Stock Code:6245

LANNER ELECTRONICS INC.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

Address: **7rd Floor, No. 173, Sec. 2, Datong Rd., Xizhi Dist., New Taipei City, Taiwan, R.O.C.**

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Representation Letter

The entities that are required to be included in the combined financial statements of LANNER ELECTRONICS INC. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, LANNER ELECTRONICS INC. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: LANNER ELECTRONICS INC.

Chairman: Chou I Wen

Date: March 21, 2023

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Independent Auditors' Report

To the Board of Directors of LANNER ELECTRONICS INC.:

Opinion

We have audited the consolidated financial statements of LANNER ELECTRONICS INC. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis of our opinion.

Other Matter

We did not audit the financial statements of certain subsidiaries. The financial statements of these subsidiaries were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these companies, is based solely on the reports of the other auditors. The total assets for these subsidiaries constituting 20% and 10% of consolidated total assets at December 31, 2022 and 2021, respectively, and total operating revenues constituting 43% and 28% of consolidated total operating revenues for the years then ended, respectively.

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion with other matter paragraphs.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

   Please refer to notes 4(n) and 6(t) for disclosures related to revenue recognition.

   Description of key audit matter:

   Revenue is the key indicator used by the investors and management while evaluating the Group's finance or operating performance. The accuracy timing and amount of revenue recognized have significant impact on its financial statements. Therefore, we consider it one of our key audit matters.

   How the matter was addressed in our audit:

   Testing the effectiveness of the internal control design and implementation (both manual and system control) of sales and collecting cycle; reviewing the critical judgments, estimates and accounting treatment of revenue recognition for significant sales contracts for the appropriateness; analyzing the changes in significant sales from the customers from the most recent period and previous year, and the changes in the price and quantity of each category of product line to determine whether if there are any significant misstatements; selecting sales transactions from a period of time before and after the balance sheet date, and verifying with the vouchers to determine the accuracy of the timing and amounts of revenue recognition; understanding whether if there is a significant subsequent sales return or discount.

2. Inventory measurement

   Please refer to notes 4(h), 5, and 6(f) for disclosures related to inventory measurement.

   Description of key audit matter:

   The electronic industry faces rapid evolving technology. Therefore, the characteristic of fierce competition may result in large fluctuations in market demand and prices. In addition, the increasing performance of product within time basis may result in a decline on the price of raw material, wherein the carrying value of inventories may exceed its net realizable value. Also the measurement of inventory depends on the evaluation of the management based on evidence from internal and external, both subjective and objective. Therefore, we consider the inventory measurement as one of our key audit matters.

   How the matter was addressed in our audit:

   Understanding the management's accounting policy on inventory measurement to determine whether if it is reasonable and is being implemented; reviewing the inventory aging documents and analyzing their changes; obtaining the documents on inventory measurement and evaluating whether the basis used for net realizable value is reasonable; selecting samples and verifying them with the vouchers to test the accuracy of the amounts; and reviewing whether the disclosure of inventory measurement made by the management is appropriate.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 professional skepticism throughout the audit. We also:

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

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

The engagement partners on the audit resulting in this independent auditors' report are Po-Shu Huang and Chung-Shun Wu.

KPMG

Taipei, Taiwan (Republic of China)
March 21, 2023

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

LANNER ELECTRONICS INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
11xx	**Current assets:**				
1100	Cash and cash equivalents (note 6(a))	$ 2,677,165	30	1,532,616	20
1110	Current financial assets at fair value through profit or loss (note 6(b))	-	-	591,481	8
1136	Current financial assets at amortised cost, net (note 6(c))	50,000	1	260,000	3
1150	Notes receivable, net (note 6(d))	33,961	-	19,060	-
1170	Accounts receivable, net (note 6(d))	1,871,402	20	1,259,843	16
1180	Accounts receivable－related parties, net (notes 6(d) and 7)	10,604	-	-	-
1200	Other receivables (notes 6(e) and 7)	13,090	-	22,169	-
130x	Inventories (note 6(f))	2,720,263	30	2,532,830	32
1410	Prepayments	65,769	1	74,192	1
1476	Other financial assets－current (note 8)	1,584	-	3,590	-
1479	Other current assets	98,238	1	125,198	2
	Total current assets	7,542,076	83	6,420,979	82
15xx	**Non-current assets:**				
1550	Investments accounted for under equity method (note 6(g))	820	-	-	-
1600	Property, plant and equipment (notes 6(i) and 8)	1,281,240	14	1,216,336	16
1755	Right-of-use assets (note 6(j))	78,197	1	102,939	1
1840	Deferred income tax assets (note 6(p))	130,408	2	100,007	1
1915	Prepayments for equipment	2,246	-	7,964	-
1995	Other non-current assets (note 7)	20,122	-	26,032	-
	Total non-current assets	1,513,033	17	1,453,278	18
	Total assets	$ 9,055,109	100	7,874,257	100

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
21xx	**Current liabilities:**				
2100	Short-term borrowings (notes 6(k) and 8)	$ 87,796	1	164,258	2
2321	Bonds payable, current portion (note 6(m))	893,008	10	-	-
2322	Current portion of long-term borrowings (notes 6(k) and 8)	-	-	313	-
2120	Current financial liabilities at fair value through profit or loss (notes 6(b) and 7)	11,660	-	10,530	-
2130	Current contract liabilities (note 6(t))	175,727	2	88,294	1
2170	Accounts payable	1,587,810	18	1,653,402	21
2219	Other payables (notes 6(u) and 7)	957,810	11	674,500	9
2230	Current tax liabilities	380,911	4	199,446	3
2250	Provisions－current (note 6(k))	75,478	1	54,979	1
2280	Current lease liabilities (notes 6(n) and 7)	39,386	-	37,165	-
2399	Other current liabilities (note 6(t))	187,001	2	212,990	2
	Total current liabilities	4,396,587	49	3,095,877	39
25xx	**Non-Current liabilities:**				
2530	Bonds payable (note 6(m))	-	-	885,443	11
2540	Long-term borrowings (notes 6(k) and 8)	-	-	566	-
2570	Deferred income tax liabilities (note 6(p))	246,960	3	216,706	3
2580	Non-current lease liabilities (notes 6(n) and 7)	38,878	-	65,828	1
2630	Long-term deferred revenue (note 6(t))	42,082	1	36,232	-
2640	Net defined benefit liabilities (note 6(o))	35,279	-	39,777	1
2670	Other non-current liabilities	12,447	-	9,246	-
	Total non-current liabilities	375,646	4	1,253,798	16
2xxx	**Total liabilities**	4,772,233	53	4,349,675	55
31xx	**Equity attributable to owners of parent** (notes 6(h), (m), (q) and (r)):				
3100	Share capital:				
3110	Common stock	1,180,424	13	1,170,034	15
3200	Capital surplus	772,702	8	744,705	9
3300	Retained earnings:				
3310	Legal reserve	467,203	5	417,739	5
3320	Special reserve	135,875	2	128,464	2
3350	Unappropriated retained earnings	1,794,699	20	1,198,582	16
		2,397,777	27	1,744,785	23
3400	Other equity:				
3410	Financial statements translation differences for foreign operations	(68,858)	(1)	(135,875)	(2)
	Total equity attributable to owners of parent	4,282,045	47	3,523,649	45
36xx	**Non-controlling interests**	831	-	933	-
3xxx	**Total equity**	4,282,876	47	3,524,582	45
2-3xxx	**Total liabilities and equity**	$ 9,055,109	100	7,874,257	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

LANNER ELECTRONICS INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(t) and 7)**	$ 9,819,086	100	7,680,510	100
5000	**Operating costs (notes 6(f), (i), (j), (n), (o), (r) and (u))**	6,823,601	70	5,642,502	74
5900	**Gross profit, net**	2,995,485	30	2,038,008	26
6000	**Operating expenses (notes 6(d), (i), (j), (n), (o), (r), (u) and 7):**				
6100	Selling expenses	580,213	6	458,697	6
6200	Administrative expenses	512,399	5	381,416	5
6300	Research and development expenses	726,373	7	565,456	7
6450	Impairment loss (reversed of impairment loss) determined in accordance with IFRS9	(12,591)	-	7,500	-
	Total operating expenses	1,806,394	18	1,413,069	18
6900	**Operating profit**	1,189,091	12	624,939	8
7000	**Non-operating income and expenses (notes 6(m), (n), (v) and 7):**				
7100	Interest income	15,798	-	7,046	-
7010	Other income	38,051	-	42,283	-
7020	Other gains and losses	50,223	1	4,792	-
7050	Financial costs	(16,882)	-	(16,178)	-
	Total non-operating income and expenses	87,190	1	37,943	-
7900	**Net Income before tax**	1,276,281	13	662,882	8
7950	**Less: income tax expenses (note 6(p))**	273,073	3	109,166	1
	Net income	1,003,208	10	553,716	7
8300	**Other comprehensive income (loss) (note 6(q)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	3,843	-	(798)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	3,843	-	(798)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	66,986	1	(7,370)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	66,986	1	(7,370)	-
8300	**Other comprehensive income**	70,829	1	(8,168)	-
8500	**Total comprehensive income**	**$ 1,074,037**	**11**	**545,548**	**7**
	Net income(loss) attributable to:				
8610	Owners of parent	$ 1,003,279	10	546,391	7
8620	Non-controlling interests	(71)	-	7,325	-
		$ 1,003,208	**10**	**553,716**	**7**
	Total comprehensive income attributable to:				
8710	Owners of parent	$ 1,074,139	11	538,182	7
8720	Non-controlling interests	(102)	-	7,366	-
		$ 1,074,037	**11**	**545,548**	**7**
9750	**Basic earnings per share (New Taiwan Dollars) (note 6(s))**	**$**	**8.52**		**4.65**
9850	**Diluted earnings per share (New Taiwan Dollars) (note 6(s))**	**$**	**7.24**		**4.01**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

LANNER ELECTRONICS INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
			Retained earnings								
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Financial statements translation differences for foreign operations	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2021	$ 1,180,044	741,768	358,912	92,949	1,187,707	1,639,568	(128,464)	-	3,432,916	178,091	3,611,007
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	58,827	-	(58,827)	-	-	-	-	-	-
Special reserve	-	-	-	35,515	(35,515)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(389,420)	(389,420)	-	-	(389,420)	-	(389,420)
Net income	-	-	-	-	546,391	546,391	-	-	546,391	7,325	553,716
Other comprehensive income (loss)	-	-	-	-	(798)	(798)	(7,411)	-	(8,209)	41	(8,168)
Total comprehensive income (loss)	-	-	-	-	545,593	545,593	(7,411)	-	538,182	7,366	545,548
Purchase of treasury share	-	-	-	-	-	-	-	(59,355)	(59,355)	-	(59,355)
Retirement of treasury share	(10,010)	(5,813)	-	-	(43,532)	(43,532)	-	59,355	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(7,424)	(7,424)	-	-	(7,424)	(184,524)	(191,948)
Remuneration cost of employee stock options	-	8,750	-	-	-	-	-	-	8,750	-	8,750
Balance at December 31, 2021	1,170,034	744,705	417,739	128,464	1,198,582	1,744,785	(135,875)	-	3,523,649	933	3,524,582
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	49,464	-	(49,464)	-	-	-	-	-	-
Special reserve	-	-	-	7,411	(7,411)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(354,130)	(354,130)	-	-	(354,130)	-	(354,130)
Net income (loss)	-	-	-	-	1,003,279	1,003,279	-	-	1,003,279	(71)	1,003,208
Other comprehensive income (loss)	-	-	-	-	3,843	3,843	67,017	-	70,860	(31)	70,829
Total comprehensive income (loss)	-	-	-	-	1,007,122	1,007,122	67,017	-	1,074,139	(102)	1,074,037
Remuneration cost of employee stock options	-	4,412	-	-	-	-	-	-	4,412	-	4,412
Issuance of shares for exercise of employee stock options	10,390	23,585	-	-	-	-	-	-	33,975	-	33,975
Balance at December 31, 2022	**$ 1,180,424**	**772,702**	**467,203**	**135,875**	**1,794,699**	**2,397,777**	**(68,858)**	**-**	**4,282,045**	**831**	**4,282,876**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

LANNER ELECTRONICS INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Consolidated net income before tax	$ 1,276,281	662,882
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation expense	139,892	132,731
Impairment loss (reversal of impairment loss) determined in accordance with IFRS9	(12,591)	7,500
Net gain on financial assets or liabilities at fair value through profit or loss	(1,737)	(3,290)
Interest expense	16,882	16,178
Interest income	(15,798)	(7,046)
Share-based payment transactions	4,412	8,750
Gain on disposal of property, plant and equipment	(1,481)	(283)
Total adjustments to reconcile profit	129,579	154,540
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets or liabilities at fair value through profit or loss	593,218	(43,766)
Notes receivable	(14,901)	(12,584)
Accounts receivable	(598,968)	(267,362)
Accounts receivable due from related parties	(10,604)	26
Other receivables	9,670	(11,552)
Inventories	(187,433)	(793,588)
Prepayments	8,423	5,296
Other current assets	26,960	(43,485)
Other financial assets－current	2,416	121
Total changes in operating assets, net	(171,219)	(1,166,894)
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	1,130	(2,490)
Contract liabilities	87,433	51,114
Accounts payable	(65,592)	590,889
Other payables	291,621	41,872
Provisions	20,499	10,033
Other current liabilities	(25,668)	19,169
Net defined benefit liabilities	(655)	(621)
Deferred revenue	5,529	(808)
Total changes in operating liabilities, net	314,297	709,158
Total changes in operating assets and liabilities, net	143,078	(457,736)
Total adjustments	272,657	(303,196)
Cash flow from operating activities	1,548,938	359,686
Interest income received	15,388	6,146
Interest paid	(14,376)	(7,065)
Income taxes paid	(91,755)	(46,931)
Net cash flows from operating activities	1,458,195	311,836
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	-	(260,000)
Proceeds from disposal of financial assets at amortised cost	210,000	-
Acquisition of investments accounted for using equity method	(820)	-
Acquisition of property, plant and equipment	(143,488)	(60,530)
Proceeds from disposal of property, plant and equipment	1,732	1,458
Increase in refundable deposits	(4,651)	(134)
Decrease (increase) in other non-current assets	10,561	(8,307)
Increase in prepayments for equipment	(2,349)	(6,679)
Net cash flows from (used in) investing activities	70,985	(334,192)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	221,140	304,258
Decrease in short-term borrowings	(300,751)	(485,294)
Proceeds from long-term debt	-	885
Repayments of long-term borrowings	(949)	-
Payment of lease liabilities	(45,956)	(39,458)
Increase in other non-current liabilities	3,201	8,260
Cash dividends paid	(354,130)	(389,420)
Proceeds from exercise of employee stock options	33,975	-
Payments to acquire treasury shares	-	(59,355)
Acquisition of ownership interests in subsidiaries	-	(179,637)
Net cash used in financing activities	(443,470)	(839,761)
Effect of exchange rate changes on cash and cash equivalents	58,839	(11,587)
Net increase(decrease) in cash and cash equivalents	1,144,549	(873,704)
Cash and cash equivalents at beginning of period	1,532,616	2,406,320
Cash and cash equivalents at end of period	$ **2,677,165**	**1,532,616**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

LANNER ELECTRONICS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

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

(1) Company history

LANNER ELECTRONICS INC. (the Company) was incorporated on October 30, 1986, under the laws of the Republic of China (ROC). The Company and its subsidiaries (the Group) are mainly engaged in the manufacturing and trading of computer peripheral equipment, computer software design and development services, and related information processing trade business. Please refer to note 14.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were authorized for issue by the Board of Directors and issued on March 21, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(Continued)

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements.

(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as "the IFRSs endorsed by the FSC").

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for those otherwise explained in the accounting policies in the notes.

(ii) Functional and presentation currency

The functional currency of each individual consolidated entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan Dollars, which is Company's functional currency. The assets and liabilities of foreign operations are translated to the Group's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Group's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income 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.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by the Group.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over its subsidiaries are accounted for as equity transactions. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the parent.

When the Group loses control of a subsidiary, the Group derecognizes the assets (including goodwill) and liabilities of the former subsidiary at their carrying amounts from the consolidated statement and re-measures the fair value of retained interest at the date when control is lost. A gain or loss is recognized in profit or loss and is calculated as the difference between:

1) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and

2) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any noncontrolling interest.

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The Group shall apply the accounting treatment to all previously recognizes amount related to its subsidiary in its comprehensive income as if the related assets and liabilities were disposed by the Group directly.

(ii) List of subsidiaries included in the consolidated financial statements

List of subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Scope of business	Percentage of ownership December 31, 2022	Percentage of ownership December 31, 2021	Note
The Company	LANNER ELECTRONICS USA, INC. (LANNER (USA))	Trading of computer peripheral products	100.00 %	100.00 %	
The Company	LANNER ELECTRONICS (MAURITIUS) INC. (LANNER (MAURITIUS))	Investing	100.00 %	100.00 %	
The Company	LANNER ELECTRONICS CANADA LTD. (LCA)	Trading of computer peripheral products	100.00 %	100.00 %	Note 2
The Company	LANNER TECHNOLOGY JAPAN Co., Ltd. (LANNER (JAPAN))	Trading of computer peripheral products	80.00 %	80.00 %	
The Company	Whitebox Solutions Inc. (Whitebox)	Manufacture and trading of computer peripheral products	100.00 %	100.00 %	
The Company	LANNER EUROPE B.V.(LEU)	Trading of computer peripheral products	100.00 %	100.00 %	Note 3
The Company	LannerTech electronics Inc. (LannerTech)	Trading of computer peripheral products	100.00 %	100.00 %	Note 4
LANNER (MAURITIUS)	LANCOM HOLDING CO., LTD. (LANCOM)	Investing	100.00 %	100.00 %	
LANCOM	Beijing L&S Lancom Platform Tech. Co., Ltd. (L&S)	Trading of computer peripheral products	100.00 %	100.00 %	Note 1
LANCOM	Lanner Technology (Dongguan) Co., Ltd. (Lanner Technology)	Manufacture and trading of computer peripheral products	100.00 %	100.00 %	
L&S	Dongguan Lihua Haiwell Tech. Co., Ltd. (Haiwell)	Manufacture and trading of computer peripheral products	100.00 %	100.00 %	

Note 1: On March 4, 2021, the board of directors approved the Group’s acquisition of 20% shares of Beijing L&S Lancom Platform Tech. Co., Ltd. The acquisition process was completed in May 2021.

Note 2: On May 25, 2021, LEI TECHNOLOGY CANADA LTD. filed to change its name to LANNER ELECTRONICS CANADA LTD.

Note 3: The Group established a new Branch, LEU, in July 2021, with investment amount of $28,006 thousand.

Note 4: The Group established a new Branch, LannerTech, in August 2021, with investment amount of $6,000 thousand.

(d) Foreign currency

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(i) an investment in equity securities designated as at fair value through other comprehensive income;

(ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(iii) qualifying cash flow hedges to the extent that the hedges are effective.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a 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.

(Continued)

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It expected to be settled liability in its normal operating cycle;

(ii) It held liability primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) It 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 issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash and cash equivalents comprised cash, cash in banks and short-term investments with high liquidity that are subject to an insignificant risk of changes in their fair value. Time deposits which meet the above definition and are held for the purpose of meeting shortterm cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model in managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(Continued)

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4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

(Continued)

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

(Continued)

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

5) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

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

6) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

7) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

8) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

(Continued)

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Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of: (a) the amount of the loss allowance determined in accordance with IFRS 9; and (b) the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out below.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories includes an appropriate share of fixed production overhead based on normal capacity and allocated variable production overhead based on actual output. However, unallocated fixed production overhead arising from lower or idle capacity is recognized in cost of goods sold during the period. If actual capacity is higher than normal capacity, fixed production overhead should be allocated based on actual capacity. The method of valuing inventories is the weighted-average method.

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write-down amount is charged to current year's cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write-down amount, and such reversal is treated as a reduction of cost of goods sold.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

The equity of associates is incorporated in the financial statements using the equity method. Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Groups ownership percentage of the associate, the Group recognizes the changes in ownership interests of the associate in capital surplus in proportion to its ownership interests.

(Continued)

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Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group’s interests in the associate.

When the Group's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	buildings	29~51 years
2)	machinery	2~10 years
3)	other equipment	1~15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Group assesses whether a 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.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method 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. In addition, the right-of-use asset is periodically reduced by using the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments;

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 under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

4) there is a change of its assessment on whether it will exercise a extension or termination option; or

5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents its right-of-use assets that do not meet the definition of investment and its lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize the right-of-use assets and lease liabilities for its short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines, at lease commencement, whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(l) Impairment－non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

(Continued)

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The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group manufactures and sells industrial personal computers and network communication apparatus to computer manufacturers. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group's obligation to provide a refund for faulty electronic components under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(l).

(Continued)

The Group provides certain customers who buy product with an extended warranty over the two-year period in addition to the assurance that the product complies with agreed-upon specifications. This kind of contract contains two performance obligations and, therefore, the transaction price is allocated to each performance obligation on a relative stand-alone selling price basis. Management estimates the stand-alone selling prices at contract inception based on the observable prices at which the Group would sell the product and the extended warranty separately in similar circumstances and to similar customers. The Group recognizes revenue for the service-type warranty on a straight-line basis over the extended warranty period. The payment terms of the extended warranty are similar to product.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

(Continued)

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When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

(q) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off currenttax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle currenttax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The weighted-average number of common shares outstanding is adjusted retroactively for the increase in common shares outstanding from stock issuance arising from the capitalization of retained earnings, or additional paid-in capital.

(Continued)

When computing diluted earnings per share with regards to employee bonuses in the form of stock, the closing price at the balance sheet date is used as the basis of computation in the number of shares to be issued. When computing diluted earnings per share prior to the following year's Board of Directors the effect of dilution from these potential stocks is taken into consideration.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The Management will continually review the estimates and basic assumptions. Changes in accounting estimates will be recognized in the period of change and the future period of their impact.

There are no critical judgments in applying the accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Inventory measurement

Since inventories are measured at the lower of cost or net realizable value, the Group evaluated the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. Please refer to note 6(f) for inventory measurement.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 271	360
Demand deposits	755,499	542,579
Checking deposits	953	8,902
Time deposits	1,283,620	147,400
Foreign currency deposits	636,822	833,375
Cash and cash equivalents per consolidated statements of cash flow	**$ 2,677,165**	**1,532,616**

(Continued)

Please refer to note 6(w) for the credit risk, exchange rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging—forward exchange contracts	$ -	1,945
Non-derivative financial assets—open end funds	-	572,246
Non-derivative financial assets—financing products	-	17,290
Total	$ -	591,481

Please refer to note 6(v) for the gains or losses on financial assets and liabilities remeasured at fair value through profit or loss.

The Group uses derivative financial instruments to manage the exposures due to fluctuations of foreign exchange risk from its operating activities. The Group reported the following mandatorily measured at fair value through profit or loss and derivative instruments not used for hedging without the application of hedge accounting:

	December 31, 2021		
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward exchange sold	USD 19,000 / TWD 527,825	USD/TWD	2022.01.07~2022.04.07

The Group had not provided any financial assets mentioned above as collateral as of December 31, 2021. As of December 31, 2022, the Group had no financial assets at fair value through profit or loss.

(c) Financial assets measured at amortized cost

	December 31, 2022	December 31, 2021
Time deposits	$ 50,000	260,000
Interest rate (%)	0.53~1.175	0.53~0.55
Maturity dates	2023.02	2022.02~2022.06

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

The Group's financial assets measured at amortized cost had not pledged as collateral.

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(d) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 33,961	19,060
Accounts receivable	1,902,028	1,301,929
Accounts receivable－related parties	10,604	-
Less: allowance for impairment	30,626	42,086
	$ 1,915,967	**1,278,903**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision in Asia (except China), America, and Europe was determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,565,963	0.02%~0.22%	679
1 to 30 days past due	76,152	0%~1.63%	692
31 to 60 days past due	12,011	8.81%~19.44%	1,059
61 to 90 days past due	80	37.57%~58.09%	30
91 to 120 days past due	7,359	56.04%~100%	4,124
More than 121 days past due	-	-	-
	$ 1,661,565		**6,584**

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,037,583	0.13%~1.93%	1,358
1 to 30 days past due	32,560	1.95%~15.00%	638
31 to 60 days past due	8,152	16.05%~18.00%	1,308
61 to 90 days past due	32	18.75%~30%	6
91 to 120 days past due	1,662	30%~100%	501
More than 121 days past due	21,088	100%	21,088
	$ 1,101,077		**24,899**

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The loss allowance provision in China was determined as follows:

	December 31, 2022			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	248,347	0%~0.22%	108
1 to 30 days past due		19,828	0.1%~4.88%	19
31 to 60 days past due		1,387	0.29%~11.95%	4
61 to 90 days past due		-	19.69%~24.15%	-
91 to 120 days past due		2	37.75%~44.75%	1
121 to 150 days past due		-	100%	-
151 to 180 days past due		-	100%	-
More than 181 days past due		15,464	100%	15,464
	$	**285,028**		**15,596**

	December 31, 2021			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	192,633	0.90%~0.98%	1,753
1 to 30 days past due		4,152	1.24%~1.32%	51
31 to 60 days past due		7,152	1.04%~1.93%	138
61 to 90 days past due		748	2.36%~2.45%	18
91 to 120 days past due		-	2.00%	-
121 to 150 days past due		-	6.25%	-
151 to 180 days past due		-	25.00%	-
More than 181 days past due		15,227	100%	15,227
	$	**219,912**		**17,187**

The movement in the allowance for notes and accounts receivable was as follows:

		2022	2021
Balance at beginning of period	$	42,086	34,743
Impairment (reversed) loss recognized		(12,591)	7,500
Foreign exchange losses (gains)		1,131	(157)
Balance at end of period	**$**	**30,626**	**42,086**

The Group has not provided the notes and accounts receivable as collateral or factored them for cash. For other credit risk information, please refers to note 6(w).

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(e) Other receivables

		December 31, 2022	December 31, 2021
Other receivables－related parties	$	-	479
Other		51,720	59,729
Less Loss allowance		38,630	38,039
	$	**13,090**	**22,169**

The movement in the allowance for other receivables was as follows:

		2022	2021
Balance at beginning of period	$	38,039	46,389
Impairment losses reversed		-	(8,660)
Foreign exchange losses (gains)		591	310
Balance at end of period	$	**38,630**	**38,039**

For other credit risk information, please refers to note 6(w).

(f) Inventories

		December 31, 2022	December 31, 2021
Merchandise	$	84	338
Finished goods		1,397,325	1,070,913
Work in process		380,863	352,158
Raw material		941,991	1,109,421
Total	$	**2,720,263**	**2,532,830**

Inventories are measured at the lower of cost and net realizable value. Hence, the Group makes judgments and estimates in the net realizable value of inventory for financial statement. The rapid development on technology may significantly affect the market demand on electronic products, which can lead to product obsolescence, resulting in the cost of inventory to exceed its net realizable value. Valuation of the inventory is based according to the estimated future demand for its products. Hence, there is a possibility for the valuation to have a significant fluctuation.

As of December 31, 2022 and 2021, the Group's inventories had not pledged as collateral.

Aside from charging operating costs through the ordinary sale of inventories, other gains and losses directly recorded under operating costs in the years 2022 and 2021 were as follows:

		2022	2021
Loss on market value of inventory	$	95,499	36,115
Loss from scrapped inventory		45,554	14,622
Loss (gain) on physical count		(2)	11
Total	$	**141,051**	**50,748**

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(g) Inventments accounted for under the equity method

	December 31, 2022
Associates	$ 820

As of December 31, 2022, the Group did not pledge any collateral on investments accounted for under the equity method.

(h) Changes in a parent's ownership interest in a subsidiary－Acquisitions of NCI

In May of 2021, the Group acquired equity interest in Beijing L&S Lancom Platform Tech. Co. Ltd. for $179,637 thousand in cash, increasing its ownership from 80% to 100%.

The effects of the changes in shareholdings were as follows:

Carrying amount of non-controlling interest on acquisition	$ 184,524
Consideration paid to non-controlling interests	(179,637)
Contingent consideration－measured at fair value through profit and loss－current	(12,311)
Unappropriated retained earning－Differences between consideration and carrying amounts of subsidiary acquired	$ (7,424)

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

	Land	Buildings	Machinery	Other equipment	Total
Cost or deemed cost:					
Balance at January 1, 2022	$ 519,167	674,347	163,945	573,145	1,930,604
Additions	-	-	115,522	27,966	143,488
Disposals	-	-	(13,978)	(47,914)	(61,892)
Reclassification	-	-	4,062	4,004	8,066
Effect of changes in exchange rates	2,825	7,097	1,243	5,493	16,658
Balance at December 31, 2022	**$ 521,992**	**681,444**	**270,794**	**562,694**	**2,036,924**
Balance at January 1, 2021	$ 519,553	673,526	172,560	553,444	1,919,083
Additions	-	-	3,677	56,853	60,530
Disposals	-	-	(12,329)	(45,657)	(57,986)
Reclassification	-	-	-	8,238	8,238
Effect of changes in exchange rates	(386)	821	37	267	739
Balance at December 31, 2021	**$ 519,167**	**674,347**	**163,945**	**573,145**	**1,930,604**

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	Land	Buildings	Machinery	Other equipment	Total
Depreciation and impairment loss:					
Balance at January 1, 2022	$ -	165,981	131,411	416,876	714,268
Depreciation	-	25,097	13,544	58,539	97,180
Disposal	-	-	(13,978)	(47,663)	(61,641)
Effect of changes in exchange rates	-	1,902	797	3,178	5,877
Balance at December 31, 2022	**$ -**	**192,980**	**131,774**	**430,930**	**755,684**
Balance at January 1, 2021	$ -	141,669	133,897	401,790	677,356
Depreciation	-	24,423	9,907	59,574	93,904
Disposal	-	-	(12,329)	(44,482)	(56,811)
Effect of changes in exchange rates	-	(111)	(64)	(6)	(181)
Balance at December 31, 2021	**$ -**	**165,981**	**131,411**	**416,876**	**714,268**
Carrying value:					
December 31, 2022	**$ 521,992**	**488,464**	**139,020**	**131,764**	**1,281,240**
December 31, 2021	**$ 519,167**	**508,366**	**32,534**	**156,269**	**1,216,336**
January 1, 2021	**$ 519,553**	**531,857**	**38,663**	**151,654**	**1,241,727**

Please refer to note 8 for the information of the pledged property, plant and equipment, as of December 31, 2022 and 2021.

(j) Right-of-use assets

The Group leases its assets including its buildings and transportation equipment. Information about leases, for which the Group is the lessee, is presented below:

	Building	Transportation equipment	Total
Cost:			
Balance at January 1, 2022	$ 128,692	16,202	144,894
Additions	14,063	1,784	15,847
Write-off	(10,266)	(9,132)	(19,398)
Effect of changes in foreign exchange rates	2,779	-	2,779
Balance at December 31, 2022	**$ 135,268**	**8,854**	**144,122**
Balance at January 1, 2021	$ 134,474	15,039	149,513
Additions	29,551	5,771	35,322
Write-off	(32,875)	(1,685)	(34,560)
Lease modification	(2,716)	(2,923)	(5,639)
Effect of changes in foreign exchange rates	258	-	258
Balance at December 31, 2021	**$ 128,692**	**16,202**	**144,894**

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		Building	Transportation equipment	Total
Accumulated depreciation :				
Balance at January 1, 2022	$	32,600	9,355	41,955
Depreciation		38,562	4,150	42,712
Write-off		(10,266)	(9,132)	(19,398)
Effect of changes in foreign exchange rates		656	-	656
Balance at December 31, 2022	$	**61,552**	**4,373**	**65,925**
Balance at January 1, 2021	$	33,896	7,459	41,355
Depreciation		34,028	4,799	38,827
Write-off		(32,875)	(1,685)	(34,560)
Lease modification		(2,317)	(1,218)	(3,535)
Effect of changes in foreign exchange rates		(132)	-	(132)
Balance at December 31, 2021	$	**32,600**	**9,355**	**41,955**
Carrying value:				
December 31, 2022	$	**73,716**	**4,481**	**78,197**
December 31, 2021	$	**96,092**	**6,847**	**102,939**
January 1, 2021	$	**100,578**	**7,580**	**108,158**

(k) Short-term and long-term borrowings

The details, terms and clauses of the Group's short-term and long-term borrowings were as follows:

(i) Short-term borrowings

	December 31, 2022			
	Currency	**Interest rate (%)**	**Maturity year**	**Amount**
Secured loans	RMB	3.2	2023	$ **87,796**

	December 31, 2021			
	Currency	**Interest rate (%)**	**Maturity year**	**Amount**
Secured loans	RMB	3.85	2022	$ **164,258**

Please refer to note 6(w) for the disclosures on the Group's risk exposure to interest rates and liquidity risks.

As of December 31, 2022 and 2021, the unused credit facilities of the Group's short-term borrowings amounted to $1,733,413 thousand and $1,593,779 thousand, respectively.

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(ii) Long-term borrowings

	December 31, 2021			
	Currency	Interest rate (%)	Maturity year	Amount
Secured loans	USD	2.49	2024	$ **879**
Current				$ 313
Non-current				566
Total				$ **879**

For the years ended December 31, 2022, there are no long-term borrowings.
Please refer to note 6(w) for the disclosures on the Group's risk exposure to interest rates and liquidity risks.

(iii) Collateral of loans

The Group has mortgaged their assets as collateral of loans. Please refer to note 8.

(l) Provisions

	Warranty provision
Balance at January 1, 2022	$ 54,979
Provisions made during the year	53,186
Provisions used during the year	(30,699)
Reversal of provisions during the year	(2,950)
Effect of changes in exchange rates	962
Balance at December 31, 2022	$ **75,478**
Balance at January 1, 2021	$ 44,946
Provisions made during the year	41,724
Provisions used during the year	(28,888)
Reversal of provisions during the year	(2,730)
Effect of changes in exchange rates	(73)
Balance at December 31, 2021	$ **54,979**

In 2022 and 2021, provisions are estimated based on the historical data of trading of interment communications equipment, which are mainly associated with the Group’s business products. The Group anticipates the warranties to occur in the following year of the sales.

(m) Bonds payable

(i) The information of unsecured convertible bonds issued by the Group was as follows:

		December 31, 2022	December 31, 2021
Total amount of convertible bonds upon issuance	$	900,000	900,000
Unamortized discount on bonds payable		6,992	14,557
Less: due within a year		(893,008)	-
Ending balance of bonds payable	$	**-**	**885,443**
Equity component－conversion options (recorded as capital surpluses－ share options)	$	**22,680**	**22,680**

	2022	2021
Interest expenses	**7,565**	**7,501**

(ii) On June 19, 2020, the first domestic unsecured convertible bonds issued by the Group were approved at the shareholders' meeting under private placement and fully funded on the November 19, 2020 . The primary terms and conditions of the bonds are as below.

1) Principal amount: $900,000 thousand.

2) Issue price: 100% of the principal amount of the bonds, with a par value of $100 thousand.

3) Coupon rate: 0%.

4) Repayment method: The Group may redeem the bonds in cash at 100% par value of the bonds upon maturity, with the exception of those converted into ordinary shares of the Group by the private bondholders in accordance with Article 10 of the issuance and conversion method.

5) Issue period: 3 years (December 4, 2020 to December 4, 2023).

6) Conversion Period:

The private bondholders shall convert the convertible bonds 3 months after the issuance date (March 5, 2021) to 10 days before the maturity date (November 24, 2023), with the exceptions of the following: (1) the closing period in accordance with the applicable laws,(2) the period starting from the fifteen business days prior to the date of record fordetermination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares from a capital increase for cash, and ends on the date of record for the distribution of the right/benefits (3) the period starting from the date of record of the capital decrease and ends one day prior to the re issuance of the trading of shares after the capital decrease .

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7) Conversion price and adjustment:

The conversion price was set at $55.62 per share. On August 10, 2022 and August 12, 2021, the adjustment conversion price was $50.28 and $52.44, respectively. After the issuance of the converted bonds, if the Group issue additional common share (included but not limited to capital increase by issuing additional stock shares through public or private placement,capital increased out of retained earnings, capitalization of reserves, company merged or issuance of new shares due to acquisition of shares of another company, stock split or cash capital increase through issue oversea depositary receipt) apart from common shares that entitled to conversion rights or stock options to exchange for common shares or when new shares are issued for employee compensation, the conversion price shall be adjusted according to the formula in the issuance terms as follows. Adjustment price will be base on the Ex-date of the new issuance share and be disclose on the Taiwan Market Observation Post System. However, if there is a scheduled payment date then the adjustment price will be base on the date when payment fully received. If the priced changed after the Ex-date then the price per share shall be adjusted according to the formula. If the adjustment price after the calculation is lower than the Ex-date price then the price will be re-announced.

(n) Lease liabilities

The Group's lease liabilities were as follow:

	December 31, 2022	December 31, 2021
Current	$ 39,386	37,165
Non-current	$ 38,878	65,828

For the maturity analysis, please refer to note 6(w).

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest on lease liabilities	$ 3,252	3,925
Expenses relating to short-term leases	$ 4,098	4,632
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 2,737	2,021

The amounts recognized in the statement of cash flows for the Group was as follows:

	2022	2021
Total cash outflow for leases	$ 56,043	50,036

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(o) Employee benefits

(i) Defined benefit plans

The following table shows a reconciliation between the present value of the defined benefit obligation and the fair value of plan assets:

		December 31, 2022	December 31, 2021
The present value of the defined benefit obligations	$	54,563	63,221
Fair value of plan assets		(19,284)	(23,444)
The net defined benefit liability	**$**	**35,279**	**39,777**

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $19,284 thousand as of December 31, 2022. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the Group's defined benefit plan obligation for the years ended December 31, 2022 and 2021, were as follows:

		2022	2021
Defined benefit obligation at 1 January	$	63,221	63,324
Current service costs and interest		607	676
Remeasurements of the net defined benefit liability			
－Due to changes in financial assumption of actuarial (losses) gains		(1,998)	1,092
Benefits paid by the plan		(7,267)	(1,871)
Defined benefit obligation at 31 December	**$**	**54,563**	**63,221**

(Continued)

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3) Movement of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2022 and 2021, were as follows:

	2022	2021
Fair value of plan assets, January 1	$ 23,444	23,724
Interest income	131	130
Remeasurements of the net defined benefit liability		
－Return on plan assets (excluding amounts included in net interest expense)	1,845	294
Contributions made	1,131	1,167
Benefits paid by the plan	(7,267)	(1,871)
Fair value of plan assets, December 31	**$ 19,284**	**23,444**

4) Expenses recognized in profit or loss

The expenses recognized on profit or loss for the years ended December 31, 2022 and 2021, were as follows:

	2022	2021
Current service cost	$ 259	303
Net interest on the defined benefit liability	217	243
	$ 476	**546**

	2022	2021
Operating costs	$ 376	389
Operating expenses	100	157
	$ 476	**546**

5) Actuarial assumptions

The principal actuarial assumption used to determine the present value of the defined benefit obligation on December 31, 2022 and 2021 is as follows:

	2022.12.31	2021.12.31
Discount rate	1.750 %	0.625 %
Future salary increases rate	3.300 %	3.300 %

The Group expects to make contributions of $1,056 thousand to the defined benefit plans in the next year starting from the reporting date of 2022.

The weighted average duration of the defined benefit obligation is 11.84 years.

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6) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of December 31, 2022 and 2021, the present value of defined benefit obligation impact was as follow:

	The impact of defined benefit obligation	
	Increase 0.25%	**Decrease 0.25%**
December 31, 2022		
Discount rate	$ (871)	898
Future salary increase rate	868	(841)
December 31, 2021		
Discount rate	(1,178)	1,225
Future salary increase rate	1,163	(1,134)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Group's pension costs under the defined contribution method were $39,132 thousand and $37,059 thousand for 2022 and 2021, respectively. Payment was made to the Bureau of the Labor Insurance and the local authorities of the consolidated overseas subsidiaries.

(iii) Short-term employee benefit

	December 31, 2022	**December 31, 2021**
Annual leave benefit	**$ 33,309**	**30,752**

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(p) Income tax

(i) Income tax expenses

The amount of income tax (benefit) for 2022 and 2021 were as follows:

	2022	2021
Current tax expense (benefit)		
Current period	$ 295,183	135,151
Adjustment for prior periods	(21,963)	(22,087)
	273,220	113,064
Deferred income tax expense (benefit)		
Origination and reversal of temporary differences	(147)	(3,898)
Income tax expense (benefit) from continuing operations	**$ 273,073**	**109,166**

Reconciliation of the Company's income tax expense (benefit) and the profit before tax for 2022 and 2021 were as follows:

	2022	2021
Net income before tax	**$ 1,276,281**	**662,882**
Income tax using the Company's domestic tax rate	$ 255,256	132,576
Effect of tax rates in foreign jurisdiction	(7,823)	29,834
Previously underestimate (overestimate) income tax	(21,963)	(22,087)
Non-deductible expenses	16,151	153
R&D tax credits utilized	(33,338)	(20,471)
Current-year loss for which no deferred tax asset was recognized	9,488	-
Change in unrecognized temporary dufference	17,215	-
Others	38,087	(10,839)
Total	**$ 273,073**	**109,166**

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets

Deferred income tax assets have not been recognized in respect of the following items:

	December 31, 2022
Deductible temporary differences	$ 37,956
Tax losses	68,859
	$ 106,815

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After being approved by the Chinese tax collection agency, Tax losses of a company can be carried forward to offset its future taxable income for a period of five years in accordance with the Chinese Enterprise Income Tax Law. Deferred tax assets have not been recognized in respect of these items because it is not probable that the combined company will have sufficient taxable income in the future which the Group can utilize the benefits therefrom.

The Group estimated unused loss carry-forwards up to December 31, 2022 was as follows:

Year of loss	Unused amount	Year of expiry
2022	$ 37,956	2027

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities for 2022 and 2021 were as follows:

Deferred income tax assets:

	Unrealized profit from sales	Tax differences from sales	Others	Total
Balance at January 1, 2022	$ 34,972	10,713	54,322	100,007
Recognized in profit or loss and other	19,787	2,393	8,221	30,401
Balance at December 31, 2022	**$ 54,759**	**13,106**	**62,543**	**130,408**
Balance at January 1, 2021	$ 21,522	10,812	41,035	73,369
Recognized in profit or loss and other	13,450	(99)	13,287	26,638
Balance at December 31, 2021	**$ 34,972**	**10,713**	**54,322**	**100,007**

Deferred income tax liabilities:

	Foreign investment income accounted for using equity method	Others	Total
Balance at January 1, 2022	$ (216,613)	(93)	(216,706)
Recognized in profit or loss and other	(30,347)	93	(30,254)
Balance at December 31, 2022	**$ (246,960)**	**-**	**(246,960)**

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		Foreign investment income accounted for using equity method	Others	Total
Balance at January 1, 2021	$	(193,494)	(192)	(193,686)
Recognized in profit or loss and other		(23,119)	99	(23,020)
Balance at December 31, 2021	**$**	**(216,613)**	**(93)**	**(216,706)**

(iii) Assessment of tax

The tax returns of the Company have been assessed by the tax authorities through 2020.

(q) Capital and other equity

As of December 31, 2022 and 2021, the ordinary shares with par value of $10 per share, amounted to $2,000,000 thousand also, 118,042 thousand and 117,003 thousand common stocks, respectively, were issued from the shares mentioned above. All issued shares were paid up upon issuance.

A reconciliation of the Company's outstanding shares for the years ended December 31, 2022 and 2021 were as follows:

Unit: thousands shares

	2022	2021
Balance at January 1	117,003	118,004
Exercise of employee share options	1,039	-
Retirement of treasury share	-	(1,001)
Balance at December 31	**118,042**	**117,003**

(i) Issue of common stock

For the years ended December 31, 2022, the Company issued 1,039 thousand shares of common stocks, as its employees exercised their stock option at $32.7 per share. For the years ended December 31, 2021, there are no employee options exercised.

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(ii) Capital surplus

The composition of the Company's capital surplus are as follows:

	December 31, 2022	December 31, 2021
Share premium from issuance	$ 709,058	679,476
Changes in equity of associates and joint ventures accounted for using equity method	17,539	17,539
Employee share options	13,925	15,510
Share options	22,680	22,680
Employee share options expired	9,500	9,500
	$ 772,702	**744,705**

In accordance with the ROC Company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(iii) Retained earnings

1) Legal reserve

In accordance with the Company Act, 10% of net income after tax should be set aside as legal reserve, until it is equal to authorized capital. If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

2) Special earnings reserve

By choosing to apply exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards during the Company's first-time adoption of the IFRSs endorsed by the FSC, cumulative translation adjustments (gains) recognized under shareholders' equity were reclassified to retained earnings at the adoption date. An increase in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special earnings reserve during earnings distribution. However, when adjusted retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC are insufficient for the appropriation of a special earnings reserve at the transition date, the Company may appropriate a special earnings reserve up to the amount of increase in retained earnings. Upon the use, disposal, or reclassification of related assets, the Company may reverse the special earnings reserve proportionately. As a result of elections made according to IFRS 1, the Company has reclassified $(13,624) thousand to retained earnings and is not required to appropriate a special earnings reserve.

(Continued)

In accordance with the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve resulting from the first-time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

In accordance with the Company's articles of incorporation that after-tax earnings from the current year shall first be used to offset against any prior year's deficit and pay income tax; and 10% of the remaining balance shall be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Special reserve may be appropriated for operations or to meet regulations. After the distribution of dividends, the remaining earnings, if any, may be appropriated according to the proposal presented in the annual stockholders' meetings by the board of directors. Distribution plan shall be executed after a resolution by the shareholders’ meeting. The Company authorizes the Distribution plan paid in cash shall be executed after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders’ meeting.

In accordance with Article 241 of the Company Act, the distribution of its legal reserve and the following capital reserve, in whole or in part, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash； Once upon by cash, the Company authorizes the distribution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders’ meeting.

After the abovementioned appropriation, in order to operate proper investment and maintain Capital adequacy ratio simultaneously, the Company uses the Residual dividend policy to measure its monetary demand for the future according to its budget planned for the following years, then executes financial intermediation with retain earnings, after which, distributes cash dividends with the remaining earnings, which should not less than 30% of the total dividends amount.

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The amount of cash dividends on the appropriations of earning for 2021 and 2020 had been approved during the board meeting on May 5, 2022 and May 6, 2021, as follows:

	2021		2020	
	Amount per share (NTD)	**Total Amount**	**Amount per share (NTD)**	**Total Amount**
Dividends distributed to ordinary stockholders:				
Cash (earnings)	$ 3.00	354,130	3.30	389,420

(iv) Treasury stock

In accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 1,001 thousand shares for the years ended December 31, 2021 in order to maintain the Company's integrity and shareholders' equity. The board of directors has approved to retire the treasury share in full which result in debiting additional paid-in capital of $5,813 thousand and retained earnings of $43,532 thousand on August 12, 2021. The Board of Director has approved the proposal of the capital reduction record date as of August 11, 2021 and the registration has been completed on September 7, 2021. There were no repurchased the treasury shares in 2022.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(v) Other equities (net of tax)

	Foreign exchange differences arising from foreign operation	Non-controlling interests	Total
Balance at January 1, 2022	$ (135,875)	(234)	(136,109)
Foreign exchange differences arising from net assets of foreign operation	67,017	(31)	66,986
Balance at December 31, 2022	**$ (68,858)**	**(265)**	**(69,123)**
Balance at January 1, 2021	$ (128,464)	(25,149)	(153,613)
Foreign exchange differences arising from net assets of foreign operation	(7,411)	41	(7,370)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	24,874	24,874
Balance at December 31, 2021	**$ (135,875)**	**(234)**	**(136,109)**

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(r) Share-based payment

On December 9, 2019, the Securities and Futures Bureau approved the Company's issuance of 3,000 units of Employee’ s Stock option; with each unit representing 1,000 shares of common stock, wherein a total of 3,000 thousand shares may be subscribed. The option holder is eligible, two years after issuance until the sixth year of issuance, to convert a certain percentage of options to common stocks at the price designated on the issuance date. Under such circumstances as changes in equity or distribution of cash dividends, the exercise price per share and the number of subscriptions per option are to be adjusted using a specific formula. However, the adjusted exercise price should not be lower than the par value. All options were granted on March 19, 2020 and their fair value on the grant date was priced using the Black Scholes option pricing model. The weighted-average data of each assumption were as follows:

Dividend rate	-
Expected volatility	25.78 %
Risk-free interest rate	0.4750 %
Expected life	5 years

The Company estimates the compensation to be $22,105 thousand based on the above assumptions. The compensation will be amortized over three years. Under the fair value method, the compensation of the option were estimated to be $4,412 thousand and $8,750 thousand for the year ended December 31, 2022 and 2021. The additional paid-in capital also increased due to the stock option plan.

The outstanding stock option rights were as follows:

	2022	
Employee stock options in 2019	**Units**	**Exercise price (dollars)**
Outstanding balance as of January 1	2,940	$ 32.70
Options granted	-	-
Options exercised	1,039	32.70
Options cancelled	-	-
Options expired	85	-
Outstanding balance as of December 31	**1,816**	31.30
Exercisable as of December 31	**389**	-
Exercisable shares per unit as of December 31	**1,000**	
Fair market value	**$ 8.6**	

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Employee stock options in 2019	2021 Units	2021 Exercise price (dollars)
Outstanding balance as of January 1	2,940	$ 34.70
Options granted	-	-
Options exercised	-	-
Options cancelled	-	-
Options expired	-	-
Outstanding balance as of December 31	**2,940**	32.70
Exercisable as of December 31	**-**	-
Exercisable shares per unit as of December 31	**-**	
Fair market value	$ **8.6**	

As of December 31, 2022 and 2021, the expected duration of the employee stock option issued in 2019 was 2.22 years and 3.22 years, respectively.

(s) Earnings per share

The calculation of the Group's basic earnings per share and diluted earnings per share for years ended December 31, 2022 and 2021 were as follows:

(i) Basic earnings per share

	2022	2021
Net income attributable to ordinary shareholders of the Company	$ **1,003,279**	**546,391**
Weighted-average number of ordinary shares	**117,815**	**117,499**
Basic earnings per share (in NTD)	$ **8.52**	**4.65**

(ii) Diluted earnings per share

	2022	2021
Net income of the company	$ 1,003,279	546,391
Effect of after tax interest expense of conversion bonds	6,052	6,001
Net income attributable to ordinary shareholders of the Company (diluted)	$ **1,009,331**	**552,392**
Weighted-average number of ordinary shares (basic)	117,815	117,499
Effect of dilutive potential ordinary shares		
Effect of employee stock bonus	2,740	1,826
Effect of employee stock option	934	1,295
Effect of conversion of convertible bonds	17,900	17,162
Weighted-average number of ordinary shares (diluted)	**139,389**	**137,782**
Diluted earnings per share (in NTD)	$ **7.24**	**4.01**

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For calculation of the dilutive effect of the stock option, the average market value is assessed based on the quoted market price where the Company's option is outstanding.

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	2022		
	Sale of Network Communication and other related products	**Others**	**Total**
Primary geographical markets:			
America	$ 4,994,526	272,575	5,267,101
Asia	2,581,826	41,965	2,623,791
Europe	1,815,901	6,396	1,822,297
Others	105,482	415	105,897
	$ 9,497,735	**321,351**	**9,819,086**
Primary merchandises/services lines:			
Network communication apparatus	$ 8,570,930	317,089	8,888,019
Others	926,805	4,262	931,067
	$ 9,497,735	**321,351**	**9,819,086**

	2021		
	Sale of Network Communication and other related products	**Others**	**Total**
Primary geographical markets:			
America	$ 3,686,905	99,679	3,786,584
Asia	2,720,203	35,253	2,755,456
Europe	1,017,503	6,069	1,023,572
Others	114,399	499	114,898
	$ 7,539,010	**141,500**	**7,680,510**
Primary merchandises/services lines:			
Network communication apparatus	$ 6,858,790	139,217	6,998,007
Others	680,220	2,283	682,503
	$ 7,539,010	**141,500**	**7,680,510**

Unearned revenue, net for the Group's amounted to $5,071 thousand and $(673) thousand for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, accumulated unearned revenue amounted to $57,459 thousand and $51,930 thousand, respectively. Unearned revenue was booked due to identifiable services to be rendered.

(ii) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Current contract liabilities	$ 175,727	88,294	37,180

For details on accounts receivable and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the years ended December 31, 2022 and 2021 that was included in the contract liability balance at the beginning of the period was $88,294 thousand and $37,180 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the electronic components sales contracts, for which revenue is recognized when products are delivered to customers.

(u) Remuneration to employees, directors and supervisors

According to the Articles of Association, once the Company has annual profit, it should appropriate 10%~20% of the profit to its employees and 2% or less to its directors and supervisors as remuneration. The pervading target given via shares includes those dependent employees of the Company’s subsidiaries under certain requirements.

For the years ended December 31, 2022 and 2021, the Company recognized its employee remuneration of $221,180 thousand and $87,068 thousand, respectively, and directors' and supervisors' remuneration of $17,694 thousand and $8,707 thousand, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. Related information would be available at the Market Observation Post System website.

The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2022 and 2021.

(v) Non-operating income and expenses

(i) Interest income

	2022	2021
Interest income from bank deposits	$ 15,798	7,046

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(ii) Other income

The details of the Group's other income were as follows:

	2022	2021
Rent income	$ 6,114	5,678
Other	31,937	36,605
Total other income	**$ 38,051**	**42,283**

(iii) Other gains and losses

The details of the Group's other gains and losses were as follows:

	2022	2021
Gains on disposal of property, plant and equipment	$ 1,481	283
Gains on foreign exchange, net	48,052	14,267
Gains on financial assets (liabilities) at fair value through profit	1,737	3,290
Other losses	(1,047)	(13,048)
Net other gains and losses	**$ 50,223**	**4,792**

(iv) Finance costs

The details of the Group's finance costs were as follows:

	2022	2021
Interest expense	**$ 16,882**	**16,178**

(w) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Approximately, 9% and 11% each constituting of the Group's total sales were derived from a single client in 2022 and 2021, respectively. Region wise, approximately 81% and 85% of the sales were significantly concentrated in Asia and America in 2022 and 2021, respectively.

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(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	1-2 years	3-5 years	Over 5 years
December 31, 2022						
Non-derivative financial liabilities						
Short-term borrowings	$ 87,796	89,936	89,936	-	-	-
Accounts payable	1,587,810	1,587,810	1,587,810	-	-	-
Other payables	957,810	957,809	957,809	-	-	-
Bonds payable(including due within a year)	893,008	900,000	900,000	-	-	-
Lease liabilities	78,264	81,900	42,094	26,993	12,813	-
Guarantee deposits received	3,244	3,244	-	-	-	3,244
Contingent consideration	11,660	11,660	11,660	-	-	-
	$ 3,619,592	3,632,359	3,589,309	26,993	12,813	3,244
December 31, 2021						
Non-derivative financial liabilities						
Short-term borrowings	$ 164,258	165,614	165,614	-	-	-
Accounts payable	1,653,402	1,653,402	1,653,402	-	-	-
Other payables	674,500	674,500	674,500	-	-	-
Long-term borrowings (including due within a year)	879	941	335	344	262	-
Bonds payable	885,443	900,000	-	900,000	-	-
Lease liabilities	102,993	109,596	40,363	31,445	37,788	-
Guarantee deposits received	957	957	-	-	-	957
Contingent consideration	10,530	10,530	10,530	-	-	-
	$ 3,492,962	3,515,540	2,544,744	931,789	38,050	957

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	Foreign currency	Exchange rate	NTD
December 31, 2022			
Financial assets:			
Monetary items:			
USD (note)	$ 86,495	30.6750	2,653,228
Financial liabilities:			
Monetary items:			
USD (note)	$ 40,171	30.6750	1,232,259

		Foreign currency	Exchange rate	NTD
December 31, 2021				
Financial assets:				
Monetary items:				
USD (note)	$	80,213	27.6300	2,216,295
Financial liabilities:				
Monetary items:				
USD (note)	$	44,873	27.6300	1,239,848

Note: Amounts are designated before consolidation.

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, trade receivables and trade and other payables that are denominated in foreign currency. A 1 dollar appreciation (depreciation) of the NTD against the USD as of December 31, 2022 and 2021 would have increased or decreased the net income before tax by $46,324 thousand and $35,340 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary item

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on Monetary items is disclosed by total amount. For the years ended December 31, 2022 and 2021, foreign exchange gains (including realized and unrealized abortions) amounted to $48,052 thousand and $14,267 thousand, respectively.

(iv) Interest rate analysis

Please refer to the note for liquidity risk management and the Group's interest rate exposure to its financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure of the interest rate on derivative and non-derivative financial instruments on the reporting date. Regarding assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the management of the Group's assessment on the reasonably possible interval of interest rate change.

If the interest rate increases or decreases by 1%, the Group's net income before tax will increase or decrease by $26,391 thousand and $16,216 thousand, respectively, for the years ended December 31, 2022 and 2021, with all other variable factors remain constant. This is mainly due to the Group's bank deposits and measured at amortized cost in variable rates.

(Continued)

LANNER ELECTRONICS INC. AND SUBSIDIARIES
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(v) Information of fair value

1) Categories and fair value of financial instruments

Except for the following, carrying amount of the Group's financial assets and liabilities are valuated approximately to their fair value. No additional disclosure is required in accordance to the Regulations.

	December 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Contingent consideration assumed in a business combination	**$ 11,660**	**-**	**-**	**11,660**	**11,660**
Financial liabilities measured at amortized cost					
Bonds payable	893,008	-	893,008	-	893,008
Total	**$ 904,668**	**-**	**893,008**	**11,660**	**904,668**

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets for hedging	$ 1,945	-	1,945	-	1,945
Financial assets mandatorily measured at fair value through profit or loss	**589,536**	**572,246**	**17,290**	**-**	**589,536**
Total	**$ 591,481**	**572,246**	**19,235**	**-**	**591,481**
Financial liabilities at fair value through profit or loss					
Contingent consideration assumed in a business combination	$ 10,530	-	-	10,530	10,530
Financial liabilities measured at amortized cost					
Bonds payable	885,443	-	885,443	-	885,443
Total	**$ 895,973**	**-**	**885,443**	**10,530**	**895,973**

2) Valuation techniques and assumptions used in fair value determination

The financial instruments of the Group are evaluated by using the publicly-adopted valuation models. Open-ended funds are base on net assets value. Forward contracts are referred to the evaluation outcomes from financial institutions. The financial instrument in China is evaluated based on the market value. Contingent consideration assumed in a business combination is measured at fair value using discounted cash flow methodology and incorporates the probability of occurrence.

(x) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note expresses the information on risk exposure and objectives, policies and process of risk measurement and management. For detailed information, please refer to the related notes to each risk.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Management Committee, which is responsible for establishing and monitoring the Group's risk management policies. The committee reports its activities regularly to the Board of Directors.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set control mechanism, and to monitor the execution of the policies. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, developed a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors the risk which should be in compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Assisting the Board of Directors in oversight, the internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, and reports the results to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

1) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by each customer's condition. However, management also considers the demographics of the customers, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly during deteriorating economic circumstances. The Group's Accounts Receivable and Notes Receivable are mainly due from customers in Europe and America, accounting 81% of the total amount of the receivables as of December 31, 2022. The Group's Accounts Receivable and Notes Receivable are mainly due from customers in Asia and America, accounting 88% of the total amount of the receivables as of December 31, 2021.

The Group has established a credit policy wherein each new customer is assessed for credit rating before standard payment, delivery terms, and conditions are granted. The analysis includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer and reviewed regularly. Any amount below the limits requires no approval from the Board of Directors. Customers that fail to meet the Group's rating benchmark are allowed to transact with the Group only on a prepayment basis.

The Group has established an allowance for bad debt account to reflect the estimated losses on trade receivables, other receivables, and investments. The allowance for bad debt account consists of specific losses related to individually significant exposure and unrecognized losses arose from similar assets groups. The allowance for bad debt account is based on the historical collection record of similar financial assets.

2) Investments

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transactions are with the counterparties, and the contractually obligated counterparties are the banks, financial institutions, corporate organizations and government agencies with good credits, there are no compliance issues, and therefore, there is no significant credit risk.

3) Guarantees

The consolidated company policy provides endorsements and assurances to be offered only to companies who it has business relationship with, as well as to those companies who hold more than 50% of the voting rights of the consolidated company, either directly or indirectly. As of December 31, 2022 and 2021, the Group did not provide any endorsement and guarantees.

(Continued)

LANNER ELECTRONICS INC. AND SUBSIDIARIES
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(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of the expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. The Group also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2022 and 2021, the Group's unused credit line were amounted to $1,733,413 thousand and $1,593,779 thousand, respectively.

(v) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate, and equity prices which will affect the group's income or the value of its holding of financial instrument. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimizing the return.

In order to manage market risk, the Group conducts derivative transactions and incurs financial liabilities. All such transactions are within the guidelines set by the Risk Management Committee. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

1) Currency risk

The group reports its financial statements in TWD, while conducting such transaction as sales, purchase, and borrowing in USD, thereby exposing itself to currency risk.

The Group hedges most of its trade receivables and trade payables denominated in a foreign currency. The Group hedges its currency risk through forward exchange contracts with maturity less than one year from the reporting date.

2) Interest rate risk

To avoid interest rate risk, the Group raises its working capital mainly through long-term and short-term loans. Should long term loans be needed, plans and conditions of early repayment shall be settled in advance.

(y) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings, and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

(Continued)

The Group's debt-to-adjusted-capital ratio at the end of the reporting period was as follows:

		December 31, 2022	December 31, 2021
Total liabilities	$	4,772,233	4,349,675
Less: cash and cash equivalents		2,677,165	1,532,616
Net debt	$	2,095,068	2,817,059
Total equity	$	4,282,876	3,524,582
Debt-to-adjusted-capital ratio		49 %	80 %

The decreased of the debt to capital equity ratio as of December 31, 2022 was due to the increase in cash and equivalents.

As of December 31, 2022, no changes have been made on the capital management.

(z) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities for the years ended December 31, 2022 and 2021 were as follows:

				Non-cash changes			
		January 1, 2022	Cash flows	Foreign exchange movement	Amortization of commercial paper discount	Others	December 31, 2022
Short-term borrowings	$	164,258	(79,611)	3,149	-	-	87,796
Bonds payable		885,443	-	-	7,565	-	893,008
Long-term borrowings (including current portion)		879	(949)	70	-	-	-
Lease liabilities		102,993	(45,956)	2,128	-	19,099	78,264
Guarantee deposits received		957	2,287	-	-	-	3,244
Total liabilities from financing activities	$	1,154,530	(124,229)	5,347	7,565	19,099	1,062,312

				Non-cash changes			
		January 1, 2021	Cash flows	Foreign exchange movement	Amortization of commercial paper discount	Others	December 31, 2021
Short-term borrowings	$	345,065	(181,036)	229	-	-	164,258
Bonds payable		877,942	-	-	7,501	-	885,443
Long-term borrowings (including current portion)		-	885	(6)	-	-	879
Lease liabilities		108,846	(39,458)	386	3,925	29,294	102,993
Guarantee deposits received		986	(29)	-	-	-	957
Total liabilities from financing activities	$	1,332,839	(219,638)	609	11,426	29,294	1,154,530

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(7) Related-party transactions

(a) Related-party and relationship between the Company

The Group has transactions with its related parties as follows:

Related-parties	Relationship between the Company
Jie Wei Investment Development Co., Ltd. (Jie Wei)	One of the board of directors of the Company also serves as a director of the related-party
Lanner elevtronics cultural and eductional foundation(Lanner Foundation)	Related party
Haiwell Lancom Electronic Co., Ltd.	Related party and liquidation completed in June 2022.
LANNER KOREA INC.	The Group recognized associates under equity method.
Mr. Zhang Jun Hai	Mr. Zhang Jun Hai had been a member of key management of the Group but was no longer regarded as a related party since April, 2021.

(b) Significant related party transactions

(i) Operating revenue

The amounts of significant sales transactions between the Group and related parties were as follows:

	2022	2021
Associates		
Other associates	$ 10,573	-

There were no significant differences between the pricing of sale transactions and receipts condition with related parties and other customers.

(ii) Receivables from related parties

The details of the Group's receivables from related parties were as follow:

Accounts	Type of related parties	December 31, 2022	December 31, 2021
Account receivable－related parties	Associates		
	Other associates	$ 10,604	-
Other receivable	Other related parties	-	479
		$ 10,604	479

(iii) Payables to related parties

The payables due to related parties were as follows:

Accounts	Type of related parties	December 31, 2022	December 31, 2021
Other payable	Key managemnt of Consolidated Company	$ 54,582	54,582

(iv) Leases

1) Lessee

Lease contracts with the period from June 2020 to May 2025 were signed with other related party on April 2020. In accordance with the contract, the Group provided $175 thousand as deposit and booked the same amount under non-current assets. For the years ended December 31, 2022 and 2021, the Group recognized the amount of $35 thousand as interest expense, respectively. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to $3,106 thousand and $4,392 thousand, respectively.

2) Lessor

	2022	2021
Other related parties		
Lanner Foundation	$ 326	326
Other related parties	-	26
	$ 326	352

The amount of rent is based on neighboring rent, and the rental is collected monthly from other related parties.

(v) Contribution

With the approval from the broad of directors, the Group agreed to contribute $3,000 thousand and $5,000 thousand to Lanner Foundation for the years ended December 31, 2022 and 2021, respectively.

(vi) Property transactions auditor

In March 2021, the Group acquired 20% shares of Beijing L&S Lancom Platform Tech. Co., Ltd, at a value of $179,637 thousand (RMB44,701 thousand), from Mr. Zhang Jun Hai. The share transfer registration was completed in May 2021. The contingent consideration remain $11,660 thousand and $10,530 thousand that has not been paid as December 31, 2022 and 2021, respectively.

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(c) Key management personnel compensations

Key management personnel compensation comprised:

	2022	2021
Short-term employee benefits	148,850	128,050
Post-employment benefits	824	864
	149,674	**128,914**

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Certificate of deposits (recorded under other financial assets－current)	Guarantee for customs	$ 1,000	3,416
Property,plant and equipment：			
Building	Guarantee for short-term borrowings	205,531	-
Other equipment	Guarantee for long-term borrowings	-	1,635
		$ 206,531	**5,051**

(9) Commitments and contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

The following is a summary statement of employee benefits, depreciation and amortization expensed by function:

By function / By nature	Years ended December 31, 2022			Years ended December 31, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	235,822	1,059,950	1,295,772	224,063	802,528	1,026,591
Labor and health insurance	22,103	55,678	77,781	23,035	55,266	78,301
Pension	10,670	28,938	39,608	9,942	27,663	37,605
Others	14,614	32,935	47,549	14,057	32,472	46,529
Depreciation	46,518	93,374	139,892	43,810	88,921	132,731
Amortization	-	-	-	-	-	-

LANNER ELECTRONICS INC. AND SUBSIDIARIES
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(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties:

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the Company										
0	The Company	Haiwell	(2)	856,409	66,888	65,847	-	-	1.54 %	2,141,023	Y	N	Y
0	The Company	L&S	(2)	856,409	102,562	100,965	-	-	2.36 %	2,141,023	Y	N	Y

Note 1: The guarantee's relationship with the guarantor is as follows:

(1) A company with which it does business.

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

(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.

(4) A company in which the public company holds, directly and indirectly, 90 percent or more of voting shares.

(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The aggregate amount of guarantee by the Company is limited to 50 percent of total equity.

Note 3: The guaranteed amount is limited to 20 percent for one party.

Note 4: The Company endorses others due to business relationships, and the amount of the endorsement guarantee shall not exceed the amount of the company's business transactions with it.

(iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included): None

(iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital: None.

(v) Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Company's paid-in capital: None.

(vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company's paid-in capital: None.

(vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital:

Unit: thousand dollars

Name of Company	Counter-party	Relationship	Transaction details				The status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
The Company	LANNER (USA)	Subsidiary	(Sales)	(2,710,672)	(33) %	90 days	-	-	781,595	41 %	
LANNER (USA)	The Company	Subsidiary	Purchase	2,710,672	98 %	90 days	-	-	(781,595)	(89) %	
The Company	Haiwell	Subsidiary	(Sales)	(171,207)	(2) %	60 days	-	-	60,371	3 %	
Haiwell	The Company	Subsidiary	Purchase	171,207	15 %	60 days	-	-	(60,371)	(24) %	
The Company	LCA	Subsidiary	(Sales)	(945,545)	(12) %	90 days	-	-	242,419	13 %	
LCA	The Company	Subsidiary	Purchase	945,554	91 %	90 days	-	-	(242,419)	(92) %	
Haiwell	L&S	Subsidiary	(Sales)	(706,167)	(69) %	60 days	-	-	-	- %	
L&S	Haiwell	Subsidiary	Purchase	706,167	100 %	60 days	-	-	-	- %	

Note 1: The transactions within the Group were eliminated in the consolidated financial statements.

(viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company’s paid-in capital:

Unit: thousand dollars

Name of related party	Counter-party	Relationship	Balance of receivables from related party (Note)	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
The Company	LANNER (USA)	Subsidiary	781,595	4.50	-		720,616 (Until March 21, 2023)	-
The Company	LCA	Subsidiary	242,419	4.47	-		188,841 (Until March 21, 2023)	-

Note: The transactions within the Group were eliminated in the consolidated financial statements.

(ix) Information regarding trading in derivative financial instruments: None.

(x) Significant transactions and business relationship between the parent company and its subsidiaries in December 31, 2022:

Unit: thousand dollars

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
0	The Company	LANNER (USA)	1	Sales	2,710,672	No significant differences	27.61%
0	The Company	Haiwell	1	Sales	171,207	No significant differences	1.74 %
0	The Company	LCA	1	Sales	945,545	No significant differences	9.63 %
0	The Company	LANNER (USA)	1	Accounts receivable	781,595	No significant differences	8.63 %
0	The Company	Haiwell	1	Accounts receivable	60,371	No significant differences	0.67 %
0	The Company	LCA	1	Accounts receivable	242,419	No significant differences	2.68 %
1	Haiwell	L&S	3	Sales	706,167	No significant differences	7.80 %
1	Haiwell	L&S	3	Advance receipts	160,582	No significant differences	1.77 %

Note 1: Company numbering is as follows:
(1) Parent company is 0.
(2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:
(1) “1” represents downstream transactions.
(2) “2” represents upstream transactions.
(3) “3” represents sidestream transactions.

Note 3: The transactions within the Group were eliminated in the consolidated financial statements.

(b) Information on investees:

The following are the information on investees for the years ended December 31, 2022 (excluding information on investees in Mainland China):

Unit: thousand dollars/thousand shares

Name of investor	Investor investee	Address	Scope of business.	Original cost		Ending balance			Maximum investment in 2022	Net income of investee	Investment income (losses)	Remarks
				December 31, 2022	December 31, 2021	Shares	Ratio of shares	Book value				
The Company	LANNER ELECTRONICS USA, INC.	USA	Trading of computer peripheral equipment	248,819	248,819	7,850	100 %	299,510	248,819	68,954	68,954	(Note 1)
The Company	LANNER ELECTRONICS (MAURITIUS) INC.	Mauritius	Investing	119,282	119,282	3,853	100 %	928,739	119,282	(86,456)	(86,456)	(Note 1)
The Company	LEI TECHNOLOGY CANADA LTD.	Canada	Trading of computer peripheral equipment	153,926	153,926	5,105	100 %	143,667	153,926	44,301	44,301	(Note 1)
The Company	LANNER TECHNOLOGY JAPAN CO., LTD.	Japan	Trading of computer peripheral equipment	8,145	8,145	3	80 %	3,318	8,145	(357)	(286)	(Note 1)
The Company	Whitebox Solutions Inc.	Taiwan	Manufacture and trading of computer peripheral products	7,500	7,500	750	100 %	7,425	7,500	11	11	(Note 1)
The Company	Lanner Europe B.V	Netherlands	Trading of computer peripheral equipment	59,862	28,006	1,848	100 %	27,535	59,862	(29,481)	(29,481)	(Note 1)
The Company	LannerTech electronics Inc.	Taiwan	Trading of computer peripheral equipment	6,000	6,000	600	100 %	228	6,000	(3,205)	(3,205)	(Note 1)
The Company	LANNER KOREA INC.	South Korea	Trading of computer peripheral equipment	820	-	7	35 %	820	820	-	-	
LANNER ELECTRONICS (MAURITIUS) INC.	LANCOM HOLDING CO.,LTD.	Samoa	Investing	112,543	112,543	2,623	100 %	957,645	112,543	(86,302)	(86,302)	(Note 1)

Note 1: Aforementioned amounts have been eliminated upon consolidation financial statements.

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(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the scope of businesses and products, and other information:

Unit: thousand dollars

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2022	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2022	Net income (losses) on investee	Direct / indirect investment holding percentage	Maximum investment in 2022	Investment income (losses) (Note 2)	Book value (Note 2)	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount							
L&S	Trading of computer peripheral equipment	118,388	(3)	110,274	-	-	110,274	(88,957)	100.00 %	118,388	(88,957)	918,017	-
Haiwell	Manufacture and trading of computer peripheral products	92,037	(4)	-	-	-	-	(78,937)	100.00 %	92,037	(64,121)	84,219	-
Lanner Technology	Trading of computer peripheral equipment	22,099	(1)	-	-	-	-	2,537	100.00 %	22,099	2,537	10,588	-

Note 1: The method of investment is divided into the following four categories:

(1) Remittance from third-region companies to invest in Mainland China.

(2) Through the establishment of third-region companies then investing in Mainland China.

(3) Through transferring the investment to third-region existing companies then investing in Mainland China.

(4) Other methods – Investing in Mainland China through Beijing L & S Lancom Platform Tech. Co., Ltd.

Note 2: The investment income (losses) were recognized under the equity method and based on the financial statements audited by the auditor of the Company.

Note 3: Aforementioned amounts have been eliminated upon consolidated financial statements.

(ii) Limitation on investment in Mainland China:

Company name	Accumulated investment amount remitted from Taiwan to Mainland China at the end of the period	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
The Company	110,274	369,086	- (Note 1)

Note 1: The Company was certified as an operations center by the Industrial Development Bureau, Ministry of Economic Affairs, in approval letter No. 11020425720, and the certification is valid from 2021 to 2024. The Company has no limitation on investment in Mainland China during the abovementioned period.

(iii) Significant transactions with investees in Mainland China:

Please refer to “ Information on significant transactions” and “ Business relationships and significant intercompany transaction” for the indirect and direct business transactions in China. All transactions were eliminated upon consolidation.

(d) Major shareholders:

Unit：Shsres

Shareholding / Shareholder’s Name	Shares	Percentage
Yi-Wen Chou	10,211,089	8.65 %
Delta Electronics, Inc.	6,763,845	5.73 %
The business department of Standard Chartered International Commercial Bank Fiduciary Investment Account of Swedbank’s Robur global fund investment	6,000,000	5.08 %

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(14) Segment information

(a) General information

The Group is mainly engaged in the manufacturing and selling of internet and communication equipment. Management reviews the Company's overall performance regularly to evaluate the performance of each segment and allocate its resources accordingly. As the production procedure is

(b) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographic information		2022	2021
Revenue from external customers:			
United States	$	4,116,257	3,116,287
China		1,332,171	1,716,048
Canada		1,141,898	670,296
Emerging Europe		832,083	412,806
Israel		688,810	594,753
Other countries		1,707,867	1,170,320
Total	$	**9,819,086**	**7,680,510**

Geographical information		December 31, 2022	December 31, 2021
Non-current assets:			
Taiwan	$	985,440	924,883
China		298,960	332,296
United States		73,667	65,588
Canada		3,364	4,472
Other countries		252	-
Total	$	**1,361,683**	**1,327,239**

Non-current assets include property, plant and equipment, right-of-use assets and prepayments for equipment. They do not include financial instruments, deferred income tax assets and refundable deposit.

(c) Information about major customers

		2021
Customer A	$	**809,660**

There was no major customer whose revenue was more than 10% of operating revenue of the Consolidated Company for the year ended December 31,2022.