

FIRICH ENTERPRISES CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2022 AND 2021

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Firich Enterprises Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Firich Enterprises Co., Ltd. (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Valuation of allowance for inventory valuation losses

Description

For the description of accounting policy on inventory valuation, please refer to Note 4(13). For accounting estimates and assumption uncertainty in relation to inventory valuation, please refer to Note 5(2). For the details of inventory, please refer to Note 6(5). As of December 31, 2022, the inventories of the Company and allowance for inventory valuation losses amounted to NT\$505,106 thousand and NT\$13,148 thousand, respectively.

Since the industry involves rapidly changing technology and were affected by market price, there was higher risk of incurring inventory valuation losses or having obsolete inventory. The Company's inventories were measured at the lower of cost and net realisable value, and measured the net realisable value in accordance with historical data of inventory clearance in order to provide losses for inventories that were over a certain age. The Company's determination of net realisable value for inventories at the balance sheet date involves subjective judgements and estimates which have a material effect on the financial statements. As a result, we determined the estimates of the allowance for inventory valuation losses as one of the key audit matters for this year's audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of provision policies and internal control procedures in relation to allowance for inventory valuation losses based on our understanding of the Company's operation and industry.

2. Verified the appropriateness of system logic in inventory aging analysis report and net realised value report by using the system, and confirmed whether the report information was consistent with its policies.
3. Checked the appropriateness of estimate basis that was adopted for each net realised value, re-verified the information that we obtained like market price, purchase price, and historical information of inventory clearance, and recalculated and evaluated the reasonableness of the information used by management in determining allowance for inventory valuation losses.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for using the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts and information which was disclosed in Note 13 included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for using the equity method amounted to NT\$2,195,111 thousand and NT\$1,551,258 thousand, constituting 33.8% and 25.7% of the total assets as at December 31, 2022 and 2021, respectively, and the share of profit (loss) of subsidiaries, associates and joint ventures accounted for using the equity method amounted to NT\$154,188 thousand and NT(\$37,681) thousand, constituting 26.6% and (52.4%) of the total comprehensive income for the years then ended, respectively.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Hsu, Ming-Chuan

Chih, Ping-Chiun

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 16, 2023

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

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

FIRICH ENTERPRISES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 762,724	12	\$ 816,570	14
1170	Accounts receivable, net	6(4)	185,418	3	201,567	3
1180	Accounts receivable, net - related parties	6(4) and 7	104,784	1	188,621	3
1200	Other receivables		10,104	-	17,271	-
1210	Other receivables - related parties	7	41,048	1	70,355	1
1220	Current tax assets	6(26)	-	-	27,953	1
130X	Inventories, net	6(5)	491,958	7	557,741	9
1410	Prepayments	7	41,065	1	35,287	1
1470	Other current assets		635	-	-	-
11XX	Total current assets		1,637,736	25	1,915,365	32
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	493,769	8	454,069	7
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	434,327	7	401,781	7
1550	Investments accounted for using the equity method	6(6)	3,521,933	54	2,841,626	47
1600	Property, plant and equipment, net	6(7) and 8	237,730	4	240,167	4
1780	Intangible assets	6(9)	2,009	-	1,798	-
1840	Deferred income tax assets	6(26)	159,274	2	168,863	3
1900	Other non-current assets	6(10)	1,136	-	1,139	-
15XX	Total non-current assets		4,850,178	75	4,109,443	68
1XXX	Total assets		\$ 6,487,914	100	\$ 6,024,808	100

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FIRICH ENTERPRISES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2022		December 31, 2021			
			Notes	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(11) and 8	\$	1,260,000	19	\$	1,420,000	24
2130	Current contract liabilities	6(19)		35,954	1		32,947	1
2170	Accounts payable			198,885	3		351,953	6
2180	Accounts payable - related parties	7		11,944	-		12,999	-
2200	Other payables			84,908	1		75,351	1
2220	Other payables - related parties	7		234,116	4		319	-
2230	Current income tax liabilities	6(26)		28,723	1		19,136	-
2300	Other current liabilities			11,875	-		8,090	-
21XX	Total current liabilities			1,866,405	29		1,920,795	32
Non-current liabilities								
2530	Corporate bonds payable	6(12)		500,000	8		500,000	8
2570	Deferred income tax liabilities	6(26)		2,471	-		-	-
2600	Other non-current liabilities	6(13)		14,816	-		18,817	-
25XX	Total non-current liabilities			517,287	8		518,817	8
2XXX	Total Liabilities			2,383,692	37		2,439,612	40
Equity								
	Share capital	6(14)(15)						
3110	Common shares			2,960,915	46		2,775,315	46
	Capital surplus	6(16)						
3200	Capital surplus			1,115,833	17		1,325,054	22
	Retained earnings	6(17)						
3310	Legal reserve			189,170	3		174,380	3
3320	Special reserve			842,691	13		764,600	13
3350	Unappropriated retained earnings			318,318	5		147,909	2
	Other equity interest	6(18)						
3400	Other equity interest		(	950,227)	(15)	(	1,213,430)	(20)
3500	Treasury stocks	6(14)(15)	(	372,478)	(6)	(	388,632)	(6)
3XXX	Total equity			4,104,222	63		3,585,196	60
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	Total liabilities and equity		\$	6,487,914	100	\$	6,024,808	100

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

FIRICH ENTERPRISES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

				Year ended December 31	
				2022	2021
Items	Notes	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19) and 7	\$ 1,977,189	100	\$ 1,895,900	100
5000 Operating costs	6(5)(7)(8)(9)(14) (24)(25) and 7	(1,470,157)	(75)	(1,409,475)	(74)
5900 Gross profit		507,032	25	486,425	26
5910 Unrealised profit from sales		(58,253)	(3)	(55,888)	(3)
5920 Realised profit from sales		55,888	3	42,137	2
5950 Net gross profit		504,667	25	472,674	25
Operating expenses	6(4)(7)(9)(14)(24) (25), 7 and 12(2)				
6100 Selling expenses		(123,603)	(6)	(93,032)	(5)
6200 General and administrative expenses		(142,021)	(7)	(108,824)	(6)
6300 Research and development expenses		(58,751)	(3)	(53,607)	(3)
6450 Expected credit impairment gains (losses)		3,028	-	(760)	-
6000 Total operating expenses		(321,347)	(16)	(256,223)	(14)
6900 Operating profit		183,320	9	216,451	11
Non-operating income and expenses					
7100 Interest income	6(20)	3,373	-	422	-
7010 Other income	6(21)	3,509	1	2,478	-
7020 Other gains and losses	6(2)(22)	197,227	10	210,781	11
7050 Finance costs	6(23)	(21,630)	(1)	(20,647)	(1)
7070 Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	6(6)	1,203	-	(234,478)	(12)
7000 Total non-operating income and expenses		183,682	10	(41,444)	(2)
7900 Profit before income tax		367,002	19	175,007	9
7950 Income tax expense	6(26)	(55,042)	(3)	(28,892)	(1)
8200 Profit for the year		\$ 311,960	16	\$ 146,115	8

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FIRICH ENTERPRISES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
	Other comprehensive income (loss) (Net)					
	Other comprehensive income that will not be reclassified to profit or loss					
8311	Gains on remeasurements of defined benefit plans	6(13)	\$ 4,001	-	\$ 1,121	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)(18)	34,214	2	15,024	1
8330	Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(18)	(11,259)	(1)	(7,981)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(18)(26)	(2,332)	-	21,420	1
8310	Components of other comprehensive income that will not be reclassified to profit or loss		24,624	1	29,584	2
	Other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(18)	242,938	12	(103,822)	(6)
8360	Components of other comprehensive income that will be reclassified to profit or loss		242,938	12	(103,822)	(6)
8300	Other comprehensive income (loss) for the year, net of tax		<u>\$ 267,562</u>	<u>13</u>	<u>(\$ 74,238)</u>	<u>(4)</u>
8500	Total comprehensive income for the year		<u>\$ 579,522</u>	<u>29</u>	<u>\$ 71,877</u>	<u>4</u>
	Basic earnings per share					
9750	Basic earnings per share	6(27)	<u>\$ 1.10</u>		<u>\$ 0.52</u>	
	Diluted earnings per share					
9850	Diluted earnings per share	6(27)	<u>\$ 1.10</u>		<u>\$ 0.51</u>	

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

FIRICH ENTERPRISES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

			Retained Earnings				Other equity interest			
								Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		
	Notes	Common share	Total capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations		Treasury stocks	Total equity
<u>Year ended December 31, 2021</u>										
Balance at January 1, 2021		\$ 2,775,315	\$ 1,454,004	\$ 386,229	\$ 764,600	(\$ 211,849)	(\$ 618,334)	(\$ 517,006)	(\$ 388,632)	\$ 3,644,327
Profit for the year		-	-	-	-	146,115	-	-	-	146,115
Other comprehensive income (loss)	6(18)	-	-	-	-	894	(103,822)	28,690	-	(74,238)
Total comprehensive income (loss)		-	-	-	-	147,009	(103,822)	28,690	-	71,877
Appropriation of 2020 accumulated deficits	6(17)									
Legal reserve used to offset accumulated deficits		-	-	(211,849)	-	211,849	-	-	-	-
Cash dividends from capital surplus	6(16)	-	(132,271)	-	-	-	-	-	-	(132,271)
Change in ownership of subsidiaries	6(18)	-	-	-	-	(2,243)	185	-	-	(2,058)
Net change in equity of associates	6(16)	-	3,321	-	-	-	-	-	-	3,321
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)(18)	-	-	-	-	3,143	-	(3,143)	-	-
Balance at December 31, 2021		\$ 2,775,315	\$ 1,325,054	\$ 174,380	\$ 764,600	\$ 147,909	(\$ 721,971)	(\$ 491,459)	(\$ 388,632)	\$ 3,585,196
<u>Year ended December 31, 2022</u>										
Balance at January 1, 2022		\$ 2,775,315	\$ 1,325,054	\$ 174,380	\$ 764,600	\$ 147,909	(\$ 721,971)	(\$ 491,459)	(\$ 388,632)	\$ 3,585,196
Profit for the year		-	-	-	-	311,960	-	-	-	311,960
Other comprehensive income	6(18)	-	-	-	-	3,201	242,938	21,423	-	267,562
Total comprehensive income		-	-	-	-	315,161	242,938	21,423	-	579,522
Distribution of 2021 retained earnings	6(17)									
Legal reserve		-	-	14,790	-	(14,790)	-	-	-	-
Special reserve		-	-	-	78,091	(78,091)	-	-	-	-
Cash dividends		-	-	-	-	(53,029)	-	-	-	(53,029)
Cash dividends from capital surplus	6(16)	-	(26,514)	-	-	-	-	-	-	(26,514)
Stock dividends from capital surplus	6(16)	185,600	(185,600)	-	-	-	-	-	-	-
Treasury stocks transferred to employees	6(14)(15)(16)	-	2,893	-	-	-	-	-	16,154	19,047
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)(18)	-	-	-	-	1,158	-	(1,158)	-	-
Balance at December 31, 2022		\$ 2,960,915	\$ 1,115,833	\$ 189,170	\$ 842,691	\$ 318,318	(\$ 479,033)	(\$ 471,194)	(\$ 372,478)	\$ 4,104,222

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

FIRICH ENTERPRISES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 367,002	\$ 175,007
Adjustments			
Adjustments to reconcile profit (loss)			
Gains on financial assets at fair value through profit or loss	6(2)(22)	(93,226)	(243,302)
Expected credit impairment (gain) loss	6(24) and 12(2)	(3,028)	760
Share-based payments compensation costs	6(14)	2,352	-
Provision for decline in market value and obsolescence of inventories	6(5)	4,921	3,182
Share of (profit) loss of subsidiaries, associates and joint ventures accounted for using the equity method	6(6)	(1,203)	234,478
Depreciation and amortization	6(7)(9)(24)	13,965	19,114
Interest income	6(20)	(3,373)	(422)
Interest expense	6(23)	21,630	20,647
Dividends income	6(21)	(2,183)	-
Loss on disposal of investments accounted for using the equity method	6(22)	-	286
Unrealised gain from sales		58,253	55,888
Realised gain from sales	(	55,888)	(42,137)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		20,291	(55,399)
Accounts receivable, net - related parties		83,753	(65,426)
Other receivables		7,167	(11,598)
Other receivables - related parties		-	421
Inventories		60,862	(226,400)
Prepayments	(	5,778)	(13,692)
Other current assets	(	635)	1,551
Changes in operating liabilities			
Current contract liabilities		3,007	9,786
Accounts payable	(	153,068)	237,540
Accounts payable - related parties	(	1,055)	6,473
Other payables		9,557	17,079
Other payables - related parties	(	319)	319
Other current liabilities		3,785	1,483
Cash inflow generated from operations		336,789	125,638
Interest received	6(20)	3,373	422
Interest paid	(	21,630)	(15,692)
Income tax paid	(	7,774)	(17)
Net cash flows from operating activities		310,758	110,351
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in other receivables - related parties - financing	7	18,224	7,627
Increase in non-current financial assets at fair value through profit or loss	(	7,663)	(43,000)
Proceeds from disposal of non-current financial assets at fair value through profit or loss		61,189	28,415
Increased in non-current financial assets at fair value through other comprehensive income		-	(2,668)
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income		1,668	4,286
Acquisition of investments accounted for using the equity method	6(6)	(360,266)	(5,854)
Proceeds from capital reduction of investments accounted for using the equity method		150,008	-
Proceeds from disposal of investments accounted for using the equity method		-	5,242
Acquisition of property, plant and equipment	6(7)	(10,404)	(8,996)
Acquisition of intangible assets	6(9)	(1,335)	(1,462)
Decrease in refundable deposits	6(10)	3	-
Dividends received		7,364	6,270
Net cash flows used in investing activities	(141,212)	(10,140)

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FIRICH ENTERPRISES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings	6(11)(28)	(\$ 160,000)	\$ -
Increase in short-term borrowings	6(11)(28)	-	40,000
Proceeds from corporate bond issuance	6(12)(28)	-	500,000
Repayment of corporate bonds	6(28)	- (	546,600)
Repayment of long-term borrowings (including current portion)	6(28)	- (	87,500)
Capital surplus used to issue cash to shareholders	6(16)	(26,514 ) (	132,271)
Proceeds from treasury stocks acquired by employees	6(14)	16,151	-
Cash dividends paid	6(17)	(<u>53,029</u>)	<u>-</u>
Net cash flows used in financing activities		(<u>223,392</u>)	(<u>226,371</u>)
Net decrease in cash and cash equivalents		(53,846 ) (	126,160)
Cash and cash equivalents at beginning of year	6(1)	<u>816,570</u>	<u>942,730</u>
Cash and cash equivalents at end of year	6(1)	\$ 762,724	\$ 816,570

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

FIRICH ENTERPRISES CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Firich Enterprises Co., Ltd. (the “Company”) was incorporated in January 1995 under the provisions of the Company Law of the Republic of China (R.O.C.) as a company limited by shares. The Company mainly engages in the assembly, manufacture, import and export of business oriented computers and its peripheral equipment. The shares of the Company have been listed in the Taipei Exchange (TPEX) market since December 2003.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

The parent company only financial statements were authorised for issuance by the Board of Directors on March 16, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Reorganisation

- A. Reorganisation is accounted for at the book value (the amount after assessing impairment loss) of the Group’s investments in the subsidiaries accounted for using the equity method (book value method). The difference between the book value and the transaction consideration shall be adjusted in ‘capital surplus’. If the capital surplus is insufficient, ‘retained earnings’ will be decreased. The difference between the initial investment cost and the net equity value will be accounted for by the reorganised entities.
- B. The Company purchased 100% equity interest of its original second-tier subsidiary, AKAM Group B.V., from its wholly-owned subsidiary, Firich International Co., Ltd., on December 31, 2022. The aforementioned transaction pertains to a reorganisation and is accounted for using the book value method.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences

arising upon re-translation at the balance sheet date are recognised in profit or loss.

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

B. Translation of foreign operations

- (a) The operating results and financial position of all the Company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company still retains partial interest in the former foreign associate or joint arrangements after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

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

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

- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

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

- (a) Liabilities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value.

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For accounts receivable that do not contain a significant financing component, at each reporting date, the Company recognises the impairment provision for the lifetime expected credit losses (ECLs).

(11) Derecognition of financial assets

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

(12) Leasing arrangements (lessor) – operating leases

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

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for using the equity method - subsidiaries, associates and joint ventures

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealised profit (loss) from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted to be consistent with the Company's accounting policies.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or

- exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- G. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- I. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using the equity method' shall be adjusted for the increase or decrease

of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- K. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- M. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- N. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall be equal to the amount attributable to owners of the parent in the parent company only financial statements. Owners' equity in the parent company only financial statements shall be equal to equity attributable to owners of the parent in the parent company only financial statements.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if

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

Buildings	35 ~ 50 years
Machinery and equipment	2 ~ 7 years
Office equipment	2 ~ 5 years
Other equipment	2 ~ 8 years

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(17) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3~4 years.

(18) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist

or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20) Accounts payable

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

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

(21) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(22) Derecognition of financial liabilities

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

(23) Provisions

Provisions (including warranties) are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated.

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

C. Employees' compensation and directors' remuneration

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

(25) Employee share-based payment

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

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. The Company

and its domestic subsidiaries' additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

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

(27) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(28) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are special resolved by the Board of Directors in accordance with Article 240 of the amended Company Act and the Articles of Incorporation. Stock dividends are recorded as stock dividends to be distributed in the Company's financial statements in the period in which they are resolved by the Company's shareholders, and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

- A. Sales of goods
 - (a) The Company manufactures and sells business oriented computers and peripherals. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to

sell the products, and there is no unfulfilled obligation that could affect the wholesaler'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 wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

- (b) The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Services providing

- (a) The Company provides business oriented computer support and maintenance services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the period of actual service used relative to the total period of service to be provided. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.
- (b) Some contracts include multiple deliverables, such as the installation of hardware and software. In most cases, the installation is simple, does not include an integration service and could be performed by another supplier. It is therefore accounted for as a separate performance obligation. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. If contracts include the sales of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware.
- (c) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of the parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets

and liabilities within the next financial year; and the related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	\$ 218	\$ 365
Checking accounts and demand deposits	731,796	816,205
Time deposits	30,710	-
	<u>\$ 762,724</u>	<u>\$ 816,570</u>

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

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

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

Items	December 31, 2022	December 31, 2021
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Emerging stocks	\$ 95,622	\$ -
Unlisted and unemerging stocks	-	105,195
Open-end funds	-	3,000
Valuation adjustment	398,147	345,874
	<u>\$ 493,769</u>	<u>\$ 454,069</u>

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

	For the year ended December 31, 2022	For the year ended December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 93,226</u>	<u>\$ 243,302</u>

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

collateral.

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

Items	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Listed stocks	\$ 617,139	\$ 617,139
Emerging stocks	60,742	6,488
Unlisted and unemerging stocks	203,448	258,212
Valuation adjustment	(447,002)	(480,058)
	<u>\$ 434,327</u>	<u>\$ 401,781</u>

- A. The Company has elected to classify Summit Ascent Holding Limited and other equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$434,327 and \$401,781 as at December 31, 2022 and 2021, respectively.
- B. Aiming to satisfy the operating capital needs, the Company sold \$1,668 and \$4,286 of equity instruments at fair value and resulted in cumulative gains on disposal of \$1,158 and \$3,143 during the year ended December 31, 2022 and 2021, respectively.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the year ended December 31, 2022	For the year ended December 31, 2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 34,214</u>	<u>\$ 15,024</u>
Cumulative gains reclassified to retained earnings due to derecognition	<u>\$ 1,158</u>	<u>\$ 3,143</u>
Dividend income recognised in profit or loss		
Held at end of period	<u>\$ 840</u>	<u>\$ -</u>

- D. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Accounts receivable

A. Non-related parties

	December 31, 2022	December 31, 2021
Accounts receivable	\$ 255,344	\$ 275,635
Less: Allowance for doubtful accounts	(69,926)	(74,068)
	<u>\$ 185,418</u>	<u>\$ 201,567</u>

B. Related parties

	December 31, 2022	December 31, 2021
Accounts receivable - related parties	\$ 104,868	\$ 188,621
Less: Allowance for doubtful accounts	(84)	-
	<u>\$ 104,784</u>	<u>\$ 188,621</u>

C. The aging analysis of accounts receivable (including related parties) that were past due but not impaired is as follows:

	December 31, 2022	December 31, 2021
Not past due	\$ 207,588	\$ 273,656
Past due		
Up to 30 days	61,665	71,208
31 to 90 days	18,209	37,607
91 to 180 days	1,431	5,981
Over 181 days	<u>1,309</u>	<u>1,736</u>
	<u>\$ 290,202</u>	<u>\$ 390,188</u>

The above aging analysis was based on past due date.

D. As of December 31, 2022 and 2021, accounts receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$270,123.

E. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable (including related parties) was \$290,202 and \$390,188, respectively.

F. The Company does not hold any collateral as security.

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

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation	Book value
Raw materials	\$ 464,231	(\$ 8,450)	\$ 455,781
Finished goods	40,875	(4,698)	36,177
	<u>\$ 505,106</u>	<u>(\$ 13,148)</u>	<u>\$ 491,958</u>
	December 31, 2021		
	Cost	Allowance for valuation	Book value
Raw materials	\$ 534,820	(\$ 27,241)	\$ 507,579
Finished goods	53,407	(3,245)	50,162
	<u>\$ 588,227</u>	<u>(\$ 30,486)</u>	<u>\$ 557,741</u>

The cost of inventories recognised as expense for the year:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Cost of goods sold	\$ 1,424,245	\$ 1,377,384
Loss on decline in market value	4,921	3,182
(Gain) loss on physical inventory	(228)	107
	<u>\$ 1,428,938</u>	<u>\$ 1,380,673</u>

(6) Investments accounted for using the equity method

	December 31, 2022	December 31, 2021
Subsidiaries:		
Firich International Co., Ltd.	\$ 2,316,921	\$ 2,353,174
Firich Korea Co., Ltd.	562,353	181,833
AKAM Group B.V. (Note 1)	231,860	-
TopRich Co., Ltd.	56,206	66,803
Tiga Gaming Inc.	38,903	23,282
Firich UK Co., Ltd.	28,232	26,093
Firich USA Inc.	(10,053)	3,656
Add: Credit balance in long-term investments of Firich USA Inc. (recorded as a deduction item to other receivables - related parties)	<u>10,053</u>	<u>-</u>
Subtotal	<u>3,234,475</u>	<u>2,654,841</u>
Associates:		
LotRich Information Co., Ltd.	163,859	162,690
Jia Hua Kang Jian Co., Ltd. (Note 2)	97,022	-
FEC ITALIA S.r.l.	14,418	11,060
FEC Deutschland GmbH	5,870	7,572
AquaLab Inc.	5,599	5,463
FEC Japan Co., Ltd.	5,492	5,492
Grab and Go Solutions, Inc. (Note 2)	690	-
Less: Accumulated impairment	(5,492)	(5,492)
Subtotal	<u>287,458</u>	<u>186,785</u>
Total	<u>\$ 3,521,933</u>	<u>\$ 2,841,626</u>

Note 1 : Firich International Co., Ltd. sold 100% equity interest of AKAM Group B.V. to the Company on December 31, 2022. As a result, AKAM Group B.V. became a wholly-owned subsidiary of the Company. The aforementioned transaction pertains to a reorganisation and is accounted for using the book value method.

Note 2 : Investments of the Company newly added in the first quarter of 2022.

For the years ended December 31, 2022 and 2021, share of profit (loss) of subsidiaries and associates accounted for using the equity method are as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Subsidiaries:		
Firich International Co., Ltd.	(\$ 91,527)	(\$ 231,378)
Firich Korea Co., Ltd.	85,485	(3,001)
TopRich Co., Ltd.	729	1,503
Tiga Gaming Inc.	13,955	(8,836)
Firich UK Co., Ltd.	3,198	7,505
Firich USA Inc.	(13,812)	(8,143)
Associates:		
LotRich Information Co., Ltd.	6,231	5,624
Jia Hua Kang Jian Co., Ltd.	(2,978)	-
FEC ITALIA S.r.l.	2,815	3,249
FEC Deutschland GmbH	(2,719)	36
AquaLab Inc.	136	(1,037)
FEC Japan Co., Ltd.	-	-
Grab and Go Solutions, Inc.	(310)	-
	<u>\$ 1,203</u>	<u>(\$ 234,478)</u>

A. Subsidiaries

Details of the Company's subsidiaries are provided in Note 4(3) of the Company's 2022 consolidated financial statements.

B. The financial information of the Company's principal associates is summarised below:

(a) The basic information of the associates that are material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2022	December 31, 2021		
LotRich Information Co., Ltd.	Taiwan	30%	30%	Financial investment and lottery machine distributor	Equity method

- (b) The summarised financial information of the associates that are material to the Company is as follows:

Balance sheet

	LotRich Information Co., Ltd.	
	December 31, 2022	December 31, 2021
Current assets	\$ 436,343	\$ 466,372
Non-current assets	201,185	151,230
Current liabilities	(91,331)	(75,302)
Total net assets	<u>\$ 546,197</u>	<u>\$ 542,300</u>
Carrying amount of the associate	<u>\$ 163,859</u>	<u>\$ 162,690</u>

Statement of comprehensive income

	LotRich Information Co., Ltd.	
	For the year ended December 31, 2022	For the year ended December 31, 2021
Revenue	<u>\$ 215,202</u>	<u>\$ 217,104</u>
Profit for the year from continuing operations	<u>\$ 20,770</u>	<u>\$ 18,748</u>
Total comprehensive income	<u>\$ 20,770</u>	<u>\$ 18,748</u>
Dividends received from the associate	<u>\$ 5,062</u>	<u>\$ 6,270</u>

- (c) The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarised below:

As of December 31, 2022 and 2021, the carrying amount of the Company's individually immaterial associates amounted to \$123,599 and \$24,095, respectively.

	For the year ended December 31, 2022	For the year ended December 31, 2021
(Loss) profit for the year from continuing operations	(\$ 3,056)	\$ 2,248
Others comprehensive income (loss) (net value after tax)	<u>895</u>	<u>(1,891)</u>
Total comprehensive (loss) income	<u>(\$ 2,161)</u>	<u>\$ 357</u>

- C. The Company has assessed the value of its investee accounted for using the equity method, FEC Japan Co., Ltd. for the prior year, as impaired and the possibility for recovery was remote. Thus, accumulated impairment loss of \$5,492 was recognised as of December 31, 2022.

D. For the years ended December 31, 2022 and 2021, the Company's investee company accounted for using the equity method was based on the investee's financial statements audited by other auditors. The share of profit (loss) of subsidiaries, associates and joint ventures accounted for using the equity method for the years ended December 31, 2022 and 2021 amounted to \$154,188 and (\$37,681), respectively. As of December 31, 2022 and 2021, the related investment balance accounted for under the equity method was stated at \$2,195,111 and \$1,551,258, respectively.

(7) Property, plant and equipment

				Office		
			Machinery	equipment	Others	
		Buildings				
		and	Owner	Owner	Owner	
	Land	structures	-occupied	-occupied	-occupied	Total
<u>At January 1, 2022</u>						
Cost	\$ 111,478	\$ 161,406	\$ 163,544	\$ 14,030	\$ 47,188	\$ 497,646
Accumulated depreciation	-	(51,212)	(152,605)	(12,679)	(40,983)	(257,479)
	<u>\$ 111,478</u>	<u>\$ 110,194</u>	<u>\$ 10,939</u>	<u>\$ 1,351</u>	<u>\$ 6,205</u>	<u>\$ 240,167</u>
<u>2022</u>						
Opening net book amount						
as at January 1	\$ 111,478	\$ 110,194	\$ 10,939	\$ 1,351	\$ 6,205	\$ 240,167
Additions	-	-	9,799	91	514	10,404
Depreciation charge	-	(3,296)	(9,123)	(288)	(134)	(12,841)
Closing net book amount						
as at December 31	<u>\$ 111,478</u>	<u>\$ 106,898</u>	<u>\$ 11,615</u>	<u>\$ 1,154</u>	<u>\$ 6,585</u>	<u>\$ 237,730</u>
<u>At December 31, 2022</u>						
Cost	\$ 111,478	\$ 161,406	\$ 173,343	\$ 14,121	\$ 47,702	\$ 508,050
Accumulated depreciation	-	(54,508)	(161,728)	(12,967)	(41,117)	(270,320)
	<u>\$ 111,478</u>	<u>\$ 106,898</u>	<u>\$ 11,615</u>	<u>\$ 1,154</u>	<u>\$ 6,585</u>	<u>\$ 237,730</u>

			Machinery	Office equipment	Others	
		Buildings and structures	Owner -occupied	Owner -occupied	Owner -occupied	Total
<u>At January 1, 2021</u>	<u>Land</u>					
Cost	\$ 111,478	\$ 161,406	\$ 154,548	\$ 14,030	\$ 47,188	\$ 488,650
Accumulated depreciation	-	(47,916)	(138,343)	(12,131)	(40,749)	(239,139)
	<u>\$ 111,478</u>	<u>\$ 113,490</u>	<u>\$ 16,205</u>	<u>\$ 1,899</u>	<u>\$ 6,439</u>	<u>\$ 249,511</u>
<u>2021</u>						
Opening net book amount as at January 1	\$ 111,478	\$ 113,490	\$ 16,205	\$ 1,899	\$ 6,439	\$ 249,511
Additions	-	-	8,996	-	-	8,996
Depreciation charge	-	(3,296)	(14,262)	(548)	(234)	(18,340)
Closing net book amount as at December 31	<u>\$ 111,478</u>	<u>\$ 110,194</u>	<u>\$ 10,939</u>	<u>\$ 1,351</u>	<u>\$ 6,205</u>	<u>\$ 240,167</u>
<u>At December 31, 2021</u>						
Cost	\$ 111,478	\$ 161,406	\$ 163,544	\$ 14,030	\$ 47,188	\$ 497,646
Accumulated depreciation	-	(51,212)	(152,605)	(12,679)	(40,983)	(257,479)
	<u>\$ 111,478</u>	<u>\$ 110,194</u>	<u>\$ 10,939</u>	<u>\$ 1,351</u>	<u>\$ 6,205</u>	<u>\$ 240,167</u>

Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(8) Leasing arrangements — lessee

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

B. Buildings that the Company leases were not included in the right-of-use assets as their leasing terms are 12 months or less.

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

	For the year ended December 31, 2022	For the year ended December 31, 2021
<u>Items affecting profit or loss</u>		
Expense on short-term lease contracts	<u>\$ 6,573</u>	<u>\$ 6,568</u>

D. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases amounted to \$6,573 and \$6,568, respectively.

(9) Intangible assets

	<u>Software</u>
<u>At January 1, 2022</u>	
Cost	\$ 16,962
Accumulated amortisation	(15,164)
	<u>\$ 1,798</u>
<u>2022</u>	
Opening net book amount as at January 1	\$ 1,798
Additions	1,335
Amortisation charge	(1,124)
Closing net book amount as at December 31	<u>\$ 2,009</u>
<u>At December 31, 2022</u>	
Cost	\$ 18,297
Accumulated amortisation	(16,288)
	<u>\$ 2,009</u>
	<u>Software</u>
<u>At January 1, 2021</u>	
Cost	\$ 15,500
Accumulated amortisation	(14,390)
	<u>\$ 1,110</u>
<u>2021</u>	
Opening net book amount as at January 1	\$ 1,110
Additions	1,462
Amortisation charge	(774)
Closing net book amount as at December 31	<u>\$ 1,798</u>
<u>At December 31, 2021</u>	
Cost	\$ 16,962
Accumulated amortisation	(15,164)
	<u>\$ 1,798</u>

Details of amortisation on intangible assets are as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Operating costs	\$ 995	\$ 411
Administrative expenses	34	34
Research and development expenses	95	329
	<u>\$ 1,124</u>	<u>\$ 774</u>

(10) Other non-current assets

	December 31, 2022	December 31, 2021
Refundable deposits	<u>\$ 1,136</u>	<u>\$ 1,139</u>

(11) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 790,000	1.60%~2.16%	None
Secured borrowings	470,000	1.78%~1.99%	Note
	<u>\$ 1,260,000</u>		
Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 1,040,000	1.00%~1.26%	None
Secured borrowings	380,000	1.00%~1.10%	Note
	<u>\$ 1,420,000</u>		

Note: Property, plant and equipment – land, buildings and structures.

(12) Bonds payable

	December 31, 2022	December 31, 2021
Bonds payable	\$ 500,000	\$ 500,000
Less: discount on bonds payable	-	-
	<u>\$ 500,000</u>	<u>\$ 500,000</u>

The terms of the first-time secured corporate bonds issued by the Company in year 2021 are as follows:

The Company issued \$500,000, 0.62% of fixed coupon rate, the first-time secured corporate bonds in year 2021, as approved by the regulatory authority at June 3, 2021. The bonds mature 5 years from the issue date (June 15, 2021 ~ June 15, 2026), and will be redeemed in cash at face value at the maturity date.

(13) Pensions

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	(\$ 26,418)	(\$ 28,791)
Fair value of plan assets	<u>18,242</u>	<u>16,614</u>
Net defined benefit liability	<u>(\$ 8,176)</u>	<u>(\$ 12,177)</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2022			
Balance at January 1	(\$ 28,791)	\$ 16,614	(\$ 12,177)
Current service cost	(72)	-	(72)
Interest (expense) income	(190)	107	(83)
	<u>(29,053)</u>	<u>16,721</u>	<u>(12,332)</u>
Remeasurements:			
Return on plan assets	-	1,366	1,366
Change in demographic assumptions	2	-	2
Change in financial assumptions	1,608	-	1,608
Experience adjustments	<u>1,025</u>	<u>-</u>	<u>1,025</u>
	2,635	1,366	4,001
Pension fund contribution	<u>-</u>	<u>155</u>	<u>155</u>
Balance at December 31	<u>(\$ 26,418)</u>	<u>\$ 18,242</u>	<u>(\$ 8,176)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
Balance at January 1	(\$ 30,975)	\$ 17,677	(\$ 13,298)
Current service cost	(74)	-	(74)
Interest (expense) income	(107)	62	(45)
	(31,156)	17,739	(13,417)
Remeasurements:			
Return on plan assets	-	284	284
Change in demographic assumptions	(91)	-	(91)
Change in financial assumptions	1,070	-	1,070
Experience adjustments	(142)	-	(142)
	837	284	1,121
Pension fund contribution	-	119	119
Paid pension	1,528	(1,528)	-
Balance at December 31	(\$ 28,791)	\$ 16,614	(\$ 12,177)

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

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

	For the year ended December 31, 2022	For the year ended December 31, 2021
Discount rate	1.30%	0.70%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2022 and 2021.

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

	Discount rate		Future salary increases	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 630)	\$ 653	\$ 640	(\$ 621)
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 738)	\$ 767	\$ 747	(\$ 723)

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

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

(f) Expected contributions to the defined benefit pension plans of the company for the year ending December 31, 2023 amount to \$653.

(g) As of December 31, 2022, the weighted average duration of that retirement plan is 9 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	3,387
1-2 year(s)		797
2-5 years		2,583
Over 5 years		23,200
	\$	29,967

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

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were \$7,755 and \$7,727, respectively.

(14) Share-based payment

A. For the year ended December 31, 2022, the Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees	January 14, 2022	600,000	Not applicable	Vested immediately

(a) The share-based payment arrangements above are settled by equity.

(b) The Company had no share-based payment for the year ended December 31, 2021.

B. Details of the share-based payment arrangements are as follows:

	2022	
	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ -
Options granted	600,000	27
Options exercised	(600,000)	27
Options outstanding at December 31	-	\$ -
Options exercisable at December 31	-	\$ -

C. The weighted-average stock price of stock options at exercise dates for the year ended December 31, 2022 was \$32.34 (in dollars).

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Treasury stock transferred to employees	January 14, 2022	\$ 33	\$ 27	34.97%	0.09 year	-	0.02%	\$ 5.60

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

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

	For the year ended December 31, 2022	For the year ended December 31, 2021
Equity-settled	\$ 2,352	\$ -

(15) Share capital

A. As of December 31, 2022, the Company's authorised capital was \$4,000,000, consisting of 400 million shares of ordinary stock, and the paid-in capital was \$2,960,915 with a par value of \$10 (in dollars) per share.

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

	2022 (Note)	2021 (Note)
At January 1	264,543	264,543
Treasury stock transferred to employees	600	-
Capitalisation of capital surplus	18,560	-
At December 31	283,703	264,543

Note: Each unit refers to one thousand shares.

B. Treasury stocks

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2022	
		Number of shares	Carrying amount
The Company	To be reissued to employees	12,389 thousand	\$ 372,478
Name of company holding the shares	Reason for reacquisition	December 31, 2021	
		Number of shares	Carrying amount
The Company	To be reissued to employees	12,989 thousand	\$ 388,632

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

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

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired.

(16) Capital surplus

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

For the year ended December 31, 2022							
	Share premium	Expired stock options	Treasury share transactions	Net change in equity of associates	Stock options	Others	Total
At January 1	\$1,302,989	\$ 14,534	\$ -	\$ 7,215	\$ -	\$ 316	\$1,325,054
Treasury stock transferred to employees	-	-	2,893	-	-	-	2,893
Capitalisation of capital surplus	(185,600)	-	-	-	-	-	(185,600)
Capital surplus used to issue cash to shareholders	(26,514)	-	-	-	-	-	(26,514)
At December 31	<u>\$1,090,875</u>	<u>\$ 14,534</u>	<u>\$ 2,893</u>	<u>\$ 7,215</u>	<u>\$ -</u>	<u>\$ 316</u>	<u>\$1,115,833</u>
For the year ended December 31, 2021							
	Share premium	Expired stock options	Treasury share transactions	Net change in equity of associates	Stock options	Others	Total
At January 1	\$1,435,260	\$ 1,293	\$ -	\$ 3,894	\$13,241	\$ 316	\$1,454,004
Capital surplus used to issue cash to shareholders	(132,271)	-	-	-	-	-	(132,271)
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	-	3,321	-	-	3,321
Expired stock options	-	13,241	-	-	(13,241)	-	-
At December 31	<u>\$1,302,989</u>	<u>\$ 14,534</u>	<u>\$ -</u>	<u>\$ 7,215</u>	<u>\$ -</u>	<u>\$ 316</u>	<u>\$1,325,054</u>

On June 29, 2022, the shareholders of the Company during their meeting resolved to issue cash to shareholders from capital surplus in the amount of \$26,514 (\$0.1 in dollars per share) and 18,560 thousand common shares from capital surplus in the amount of \$185,600 (\$0.7 in dollars per share).

On May 5, 2021, the Board of Directors proposed and resolved to issue cash to shareholders from capital surplus in the amount of \$132,271 (\$0.5 in dollars per share) after the shareholders of the Company resolved to offset the 2020 accumulated deficit. The shareholders of the Company had resolved the offset of the 2020 accumulated deficit on July 30, 2021, and the Chairman of the Board of Directors set the distribution date of cash dividends by capital surplus on September 28, 2021.

(17) Retained earnings

A. The Company is currently in the stage of corporate growth. In the future, in accordance with its business expansion and capital needs, the Board of Directors will draw up a distribution plan, which will be distributed after the resolution at the shareholders' meeting.

In accordance with Company Act Article 240 paragraph 5, the Company authorizes the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The aforesaid requirement that resolution shall be resolved at the shareholders' meeting is not applicable.

The annual net earnings after final account, if any, shall be apportioned in the following order:

- (a) Payment of taxes and duties;
- (b) Covering prior years' accumulated deficit, if any;
- (c) Set aside 10% of the remaining amount as legal reserve; and
- (d) Set aside a certain amount as special reserve, if any.

The remaining amount plus prior years' retained earnings shall be distributed as stockholders' bonus for 10% to 100% (including cash dividends that shall account for at least 10%), taking into account capital budget and financial plan.

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

- C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Financial-Supervisory-Securities-Corporate-No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

D. The appropriation of 2021 earnings had been resolved at the stockholders' meeting on June 29, 2022. Details are summarised below:

	For the year ended December 31, 2021	
	Amount	Dividends per share (in dollars)
Appropriation of legal reserve	\$ 14,790	
Appropriation of special reserve	78,091	
Cash dividends	<u>53,029</u>	\$ 0.20
	<u>\$ 145,910</u>	

E. On May 5, 2021, the Board of Directors resolved not to distribute earnings but to distribute cash dividends from capital surplus, please refer to Note 6(16) for details. On July 30, 2021, the shareholders of the Company resolved the deficit compensation for the year ended December 31, 2020. The Company offset losses using legal reserve of \$211,849.

(18) Other equity items

	For the year ended December 31, 2022		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 491,459)	(\$ 721,971)	(\$ 1,213,430)
Revaluation - the Company	34,214	-	34,214
Revaluation - subsidiaries	(11,259)	-	(11,259)
Revaluation - tax	(1,532)	-	(1,532)
Revaluation transferred to retained earnings, net	(1,158)	-	(1,158)
Currency translation differences	-	242,938	242,938
At December 31	<u>(\$ 471,194)</u>	<u>(\$ 479,033)</u>	<u>(\$ 950,227)</u>

	For the year ended December 31, 2021		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 517,006)	(\$ 618,334)	(\$ 1,135,340)
Revaluation - the Company	15,024	-	15,024
Revaluation - subsidiaries	(7,981)	-	(7,981)
Revaluation - tax	21,647	-	21,647
Revaluation transferred to retained earnings, net	(3,143)	-	(3,143)
Currency translation differences	-	(103,822)	(103,822)
Transfers due to the Group's reorganisation	-	185	185
At December 31	<u>(\$ 491,459)</u>	<u>(\$ 721,971)</u>	<u>(\$ 1,213,430)</u>

(19) Operating revenue

	For the year ended December 31, 2022	For the year ended December 31, 2021
Revenue from contracts with customers	<u>\$ 1,977,189</u>	<u>\$ 1,895,900</u>

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following geographical regions :

	Taiwan	China and other regions in Asia	Europe and America	Total
<u>2022</u>				
Revenue from external customers' contracts	\$ 10,138	\$ 557,959	\$ 1,025,699	\$ 1,593,796
Inter-segment revenue	<u>27,103</u>	<u>27,783</u>	<u>328,507</u>	<u>383,393</u>
Total segment revenue	<u>\$ 37,241</u>	<u>\$ 585,742</u>	<u>\$ 1,354,206</u>	<u>\$ 1,977,189</u>
Timing of revenue recognition				
At a point in time	\$ 36,486	\$ 573,862	\$ 1,326,741	\$ 1,937,089
Over time	<u>755</u>	<u>11,880</u>	<u>27,465</u>	<u>40,100</u>
	<u>\$ 37,241</u>	<u>\$ 585,742</u>	<u>\$ 1,354,206</u>	<u>\$ 1,977,189</u>

	Taiwan	China and other regions in Asia	Europe and America	Total
<u>2021</u>				
Revenue from external customers' contracts	\$ 17,926	\$ 461,822	\$ 944,156	\$ 1,423,904
Inter-segment revenue	<u>11,153</u>	<u>116,510</u>	<u>344,333</u>	<u>471,996</u>
Total segment revenue	<u>\$ 29,079</u>	<u>\$ 578,332</u>	<u>\$ 1,288,489</u>	<u>\$ 1,895,900</u>
Timing of revenue recognition				
At a point in time	\$ 28,593	\$ 567,711	\$ 1,271,644	\$ 1,867,948
Over time	<u>486</u>	<u>10,621</u>	<u>16,845</u>	<u>27,952</u>
	<u>\$ 29,079</u>	<u>\$ 578,332</u>	<u>\$ 1,288,489</u>	<u>\$ 1,895,900</u>

B. Contract liabilities - current

(a) Revenue recognised that was included in the contract liability balance at the beginning of the period

	For the year ended December 31, 2022	For the year ended December 31, 2021
Contract liabilities - advance sales receipts	<u>\$ 32,663</u>	<u>\$ 18,278</u>

(b) The Company has recognised the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities:			
Contract liabilities - advance sales receipts	<u>\$ 35,954</u>	<u>\$ 32,947</u>	<u>\$ 18,278</u>

(20) Interest income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest income from bank deposits	\$ 3,168	\$ 422
Other interest income	<u>205</u>	<u>-</u>
	<u>\$ 3,373</u>	<u>\$ 422</u>

(21) Other income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Dividend income	\$ 2,183	\$ -
Rent income	-	510
Other income	<u>1,326</u>	<u>1,968</u>
	<u>\$ 3,509</u>	<u>\$ 2,478</u>

(22) Other gains and losses

	For the year ended December 31, 2022	For the year ended December 31, 2021
Foreign exchange gains (losses)	\$ 104,157	(\$ 30,781)
Gains on financial assets at fair value through profit or loss	93,226	243,302
Loss on disposal of investments	- (	286)
Other losses	(156)	(1,454)
	<u>\$ 197,227</u>	<u>\$ 210,781</u>

(23) Finance costs

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest expense:		
Bank borrowings	\$ 18,530	\$ 15,692
Corporate bonds	3,100	1,679
Convertible bonds	-	3,276
	<u>\$ 21,630</u>	<u>\$ 20,647</u>

(24) Expenses by nature

	For the year ended December 31, 2022	For the year ended December 31, 2021
Change in inventory of finished goods and work in process, raw materials and supplies used	\$ 1,279,113	\$ 1,239,699
Employee benefit expense	267,978	232,530
Depreciation charges on property, plant and equipment	12,841	18,340
Amortisation charges on intangible assets	1,124	774
Rent expense	6,573	6,568
Transportation expense	2,487	1,723
Advertising cost	5,878	3,919
Expected credit impairment (gains) losses	(3,028)	760
Other expenses	218,538	161,385
	<u>\$ 1,791,504</u>	<u>\$ 1,665,698</u>

(25) Employee benefit expense

	For the year ended December 31, 2022	For the year ended December 31, 2021
Wages and salaries	\$ 237,599	\$ 204,546
Labor and health insurance fees	18,148	16,358
Pension costs	7,910	7,846
Other personnel expenses	4,321	3,780
	<u>\$ 267,978</u>	<u>\$ 232,530</u>

- A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall pay remuneration to the employees and directors. The ratio shall not be lower than 5% for employees' remuneration and shall not be higher than 1% for directors' remuneration. If the Company has accumulated deficit, earnings should be reserved.
- B. For the years ended December 31, 2022 and 2021, employees' remuneration was accrued at \$19,418 and \$9,260, respectively; directors' remuneration was accrued at \$1,942 and \$926, respectively. The aforementioned amounts were recognised in salary expenses.
- The employees' and directors' remuneration were estimated and accrued based on 5% and 0.5% of distributable profit of current year as of the end of reporting period. The employees' and directors' remuneration resolved by the Board of Directors were \$19,418 and \$1,942, respectively, and the employees' remuneration will be distributed in the form of cash.
- Employees' and directors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.
- Information about employees' and directors' remuneration of the Company as resolved by the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Current tax:		
Current tax on profits for the year	\$ 40,827	\$ 19,153
Prior year income tax under estimation	4,487	-
Total current tax	45,314	19,153
Deferred tax:		
Origination and reversal of temporary differences	9,728 (	4,435)
Origination and reversal of tax losses	-	14,174
Total deferred tax	9,728	9,739
Income tax expense	\$ 55,042	\$ 28,892

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

	For the year ended December 31, 2022	For the year ended December 31, 2021
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 1,532	(\$ 21,647)
Remeasurement of defined benefit obligations	800	227
	\$ 2,332	(\$ 21,420)

B. Reconciliation between income tax expense and accounting profit

	For the year ended December 31, 2022	For the year ended December 31, 2021
Tax calculated based on profit before tax and statutory tax rate	\$ 73,400	\$ 35,001
Effects from items disallowed by tax regulation	(281)	36,727
Tax exempt income by tax regulation	(21,513)	(48,879)
Prior year income tax under estimation	4,487	-
Change in assessment of realisation of deferred tax assets	(3,155)	5,972
Temporary differences not recognised as deferred tax assets	2,104	71
Income tax expense	\$ 55,042	\$ 28,892

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

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for obsolescence and market value decline	\$ 6,097	(\$ 3,467)	\$ -	\$ 2,630
Over provision of allowance for doubtful accounts	18,775	(4,401)	-	14,374
Unrealised gross profit				
- Investments accounted for using the equity method	11,177	474	-	11,651
Unrealised gross profit				
- the Company	-	1,806	-	1,806
Unrealised expenses	4,511	-	(800)	3,711
Unrealised foreign exchange loss	1,877	(1,877)	-	-
Overseas investment losses	12,761	906	-	13,667
Unrealised loss on financial instruments	109,758	-	(1,532)	108,226
Deferred revenue	3,907	(698)	-	3,209
	<u>168,863</u>	<u>(7,257)</u>	<u>(2,332)</u>	<u>159,274</u>
-Deferred tax liabilities:				
Unrealised foreign exchange gain	-	(2,471)	-	(2,471)
	<u>\$168,863</u>	<u>(\$ 9,728)</u>	<u>(\$ 2,332)</u>	<u>\$ 156,803</u>

2021				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for obsolescence and market value decline	\$ 6,162	(\$ 65)	\$ -	\$ 6,097
Over provision of allowance for doubtful accounts	18,799	(24)	-	18,775
Unrealised gross profit	8,427	2,750	-	11,177
Unrealised expenses	4,735	-	(224)	4,511
Unrealised foreign exchange loss	3,715	(1,838)	-	1,877
Overseas investment losses	12,761	-	-	12,761
Unrealised loss on financial instruments	88,406	(295)	21,647	109,758
Deferred revenue	-	3,907	-	3,907
-Tax losses	14,174	(14,174)	-	-
	<u>\$157,179</u>	<u>(\$ 9,739)</u>	<u>\$ 21,423</u>	<u>\$ 168,863</u>

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	<u>\$ 205,994</u>	<u>\$ 195,476</u>

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

(27) Earnings per share

For the year ended December 31, 2022			
	Amount after tax	Weighted-average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 311,960	283,674	\$ 1.10
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 311,960	283,674	
Assumed conversion of all dilutive potential ordinary shares			
Employees' remuneration	-	764	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	\$ 311,960	284,438	\$ 1.10

For the year ended December 31, 2021			
	Amount after tax	Weighted-average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 146,115	283,060	\$ 0.52
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 146,115	283,060	
Assumed conversion of all dilutive potential ordinary shares			
Employees' remuneration	-	283	
Convertible bonds	2,621	5,643	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	\$ 148,736	288,986	\$ 0.51

(28) Changes in liabilities from financing activities

2022				
	Short-term borrowings	Long-term borrowings (Note)	Bonds payable (Note)	Liabilities from financing activities-gross
At January 1	\$ 1,420,000	\$ -	\$ 500,000	\$ 1,920,000
Changes in cash flow from financing activities	(160,000)	-	-	(160,000)
At December 31	<u>\$ 1,260,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 1,760,000</u>
2021				
	Short-term borrowings	Long-term borrowings (Note)	Bonds payable (Note)	Liabilities from financing activities-gross
At January 1	\$ 1,380,000	\$ 87,500	\$ 543,324	\$ 2,010,824
Changes in cash flow from financing activities	40,000	(87,500)	(46,600)	(94,100)
Interest expense	-	-	3,276	3,276
At December 31	<u>\$ 1,420,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 1,920,000</u>

Note: Include current portion (shown as ‘other current liabilities’)

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Firich International Co., Ltd. (Firich International)	Subsidiaries
Firich USA Inc. (Firich USA)	"
Firich UK Co., Ltd. (Firich UK)	"
Tiga Gaming Inc. (Tiga Gaming)	"
Firich Korea Co., Ltd. (Firich Korea)	"
Crimson Technology (Shanghai) Inc. (Crimson)	"
AKAM Netherlands B.V. (AKAM Netherlands)	"
LotRich Information Co., Ltd. (LotRich)	Associates
FEC Deutschland GmbH (FEC Deutschland)	"
FEC ITALIA S.r.l. (FEC ITALIA)	"
Grab and Go Solutions, Inc. (Grab and Go Solutions)	"
Zenii Information System Co., Ltd. (Zenii)	Other related party

(2) Significant related party transactions and balances

A. Operating revenue

	For the year ended December 31, 2022	For the year ended December 31, 2021
Sales of goods:		
Subsidiaries		
AKAM Netherlands	\$ 195,562	\$ 215,029
Others	186,714	258,430
Associates	85,740	90,496
	<u>468,016</u>	<u>563,955</u>
Sales of services:		
Subsidiaries		
Firich Korea	359	601
Crimson	218	283
Others	464	258
	<u>1,041</u>	<u>1,142</u>
Associates		
LotRich	657	546
Others	50	26
	<u>707</u>	<u>572</u>
	<u>1,748</u>	<u>1,714</u>
Others:		
Subsidiaries	76	-
Associates	49	238
	<u>125</u>	<u>238</u>
	<u>\$ 469,889</u>	<u>\$ 565,907</u>

The sales prices of goods and services are similar with general sales prices. The collection terms are determined in accordance with mutual agreement.

B. Purchases of goods

	For the year ended December 31, 2022	For the year ended December 31, 2021
Purchases of goods:		
Subsidiaries	\$ 44,860	\$ 42,218
Associates	136	-
	<u>\$ 44,996</u>	<u>\$ 42,218</u>

The purchases of goods have no similar transaction to compare with. Payment term is 60 days from the first day of the month following the month of delivery.

C. Prepayments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other prepayments:		
Subsidiaries		
Tiga Gaming	\$ 16,509	\$ 20,076

The other prepayments are prepayments for the purchases of goods. The purchase prices have no similar transactions to compare with.

D. Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
Subsidiaries		
Firich UK	\$ 28,435	\$ 34,527
AKAM Netherlands	24,907	53,412
Firich USA	11,854	33,034
Crimson	6,662	24,614
Others	8,884	9,773
	<u>80,742</u>	<u>155,360</u>
Associates		
FEC Deutschland	11,954	18,940
FEC ITALIA	11,876	14,051
Others	296	270
Less: Allowance for doubtful accounts	(84)	-
	<u>104,784</u>	<u>188,621</u>
Other receivables-transferred from accounts receivable		
Subsidiaries		
Firich USA	26,410	9,041
Crimson	377	34,777
Firich Korea	361	8,865
Others	-	4,384
Associates		
FEC Deutschland	24,983	13,288
Less: Allowance for doubtful accounts	(1,030)	-
	<u>51,101</u>	<u>70,355</u>
Other receivables-credit balance of long-term investments		
Subsidiaries		
Firich USA	(10,053)	-
	<u>\$ 145,832</u>	<u>\$ 258,976</u>

- (a) Overdue accounts receivable, those aged over due date compared to normal credit terms for non-related parties, amounting to \$51,101 and \$70,355 as of December 31, 2022 and 2021, respectively, were reclassified to other receivables.
- (b) As of December 31, 2022, the aging of the accounts receivable that were 121~180 days, 181~365 days and over 365 days amounted to \$6,265, \$44,246 and \$590, respectively. As of December 31, 2021, the aging of the accounts receivable that were 121~180 days, 181~365 days and over 365 days amounted to \$39,514, \$26,900 and \$3,941, respectively.
- (c) The aforementioned receivables are unsecured in nature and bear no interest.

E. Payables to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
Subsidiaries		
Tiga Gaming	\$ 9,196	\$ 12,999
Crimson	2,605	-
Associates	143	-
	<u>11,944</u>	<u>12,999</u>
Other payables:		
Subsidiaries		
Firich International	234,116	-
Tiga Gaming	-	319
	<u>\$ 246,060</u>	<u>\$ 13,318</u>

The payables to related parties arise mainly from purchase transactions and the payment term is 60 days from the first day of the month following the month of delivery. The payables bear no interest. Other payables to related parties arise mainly from the investment funds and service fee.

F. Endorsements and guarantees provided to related parties

- (a) Financing guarantee provided by the Company:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries		
Crimson	<u>\$ 153,550</u>	<u>\$ 225,280</u>

- (b) Financing guarantee provided by related parties:

As of December 31, 2022 and 2021, financing guarantees provided by key management were \$2,120,000 and \$1,970,000, respectively.

G. Property transactions

- (a) The Company had no property transactions between related parties for the year ended December 31, 2021.

(b) Acquisition of financial assets

	Accounts	No. of shares	Objects	Year ended December 31, 2022	
				Consideration	
Associates					
Firich Korea	Investments accounted for using the equity method	2,240 thousand	Common shares of Firich Korea	\$	259,266
Firich International	Investments accounted for using the equity method	18 thousand	Common shares of AKAM Group		234,116
				\$	493,382

(3) Key management compensation

	For the year ended December 31, 2022	For the year ended December 31, 2021
Short-term employee benefits	\$ 20,436	\$ 17,690

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Items	December 31, 2022	December 31, 2021	Purpose
Property, plant and equipment :			
Land	\$ 111,478	\$ 111,478	Note
Buildings and structures	106,898	110,194	"
	\$ 218,376	\$ 221,672	

Note: For short-term borrowings.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Please refer to Note 7 for details of the guarantees provided by the Company for its subsidiaries as of December 31, 2022 and 2021.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the

Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including ‘current and non-current borrowings’ as shown in the parent company only balance sheet) less cash and cash equivalents. Total capital is calculated as ‘equity’ as shown in the parent company only balance sheet plus net debt.

During 2022, the Company’s strategy, which was unchanged from 2021, was to collectively consider the environment the Company was in, the growth stage, capital needs for future significant investment plan and long-term financial plan.

The gearing ratios at December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Total borrowings	\$ 1,760,000	\$ 1,920,000
Less: cash and cash equivalents	(762,724)	(816,570)
Net debt	997,276	1,103,430
Total equity	4,104,222	3,585,196
Total capital	\$ 5,101,498	\$ 4,688,626
Gearing ratio	19.55%	23.53%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 493,769	\$ 454,069
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	434,327	401,781
Cash and cash equivalents	762,724	816,570
Accounts receivable (including related parties)	290,202	390,188
Other receivables (including related parties)	51,152	87,626
Guarantee deposits paid	1,136	1,139
	<u>\$ 2,033,310</u>	<u>\$ 2,151,373</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 1,260,000	\$ 1,420,000
Accounts payable (including related parties)	210,829	364,952
Other payables (including related parties)	319,024	71,349
Corporate bonds payable (including current portion)	500,000	500,000
Guarantee deposits received	6,640	6,640
	<u>\$ 2,296,493</u>	<u>\$ 2,362,941</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arise from the net assets of the Company's foreign operations.

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

December 31, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 21,098	30.710	\$ 647,920
KRW: NTD	5,317,227	0.025	132,931
RMB: NTD	16,032	4.408	70,669
GBP: NTD	128,220	37.090	4,755,680
<u>Non-monetary items</u>			
SGD: NTD	24	22.880	543
HKD: NTD	9,692	3.938	38,167
USD: NTD	75,118	30.710	2,306,868
KRW: NTD	22,494,120	0.025	562,353
EUR: NTD	7,706	32.720	252,148
GBP: NTD	761	37.090	28,232
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	11,132	30.710	341,864

December 31, 2021

Foreign currency			
	amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 33,110	27.680	\$ 916,485
KRW: NTD	5,903,481	0.024	141,684
RMB: NTD	28,411	4.344	123,417
GBP: NTD	138	37.300	5,147
<u>Non-monetary items</u>			
SGD: NTD	24	20.460	486
HKD: NTD	8,475	3.549	30,079
USD: NTD	85,146	27.680	2,356,830
KRW: NTD	7,576,375	0.024	181,833
EUR: NTD	595	31.320	18,632
GBP: NTD	700	37.300	26,093
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	7,987	27.680	221,080

- iv. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to \$104,157 and (\$30,781), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

For the year ended December 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 5,183	\$ -
KRW: NTD	1%	1,063	-
RMB: NTD	1%	565	-
GBP: NTD	1%	38,045	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	1%	2,735	-

For the year ended December 31, 2021			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 7,332	\$ -
KRW: NTD	1%	1,133	-
RMB: NTD	1%	987	-
GBP: NTD	1%	41	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	1%	1,769	-

Price risk

- i. The Company's financial instruments, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in financial instruments, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company. The Company is not exposed to commodity price risk.
- ii. The Company's investments in equity securities comprise of shares issued by the foreign and domestic listed and emerging companies and open-end funds. The prices of these financial assets would change due to the change of the future value of investee instruments. If the prices of these financial assets had increased/decreased by 5% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$24,688 and \$123, respectively, as a result of gains/losses on financial assets classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$18,427 and \$2,021, respectively, as a result of other comprehensive income classified as financial assets at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Company's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2022 and 2021, the Company's borrowings at variable rate were denominated in NTD.

- ii. If the borrowing rates had increased/decreased by 0.1% with all other variables held constant, the impact on post-tax profit would be a maximum decrease or increase of \$1,008 and \$1,136 for the years ended December 31, 2022 and 2021, respectively. The change in interest expense is due to borrowings issued at variable rates.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages their credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- iv. The Company adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Company classifies customers' accounts receivable in accordance with credit rating of customer. The Company applies the simplified approach using a provision matrix based on the loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;

- vii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable (including related parties) and other receivables (including related parties). On December 31, 2022 and 2021, the provision matrix is as follows:

December 31, 2022			
(including related parties)	Expected loss rate	Total book value	Loss allowance
Not past due	0.08%	\$ 207,752	\$ 164
Up to 30 days	0.05%~10.00%	64,126	2,461
31 to 90 days	2.00%~30.00%	18,348	139
91 to 180 days	2.00%~50.00%	2,013	582
Over 181 days	2.00%~100.00%	67,973	66,664
		<u>\$ 360,212</u>	<u>\$ 70,010</u>
December 31, 2022			
Other receivables (including related parties) (Note)	Expected loss rate	Total book value	Loss allowance
Up to 120 days	0.08%~100.00%	\$ 51	\$ -
Over 120 days	0.08%~100.00%	52,131	1,030
		<u>\$ 52,182</u>	<u>\$ 1,030</u>
December 31, 2021			
(including related parties)	Expected loss rate	Total book value	Loss allowance
Not past due	0.03%	\$ 273,713	\$ 57
Up to 30 days	0.05%~10.00%	71,248	40
31 to 90 days	2.00%~30.00%	40,001	2,394
91 to 180 days	2.00%~50.00%	7,421	1,440
Over 181 days	2.00%~100.00%	71,873	70,137
		<u>\$ 464,256</u>	<u>\$ 74,068</u>
December 31, 2021			
Other receivables (including related parties) (Note)	Expected loss rate	Total book value	Loss allowance
Up to 120 days	0.03%~100.00%	\$ 17,271	\$ -
Over 120 days	0.03%~100.00%	70,355	-
		<u>\$ 87,626</u>	<u>\$ -</u>

Note: Including other receivables transferred from accounts receivable.

viii. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2022	
	Accounts receivable	Other receivables
At January 1	\$ 74,068	\$ -
Reversal of impairment	(3,028)	-
Accounts receivable transferred to other receivables	(1,030)	1,030
At December 31	<u>\$ 70,010</u>	<u>\$ 1,030</u>

	2021	
	Accounts receivable	Other receivables
At January 1	\$ 98,459	\$ -
Provision for impairment	760	-
Write-offs	(25,151)	-
At December 31	<u>\$ 74,068</u>	<u>\$ -</u>

(c) Liquidity risk

i. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2022 and 2021, the Company held money market positions of \$762,724 and \$816,570, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

ii. The Company has the following undrawn borrowing facilities:

	December 31, 2022	December 31, 2021
Floating rate:		
Expiring within one year	<u>\$ 350,000</u>	<u>\$ 550,000</u>

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

Non-derivative financial liabilities:

	Less than 1	Between	Between	Over 5	
<u>December 31, 2022</u>	<u>year</u>	<u>1 and 2</u>	<u>2 and 5</u>	<u>years</u>	<u>Total</u>
Short-term borrowings	\$ 1,260,000	\$ -	\$ -	\$ -	\$ 1,260,000
Accounts payable (including related parties)	210,829	-	-	-	210,829
Other payables (including related parties)	319,024	-	-	-	319,024
Bonds payable (including current portion)	3,100	3,100	506,200	-	512,400

Non-derivative financial liabilities:

	Less than 1	Between	Between	Over 5	
<u>December 31, 2021</u>	<u>year</u>	<u>1 and 2</u>	<u>2 and 5</u>	<u>years</u>	<u>Total</u>
Short-term borrowings	\$ 1,420,000	\$ -	\$ -	\$ -	\$ 1,420,000
Accounts payable (including related parties)	364,952	-	-	-	364,952
Other payables (including related parties)	75,670	-	-	-	75,670
Bonds payable (including current portion)	3,100	3,100	509,300	-	515,500

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in convertible bonds and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, accounts payable, other payables and bonds payable are approximate to their fair values.

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

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

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Equity securities	\$ 493,769	\$ -	\$ -	\$ 493,769
Financial assets at fair value through other comprehensive income - Equity securities	376,278	-	58,049	434,327
	<u>\$ 870,047</u>	<u>\$ -</u>	<u>\$ 58,049</u>	<u>\$ 928,096</u>
<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Equity securities	\$ 3,080	\$ -	\$ 450,989	\$ 454,069
Financial assets at fair value through other comprehensive income - Equity securities	50,520	-	351,261	401,781
	<u>\$ 53,600</u>	<u>\$ -</u>	<u>\$ 802,250</u>	<u>\$ 855,850</u>

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

- i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares and emerging stocks</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3)I.
- v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- vi. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

- D. As the stocks of Summit Ascent Holding Ltd. were temporarily suspended for trading in the HKEX market during the period from May 12, 2022 to July 7, 2022, the Company transferred the fair value from Level 1 to Level 2 for the period when the event occurred, and transferred the fair value from Level 2 back to Level 1 after the stocks were traded in the market again. For the year ended December 31, 2021, there was no transfer between Level 1 and Level 2.
- E. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	2022	2021
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	\$ 802,250	\$ 406,788
Gains recognised in profit or loss (Note 1)	-	244,318
Gains recognised in other comprehensive income (Note 2)	(22,618)	111,144
Acquired during the period	-	40,000
Transfers out from Level 3	(721,583)	-
At December 31	<u>\$ 58,049</u>	<u>\$ 802,250</u>

Note 1: Recorded as other gains and losses.

Note 2: Recorded as unrealised valuation gain or loss of financial assets.

- F. As the stocks of J&V Energy Technology Co., Ltd. has been traded in the emerging stock market in January 2022, the Company transferred the fair value from Level 3 to Level 1 for the period when the event occurred. For the year ended December 31, 2021, there was no transfer into or out from Level 3.
- G. Treasury department segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

		Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:						
Unlisted shares						
Lealeahotel Co., Ltd.	\$	52,115	Market comparable companies	Price to book ratio multiple	1.14	The higher the multiple, the higher the fair value
				Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
Asia Renewable Energy (Cayman) Ltd.		5,934	"	Price to book ratio multiple	1.56	The higher the multiple, the higher the fair value
				Discount for lack of marketability	40%	The higher the discount for lack of marketability, the lower the fair value

		<u>Fair value at December 31, 2021</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:						
Unlisted shares						
Lealeahotel Co., Ltd.	\$	74,246	Market comparable companies	Price to book ratio multiple	1.89	The higher the multiple, the higher the fair value
				Discount for lack of marketability	40%	The higher the discount for lack of marketability, the lower the fair value
J&V Energy Technology Co., Ltd.		721,582	"	Price to book ratio multiple	2.43	The higher the multiple, the higher the fair value
				Enterprise value to net operating income ratio multiple	39.71	"
				Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value
Asia Renewable Energy (Cayman) Ltd.		6,422	"	Price to book ratio multiple	2.02	The higher the multiple, the higher the fair value
				Discount for lack of marketability	40%	The higher the discount for lack of marketability, the lower the fair value

I. The Company has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurements. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	±1%	\$ -	\$ -	\$ 580	(\$ 580)

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	±1%	\$ 4,510	(\$ 4,510)	\$ 3,513	(\$ 3,513)

(4) Other information

None.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

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

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

Not applicable.

FIRICH ENTERPRISES CO., LTD.
Loans to others
For the year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum outstanding	Balance at	Actual amount	Interest	Nature of	Amount of	Reason for short- term financing	Allowance for doubtful accounts	Collateral		Limit on loans	Ceiling on	Footnote
					balance during	December 31, 2022	drawn down	rate	loans	transactions					granted to	total loans	
					the year ended	(Note 7)	(Note 6)	(%)	(Note 4)	with the			Item	Value	a single party	granted	
					December 31, 2022					borrower					(Note 4)	(Note 5)	
0	Firich Enterprises Co., Ltd.	Firich USA Inc.	Other receivables	Yes	\$ 30,397	\$ 26,410	\$ 26,410	-	2	\$ 49,885	Operational needs	\$ -	-	\$ -	\$ 811,596	\$ 1,623,192	Note 2
0	Firich Enterprises Co., Ltd.	Crimson Technology (Shanghai) Inc.	Other receivables	Yes	34,777	377	377	-	2	19,500	Operational needs	-	-	-	811,596	1,623,192	Note 2
0	Firich Enterprises Co., Ltd.	Firich Korea Co., Ltd.	Other receivables	Yes	18,804	361	361	-	2	8,283	Operational needs	-	-	-	811,596	1,623,192	Note 2
0	Firich Enterprises Co., Ltd.	Firich UK Co., Ltd.	Other receivables	Yes	6,799	-	-	-	2	83,009	Operational needs	-	-	-	811,596	1,623,192	Note 2
0	Firich Enterprises Co., Ltd.	AKAM Netherlands B.V.	Other receivables	Yes	14,516	-	-	-	2	195,612	Operational needs	-	-	-	811,596	1,623,192	Note 2
0	Firich Enterprises Co., Ltd.	FEC Deutschland GmbH	Other receivables	Yes	34,263	24,983	24,983	-	2	40,688	Operational needs	1,030	-	-	811,596	1,623,192	Note 2
1	Firich International Co., Ltd.	Crimson Technology (Shanghai) Inc.	Other receivables	Yes	158,750 (USD5,000 thousand)	153,550 (USD5,000 thousand)	138,195 (USD4,500 thousand)	-	2	-	Operational needs	-	-	-	524,972	1,049,943	None

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1) The Company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: In accordance with Accounting Research and Development Foundation Interpretation 93-167, accounts receivable that pass the regular terms of third parties should be transferred to other receivables and the nature of receivables is considered as financing.
The credit line is approved by the Company’s Board of Directors.

Note 3: It is the amount of sales for the year ended December 31, 2022.

Note 4: (1) The limit on loans provided by the Company to a single party which trades with the Company shall not exceed the total transaction amount during the most recent year and the total transaction amount for the year until the date of financing, whichever is higher.
(2) The limit on loans provided by the Company to a single party for short-term financing shall not exceed 20% of the Company’s net assets based on the latest audited or reviewed financial statements of the Company (as of September 30, 2022).

Note 5: Accumulated amount of loans to others shall not be more than 40% of the Company’s net asset based on the latest audited or reviewed financial statements of the Company (as of September 30, 2022).

Note 6: Amounts denominated in foreign currencies are translated into New Taiwan dollars at the exchange rate of USD\$1: NTD\$30.710 and RMB\$1: NTD\$4.408 prevailing on December 31, 2022.

Note 7: The authorised limit approved by the Company’s Board of Directors.

FIRICH ENTERPRISES CO., LTD.
Provision of endorsements and guarantees to others
For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022 (Note 5)	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary (Note 6)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 6)	Provision of endorsements/ guarantees to the party in Mainland China (Note 6)	Footnote
0	Firich Enterprises Co., Ltd.	Crimson Technology (Shanghai) Inc.	(2)	\$ 811,596	\$ 392,530	\$ 153,550	\$ 153,550	\$ -	3.74	\$ 1,988,411	Y	N	Y	Note 3, 4

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor company owns directly more than 50% voting shares of the endorsed/guaranteed company.
- (3) The endorsed/guaranteed company that directly or indirectly holds more than 50% of the voting shares of the endorser/guarantor company.
- (4) The endorser/guarantor company directly or indirectly owns more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, all shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: The endorsement/guarantee amount provided by the Company to a single party shall not exceed 20% of the Company's net assets based on the latest audited or reviewed financial statements of the Company (as of September 30, 2022).

Note 4: The ceiling of endorsement/guarantee provided by the Company shall not exceed 49% of the Company's net assets based on the latest audited or reviewed financial statements of the Company (as of September 30, 2022).

Note 5: Amounts denominated in foreign currencies are translated into New Taiwan dollars at the exchange rate of USD\$1: NTD\$30.710 and RMB\$1: NTD\$4.408 prevailing on December 31, 2022.

Note 6: 'Y' represents cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

FIRICH ENTERPRISES CO., LTD.
Holding of marketable securities at the end of the period
December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2022				
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares (Note 4)	Book value (Note 3)	Ownership (%)	Fair value	Footnote
Firich Enterprises Co., Ltd.	Stock SinoCloud Group Limited	Not applicable	Financial assets at fair value through other comprehensive income - non-current	23,750	\$ 543	0.15	\$ 543	None
Firich Enterprises Co., Ltd.	Stock Summit Ascent Holdings Ltd.	Not applicable	Financial assets at fair value through other comprehensive income - non-current	41,398	26,899	0.92	26,899	None
Firich Enterprises Co., Ltd.	Stock Crypto Flow Technology Limited	Not applicable	Financial assets at fair value through other comprehensive income - non-current	5,399	11,268	0.98	11,268	Note 6
Firich Enterprises Co., Ltd.	Stock Cai Hua Technology Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income - non-current	87	-	0.26	-	Note 5
Firich Enterprises Co., Ltd.	Stock Rich Forest Leisure Development Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income-non- current	4,160	-	5.10	-	None
Firich Enterprises Co., Ltd.	Stock Platinum Drink Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	950	-	19.00	-	None
Firich Enterprises Co., Ltd.	Stock Lealeahotel Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	7,676	52,115	9.25	52,115	None
Firich Enterprises Co., Ltd.	Stock Darwish Investments Ltd.	Not applicable	Financial assets at fair value through other comprehensive income - non-current	288	-	1.22	-	None

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2022					Footnote
				Number of shares (Note 4)	Book value (Note 3)	Ownership (%)	Fair value		
Firich Enterprises Co., Ltd.	Stock Asia Renewable Energy (Cayman) Ltd.	Not applicable	Financial assets at fair value through other comprehensive income - non-current	445	\$ 5,934	0.56	\$ 5,934	None	
Firich Enterprises Co., Ltd.	Stock TIEN LI OFFSHORE WIND TECHNOLOGY CO., LTD.	Not applicable	Financial assets at fair value through other comprehensive income - non-current	199	11,648	0.28	11,648	None	
Firich Enterprises Co., Ltd.	Stock J&V Energy Technology Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income - non-current	4,200	325,920	3.73	325,920	None	
Firich Enterprises Co., Ltd.	Stock J&V Energy Technology Co., Ltd.	Not applicable	Financial assets at fair value through profit or loss - non-current	6,363	493,769	5.65	493,769	None	
Firich International Co., Ltd.	Stock Pointsoft Japan Ltd.	Not applicable	Financial assets at fair value through other comprehensive income - non-current	20	246	10.00	246	None	
Firich International Co., Ltd.	Stock CSSB Limited.	Not applicable	Financial assets at fair value through other comprehensive income - non-current	20	-	1.91	-	None	
Crimson Technology (Shanghai) Inc.	Stock Shanghai Han League Management Consultants Ltd.	Not applicable	Financial assets at fair value through other comprehensive income - non-current	-	-	18.18	-	None	
TopRich Co., Ltd.	Stock Crypto Flow Technology Limited	Not applicable	Financial assets at fair value through other comprehensive income - non-current	2,580	5,385	0.47	5,385	Note 6	
TopRich Co., Ltd.	Stock Summit Ascent Holdings Ltd.	Not applicable	Financial assets at fair value through other comprehensive income - non-current	1,656	1,076	0.04	1,076	None	

				As of December 31, 2022				
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares (Note 4)	Book value (Note 3)	Ownership (%)	Fair value	Footnote
TopRich Co., Ltd.	Stock Zenii Information System Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	1,845	\$ -	13.09	\$ -	None
TopRich Co., Ltd.	Stock Lealeahotel Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	4,500	30,536	5.42	30,536	None
TopRich Co., Ltd.	Stock J&V Energy Technology Co., Ltd.	Not applicable	Financial assets at fair value through profit or loss - non-current	90	6,984	0.08	6,984	None
TopRich Co., Ltd.	Stock Rich Forest Leisure Development Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	3,521	-	4.32	-	None

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IAS 9 'Financial instruments'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Represents fair value less accumulated impairment for marketable securities measured at fair value; represents acquisition cost or amortized cost less accumulated impairment for marketable securities not measured at fair value.

Note 4: In thousands of shares.

Note 5: The business of Chi Hua Technology Co., Ltd. has been deregistered.

Note 6: Loto Interactive Limited has been renamed as Crypto Flow Technology Limited on October 12, 2022.

Table 4

FIRICH ENTERPRISES CO., LTD.
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
For the year ended December 31, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms				
Transaction							compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Percentage of total						Percentage of		Footnote
			Purchases (sales)	Amount	purchases (sales)	Credit term	Unit price	Credit term	Balance	total notes/accounts receivable (payable)	
Firich Enterprises Co., Ltd.	AKAM Netherlands B.V.	Subsidiary	Sales	(\$ 195,612)	(9.89%)	Within 60 days	Note 1	Note 1	\$ 24,907	6.04%	None
AKAM Netherlands B.V.	Firich Enterprises Co., Ltd.	Parent company	Purchases	195,612	64.51%	Within 60 days	Note 2	Note 2	(24,907)	54.19%	None

Note 1: The sales price is similar with general sales price. Transaction terms are determined in accordance with mutual agreement.
Note 2: The purchase price is similar with general purchase price. Transaction terms are determined in accordance with mutual agreement.

FIRICH ENTERPRISES CO., LTD.
Significant inter-company transactions during the reporting period
For the year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Firich Enterprises Co., Ltd.	AKAM Netherlands B.V.	1	Operating revenue	\$ 195,612	Note 4	7.20
0	Firich Enterprises Co., Ltd.	AKAM Netherlands B.V.	1	Accounts receivable	24,907	Note 4	0.36

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Transaction terms are determined in accordance with mutual agreement.

Note 5: Transaction amounts that are not significant are not disclosed.

FIRICH ENTERPRISES CO., LTD.
Information on investees
For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022		Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares (thousands of shares)	Ownership (%)	Book value				
Firich Enterprises Co., Ltd.	Firich International Co., Ltd.	Mauritius	Investment holdings of overseas companies	\$ 2,828,015	\$ 2,978,023	93,000	100.00	\$ 2,316,921	(\$ 91,527)	(\$ 91,527)		Note 3
Firich Enterprises Co., Ltd.	AKAM Group B.V.	Netherlands	Information software and electronic information supply and wholesale of computer and business machinery equipment	234,116	-	18	100.00	231,860	-	-		Note 3, 5
Firich Enterprises Co., Ltd.	Firich Korea Co., Ltd.	South Korea	Information software and electronic information supply and retail of electronic materials, computer and business machinery equipment	456,352	197,086	3,718	100.00	562,353	85,485	85,485		Note 1, 3
Firich Enterprises Co., Ltd.	Firich USA Inc.	U.S.A	International trade and sales of computer and its peripherals	153,211	153,211	5,000	100.00	-	(13,812)	(13,812)		Note 3
Firich Enterprises Co., Ltd.	Firich UK Co., Ltd.	England	Import and export of inventory, enterpot trade, sale of electronic products and consulting	32,862	32,862	825	82.50	28,232	3,877	3,198		Note 3
Firich Enterprises Co., Ltd.	LotRich Information Co., Ltd.	Taiwan	Information process and wholesale and retail of electronic software and computer equipment	150,300	150,300	15,030	30.00	163,859	20,770	6,231		None
Firich Enterprises Co., Ltd.	TopRich Co., Ltd.	Taiwan	International and entrepot trade	108,000	108,000	10,800	100.00	56,206	729	729		None
Firich Enterprises Co., Ltd.	AquaLab Inc.	Taiwan	Sewage disposal and wholesale and retail of pollution control	50,970	50,970	5,483	24.89	5,599	546	136		Note 1
Firich Enterprises Co., Ltd.	Tiga Gaming Inc.	Taiwan	Design, production and process of computer and peripherals, development and manufacturing of computer software and sale of product	177,021	177,021	13,747	52.22	38,903	26,723	13,955		Note 3
Firich Enterprises Co., Ltd.	FEC Deutschland GmbH	Germany	Import and export of inventory, enterpot trade, sale of electronic products and consulting	18,445	18,445	9	35.00	5,870	(7,768)	(2,719)		None 3
Firich Enterprises Co., Ltd.	FEC ITALIA S.r.l.	Italy	Import and export of inventory, enterpot trade, sale of electronic products and consulting	7,008	7,008	90	24.50	14,418	11,488	2,815		None 3
Firich Enterprises Co., Ltd.	FEC Japan Co., Ltd.	Japan	Import and export of inventory, enterpot trade, sale of electronic products and consulting	5,340	5,340	0.40	26.67	-	-	-		Note 4

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Investment income (loss)		
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares (thousands of shares)	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Firich Enterprises Co., Ltd.	Grab and Go Solutions, Inc.	Taiwan	Information software data processing service industry, electronic component manufacturing industry and research and development service industry	\$ 1,000	\$ -	100	33.22	\$ 690	(\$ 933)	(\$ 310)	None
Firich Enterprises Co., Ltd.	Jia Hua Kang Jian Co., Ltd	Taiwan	International trade, general investment, venture capital industry, residential and building development, leasing and sales, factory development lease and sale business, real estate sale and lease business, investment consulting and management consulting	100,000	-	10,000	33.33	97,022	(8,904)	(2,978)	Note 1
Firich International Co., Ltd.	Firich (Hong Kong) International Co., Ltd.	Hong Kong	Investment holdings of overseas companies	759,658	759,658	15,500	100.00	226,166	(107,899)	(107,899)	None
Firich International Co., Ltd.	Firich Investment Ltd.	Mauritius	Investment holdings of overseas companies	2,044,376	2,067,160	68,000	100.00	1,542,219	6,649	6,649	None
Firich Investment Ltd.	Oriental Regent Ltd.	Hong Kong	Investment holdings of overseas companies	1,983,935	1,983,935	85	20.00	1,528,981	496,215	15,984	Note 2
Firich Investment Ltd.	Firich Information Technologies PVT Ltd.	India	Research and development of software and sales of computer and its peripherals	39,451	39,451	8,159	100.00	20,662	(7,740)	(7,740)	None
Firich International Co., Ltd.	AKAM Group B.V.	Netherlands	Information software and electronic information supply and wholesale of computer and business machinery equipment	-	283,350	-	0.00	-	26,554	22,992	Note 5
AKAM Group B.V.	AKAM Netherlands B.V.	Netherlands	Information software and electronic information supply and wholesale of computer and business machinery equipment	643	643	18	100.00	101,702	27,064	27,064	None
AKAM Group B.V.	AKAM Belgium BVBA	Belgium	Information software and electronic information supply and wholesale of computer and business machinery equipment	722	722	20	99.00	1,626	558	552	None
AKAM Netherlands B.V.	AKAM Belgium BVBA	Belgium	Information software and electronic information supply and wholesale of computer and business machinery equipment	7	7	0.20	1.00	16	558	6	None

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022		Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares (thousands of shares)	Ownership (%)	Book value				
TopRich Co., Ltd.	AquaLab Inc.	Taiwan	Sewage disposal and wholesale and retail of pollution control equipment	\$ 15,203	\$ 15,203	1,132	5.14	\$ 1,156	\$ 546	\$	28	Note 1
TopRich Co., Ltd.	Tiga Gaming Inc.	Taiwan	Design, production and process of computer and peripherals, development and manufacturing of computer software and sale of product	4,590	4,590	459	1.74	1,302	26,723		465	None
Tiga Gaming Inc.	Tiga Rus LLC	Russia	Information software and wholesale and retail of computer and business machinery	57,413	57,413	-	100.00	7,917	(3,697)	(	3,697)	None
Tiga Gaming Inc.	Link Triumph Co., Ltd.	Samoa	Investment holdings of overseas companies	4,691	4,691	-	100.00	253	(282)	(	282)	None
Firich Korea Co., Ltd.	Mcorporation Co., Ltd.	South Korea	Providing big data and online advertisement platform	289,450	52,650	43	36.75	430,000	41,056		-	Note 1, 6

Note 1: The information is based on the investees' financial statements audited by the investees' appointed other auditors.

Note 2: Net profit (loss) of the investee for the year ended December 31, 2022 was valued based on the investees' financial statements audited by other auditors, and deducted its relevant imputed interest expenses based on the Company's accounting policies. Investment income (loss) recognised by the Company for the year ended December 31, 2022 was calculated based on the aforementioned adjusted net profit (loss) for the year ended December 31, 2022 and considering amortisation of license for the year ended December 31, 2022. Share of profit or loss of associates recognised by the Company amounted to \$71,517 and included the impairment loss recognised by the Company for the year ended December 31, 2022 amounting to (\$55,533). As of December 31, 2022, the carrying amount of the investee company included the accumulated impairment provisioned by the Company amounting to \$174,155.

Note 3: The carrying amount of investment at the end of the year included unrealised profit from sales at the end of the year.

Note 4: As of December 31, 2022, the accumulated impairment had been provided by the Company amounting to \$5,492.

Note 5: On December 31, 2022, Firich International Co., Ltd. sold 100% equity interest of AKAM Group B.V. to the Company.

Note 6: The Group originally held 18% equity interest of Mcorporation Co., Ltd. and recorded as non-current financial assets at fair value through profit or loss. The Group additionally purchased 18.75% equity interest in the fourth quarter of 2022 and therefore directly held 36.75% equity interest and accounted for using the equity method.

FIRICH ENTERPRISES CO., LTD.
Information on investments in Mainland China
For the year ended December 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 5)	Investment method	Amount remitted from Taiwan						Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022 (Note 2)	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022 (Note 5)	to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022 (Note 5)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022 (Note 5)	Net income (loss) of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)				
					Remitted to Mainland China	Remitted back to Taiwan							
Crimson Technology (Shanghai) Inc.	International and entrepot trade	\$ 523,064	Note 1(2)	\$ 476,005	\$ -	\$ -	\$ 476,005	(\$ 107,899)	100.00	(\$ 107,899)	\$ 226,166	\$ -	Note 3, 10(1)
Shanghai Han League Management Consultants Ltd.	Consulting	29,123	Note 1(3)	-	-	-	-	-	18.18	-	-	-	Note 4, 11
Cai Rui Trading Co., Ltd.	Import and export of inventory, entrepot trade, sale of electronic products and business consulting	176,320	Note 1(2)	196,613	-	-	196,613	(6,725)	100.00	(6,725)	86,809	-	Note 3, 10(2)
Beijing Intradak Systems Technology Co., Ltd.	Information software and electronic information supply and wholesale and retail of computer and business machinery equipment	264,480	Note 1(3)	-	-	-	-	51,366	20.00	(3,897)	124,114	-	Note 3, 8, 11
Dazhe Information Technology Co., (Shanghai) Ltd.	Information software and electronic information supply and wholesale and retail of computer and business machinery equipment	4,408	Note 1(2)	4,570	-	-	4,570	(281)	100.00	(281)	244	-	Note 3, 10(3)
Shuo Cai Technologies Corp.	Information software and electronic information supply and wholesale and retail of computer and business machinery equipment	17,632	Note 1(3)	-	-	-	-	(2,203)	100.00	(2,203)	6,716	-	Note 3, 9, 11

Note1: The investment methods are classified as follows:
(1)Direct indirect investment in Mainland China, please refer to Note 9.
(2)Through investing in an existing company in the third area, which then invested in the investee in Mainland China, please refer to Note 10.
(3) Other methods, please refer to Note 11.

Note 2: Book value of investments as of December 31, 2022 is the disclosure of profit or loss of investment amount recognised by investors and balance of long-term equity investment.

Note 3: Investment income (loss) recognised by the Company for the year ended December 31, 2022 is based on the financial statements audited by the Taiwan parent company’s appointed independent accountants.

Note 4: Recorded as Financial assets at fair value through other comprehensive income - non - current. As of December 31, 2022, the recorded accumulated impairment was (\$5,623).

Note 5: Amounts denominated in foreign currencies are translated into New Taiwan dollars at the exchange rate of USD\$1: NTD\$30.710 and RMB\$1: NTD\$4.408 prevailing on December 31, 2022.

Note 6: The registration for the retirment of Bejing Bestinfo Technology Co., Ltd. was completed, and the investment amount had been returned to Firich International Co., Ltd.
However, the Company has not received the returned investment as of December 31, 2022, the accumulated amount remitted from Taiwan amounted to \$40,721.

Note 7: (1) The Group reinvested in the China companies: Suzhou Licang Win-Power Equipment Co., Ltd, Red Blades Wind Power Equipment (Ying Kou) Limited and Red Blades Wind Power Equipment (China) Co., Ltd., through financial assets at fair value through other comprehensive income-non-current-investee, Darwish Investments Ltd. As of December 31, 2022, the balance of the accumulated amount of remittance from Taiwan was \$61,419.
(2) Financial assets at fair value through other comprehensive income-non-current-investee, Darwish Investments Ltd. reorganised in 2018 and acquired 0.81% of shares in Red Windtek (Cayman) Holdings Company Limited through a share swap.
In addition, the company acquired 0.81% of shares in TIEN LI OFFSHORE WIND TECHNOLOGY CO., LTD. due to Redblades Windtek (Cayman) Holdings Company Limited had a recognition in 2019.
As of December 31, 2022, the company own 0.28% of share in TIEN LI OFFSHORE WIND TECHNOLOGY CO., LTD.

Note 8: As of December 31, 2022, accumulated impairment amounted to \$59,264. Investment income (loss) recognised by the Company for the year ended December 31, 2022 includes (\$14,170) of impairment loss recognised by the Company.

Note 9: It was invested by self-owned capital of Tiga Gaming Inc. On April 30, 2021, Tiga Gaming Inc. sold all of its shares to Crimson Technology (Shanghai) Inc. Tiga Gaming Inc. recovered the remaining investment amount.
In addition, Crimson Technology (Shanghai) Inc. brought equity from Tiga Gaming Inc. with its own funds.

Note 10: Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
(1) Through reinvesting in Firich International Co., Ltd. in a third area to invest in Firich (Hong Kong) International Co., Ltd., then invested in Mainland China through Firich (Hong Kong) International Co., Ltd.
(2) Through reinvesting in Firich International Co., Ltd. in a third area to invest in Mainland China.
(3) Through reinvesting in Link Triumph Co., Ltd. in a third area to invest in Mainland China.

Note 11: The investment amount was remitted from the own funds of Crimson Technology (Shanghai) Inc..

FIRICH ENTERPRISES CO., LTD.
Information on investments in Mainland China
For the year ended December 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022		Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 2)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 1)	
Firich Enterprises Co., Ltd.	\$	774,758	\$	933,123	\$	2,487,231
Tiga Gaming Inc.		4,570		4,885		44,884

Note 1: In accordance with ‘Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China’ and ‘Rules on Review of 2008, Investment and Technology Cooperation in Mainland China’ amended by Investment Commission, Ministry of Economic Affairs effective on August 29, the ceiling of investment of investors (not as personal and small and medium enterprise) in Mainland China is the net assets of the investors or 60% of consolidated net assets, whichever is higher.

Note 2: Amounts denominated in foreign currencies are translated into New Taiwan dollars at the exchange rate of USD\$1: NTD\$30.710 and RMB\$1: NTD\$4.408 prevailing on December 31, 2022.

FIRICH ENTERPRISES CO., LTD.
Significant transactions , either directly or indirectly through a third area, with investee companies in the Mainland Area
For the year ended December 31, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable) (Note 1)		Provision of endorsements/guarantees or collaterals		Financing		Interest rate	Interest during the year ended December 31, 2022	Others
	Amount	%	Amount	%	Balance as at December 31, 2022	%	Balance as at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance as at December 31, 2022			
Crimson Technology (Shanghai) Inc.	\$ 19,500	0.99	\$ -	-	\$ 7,039	1.71	Note 2	Note 2	\$ 193,527	\$ 153,927	-	\$ -	None

Note 1: Including transferred to other receivables.

Note 2: Please refer to Note 13(1) B. - Provision of endorsements and guarantees to others.

FIRICH ENTERPRISES CO., LTD.
Major shareholders information
December 31, 2022

Table 9

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Hsu, Ming-Jer	26,253,462	8.87%