)	Depreciation expense	$714	$1,114
Li-Li Chen, Hsi-Hsun Chen, Hsi-Yao Chen and Hsi-Tsang Chen (Note)	Interest expense	40	80

		As at	
Related parties	Type	31 December 2022	31 December 2021
Li-Li Chen, Hsi-Hsun Chen, Hsi-Yao Chen and Hsi-Tsang Chen (Note)	Right-of-use asset	$2,141	$4,455
Li-Li Chen, Hsi-Hsun Chen, Hsi-Yao Chen and Hsi-Tsang Chen (Note)	Lease liability	2,208	4,558

The rentals are determined and collected based on the general market conditions.

Note: The original lessor, Li-Li Chen, had died in March 2021 and was therefore succeeded by Hsi-Hsun Chen, Hsi-Yao Chen and Hsi-Tsang Chen, as lessors.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

8. Other

The details of other significant transactions with related parties for the years ended 31 December 2022 and 2021 are as follows:

Related parties	Type	2022	2021
OKAY ENTERPRISE CO., LTD.	Miscellaneous income	$23,386	$14,117
OKAY ENTERPRISE CO., LTD.	Research materials expenses	19,733	8,879
Hsi-Hsun Chen	Miscellaneous expense – Guarantee fee	73	194

9. The guarantor of the credit facilities provided by Cathay United Commercial Bank is the Chairman of the Company.

10. Remuneration for key management of the Company

	For the years ended 31 December	
	2022	2021
Short-term employee benefits	$23,332	$16,093

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

	Carrying amount as at		
Items	31 December 2022	31 December 2021	Secured liabilities
Property, plant and equipment - land	$451,264	$408,620	Long-term and short-term borrowings
Property, plant and equipment - buildings (Net book value) (Note)	209,408	220,310	Long-term and short-term borrowings
Non-current assets held for sale (Note)	-	26,313	Short-term borrowings
Right-of-use assets (Note)	7,461	7,607	Short-term borrowings
Total	$668,133	$662,850	

Note: For the year ended 31 December 2021, property, plant and equipment - building and right-of-use assets were reclassified as non-current assets held for sale amounting to NT$26,313 thousand.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

9. Significant contingencies and unrecognized contractual commitments

1. Please refer to Note 13.1 for the information on endorsements/ guarantees provided by the Group for others for the year ended 31 December 2022.
2. The amount of the Company's letter of credit guarantee for the year ended 31 December 2022 is NT$2,305 thousand from the period of 27 December 2022 to 31 January 2023.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Other

1. Categories of financial instruments

Financial assets	As at	
	31 December 2022	31 December 2021
Financial assets at fair value through profit or loss:		
Mandatorily measured at Fair value through profit or loss	$8,878	$6,846
Financial assets at fair value through other comprehensive income	1,988	3,809
Financial assets measured at amortized cost		
Cash and cash equivalents (exclude cash on hand)	467,723	364,142
Notes and account receivables	806,944	647,575
Other receivables	66,766	28,225
Subtotal	1,341,433	1,039,942
Total	$1,352,299	$1,050,597

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial liabilities	As at	
	31 December 2022	31 December 2021
Financial liabilities at amortized cost		
Short-term borrowings	$565,250	$503,936
Account payables	412,737	587,037
Other payables	228,097	201,686
Long-term borrowings (including current portion with maturity less than 1 year)	210,400	301,083
Lease liabilities	4,575	6,109
Total	$1,421,059	$1,599,851

2. Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

3. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for RMB, USD and THB. The information of the sensitivity analysis is as follows:

(1) When NTD strengthens/weakens against RMB by 1%, the profit for the years ended 31 December 2022 and 2021 is increased/decreased by NT$493 thousand and NT$2,042 thousand, respectively.

(2) When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2022 and 2021 is increased/decreased by NT$5,341 thousand and NT$1,431 thousand, respectively.

(3) When NTD strengthens/weakens against THB by 1%, the profit for the years ended 31 December 2022 and 2021 is increased/decreased by NT$1,287 thousand and NT$502 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the three-month periods ended 31 December 2022 and 2021 to increase/decrease by NT$776 thousand and NT$805 thousand, respectively.

Equity price risk

The fair value of the Group’s listed and unlisted equity securities and conversion rights of the Euro-convertible bonds issued are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group’s listed and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group’s senior management on a regular basis. The Group’s Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 1% in the price of the listed equity securities measured at fair value through profit or loss could increase/decrease the Group’s profit for the years ended 31 December 2022 and 2021 by NT$18 thousand and NT$20 thousand, respectively.

Please refer to Note 12.8 for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

4. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for contract assets, trade and notes receivables and lease receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As at 31 December 2022, and 31 December 2021, account receivables from top ten customers represent 82% and 88% of the total account receivables of the Group, respectively. The credit concentration risk of other contract assets and trade receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

5. Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 December 2022					
Borrowings	$580,997	$47,630	$108,265	$65,212	$802,104
Payables	412,737	-	-	-	412,737
Convertible bonds	-	300,000	-	-	300,000
Lease liabilities (Note)	1,812	2,833	-	-	4,645
Other payables	228,097	-	-	-	228,097
As at 31 December 2021					
Borrowings	$654,186	$158,591	$ -	$ -	$812,777
Payables	587,037	-	-	-	587,037
Lease liabilities (Note)	2,285	2,801	1,176	-	6,262
Other payables	201,686	-	-	-	201,686

Note: Including cash flows resulted from short-term leases or leases of low-value assets.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term borrowings	Long-term borrowings	Bonds payables	Other non-current liabilities	Leases liabilities	Total liabilities from financing activities
As at 1 January 2022	$503,936	$301,083	$ -	$52,053	$6,109	$863,181
Cash flows	58,165	(90,683)	314,901	(51,613)	(2,342)	228,428
Non-cash changes	-	-	(26,803)	-	738	(26,065)
Foreign exchange movement	3,149	-	-	-	70	3,219
As at 31 December 2022	$565,250	$210,400	$288,098	$440	$4,575	$1,068,763

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term borrowings	Long-term borrowings	Other non-current liabilities	Leases liabilities	Total liabilities from financing activities
As at 1 January 2021	$481,198	$383,250	$52,329	$8,471	$925,248
Cash flows	23,475	(82,167)	(276)	(2,679)	(61,647)
Non-cash changes	-	-	-	486	486
Foreign exchange movement	(737)	-	-	(169)	(906)
As at 31 December 2021	$503,936	$301,083	$52,053	$6,109	$863,181

7. Fair values of financial instruments

(1) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, account receivables, account payables and other current liabilities approximate their fair value due to their short maturities.

B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

C. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

D. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

E. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(2) Fair value of financial instruments measured at amortized cost

The carrying amounts of the Group's financial assets and financial liabilities measured at amortized cost approximate their fair values.

(3) Fair value measurement hierarchy for financial instruments

Please refer to Note 12.8 for fair value measurement hierarchy for financial instruments of the Group.

8. Fair value measurement hierarchy

(1) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

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

Level 3 – Unobservable inputs for the asset or liability

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(2) Information on the hierarchy of fair value measurements

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 December 2022:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Funds	$6,493	$ -	$ -	$6,493
Stocks	1,845	-	-	1,845
Redeemable bonds	-	540	-	540
Measured at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	-	-	1,988	1,988

As at 31 December 2021:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Funds	$3,930	$ -	$ -	$3,930
Stocks	2,916	-	-	2,916
Measured at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	-	-	3,809	3,809

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Movements of fair value measurements in Level 3 of the fair value hierarchy

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	At fair value through other comprehensive income
	Stocks
As at 1 January 2022	$3,809
Disposal for the year ended 31 December 2022	-
Total gains (losses) recognized for the year ended 31 December 2022:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(1,821)
As at 31 December 2022	$1,988
As at 1 January 2021	$21,031
Disposal for the year ended 31 December 2021	(23,949)
Total gains (losses) recognized for the year ended 31 December 2021:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	6,727
As at 31 December 2021	$3,809

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

For the years ended 31 December 2022:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Stocks and other	Market approach	Discount for lack of marketability and minority shareholdings	30%	The higher the volatility, the lower the estimation of fair value	10% increase (decrease) in the discount for lack of marketability and minority shareholdings would result in decrease/ increase in the Group’s profit or loss by NT$199 thousand.

For the years ended 31 December 2021:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Stocks and other	Market approach	Discount for lack of marketability and minority shareholdings	30%	The higher the volatility, the lower the estimation of fair value	10% increase (decrease) in the discount for lack of marketability and minority shareholdings would result in decrease/ increase in the Group’s profit or loss by NT$381 thousand.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(3) Fair value measurement hierarchy not measured at fair value but for which the fair value is disclosed

None.

9. Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As at 31 December 2022		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items			
USD	$23,348	30.7000	$716,787
RMB	66,265	4.4090	292,164
THB	202,343	0.8910	180,287
Financial liabilities			
Monetary items			
USD	$5,949	30.7000	$182,644
RMB	77,455	4.4090	341,499
THB	57,858	0.8910	51,552

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As at 31 December 2021		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items			
USD	$16,056	27.6700	$444,276
RMB	95,406	4.3450	414,538
THB	81,333	0.8310	67,588
Financial liabilities			
Monetary items			
USD	$10,886	27.6700	$301,213
RMB	48,412	4.3450	210,352
THB	20,977	0.8310	17,432

Due to the variety of the Company's functional currencies, disclosure of information on exchange gains and losses on monetary financial assets and financial liabilities by significant impact foreign currency would not be possible. The Company recognized gains (losses) on foreign currency exchange of NT$16,856 thousand and NT$(3,903) thousand for the years ended 31 December 2022 and 2021, respectively.

10. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

11. Impact of the Covid-19 pandemic on the Group

The outbreak of Covid-19 has impacted the supply and demand of markets around the world and countries have responded by implementing various measures to combat the spread of the disease. The Group's main source of operating revenue is from the export market and has so far maintained the same level of shipment since the beginning of this year. The Group's operating bases in various locations are still operating steadily thus the pandemic has no significant impact on the Group's operations. As it is difficult to predict the future changes and impact of the outbreak, it is not possible to reasonably predict the impact on the Group's operating revenue at this time. As at the date of the preparation of the financial statements, the going concern, impairment of assets and financing risk of the Group have not been materially impacted. In order to address the potential risks, the Group will continue to monitor the trend of the pandemic in each of its major markets and adopt proactive, immediate and effective measures.

13. Other disclosure

1. Information on significant transactions

(1)Loaning of funds:

No. (Note 1)	Lender	Loan recipients	Related Party	Financial statement account	Cumulative highest balance through the month	Ending balance	Actual amount provided	Interest rate band	Loan type	Amount of transaction	Reason for short-term financing	Allowance for doubtful debts	Collateral		Limit on the amount of funds to be lent to individual recipients (Note 2)	Total Limits (Note 3)
													Item	Value		
0	E-LEAD ELECTRONIC CO., LTD.	E-LEAD ELECTRONIC TECHNOLOGY (JIANGSU) CO., LTD.	Y	Other receivables	$176,360	$176,360	$154,315	2.7% - 3.5%	Short-term financing funds	$ -	Operating needs	$ -	-	$ -	$204,897	$819,588

Note 1: The description of the numbered column is as follows:
(1) Enter 0 for issuer.
(2) The investee companies are numbered sequentially by company, starting with the Arabic numeral 1.
Note 2: In accordance with the Company's capital lending procedures, loans to a single enterprise are limited to a maximum of 10% of the Company's latest net financial statements.
Note 3: In accordance with the Company's procedures for the loaning of funds, the maximum loaning of funds is limited to a maximum of 40% of the most recent net financial statements.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Endorsement/Guarantee provided to others:

No. (Note 1)	Guarantor (company name)	Recipient		Ceilings of guarantee/ endorsement provided to a single entity (Note 3)	Maximum balance for the period	Ending balance	Actual amount provided	Amount of assets pledged	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Ceilings of total guarantee/ endorsement (Note 4)	Guarantee/ Endorsement provided by parent to subsidiaries	Guarantee/ endorsement provided by subsidiaries to parent	Guarantee/ endorsement in China
		Company name	Relation (Note 2)										
0	E-LEAD ELECTRONIC CO., LTD.	E-LEAD ELECTRONIC TECHNOLOGY (JIANGSU) CO., LTD.	3	$409,794	$274,180	$268,460	$96,835	$ -	13.10%	$1,024,485	Y	N	Y

Note 1: The description of the numbered column is as follows:

(1) Enter 0 for issuer.

(2) The investee companies are numbered sequentially by company, starting with the Arabic numeral 1.

Note 2: There are seven types of relations between the endorser and the person to whom the guarantee/ endorsement is made, as indicated by the following types:

(1) A company with which it does business.

(2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.

(3) A company in which more than 50% of the voting shares are held, directly or indirectly, by the company.

(4) A company in which the Company directly and indirectly holds more than 90% of the voting shares.

(5) A company guaranteed by all contributing shareholders in proportion to their shareholding by virtue of a joint investment relationship.

(6) A company which is mutually insured under a contract between peers or co-founders for the purposes of touting.

(7) Inter-operators are bound by the Consumer Protection Act to guarantee the performance of contracts for the sale of pre-sale properties.

Note 3: In accordance with the Company's endorsement and guarantee procedures, the limit of endorsement and guarantee for a single enterprise shall not exceed 20% of the net value of the Company's latest financial statements

Note 4: In accordance with the Company's endorsement and guarantee procedures, the maximum endorsement and guarantee shall not exceed 50% of the net value of the most recent financial statements.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and jointly controlled entities):

Company	Types and names of marketable securities	Relation with the issuer of marketable securities	Financial statement account	Period end				Note
				Units/ shares	Carrying amount	%	Fair value	
E-LEAD ELECTRONIC CO., LTD.	Funds Yuanta 0-2 Year Investment Grade Corporate Bond Fund	-	Financial assets at fair value through profit or loss - current	10,000.00 unit	$3,081	-	$3,081	
E-LEAD TECHNOLOGY CO., LTD. (BVI)	Funds PineBridge Quantitative Diversified Income Fund A USD	-	Financial assets at fair value through profit or loss - current	70,000.00 unit	2,739	-	2,739	
E-LEAD TECHNOLOGY CO., LTD. (BVI)	Funds PineBridge Global ESG Quantitative Bond Fund B USD	-	Financial assets at fair value through profit or loss - current	20,393.60 unit	673	-	673	
E-LEAD ELECTRONIC TECHNOLOGY (JIANGSU) CO., LTD.	Stocks Lifan Technology(Group)Co., Ltd.	-	Financial assets at fair value through profit or loss - current	108,426	1,845	-	1,845	
HUGE PROFIT CO., LTD	Stocks NURO TECHNOLOGY INC.	-	Financial assets at fair value through other comprehensive income - non-current	859,950	1,988	5.98%	1,988	

(4) Cumulative purchases or sales of the same marketable securities amounting to at least NT$300 million or 20% of the paid-in capital: None.

(5) Acquisition of fixed assets amounting to at least NT$300 million or 20% of the paid-in capital: None.

(6) Disposal of fixed assets amounting to at least NT$300 million or 20% of the paid-in capital: None.

(7) The value of transactions with related parties amounting to at least NT$100 million or 20% of the paid-in capital:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Company name	Counterparty name	Relation	Intercompany transactions				Circumstances under which the terms of the transaction differ from those of a normal transaction and the reasons		Notes and accounts receivable (payables)		Note
			Purchases (sales)	Amount	Percentage of total purchase (Sales)	Terms	Unit price	Description	Balance	Percentage of total accounts and notes receivables (payables)	
E-LEAD ELECTRONIC CO., LTD.	E-LEAD ELECTRONIC (THAILAND) CO., LTD.	Parent and subsidiary	Sales	$540,294	24.86%	Within 60 days	Same as general trading condition	Same as general trading condition	$181,183	22.75%	
E-LEAD ELECTRONIC CO., LTD.	E-LEAD ELECTRONIC TECHNOLOGY(JIANGSU) CO., LTD.	Parent and subsidiary	Sales	437,499	20.13%	Within 120 days	Same as general trading condition	The Company's 100% owned subsidiary required a longer period of time to develop the automotive electronics market in China therefore a more lenient collection policy was granted	343,607	43.14%	
E-LEAD ELECTRONIC CO., LTD.	E-LEAD ELECTRONIC (THAILAND) CO., LTD.	Parent and subsidiary	Purchases	154,557	12.73%	Within 105 days	Same as general trading condition	Same as general trading condition	140,802	63.66%	
E-LEAD ELECTRONIC CO., LTD.	E-LEAD ELECTRONIC TECHNOLOGY(JIANGSU) CO., LTD.	Parent and subsidiary	Purchases	124,829	10.28%	Within 75 days	Same as general trading condition	Same as general trading condition	505	0.23%	
E-LEAD ELECTRONIC CO., LTD.	OKAY ENTERPRISE CO., LTD.	Same Chairman	Purchases	119,495	9.84%	Within 60 days	Same as general trading condition	Same as general trading condition	12,020	5.43%	

(8)Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of the paid-in capital:

Company name	Counterparty name	Relation	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery of amounts due from related parties in subsequent period	Allowance for doubtful debts
					Amount	Handling method		
E-LEAD ELECTRONIC CO., LTD.	E-LEAD ELECTRONIC (THAILAND) CO., LTD.	Parent and subsidiary	$181,183	3.71 times	-	-	$139,882	-
E-LEAD ELECTRONIC CO., LTD.	E-LEAD ELECTRONIC TECHNOLOGY(JIANGSU) CO., LTD.	Parent and subsidiary	343,607	1.96 times	-	-	202,529	-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(9)Traders in derivatives: Please refer to Note 12, 8

(10)Intercompany relationships and significant intercompany transactions

No. (Note 1)	Company name	Counterparty	Relations (Note 2)	Intercompany transactions			
				Financial statement account	Amount	Terms	Proportion to consolidated total operating revenue or total assets (Note 3)
0	E-LEAD ELECTRONIC CO., LTD.	E-LEAD ELECTRONIC (THAILAND) CO., LTD.	1	Sales and technical services income	$707,199	Note 4	19.83%
0	E-LEAD ELECTRONIC CO., LTD.	E-LEAD ELECTRONIC TECHNOLOGY(JIANGSU) CO., LTD.	1	Sales and technical services income	471,454	Note 5	13.22%
0	E-LEAD ELECTRONIC CO., LTD.	E-LEAD ELECTRONIC (THAILAND) CO., LTD.	1	Account receivables	181,183	Within 60 days	4.59%
0	E-LEAD ELECTRONIC CO., LTD.	E-LEAD ELECTRONIC TECHNOLOGY(JIANGSU) CO., LTD.	1	Account receivables	343,607	Within 120 days	8.70%

Note 1: The description of the numbered column is as follows:

1. Enter 0 for parent.
2. The investee companies are numbered sequentially by company, starting with the Arabic numeral 1.

Note 2: There are three types of relations between the parent and subsidiaries, as indicated by the following types:

1. Parent to subsidiary.
2. Subsidiary to Parent.
3. Subsidiary to subsidiary.

Note 3: The proportion of transaction amounts to consolidated total operating revenues or total assets is calculated as the closing balance to consolidated total assets for assets and liabilities, or as the cumulative amount to consolidated total operating revenues for profit and loss accounts.

Note 4: Technical service income is based on a certain percentage of royalties and technical service contracts based on sales of certain products by E-LEAD ELECTRONIC (THAILAND) CO; Technical service income from E-LEAD ELECTRONIC TECHNOLOGY(JIANGSU) CO., LTD. is the income from product development.

Note 5: The amounts of each of these transactions are eliminated in full in the preparation of the consolidated financial statements.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

2.Information on investments

Names, locations, main business activities, amount of original investment, shareholding as at the end of the period, profit or loss for the period and recognized gains or losses on investment, etc. of investees over which the company exercises significant influence (excluding information on investment in China)

Company Name	Investee Company	Location	Main business activities	amount of original investment		Shareholding at the end of the period			Profit (loss) of investee companies for the period	recognized gains (losses) on investment	Note
				Ending balance	Beginning balance	Number of shares	%	Carrying amount			
E-LEAD ELECTRONIC CO., LTD.	E-LEAD TECHNOLOGY CO., LTD. (BVI)	3rd Floor,Yamraj Building, Market Square, Road Town, Tortola,British Virgin Islands.	Financial investment business	$472,763	$472,763	14,438,736 shares	100%	$298,032	$67,144	$95,012	Subsidiary (Note 1) (Note 2) (Note 3)
E-LEAD ELECTRONIC CO., LTD.	HUGE PROFIT CO., LTD.	No. 21 Regent Street, Belize City, Belize	Trading operations	1,642	1,642	50,000 shares	100%	7,842	108	2,846	Subsidiary (Note 2) (Note 3)
E-LEAD ELECTRONIC CO., LTD.	E-LEAD ELECTRONIC (THAILAND) CO., LTD.	888/4 Moo 7 Sukhumvit Rd., Tambon bangpoomai ,Amp hur muang , Samutprakarn 10280 Thailand	In-car audio and video navigation, rear seat entertainment systems and other car electronic accessories.	207,715	207,715	2,200,000 shares	100%	689,946	129,385	131,109	Subsidiary (Note 2) (Note 3)
E-LEAD ELECTRONIC CO., LTD.	RUTER ELASTOMER CO., LTD.	2/F, No. 262, Sec. 2, Jianguo N. Road, Zhongshan District, Taipei City	Manufacturing and wholesaling of electronic materials, hardware and moulds	14,359	14,359	190,000 shares	19%	6,381	6,669	1,267	Investee accounted for under the equity method

Note 1: The profit or loss of the investee company is included in the recognized investment income of the investee company, E-LEAD TECHNOLOGY CO., LTD.(BVI).

Note 2: The investment income (loss) recognized in the current period includes the effect of downstream and upstream transactions between related companies.

Note 3: Excluded from the consolidated financial statements.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

3.Information on investment in China

(1) The information on the Company's investment in China through E-LEAD TECHNOLOGY CO., (BVI) is as follow:

Investee company name	Main business activities	Paid-in capital	Method of investment	Beginning balance of the accumulated outflow of investment from Taiwan	Investment Flows		Closing balance of the accumulated outflow of Investment from Taiwan	Net income (loss) of investee company	Proportion to the Company's shareholding in direct or indirect investment	Gains or losses on investments recognized during the period (Note)	Carrying value of the ending balance	Investment income remitted for the period
					Outflow	Inflow						
E-LEAD ELECTRONIC TECHNOLOGY (JIANGSU) CO., LTD.	Head-up displays and other automotive electronic accessories	$414,450 (USD13.5 million)	Investment in China through remittance from a subsidiary in third region, E-LEAD TECHNOLOGY CO,LTD(BVI).	$414,450 (USD13.5 million)	$ -	$ -	$414,450 (USD13.5 million)	$66,473	100%	$67,690	$404,879	$ -

Note: The financial statements have been audited by a CPA of the parent company in Taiwan.

Cumulative amount of remittances from Taiwan to China at the end of the period	Amount of investment approved by the Investment Commission of the Ministry of Economic Affairs	Investment quota in China in accordance with the Investment Commission of the Ministry of Economic Affairs
$423,200 (USD13.785 million)	$442,970 (USD 14.429 million)	$1,229,381 (Note 2)

Note 1: The above amounts in foreign currencies are translated into NTD using the exchange rate as at the balance sheet date.

Note 2: The ceiling for the Company's investment in China is 60% of the net value.

(2) Significant transactions with China investees occurred directly or indirectly through third regions: Please refer to Note 13(1)

4. Information of major shareholders

For the year ended 31 December 2022

Shareholdings / Name of the shareholders	Number of shareholdings	%
Hsi-Tsang Chen	10,578,041	8.61%
Hsi-Hsun Chen	9,868,149	8.03%
Hsi-Yao Chen	7,161,158	5.83%

14. Segment information

For management purposes, the Group is divided into operating units based on different products and workforce and is divided into three reporting operation segments as follows:

1. E-LEAD Taiwan Operations Segment: The segment is responsible for sales in Southeast Asia and markets outside of China.

2. E-LEAD Jiangsu Operations Segment: The segment is responsible for sales activities in the Chinese market.

3. E-LEAD Thailand Operations Segment: The segment is responsible for sales in the Southeast Asian market.

The aforementioned reporting operation segments have not been consolidated into more than one operation segment.

The management individually monitors the results of its business units' operations in order to make decisions on resource allocation and performance evaluation. Segment performance is evaluated on the basis of operating profit or loss before tax and is measured in a manner consistent with operating profit or loss in the consolidated financial statements. However, income taxes in the consolidated financial statements are prepared on a group basis and are not apportioned to the operating segments.

Transfer pricing between operating segments is based on regular transactions with external third parties.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. Reportable information on segment profit and loss, assets and liabilities

(1) For the year ended 31 December 2022

	E-LEAD Taiwan	E-LEAD Jiangsu	E-LEAD Thailand	Subtotal	Other	Reconciliation and deduction	Total
Revenue							
Revenue from external customers	$992,845	$1,172,204	$1,400,705	$3,565,754	$ -	$ -	$3,565,754
Intersegmental revenue	1,180,428	202,884	154,007	1,537,319	-	(1,537,319)	-
Total revenue	$2,173,273	$1,375,088	$1,554,712	$5,103,073	$ -	$(1,537,319)	$3,565,754
Interest expense	11,621	18,770	557	30,948	-	(1,718)	29,230
Depreciation and amortization	64,892	47,391	35,543	147,826	-	(5,006)	142,820
Segmental profit or loss	$455,103	$107,050	$150,895	$713,048	$108	$(225,519)	$487,637
Assets							
Investments accounted for under the equity method	$1,002,201	$ -	$ -	$1,002,201	$ -	$(995,820)	$6,381
Segment assets	$3,289,990	$1,459,367	$1,062,517	$5,811,874	$12,531	$(1,875,345)	$3,949,060
Segment liabilities	$1,241,021	$1,052,741	$357,296	$2,651,058	$ -	$(750,967)	$1,900,091

(2)For the year ended 31 December 2021

	E-LEAD Taiwan	E-LEAD Jiangsu	E-LEAD Thailand	Subtotal	Other	Reconciliation and deduction	Total
Revenue							
Revenue from external customers	$607,142	$1,004,290	$864,295	$2,475,727	$ -	$ -	$2,475,727
Intersegmental revenue	738,704	92,717	79,952	911,373	-	(911,373)	-
Total revenue	$1,345,846	$1,097,007	$944,247	$3,387,100	$ -	$ (911,373)	$2,475,727
Interest expense	7,309	9,914	8	17,231	-	(2,751)	14,480
Depreciation and amortization	62,388	42,520	26,694	131,602	-	(4,574)	127,028
Segmental profit or loss	$137,761	$98,789	$110,521	$347,071	$(323)	$(182,825)	$163,923
Assets							
Investments accounted for under the equity method	$845,651	$ -	$ -	$845,651	$ -	$(838,930)	$6,721
Segment assets	$2,550,480	$1,071,016	$767,241	$4,388,737	$14,791	$(1,220,284)	$3,183,244
Segment liabilities	$1,155,827	$736,146	$235,770	$2,127,743	$ -	$(339,153)	$1,788,590

[1]Inter-segment revenue is excluded from consolidation and is reflected under "Reconciliation and deduction".

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

2. There is no reconciliation of revenue, profit and loss, assets, liabilities and other significant items that should be reported by the segments.

3. Regional information

Revenue from external customers:

	For the years ended 31 December	
	2022	2021
China	$1,172,713	$1,005,176
Singapore	464,136	348,603
Thailand	411,904	353,308
Taiwan	280,132	191,983
Indonesia	265,240	454,279
Saudi Arabia	70,774	61,305
Malaysia	27,124	20,964
Others	873,731	40,109
Total	3,565,754	$2,475,727

Revenue is categorized based on the country in which the customers are located.

Non-current assets:

	As at	
	31 December 2022	31 December 2021
Taiwan	$712,866	$692,118
China	209,692	181,253
Thailand	262,586	190,216
Total	$1,185,144	$1,063,587

4.Information on important customers

	For the years ended 31 December			
	2022		2021	
Customer name	Amount of sales	%	Amount of sales	%
A	$753,108	21%	$769,485	31%
B	589,460	17%	334,642	14%
C	463,429	13%	347,189	14%
D	294,154	8%	68,412	3%